
Annual Report and Audited Consolidated Financial Statements

For the year ended 31 December 2024



We strive to compound shareholders' capital at high rates of return.

Castelnau Group Limited was formed by Phoenix Asset Management Partners Limited in 2020. The listed structure provides the manager with a permanent capital vehicle with which to make long-term investments and acquisitions of all structures and sizes.

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Our Mission.

At Castelnaud Group we strive to compound shareholders' capital at high rates of return. The higher the better.

We aim to do this by collecting businesses which possess a competitive advantage, at attractive prices.

Our structure helps us clear away short-term pressures that inhibit value creation and nurture rational long-term capital allocation frameworks in our holdings.

Strategic Report

The growth potential of
Castelnau's businesses is
hugely exciting.

Summary Information

The Group

Castelnau Group Limited (the “Company”, “Castelnau” or “CGL”) and its subsidiary (collectively, the “Group” or “Castelnau Group”) is a Guernsey domiciled closed-ended investment company which was incorporated on 13 March 2020 under the Companies (Guernsey) Law, 2008. The Company is classified as a registered fund under the Protection of Investors (Bailiwick of Guernsey) Law, 2020. Its registered office address is PO Box 255, Les Banques, Trafalgar Court, St. Peter Port, Guernsey GY1 3QL. The Company’s Ordinary Shares were admitted to trading on the London Stock Exchange on 18 October 2021.

This Annual Report and Audited Consolidated Financial Statements (the “Financial Statements”) comprise the financial statements of Castelnau Group Limited and Castelnau Group Services Limited (incorporated on 14 June 2022).

Investment Objective

The Group’s investment objective is to compound Shareholders’ capital at a higher rate of return than the FTSE All-Share Total Return Index over the long term.

Investment Policy

The Group will seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes.

The Group will follow a high conviction investment strategy. The expertise and processes developed by the Investment Manager can be applied to all parts of the capital structure of a business, both private and publicly quoted. These positions could be represented by a minority stake, a control position combined with operational involvement, full ownership of a company, a joint venture, a loan or convertible instrument, a short position or any other instrument which allows the Group to access value.

The Group may select investments from all asset classes, geographies and all parts of the capital structure of a business. Both private and public markets are within the scope of the Group’s investment policy. The constraints on the Investment Manager lie in the high standards, strict hurdles and diligent processes used to select investments. These constraints help to maximise returns by reducing mistakes, enforcing a margin of safety and only accepting investments with a favourable range of outcomes.

The Group expects to hold a concentrated portfolio of investments and the Group will not seek to reduce concentration risk through diversification. The opportunity set will dictate the number of holdings and the weighting of investments in the Portfolio. The investments with the best return profiles will receive the largest weightings. The Group will therefore have no set diversification policies.

The volatility of mark-to-market prices does not affect the investment process. It is likely that volatility in the market price of a listed investment will provide attractive entry or exit points and so investors should expect high volatility to sit alongside the high long-term compounding rates that the Group is aiming to achieve.

The constituents of local indices, the weightings of investments in these indices and the volatility of the indices relative to the Group will not affect investment decisions. It is anticipated that agnosticism towards local indices will help focus research efforts, decision making and ultimately investment performance.

The Group may invest directly or through special purpose vehicles if considered appropriate.

Shareholder Information

As at 31 December 2024, the number of Ordinary Shares in issue was 322,829,422 (31 December 2023: 318,635,256). For further details, see note 12 to the Financial Statements.

Summary Information – continued

Results and Performance

The results for the year are set out in the Consolidated Statement of Comprehensive Income. Retained earnings include realised and unrealised gains and losses on the Group's assets. Income and expenses have been accrued in line with the accounting policies during the year.

The Group's profit before tax for the year amounted to £81,946,637 (31 December 2023: loss of £7,772,322).

The benchmark is the FTSE All-Share Index (total return). The Group's performance for the year is shown below:

	Year ended 31 December 2024 pence	Year ended 31 December 2023 pence	Change/ return %
NAV per Ordinary Share*	98.3	72.6	35.4
Ordinary Share price	94.0	75.5	24.5
Benchmark return			9.5

Source: Bloomberg, Phoenix Asset Management Partners Limited.

The Ongoing Charges ratio was as follows:

	Year ended 31 December 2024 %	Year ended 31 December 2023 %
Ongoing charges ratio*	0.53	0.59

* These are Alternative Performance Measures ("APMs")

Alternative Performance Measures ("APMs")

The disclosures of performance above are considered to represent the Group's APMs. An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Definitions of these APMs together with how these measures have been calculated can be found on page 77.

Discount/Premium to NAV

The discount/premium of the Ordinary Share price to NAV per Ordinary Share is closely monitored by the Board. The Ordinary Share price closed at a 4.35% discount to the NAV per Ordinary Share as at 31 December 2024 (31 December 2023: premium of 4.02%).

Fees

The Investment Management Agreement ("IMA") with Phoenix Asset Management Partners Limited ("PAMP") creates significant Shareholder alignment, as PAMP does

not earn a management fee but earns a performance fee only, which is paid in shares, and not in cash.

The Company's performance is measured over consecutive periods of not less than three years (each a "Performance Period") and the performance fee is equal to one-third of the relative outperformance of the NAV Total return to the FTSE All-Share Total Return Index ("Benchmark") for each Performance Period. The first Performance Period ran from Initial Admission to 31 December 2024. During the year, the IMA was revised to reference the audited closing NAV rather than the average NAV in the fee calculation and to include a provision such that no performance fee is earned until the NAV per Ordinary Share is above the original NAV per Ordinary Share at Initial Public Offering ("IPO") (100p), adjusted for the performance of the Benchmark. Further details on the revisions of the IMA with respect to performance fees can be found in the Directors' Report on page 18. No performance fees have been earned to date.

Dividend

No dividend is being issued for the year (31 December 2023: £Nil).

Chair's Statement

This report covers a twelve-month period from 1 January 2024 to 31 December 2024.

During 2024, Castelnau Group has delivered a year of strategic and financial progress, laying clear groundwork from which to build. At Castelnau level, we are pleased to have seen the NAV grow from 72.6 pence at the start of the year to 98.3 pence – this 35% growth in NAV has been primarily driven by our investment in Valderrama Limited (“Valderrama”) which represented 83% of our GAV at year end. The share price total return was 24.5% reflecting a relative out performance of 15% compared to the FTSE All-Share Index. In the context of a UK investment trust market that has seen trusts trading at material discounts to NAV, we were pleased during 2024 that the discount was modest. During the year, we were also pleased to issue some new shares to investors under our blocklisting, as well as use Castelnau shares to facilitate the acquisition of Farewill Limited (“Farewill”), an important strategic acquisition for Dignity.

We have continued to focus on driving collaboration between our portfolio businesses. We now have regular events for our CEOs and CTOs, and welcomed over 75 colleagues to the annual portfolio event that we host for our leadership teams – something we hope to grow each year going forward. Seeing the collaboration between Stanley Gibbons Baldwins’ retail shop at the Strand and Hornby is a good example of businesses working together organically.

A key focus is always our people and partnerships. We were excited to be able to welcome new executive talent at Dignity Plc (“Dignity”), Stanley Gibbons Baldwins (“SGB”), Rawnet Limited (“Rawnet”) and Hornby Plc (“Hornby”), and we also attracted talented independent non-executives across the portfolio. During the year, our relationship with key partners such as SPWOne IV Limited (“SPWOne”) and Frasers Group deepened, as can be seen by our collaboration in strategic transactions at Dignity with SPWOne, and events at Hornby and Iona Star LP (“Iona Star”) demonstrating the strength of our relationship with Frasers Group.

It is important we acknowledge that there have been some headwinds in the portfolio companies during

the year. The wider wedding market was tough, affecting Cambium International Ltd. (“Cambium”), and changes to the digital advertising space led to a strategic change of direction at Rawnet to focus more on UX/strategy. In addition, the administration at Stanley Gibbons Baldwin’s had a more profound impact in H1 than we had hoped and has taken the business time to navigate past, particularly with customers. Nonetheless, we saw the impacted portfolio companies demonstrate resilience and agility, leaving them in a better position to carry into 2025.

Within our portfolio companies there was a significant amount of progress, which will be later discussed. At Dignity, we welcomed Zillah Byng-Thorne as CEO, significantly reduced the outstanding debt resulting in ratings upgrade in Dignity’s bonds during December, executed the transformative acquisition of Farewill, which has further established its leadership in digital-led end-of-life services and Dignity saw EBITDA grow by 13% to £43.9 million for the 2024 financial year. Hornby delivered an 8% year-on-year increase in sales, secured an exclusive Ferrari license for Pocher, with financial performance supported by streamlined operations and improved logistics. Cambium embraced artificial intelligence (“AI”) driven innovations to enhance operational efficiencies and customer experiences, and successfully re-platformed its brands. SGB solidified its market position through key hires, strategic partnerships, and plans for a digital catalogue, while also achieving growth in its bullion and auction businesses, earning recognition from Royal Mail.

There was a focus on operational efficiency across the Castelnau Group, where we looked to right-size many of the businesses. This has seen the portfolio companies starting to embrace operational efficiencies of AI, and Ocula has helped facilitate this initial adoption. We intend to remain extremely focused on ensuring our businesses embrace technological innovation, drive growth, and leave Castelnau Group best positioned to drive shareholder returns in 2025 and beyond.

Chair's Statement – continued

Outlook 2025

As we look to the year ahead, our focus will include:

- Supporting the execution of the growth strategy at Dignity;
- Accelerating revenue-generating activities across portfolio companies;
- Leveraging technology and AI to enhance operational efficiency;
- Deepening collaboration and knowledge-sharing across businesses to drive innovation; and
- Ensuring our portfolio comprises of profitable, cash-generating companies by the end of 2025.

Performance Review

For the twelve months ended 31 December 2024, Castelnau Group reported a total number of 322,829,422 Ordinary Shares, representing a 1.3% increase year-on-year. This increase was primarily driven by the issuance of shares related to the block listing facility (748,563 shares) and the acquisition of additional shares in Cambium International Limited (3,445,603 shares).

Key metrics include:

- NAV Total Return: +35.4%, outperforming the FTSE All-Share Total Return Index (+9.5%) by +25.9%.
- Share Price Return: +24.5%, reflecting a +15% outperformance versus the benchmark.

Portfolio Performance

- Valderrama (Dignity Plc): A cornerstone of the portfolio, representing 82.5% of the GAV at 31 December 2024, from 76.6% at 31 December 2023. The equity return stands at 48.1%, with a 45.5% contribution to overall portfolio performance.
- Hornby: Though a smaller share of the portfolio at 5.3% of GAV at 31 December 2024, Hornby has delivered an equity return of 43.7%, adding 2.7% to the total portfolio performance.
- Phoenix S.G. Limited (Stanley Gibbons Baldwins): Accounting for just 0.2% of GAV at 31 December 2024, from 3.6% at 31 December 2023, had an equity return of -90.7% and total contribution to overall portfolio performance of -3.7%.

- Cambium: Accounting for 3.2% of GAV at 31 December 2024, had an equity return of -38.5%, a combined debt and equity return of -24.1% and a total contribution to overall portfolio performance of -3.0%.
- Silverwood Brands Plc: Representing 1.4% of GAV at 31 December 2024, from 0.9% at 31 December 2023, had an equity return of -18.1% and a total contribution to overall portfolio performance of -0.4%.
- Ocula Technologies Holdings Ltd: Representing 1.4% of GAV at 31 December 2024, from 1.7% at 31 December 2023, Ocula delivered an equity return of -0.3%. While its total attribution to the portfolio is neutral, the Group's ownership position has decreased from 50% to 42%.
- Rawnet: Representing 0.4% of GAV at 31 December 2024, from 2.1% at 31 December 2023, had an equity return of -76.0% and total contribution to overall portfolio performance of -2.2%.

Additional insights into investment performance are detailed in the Alternative Investment Fund Manager and Investment Manager's Report.

Thank you for your continued trust and support. If you would like to get in touch directly with me, as the Chair of the Board; please email castelnau_group@ntrs.com.

Joanne Peacegood

Chair

9 April 2025

Holdings as at 31 December 2024

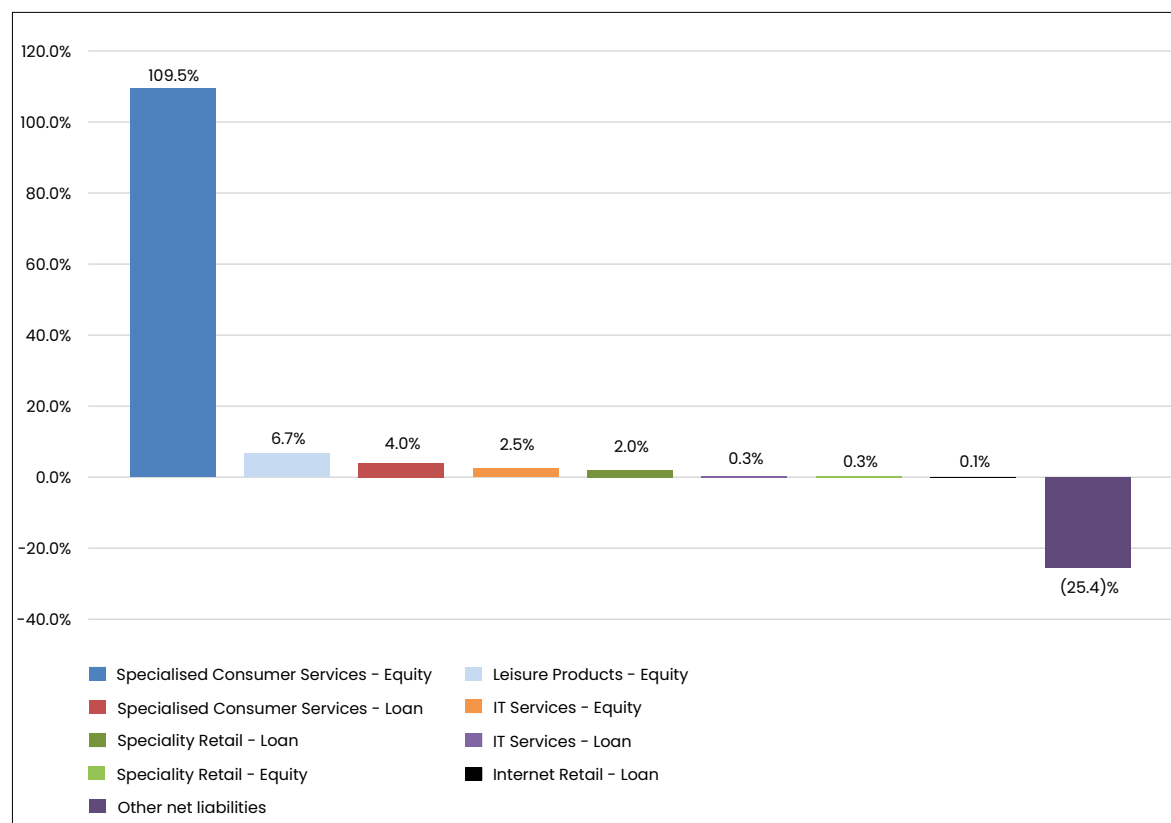
Company	Sector	Holdings	Cost	Carrying Amount	% of net assets 31 Dec 2024	% of net assets 31 Dec 2023
Valderrama Ltd (Dignity Plc)	Specialised Consumer Services – Equity	194,294,182	196,667,644	329,038,367	103.7%	96.0%
Hornby Plc*	Leisure Products – Equity	92,406,448	39,061,617	21,253,483	6.7%	6.4%
Cambium International Ltd	Specialised Consumer Services – Equity	41,562	31,152,344	12,728,842	4.0%	5.3%
Cambium International Ltd	Specialised Consumer Services – Loan	9,700,000	9,700,000	9,700,000	3.1%	3.1%
Phoenix S.G. Ltd (“Strand Collectibles Group”)	Speciality Retail – Loan	6,378,295	6,378,295	6,378,295	2.0%	1.1%
Ocula Technologies Holdings Ltd (“Ocula”)	IT Services – Equity	1,084,421	1,450,363	5,660,000	1.8%	2.1%
Silverwood Brands Plc (“Silverwood”)*	Specialised Consumer Services – Equity	12,718,500	7,599,247	5,621,577	1.8%	1.1%
Dignity Plc	Specialised Consumer Services – Loan	2,000,000	2,000,000	2,000,000	0.6%	N/A
Rawnet Ltd (“Rawnet”)	IT Services – Equity	284,173	2,750,000	1,487,000	0.5%	2.7%
Phoenix S.G. Ltd	Speciality Retail – Equity	10,141	24,184,303	968,284	0.3%	4.5%
Rawnet Ltd	IT Services – Loan	885,255	885,255	885,255	0.3%	0.4%
Silverwood Brands Plc*	Specialised Consumer Services – Loan	855,287	855,287	855,287	0.3%	1.9%
Iona Star LP	IT Services – Equity	636	636,364	597,385	0.2%	N/A
Showpiece Technologies Ltd (“Showpiece”)	Internet Retail – Loan	2,950,000	2,950,000	401,500	0.1%	0.3%
Showpiece Technologies Ltd	Internet Retail – Equity	8,000	8,000	–	0.0%	0.0%
Total holdings				397,575,275	125.4%	124.9%
Other net liabilities				(80,332,323)	(25.4%)	(24.9%)
Net assets				317,242,952	100.0%	100.0%

* Listed as at 31 December 2024. Note that Silverwood Brands Plc’s shares were temporarily suspended for the first quarter of the year, and recommenced trading in April 2024. Further discussion on the suspension is found in note 5 to the financial statements.

All companies are UK businesses.

Portfolio Analysis as at 31 December 2024

Sector	Percentage of Net Assets
Specialised Consumer Services – Equity	109.5%
Leisure Products – Equity	6.7%
Specialised Consumer Services – Loan	4.0%
IT Services – Equity	2.5%
Speciality Retail – Loan	2.0%
IT Services – Loan	0.3%
Speciality Retail – Equity	0.3%
Internet Retail – Loan	0.1%
Other net liabilities	(25.4%)
Total	100.0%



Refer to note 5 for additional disclosure on the valuation of the holdings.

The Alternative Investment Fund Manager (“AIFM”) and Investment Manager’s Report

Investment Philosophy and Strategic Progress

Castelnau Group’s investment philosophy remains steadfast: identifying and nurturing businesses with untapped competitive advantages. In 2024, we focused on strengthening our portfolio through key management hires, strategic acquisitions, operational enhancements, and innovative collaborations, ensuring long-term growth and value creation.

Strategic initiatives in 2024 included:

- Acquisitions:
 - Farewill by Dignity: The highly strategic deal, enabling Dignity to move into legal services, was structured as a share-for-share exchange, resulting in most Farewill shareholders becoming Castelnau shareholders. In return, Castelnau acquired an additional 5.6 million shares in Valderrama Limited, increasing its ownership to 66%.
 - Corgi Model Club (“Corgi”) by Hornby: The transaction was structured as a cash-neutral deferred payment. This approach optimised cost allocation, reduced immediate cash outflows, and positioned Hornby to expect to achieve a 20% revenue uplift for Corgi in 2025 and 2026. The integration of the Corgi management team also enhanced operational efficiency across the brand.
- Strengthening leadership teams:
 - The Group’s leadership teams have been significantly enhanced through several key appointments: Zillah Byng-Thorne joined Dignity as CEO, Victoria Lajer assumed the CEO role at SGB, and Jenni Hughes-Ward was appointed CFO. Additionally, Sam Love and Gyles Marshall are now managing directors at Rawnnet, and Penni Teale has joined Hornby as COO.
 - Across the portfolio, board composition has been strengthened with strategic additions such as Ian Griffiths at SGB, Richard Thompson at Cambium, Nick Batram and Neil Sachdev at Hornby. These appointments underscore our ongoing
- commitment to strengthening leadership and governance across the Group.
- Operational efficiencies and cost reductions:
 - Guiding operational restructurings at Hornby, Cambium, Dignity, and Rawnnet to streamline costs and enhance profitability.
 - Facilitating cross-portfolio collaboration through regular in-person executive management forums, bringing together CEOs, CTOs, COOs, CFOs, and HR leaders.
 - Cambium re-platformed its brands and embraced AI-driven innovations to enhance operational efficiencies and customer experience, while the Group remains focused on adopting technology to drive future cost savings and growth.
 - Key initiatives at Phoenix S.G. Ltd included improving internal systems, expanding core auction categories like stamps and coins, stabilising inventory, and exploring new ventures such as bullion. The company built strategic partnerships with Royal Mail and VeVe. A central part of the long-term strategy is the development of Chub, a collector’s platform aimed at modernising stamp collecting and engaging a new generation of collectors.
 - Silverwood made a strategic acquisition in 2024, acquiring Cosme Science Corporation, a leading Japanese beauty product manufacturer, and its subsidiary, Dr. Baeltz, a skincare brand. This acquisition strengthens Silverwood’s portfolio in the health and beauty sector, expanding its presence in Japan and Asia. The deal will enhance Silverwood’s position in the global beauty market.
- Finance transactions:
 - Ocula successfully raised £4 million in a Series A funding round.
 - Dignity repaid £82.6 million of debt to its bondholders, primarily through using the funds withdrawn from the trust surplus over the summer. In addition, post year end, the outstanding Phoenix loan was repaid using the proceeds from a sale and leaseback transaction.

The Alternative Investment Fund Manager (“AIFM”) and Investment Manager’s Report – continued

Key Financial Metrics (as of 31 December 2024):

- Net Assets: £317.2 million
- Market capitalisation: £303.5 million

Castelnau Group Track Record Performance	NAV return %	Share price total return** %	All-Share index** %	Relative NAV to ASX %
2024	35.4	24.5	9.5	25.9
2023	(3.3)	9.4	7.9	(11.2)
2022	(19.8)	(34.6)	0.3	(20.2)
2021*	(6.5)	5.5	2.5	(9.0)
Cumulative*	(1.7)	(6.0)	21.5	(23.2)

* From 18 October 2021

** Share price return with dividends reinvested; All-Share index returns with dividends reinvested. Past performance is not a reliable indicator of future performance.

Source: Bloomberg, Phoenix Asset Management Partners Limited.

The table below reports the portfolio positions and returns between 31 December 2024 and 31 December 2023:

	% of GAV*		Ownership %		Equity Return 2024	Combined Debit & Equity Return 2024	Total Attribution 2024
	2024	2023	2024	2023			
Dignity/Valderrama	82.5%	76.6%	65.4%	65.4%	48.1%	47.7%	45.5%
Hornby	5.3%	5.1%	54.9%	54.9%	43.7%	43.7%	2.7%
Cambium	3.2%	4.2%	90.3%	60.2%	-38.5%	-24.1%	-3.0%
Silverwood	1.4%	0.9%	29.9%	1.8%	-18.1%	-13.9%	-0.4%
Ocula	1.4%	1.7%	41.6%	50.3%	-0.3%	-0.3%	0.0%
Rawnet	0.4%	2.1%	100.0%	100.0%	-76.0%	-68.8%	-2.2%
Phoenix S.G	0.2%	3.6%	64.1%	64.0%	-90.7%	-51.9%	-3.7%
Iona Star	0.1%	N/A	45.0%	N/A	N/A	N/A	N/A

*GAV represents the gross asset value in the Company.

Source: Phoenix Asset Management Partners Limited.

Performance

Valderrama (Dignity Plc)

Dignity has made significant progress across leadership, operations, and financial performance. Zillah Byng-Thorne joined as CEO in June. Other key executive hires during the year include a Funerals Managing Director, Chief Technology Officer, Managing Director of Funeral Plans and a Managing Director of Crematoria. Early in the year, a number of unmanned funeral stores were initially closed followed by underperforming stores, with 67 branches shuttered by Q2 and another 60 by August, streamlining operations while improving performance in retained branches.

Financially, Dignity generated £273.9 million in revenue and £43.9 million in EBITDA for the financial year 2024 (EBITDA up 13.1% compared to the same period last year), despite a 3.4% decline in the death rate.

Property disposals exceeded initial expectations, generating £25 million in gross proceeds, and the sale-and-leaseback of crematoria assets helped repay £56.1 million in debt by January 2025. Trust surplus withdrawals enabled the buyback of £82.6 million of Dignity bonds, further reducing debt and annual service costs. Fitch upgraded Dignity's A and B notes in December, validating its financial improvements.

In October, Dignity announced the acquisition of Farewill, a leading provider of digital end-of-life services, with completion in February 2025. This strategic move broadened Dignity's product offering and audience while modernising its infrastructure.

With a stabilised balance sheet, Dignity is focused on driving growth in cremations, funeral home businesses, and funeral plans, alongside expanding its crematoria estate and digitising funeral operations in 2025.

Hornby

Hornby has focused on boosting sales, reducing costs and simplifying the group. At the end of December, the company delivered year-to-date sales growth of 8%, with gross profits rising by 10% and margins improving from 44% to 48%, supported by a 10% increase in direct-to-consumer sales. Key operational achievements included the successful completion of a restructuring program, eliminating £1 million in annualised central costs and projecting an additional c.£500,000 in savings for 2025. The logistics tender process led to the decision to relocate operations from Kent to the Midlands, improving efficiency and reducing costs.

Hornby also streamlined its portfolio with the sale of LCD Enterprises, the loss-making subsidiary that owned the Oxford Diecast brand, for £1.4 million. This transaction reduced operational complexity and contributed to debt reduction of c.£600,000 during Q4. Strategic hires bolstered leadership, with Neil Sachdev MBE joining as Chair and Penny Teale appointed COO. The company also advanced its customer-focused initiatives, launching new category ranges for Airfix, securing an exclusive Ferrari license for Pocher, and achieving retail wins, such as reintroducing Humbrol products to Hobbycraft.

Hornby continued to invest in its brands, acquiring the Corgi Model Club in a cash-neutral deal that brought new leadership and expanded its product offering. Notable successes included the launch of the original Batmobile for Corgi, generating 4,000 pre-orders in its first week.

Despite elevated inventory and debt levels, Hornby demonstrated progress in addressing these challenges and remains focused on driving profitability through operational improvements, cost efficiencies, and customer engagement. There remains a lot to do, but we hope to continue to make clear strategic progress across the Castelnau Group in 2025.

The Alternative Investment Fund Manager (“AIFM”) and Investment Manager’s Report – continued

On 13 March 2025, the Company announced its support for Hornby’s proposed voluntary cancellation of its AIM listing to enable greater strategic flexibility. The decision reflects Hornby’s commitment to structural changes, operation transformation, and addressing the limited liquidity of its shares alongside AIM compliance costs. Castelnau irrevocably committed to voting in favour of the cancellation. To accommodate Hornby’s shareholders who wish to retain investment exposure through a listed vehicle, Castelnau offered a share-for-share exchange mechanism.

Cambium

Cambium focused on driving registrations and improving operational efficiencies, in what was a challenging wider wedding market, which drove the valuation reduction of 34.5% during the year. Whilst we saw an increasing proportion of cash gift lists, registrations did increase by 7.1%, with total pledges growing to £41.6 million, up 4.3% from financial year 2023.

The business implemented a path-to-profitability roadmap emphasising automation, AI, and cost reduction, removing approximately £2 million in run-rate costs. A re-platforming of Rock My Wedding and an improved Wedding Present Company website enhanced customer experiences. Little List continued efforts to boost conversion rates, albeit post year end the decision was made to materially reduce the focus on this nascent business, until the core wedding business reaches profitability. During the year, Castelnau increased its ownership in Cambium from 60% to 90% through equity swap and debt conversion.

Ocula

Ocula successfully completed a £4 million Series A fundraise to support growth for the next 24 months. Following the fundraise (in which Castelnau participated), Castelnau’s ownership moved to 41%. Jose Luis-Gomes invested in the round, and joined the Ocula board; Jose leads Google Cloud’s North American retail & consumer business sitting on the board of Alphabet’s independent growth fund. Ocula’s ARR grew to £1.5 million, with high-profile client additions such as B&Q, Spinmaster, and Groupon. The

business expanded its footprint into North America, establishing a US subsidiary to drive sales and client acquisition.

Ocula Boost has started to gain traction in the travel sector, showing promise as Ocula focuses on deploying further enhancements to the offering. Despite some customer churn over the summer, learnings are being applied to minimise future losses, positioning Ocula for continued ARR growth.

Silverwood

Silverwood navigated a complex year, including unwinding its 19.8% stake in Lush through a capital reduction and shareholder vote. The resolution allowed shares to resume trading, and Castelnau converted £4.4 million in unsecured loans into equity, increasing its stake to 29.9%. The acquisition of Cosme Science Corporation (“Cosme Science”), a Japanese beauty manufacturer, marked a key milestone, with integration progressing on plan. Brand-level focus included a rebranding for Balmond’s and expansion into new markets, while Cosme Science initiated production of SteamCream. Silverwood remains focused on driving growth across its portfolio, including Nailberry, Sonotas, and Balmonds, with investments in production capacity and channel expansion.

Rawnet

2024 was a challenging year for Rawnet due to tough market conditions in the digital marketing sector. The business underwent a significant restructuring, including cost-cutting measures, office relocation, and leadership changes, with Sam Love and Gyles Marshall assuming leadership roles. Despite these challenges, Rawnet won some valuable accounts and demonstrated growth in both new and account management sales during the final quarter of the year – albeit it remained loss making during the year. The business is rebuilding its pipeline and remains focused on achieving profitability in 2025.

The earnout liability, in accordance with the agreed terms was settled in February 2024, with a total payment of £2.5 million made to the founder and selected employees.

Phoenix S.G. Limited / Stanley Gibbons Baldwins ("SGB") (formerly Strand Collectibles Group)

SGB focused on stabilising operations, rebuilding customer confidence, and driving strategic growth following its administration process. Key leadership changes included the appointment of Victoria Lajer as interim CEO, Jenni Hughes-Ward as CFO, and Ian Griffiths as an independent non-executive director. A new Head of Stamps and a product owner for the digital catalogue were also hired to strengthen operations and drive innovation.

The auctions business achieved some notable successes, including the Phillips Collection, which generated over £2 million, and the Hays Morgan Collection, expected to bring in £1.5 million over 12-18 months. Additionally, SGB launched a new bullion business, which continues to grow with relatively strong margins and a convenient central London location. The business also rebranded back to Stanley Gibbons Baldwins to capitalise on the strength of its legacy brands after the previous rebranding failed to resonate with customers. The impact of the administration had bigger implications than anticipated, contributing to the negative portfolio performance.

SGB delivered £8.9 million in sales for 2024, 4% ahead of budget, and achieved an EBITDA performance c.£400,000 above budget despite being loss-making for the year. In December, SGB secured a Royal Warrant and launched a limited-edition Penny Black digital collectible in partnership with VeVe, selling 8,468 units within minutes.

The digital collectors tool gained momentum with a dedicated product owner, and its first version is expected to launch in 2025, enhancing customer experience and modernising the business. Operational improvements included transitioning from a legacy ERP system to a flexible, cost-effective alternative, with learnings that may benefit other Castelnau portfolio companies. New leadership team incentives were implemented to align management's interests with shareholder goals, positioning SGB for future growth.

Iona Star

Iona Star launched its fund in late September, securing up to £10 million in commitments from both Castelnau and Frasers Group. Targeting early-stage companies in AI and data convergence, the fund made its first investment in AkashX, a Californian data storage accelerator. With a proven team delivering prior returns of over 3x invested capital, Iona Star's investments aim to benefit both the fund and Castelnau's broader portfolio. Fundraising efforts are ongoing, with more updates expected in the next quarterly report.

Phoenix Asset Management Partners remains committed to driving operational excellence and fostering sustainable long-term value creation across the Castelnau Group portfolio. By leveraging deep industry expertise, disciplined capital allocation, and a hands-on approach to active ownership, we can continuously seek to enhance the performance, resilience, and strategic growth of our portfolio companies.

Phoenix Asset Management Partners Ltd.

9 April 2025

Statement from the CIO of the Investment Manager

2024 Review

As Castelnau continues to evolve we are continually learning. There are a number of ways in which we try to help improve our businesses, one of which is with leadership selection. One learning for me this year was that most of the others follow from this one, they don't just sit alongside it. It has been a good year of progress in that regard, in the parlance of Jim Collins of getting good people on the bus, not least of which has been Zillah Byng-Thorne taking over at Dignity.

Another learning is how we adapt the inspiration and learnings of the likes of Danaher, Halma and Constellation Software with the types of businesses that we are interested in. We believe in the decentralised model with a small centre that shares best practice and learning, connects expertise, and maximises the use of our network. The needs of our leaders and businesses are different in the depths of turnaround to when they are performing well. All of our businesses require a culture that is customer centric to truly thrive in the long term and we are not there yet in all of them.

Culture is a really hard area in which to help. We believe you can't improve something you can't measure, and you can't build continuous improvement without measurement, so the Castelnau team spent a lot of time evaluating what tools and methodologies exist to do this and now have trials underway in two of our businesses. We don't seek to be the ones to impose a culture or to be the ones improving it, we think that is for the leadership of the business. We aim to suggest tools that might help them to do that and shared learnings that might be useful. We expect unique cultures. Through a combination of experience, necessity and then contemplation, I learned that direct involvement in our businesses by me personally was not the best use of my time and that I am less effective than the capable people that I have access to. Distance and perspective have been useful and, I believe, will be more effective.

An area all of our businesses will be impacted by is AI, as will all businesses. This is where Castelnau can be very helpful. What is going on is seismic, we have been working with Cambium, which is used to being innovative and changing, on the art of the possible and

if we are right, then our unit cost economics are going to be transformed dramatically and quickly. What we learn in implementation is what is truly valuable to our other businesses, it is easy to see how this can work in theory but doing whilst operating in full flight is another thing, especially as it involves the very people most affected by it. I've been a student of business since I was 12, that's 45 years, and I've seen some massive changes, like the internet or social media, but the potential for AI to transform productivity in a business in so many ways, is the greatest of them. If we are right about Cambium, given that it is a free service, the value should accrue to the shareholders.

Our businesses are on a path to being self-sustaining, that's a minimum requirement this year, but by the end of the year we expect to be moving into the phase where we are receiving capital at the centre which we can deploy. We won't be looking for turnarounds or loss-making businesses. We have been building our expertise and knowledge base where we think we can acquire well and add value. When we reach that stage, i.e. performing-businesses sending capital back that is successfully redeployed and creating more future value, then Castelnau will have started to become what we envisaged at its creation.

Gary Channon

CIO, Phoenix Asset Management Partners Ltd.

9 April 2025

Governance



**We intend to
conduct ourselves
at all times with
integrity and
fairness.**

Board Members

Biographical details of the Directors are as follows:

Joanne Peacegood

(Independent Chair)

(aged 47)

Joanne has over 25 years of experience in the financial services/asset management sector. Joanne is a non-executive director with a portfolio of clients including Financial Services and Operating Businesses. Joanne's portfolio includes Listed, Private Equity, Debt, Utilities, Renewables, Hedge, Real Estate and Asset Managers. Prior to becoming a non-executive director, Joanne worked for PwC in the Channel Islands, UK and Canada and held leadership roles in Audit, Controls Assurance, Risk & Quality and Innovation & Technology.

Joanne is an FCA with the ICAEW, graduating with an honours degree in Accounting and holds the IOD Diploma. Joanne is the Chair of the Guernsey International Business Association and the immediate past Chair of the Guernsey Investment & Fund Association. Joanne resides in Guernsey.

Directorships in other public listed companies:

NextEnergy Solar Fund Limited, London
Volta Finance Limited, London & Euronext

Andrew Whittaker

(Independent Non-Executive Director)

(aged 51)

Andrew is an experienced director and currently sits on several investment manager and investment fund boards specialising in debt, venture, renewables and buyouts. Andrew has over 20 years of experience in the investment sector and the funds industry.

Andrew is currently the Managing Director of Aver Partners, having previously been Managing Director at Ipes (Barings/Apex) and preceding that, Managing Director at Capita (Sinclair Henderson/Link). He has held senior management roles at Moscow Narodny (VTB Capital), DML (Halliburton) and qualified whilst at Midland (HSBC/Montagu).

Andrew graduated from Cardiff University and Aix-Marseille Université. He is a Chartered Management Accountant and is a Member of the Chartered Institute for Securities and Investment (CISI). Andrew is currently Chair of the British Venture Capital Association (BVCA) Channel Islands Working Group and a member of the Association of Investment Companies' (AIC) Technical Committee. He is a previous Chair of the Guernsey Investment Fund Association (GIFA), Council member of Guernsey International Business Association (GIBA), member of the Association of Real Estate Funds (AREF) Regulatory Committee and of Invest Europe's (formally European Venture Capital Association's (EVCA)) Technical Group.

Directorships in other public listed companies:

ARCH SRF Listed Holdco Limited, International
Shore Capital Group Limited, Bermuda

Joanna Duquemin Nicole

(Independent Non-Executive
Director)

(aged 54)

Joanna has over 35 years' experience working in the finance industry in Guernsey. Joanna is a Director of Altum (Guernsey) Limited and was previously Chief Executive Officer of Elysium Fund Management Limited ("Elysium") from its formation in 2006 to January 2025. The Altum Group acquired Elysium in January 2025. Prior to that, Joanna was a Director and the Company Secretary of Collins Stewart Fund Management Limited, and was involved in corporate finance assignments and stock exchange listing work in addition to fund administration and company secretarial duties.

Joanna has experience in the provision of best practice corporate governance and company secretarial services to a diverse range of companies traded on the AIM market of the London Stock Exchange, listed on the Main Market of the London Stock Exchange, Euronext and The International Stock Exchange. Joanna qualified as an Associate of ICSA: The Chartered Governance Institute UK & Ireland in 1994 and was elected to Fellowship in May 2023.

Directorships in other public listed companies:

MAN AHL Diversified PCC Limited, International

David Stevenson

(Non-Independent Non-Executive
Director)

(aged 58)

David Stevenson is a columnist for the Financial Times, Citywire and Money Week and author of a number of books on investment matters. He was the founding director of Rocket Science Group and www.etfstream.com. Currently, he is a director of Aurora Investment Trust Plc, Secured Income Fund Plc, Gresham House Energy Storage Fund Plc, AltFi Limited and Workspace Group Limited, and a strategy consultant to a number of asset management firms and investment banks.

Directorships in other public listed companies:

Aurora Investment Trust plc, London

Gresham House Energy Storage Fund plc, London

Workspace Group plc, London

Richard Brown

(Non-Independent Non-Executive
Director)

(aged 40)

As a former investment banker at Morgan Stanley, Richard has over 15 years of corporate finance experience. He has advised firms ranging from the largest FTSE 100 companies to private businesses and played an instrumental part in numerous high-profile M&A and ECM transactions. He previously worked at Peel Hunt and Barclays, having initially qualified as a chartered accountant at KPMG. Richard currently acts as a non-executive director on the board of Dignity Plc.

Directors' Report

The Directors present their Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2024.

Review of Performance Fee Arrangements

As shareholders will be aware, the Investment Manager does not charge a management fee to the Company and is instead incentivised solely via a performance-based fee arrangement. In summary, the performance fee arrangement is measured over consecutive periods of not less than three years with first period commencing on the Company's IPO on 18 October 2021 and ended on 31 December 2024. The performance fee payable is one third of the outperformance of the Net Asset Value total return after adjustment for inflows and outflows, over the FTSE All-Share Total Return Index (the "Benchmark") with, subject to certain regulatory considerations, the performance fee being satisfied through the issuance of new Ordinary Shares.

The Directors consider that the performance fee, measured over a three-year period and receivable in shares, remains a significant point of alignment between the Company, its shareholders and the Investment Manager; however, during the year, the performance fee arrangement was reviewed to ensure this alignment is equitable to all parties. Pursuant to the terms of the Investment Management Agreement ("IMA") prior to the review, the performance fee was to be paid based on the outperformance over the Benchmark, calculated by reference to the average adjusted net assets of the Company over each performance period. The averaging of the net asset value over the performance period does not fully take into account the outperformance that has been delivered by the Investment Manager and principally for this reason, it was proposed that a limited number of adjustments would be made to the IMA, with the Group entering into a revised agreement. This revised agreement took effect from 31 May 2024, and the revisions are summarised below:

- The fee will remain as one third of the outperformance over the Benchmark, however, the fee will be calculated by reference to the audited closing net asset value ("Closing NAV") rather than

the average net asset value, and will be compared to the 'Benchmark NAV'.

- The Closing NAV is the reported audited net asset value of the Company at the period end, excluding any accrued performance fees. This will be compared to the Benchmark NAV, which is the Company's opening audited NAV for the performance period to which the Benchmark return is applied. The Benchmark NAV will also be adjusted for the impact of inflows and outflows to the share capital of the Company, to ensure that both the Closing NAV and Benchmark NAV reflect performance adjusted for the impact of these events.
- In addition, the revised fee arrangement will include a provision such that no performance fee would be earned until the net asset value ("NAV") per Ordinary Share is above the original NAV per Ordinary Share at IPO (100p), adjusted for the performance of the Benchmark.
- The fee will continue to be paid in new Ordinary Shares.

For avoidance of doubt, no performance fee for the period to 31 December 2024 would currently be payable under either the original or revised performance fee calculation. In addition, no additional changes to the IMA (other than in respect of the performance fee) were made.

Castelnau Group Services Limited

Castelnau Group Services Limited ("CGSL"), the 100% subsidiary of the Castelnau Group, retained the services of an average of five staff during the year to 31 December 2024, all deployed to portfolio companies or to PAMP. During the previous year, one member of staff transitioned to a permanent role in a portfolio company, as this was more suited to the role, however this member of staff returned to CGSL in October 2024.

Dividend Policy

The Group has no stated dividend target. The Group's investment objective is one of capital growth and it is anticipated that returns for Shareholders will derive primarily from capital gains. The Group will target a Net Asset Value total return of 10-15% above the return on

the FTSE All-Share Total Return Index per annum and a minimum absolute Net Asset Value total return of 20% per annum.

Investors should note that the target returns stated above are targets only and not a profit forecast. There may be a number of factors that adversely affect the Company's ability to achieve the target returns and there can be no assurance that the target will be met.

Borrowing Policy

There is no limit in the Articles on the level of gearing which the Group can employ. Whilst the Group does not currently expect to have long-term gearing as part of its strategy, any such gearing utilised would be expected to be below 50% of the Group's gross asset value (including undrawn capital commitments), in each case measured at the time of investment. The Board may, however, approve a higher level of gearing from time to time, in circumstances where the Investment Manager recommends it should do so on an opportunistic basis.

Going Concern

The Directors believe that, having considered the Group's investment objective on page 3, financial risk management, principal risks and in view of the Group's holdings in cash and cash equivalents, the liquidity of investments and the income deriving from those investments, the Group has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of the Financial Statements. The Directors are confident that the Group has sufficient resources to meet its obligations and sustain operations for the foreseeable future.

Investment Manager

The Investment Management Agreement with PAMP creates significant Shareholder alignment, as PAMP does not earn a management fee, but earns a performance fee only, which is paid in shares and not in cash. The performance fee period is three years and is equal to one-third of the relative outperformance of

the NAV total return over the FTSE All-Share Total Return Index for each Performance Period.

The Board considers that the interests of Shareholders, as a whole, are best served by the ongoing appointment of the Investment Manager to achieve the Company's investment objectives.

Alternative Investment Fund Manager ("AIFM")

PAMP has been investing in UK listed equities for 25 years using a "value investing" approach to buy high-quality businesses at attractive prices. PAMP has delivered excellent long-term investment returns since being set up by Gary Channon in 1998. PAMP also manage the Aurora Investment Trust Plc and the Huginn Fund. Shareholders can view the historic track record of the Phoenix UK Fund here: <https://www.phoenixassetmanagement.com/investment-vehicles/phoenix-uk-fund#past>

PAMP's investment process aims to identify great businesses and management through intensive primary research. PAMP is known for the depth of its research which can often last many years before making an investment. Once an investment is made, the investment team maintains this intensive approach to research by closely monitoring the investments.

PAMP has an investment philosophy and approach that is inspired and influenced by some of the great investors such as Warren Buffett, Phil Fisher, Charlie Munger and John Maynard Keynes. These philosophies have been built into a "Phoenix approach", which PAMP has continuously refined using experience of application and analysis and learning. This has turned the philosophical approach into a proprietary technical approach which has been applied to the investments managed by PAMP and has helped to deliver long-term outperformance.

This philosophy and approach are the bedrock for the approach which Castelnau also takes. However, this has been further developed in order to be more applicable to entities which we control or are able to give greater assistance to. More information about this is included in our quarterly investor reports which

Directors' Report – continued

can be found here: <https://www.castelnaugroup.com/investor-relations/reports-factsheets>

The Investment Management Agreement dated 23 September 2021, and amended 31 May 2024, between the Company and the Investment Manager, pursuant to which the Investment Manager is appointed to act as the Company's Alternative Investment Fund Manager for the purposes of the UK AIFM Regime, and accordingly the Investment Manager is responsible for providing portfolio management and risk management services to the Company, subject to the overall control and supervision of the Directors. The Investment Manager, in its capacity as the Company's Alternative Investment Fund Manager, will also make the relevant notifications for the marketing of the Ordinary Shares in the United Kingdom and elsewhere (if required).

Shareholders may be interested in reading the historic track record of the Phoenix UK Fund since inception, which is an Appendix at the back of the Annual Report and Audited Consolidated Financial Statements.

Building on PAMP's experience of investing in private companies and companies where they have control or influence, the Investment Manager has built a "Castelnaud ToolBox", essentially a way of standardising PAMP's critical knowledge and techniques that can be applied to a specific type of investee company, which can be assessed and improved through application over time.

Directors' and Other Interests

The Directors of the Group held the following Ordinary Shares beneficially:

	31 December 2024 Number of Ordinary Shares	31 December 2024 % of issued share capital	31 December 2023 Number of Ordinary Shares	31 December 2023 % of issued share capital
Joanne Peacegood*	31,344	0.01%	10,000	0.00%
Andrew Whittaker	40,000	0.01%	40,000	0.01%
Joanna Duquemin Nicolle	75,000	0.02%	75,000	0.02%
David Stevenson	–	–	–	–
Richard Brown*	21,344	0.01%	–	–

* Joanne Peacegood and Richard Brown each purchased 21,344 Ordinary Shares on 5 November 2024.

Control of the Level of Ongoing Charges

The Board monitors the Group's operating costs carefully. Based on the Group's average net assets for the year ended 31 December 2024, the Group's ongoing charges figure calculated in accordance with the Association of Investment Companies ("AIC") methodology was 0.53% (2023: 0.59%). As the size of the Group grows, the Board will manage expenses with the intention of keeping costs down and reducing the ongoing charge ratio accordingly.

Custodian and Depositary

Custody and Depositary services are provided by Northern Trust (Guernsey) Limited (the "Depositary"). The Depositary was appointed on 18 October 2021. The terms of the Depositary agreement allow the Depositary to receive professional fees for services rendered. The Depositary agreement includes custodian duties. For additional information, refer to note 15 to the Financial Statements.

Directors

The Directors of the Group during the year and at the date of this Report are set out on page 79.

Corporate Governance

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code (the "UK Code"). The Group is also required to comply with the Code of Corporate Governance (the "GFSC Code") issued by the Guernsey Financial Services Commission.

This Corporate Governance Statement, together with the Going Concern Statement, Viability Statement and the Statement of Directors' Responsibilities set out on pages 35 to 36, indicates how the Company has complied with the principles of good governance of the UK Code and its requirements on Internal Control.

The Group is a member of the AIC and by complying with the AIC Code of Corporate Governance (the "AIC Code") is deemed to comply with both the UK Code and the GFSC Code. The Board has considered the principles and recommendations of the AIC Code and considers that reporting against these will provide better information to Shareholders. To ensure ongoing compliance with these principles, the Board reviews a report from the Corporate Secretary at each quarterly meeting, identifying how the Group is in compliance and identifying any changes that might be necessary.

The AIC Code is available on the AIC's website, www.theaic.co.uk. The UK Code is available in the Financial Reporting Council's website, www.frc.org.uk.

Since listing on the London Stock Exchange's Main Market on 18 October 2021, the Group has complied with the recommendations of the AIC Code and thus the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- The role of the Chief Executive;
- Executive Directors' remuneration;
- Annually assessing the need for an internal audit function; and
- Senior Independent Director.

It is acknowledged in the UK Corporate Governance Code that some of its provisions may not be relevant to externally managed investment companies (such as the Group). The Board does not consider that the above provisions are relevant to the Group. The Group will therefore not comply with these provisions.

Whilst the Group will seek to comply with the AIC Code as far as practicable, it is likely that it will not be able to comply with all of the AIC Code requirements. In particular, in relation to the Director appointed by the holder of the B Share, this Director will be appointed by the Investment Manager and therefore will not be entirely independent of the Investment Manager. Further, such Director will not be subject to annual re-election. In addition, the holder of the B Share has the power to ensure that no Directors are removed or appointed without its consent.

The Administrator maintains a system of internal control on which it reports to the Board. The Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator provide the assurance that a sound system of risk management and internal control should. An internal audit function specific to the Company is therefore considered unnecessary.

Role, Composition and Independence of the Board

The Board is the Group's governing body and has overall responsibility for maximising the Group's success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Group and also ensuring protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting compliance, governance, monitoring and control; and
- other matters having a material effect on the Group.

Directors' Report – continued

The Board's responsibilities for the Annual Report and Audited Consolidated Financial Statements are set out in the Statement of Directors' Responsibilities on pages 35 to 36. Biographies for all the Directors can be found on pages 16 and 17.

The Board consists of five non-executive Directors all of whom have diverse skill sets and experience. Three of the five Directors are considered to be independent of the Investment Manager and as prescribed by the Listing Rules. The Board does not consider it appropriate to appoint a Senior Independent Director at this time because the majority of the Directors are deemed to be independent of the Group. The Board considers that it has the appropriate balance of diverse skills and experience, independence and knowledge of the Group and the wider sector, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

The Chair is responsible for leadership of the Board and ensuring its effectiveness. The Chair is Joanne Peacegood. The Chair of the Board must be, and is considered to be, independent for the purposes of Chapter 11 of the Listing Rules.

The Board needs to ensure that the Annual Report and Audited Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy. In seeking to achieve this, the Directors have set out the Group's investment objective and policy and have explained how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Group operates and sets appropriate risk controls. Furthermore, throughout the Annual Report and Audited Consolidated Financial Statements, the Board has sought to provide further information to enable Shareholders to have a fair, balanced and understandable view.

The Board has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and depositary services and the provision of administration, accounting, registrar and company secretarial services including

the independent calculation of the Group's NAV and the production of the Annual Report and Audited Consolidated Financial Statements which are independently audited.

The Board is responsible for the appointment and monitoring of all service providers to the Group.

The Directors are kept fully informed of investment and financial controls and other matters by all service providers that are relevant to the business of the Group and should be brought to the attention of the Directors.

The Nominations Committee regularly reviews the structure, size, composition (including the skills, knowledge, experience and diversity) of the Board as a whole and makes recommendations to the Board with regard to any changes.

The Board has a breadth of experience relevant to the Group and the Directors believe that any changes to the Board's composition can be managed without undue disruption. With any new director appointment to the Board, consideration will be given as to what induction process is appropriate.

Directors' Attendance at Meetings

The Board holds quarterly Board meetings to discuss matters including portfolio performance, strategy, dividend policy, structure, finance, corporate governance, marketing, risk management, liquidity, compliance, asset allocation and gearing, contracts and Group performance. The quarterly Board meetings are the principal source of regular information for the Board enabling it to determine policy and to monitor performance, compliance and controls but these meetings are also supplemented by communication and discussions throughout the year.

A representative from each of the Investment Manager, AIFM, Administrator and Corporate Broker attends each Board meeting either in person or by telephone thus enabling the Board to fully discuss and review the Group's operation and performance. Each Director has direct access to the Portfolio Manager and Company Secretary and may, at the expense of the Group, seek independent professional advice on any matter. Both appointment and removal of these parties is to be agreed by the Board as a whole.

The Audit Committee meets five times a year, the Management Engagement Committee (“MEC”) and Remuneration and Nomination Committee meet at least once a year. In addition, ad-hoc meetings of the Board to review specific items between the regular scheduled quarterly meetings can be arranged. Between formal meetings, there is regular contact with the Portfolio Manager, AIFM, Administrator, Custodian and Depositary and the Corporate Broker.

Although some of the Directors hold other listed Board positions, the Board is satisfied that they have sufficient time to carry out their duties for the Group as evidenced by their engagement and attendance at the Board and Audit Committee meetings during the year.

At the Board meetings, the Directors review the management of the Group’s assets and liabilities and all other significant matters so as to ensure that the Directors maintain overall control and supervision of the Group’s affairs.

Appointment and Retirement of Directors

Subject to the Companies Law and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the Group in general meeting but subject to receiving the written consent of the holder of the B Share, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-appointment. Subject to the Companies Law and the Articles, the Group may by ordinary resolution appoint any person as a Director; and remove any person from office as a Director and there shall be no requirement for the appointment or removal of two or more Directors to be considered separately. A Director may resign from office as a Director by giving notice in writing to that effect to the Group. There is no age limit at which a Director is required to retire. At each annual general meeting of the Group, each Director, other than the Director appointed by the holder of the B Share pursuant to the Articles, shall retire from office and each Director may offer themselves for election or re-election by the Shareholders.

Board Performance and Training

On appointment to the Board, Directors will be offered relevant training and induction. Training is an ongoing matter as is discussion on the overall strategy of the Group. The Board undertakes an annual internal Board Performance Review. This exercise was completed in March 2024 and April 2025. The Company Secretary circulated questionnaires to each Director to complete independent of each other, and anonymously. Their completed forms were returned to the Company Secretary, and their responses collated into a report that was tabled at the Nomination Committee meeting. The report findings were discussed at the meeting. The results of the performance review were satisfactory with no issues identified.

On appointment to the Board, each Director considered the expected time needed to discharge their responsibilities effectively. The Directors confirmed that each had sufficient time to allocate and would inform the Board of any subsequent changes. In accordance with the AIC Code, if and when any Director, including the Chair, has been in office (or upon re-election would at the end of that term, be in office) for more than nine years, the Board will consider whether there is a risk that such Director might reasonably be deemed to have lost independence through such long service.

In respect of the Criminal Finances Act 2017 which has introduced a new corporate criminal offence (“CCO”) of failing to take reasonable steps to prevent the facilitation of tax evasion, the Board confirms that they are committed to zero tolerance towards the criminal facilitation of tax evasion.

Board Diversity

When appointing new directors and reviewing the Board composition, the Board considers, amongst other factors, diversity, balance of skills, knowledge, gender, social and ethnic background and experience. The Board considers the Listing Rules requirement in appointing new directors, however, does not consider it appropriate to establish targets or quotas in this regard.

Directors' Report – continued

As at 31 December 2024, the Board consisted of two female and three male directors. Joanne Peacegood is the Chair of the Board and the Remuneration Committee, and Joanna Duquemin Nicolle is the Chair of the Management Engagement Committee. The Group has therefore met the targets set by the Listing Rules UKLR 6.6.6R(9) and UKLR 16.3.29R(1) in relation to board diversity for the percentage of its board members who are female and also in a senior position. The Group has not met the target to have at least one director from a minority ethnic background, but considers this satisfactory as the individual Board members are performing within their role and comprise a diverse skillset and knowledge. As the Group was only listed in 2021, the board members have not yet come up for succession, however, when succession arises, the Board will consider the requirements of the Listing Rules.

Board Committees and their Activities

Terms of Reference

All Terms of Reference of the Board's Committees are available from the Administrator upon request.

Management Engagement Committee

In accordance with the AIC Code, the Group has established a Management Engagement Committee which is chaired by Joanna Duquemin Nicolle and includes Andrew Whittaker, Joanne Peacegood and David Stevenson. The Management Engagement Committee meets at least once a year or more often if required. Its principal duties are to consider the terms of appointment of the Investment Manager and other service providers and it annually reviews those appointments and the terms of engagement.

Audit Committee

The Group's Audit Committee is chaired by Andrew Whittaker and includes Joanna Duquemin Nicolle and Joanne Peacegood. The Audit Committee meets at least five times a year. The Board considers that

the members of the Audit Committee have the requisite skills and sector experience to fulfil the responsibilities of the Audit Committee. The Audit Committee examines the effectiveness of the Group's control systems and amongst other items, reviews the annual and interim reports and also requests certain information from the Investment Manager and the Administrator. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external Auditor.

Further details on the Audit Committee can be found in the Audit Committee Report on page 37.

Remuneration Committee

The Group's Remuneration Committee consists of all of the Directors and is chaired by Joanne Peacegood. The Remuneration Committee meets at least once a year or more often if required. The Remuneration Committee's main functions include:

- (i) agreeing the policy for the remuneration of the Directors and reviewing any proposed changes to the policy;
- (ii) reviewing and considering ad hoc payment to the Directors in relation to duties undertaken over and above normal business; and
- (iii) appointing independent professional remuneration advice.

Nomination Committee

The Group's Nomination Committee consists of all of the Directors and is chaired by Andrew Whittaker. The Nomination Committee meets at least once a year or more often if required. Its principal duties are to advise the Board on succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and make recommendations to the Board in this regard. The Nomination Committee advises the Board on its balance of relevant skills, experience, gender, race, ages and length of service of the Directors serving on the Board. All appointments to the Board are made in a formal and transparent manner.

For each Director, the tables below set out the number of Board and Committee meetings they were entitled to attend during the year ended 31 December 2024

and the number of such meetings attended by each Director.

	Held	Attended
Scheduled Board Meetings		
Joanne Peacegood	4	4
Andrew Whittaker	4	4
Joanna Duquemin Nicolle	4	4
David Stevenson	4	4
Richard Brown	4	4
Management Engagement Committee Meetings		
Joanne Peacegood	1	1
Andrew Whittaker	1	1
Joanna Duquemin Nicolle	1	1
David Stevenson	1	1
Audit Committee Meetings		
Joanne Peacegood	5	5
Andrew Whittaker	5	4
Joanna Duquemin Nicolle	5	5
Remuneration Committee Meetings		
Joanne Peacegood	1	1
Andrew Whittaker	1	1
Joanna Duquemin Nicolle	1	1
David Stevenson	1	1
Richard Brown	1	1
Nomination Committee Meetings		
Joanne Peacegood	1	1
Andrew Whittaker	1	1
Joanna Duquemin Nicolle	1	1
David Stevenson	1	1
Richard Brown	1	1
Ad hoc Committee Meetings		
Joanne Peacegood	9	7
Andrew Whittaker	9	9
Joanna Duquemin Nicolle	9	8
David Stevenson	8	6
Richard Brown	9	7

Directors' Report – continued

Strategy

The Group will follow a high conviction investment strategy. The expertise and processes developed by the Investment Manager can be applied to all parts of the capital structure of a business, both private and publicly quoted. These positions could be represented by a minority stake, a control position combined with operational involvement, full ownership of a company, a joint venture, a loan or convertible instrument, a short position or any other instrument which allows the Group to access value.

Internal Controls

The Board is ultimately responsible for establishing and maintaining the Group's system of internal financial and operating control and for maintaining and reviewing its effectiveness. The Group's risk matrix continues to be the core element of the Group's risk management process in establishing the Group's system of internal financial and reporting control. The risk matrix is prepared and maintained by the Board which initially identifies the risks facing the Group and then collectively assesses the likelihood of each risk, the impact of those risks and the strength of the controls operating over each risk. The system of internal financial and operating control is designed to manage rather than to eliminate the risk of failure to achieve business objectives and by their nature can only provide reasonable and not absolute assurance against misstatement and loss.

These controls aim to ensure that assets of the Group are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

This process has been in place for the year under review and up to the date of approval of this Annual Report and Audited Consolidated Financial Statements. It has been reviewed by the Board and is in accordance with the AIC Code.

The AIC Code requires Directors to conduct at least annually a review of the Group's system of internal financial and operating control, covering all controls,

including financial, operational, compliance and risk management. The Board has evaluated the systems of internal controls of the Group. In particular, it has prepared a process for identifying and evaluating the significant risks affecting the Group and the policies by which these risks are managed. The Board also considers whether the appointment of an internal auditor is required and has determined that there is no requirement for a direct internal audit function.

The Board has delegated the day-to-day responsibilities for the management of the Group's investment portfolio, the provision of custodial and depositary services and administration, accounting, registrar and company secretarial functions including the independent calculation of the Group's NAV and the production of the Annual Report and Audited Consolidated Financial Statements which are independently audited.

Formal contractual agreements have been put in place between the Group and providers of these services. Even though the Board has delegated responsibility for these functions, it retains accountability for these functions and is responsible for the systems of internal control. At each quarterly Board meeting, compliance reports are provided by the Administrator, Company Secretary, Portfolio Manager, AIFM and Depositary. The Board also receives confirmation from the Administrator of its accreditation under its controls report.

Procedure for Identifying Risks

The procedures in place to identify emerging or principal risks are described below.

The Audit Committee regularly reviews the Group's risk matrix, focusing on ensuring that the appropriate controls are in place to mitigate each risk. A system has been established to identify emerging risks as they occur as detailed below. The experience and knowledge of the Audit Committee and Board is invaluable to these discussions, as is advice received from the Board's service providers, specifically the Investment Manager who is responsible for all portfolio management services.

The market and operational risks were discussed by the Board, with updates on operational resilience received from the Investment Manager, Administrator and other key service providers.

The following is a description of the role each service provider plays in the identification of emerging risks:

- I. Investment Manager: the Investment Manager advises the Board at each meeting on world markets, stock market trends, information on stock specific matters as well as regulatory, political and economic changes likely to impact the Group's portfolio;
- II. Distributor and Broker: provides advice periodically specific to the Board on the Group's share register, sector, competitors and the investment company market;
- III. Company Secretary and Accounting Advisor: briefs the Board on forthcoming legislation or regulatory changes that might impact the Group; and
- IV. AIC: the Group is a member of the AIC, which provides regular technical updates as well as drawing members' attention to forthcoming industry and regulatory issues.

Procedure for Oversight of Risks

Audit Committee: The risk matrix is kept under review. This includes a review of the risk procedures and controls in place at the key service providers to ensure that emerging (as well as known) risks are adequately identified and – so far as practicable – mitigated.

Experienced Non-Executive Directors on the Committee, each bringing external knowledge of the investment trust (and financial services generally) marketplace, trends, threats etc. as well as macro/strategic insight.

Principal Risks and Uncertainties

The principal risks faced by the Group, together with the approach taken by the Board towards them, have been summarised below.

Valuation of investments

Some of the Group's investments will include securities and other interests that are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable laws and/or the relevant investment documentation. Whilst the valuations of the Group's investments will be in compliance with IFRS, some of the Group's investments will be difficult to value. Such valuations may be conducted on an infrequent basis, are subject to a range of uncertainties. The risks associated with valuation of investments are managed by the Investment Manager and reviewed by the Board. The Board considered the valuation of the investments held by the Group as at 31 December 2024 to be reasonable based on information provided by the Investment Manager, underlying portfolio companies, AIFM, Administrator, Custodian and Depositary on their processes for the valuation of these investments, which were validated by an independent third party.

The Board reviewed the valuation policy and PAMP has agreed the valuation process/techniques with the Board around private asset investments. The Board is satisfied with the approach and the valuation policy and processes.

The Board receives the monthly NAV as well as quarterly detailed updates on the portfolio which include changes to the valuations. The Board is updated when there is/or potential to be significant changes in valuation. As part of the annual audit process and the Board signing off on the annual financial statements, the Board receives the valuation packs and also the third-party (Kroll) reports. The Board scrutinises the valuations/reports and ensures they are satisfied prior to sign off.

The Board also asks questions regularly (including during quarterly Board meetings, or ad hoc meetings) to understand performance and the impact on valuation and receives regular presentations from the portfolio executives. The Board has access to detailed valuation reports as and when requested.

Directors' Report – continued

Market risk

As a result of investments in publicly traded portfolio companies with a total value of £21,253,483 (31 December 2023: £14,785,032), the Group will be exposed to equity securities price risk. The market value of the Group's holdings in publicly traded portfolio companies could be affected by a number of factors, including, but not limited to: a change in sentiment in the market regarding such companies; the market's appetite for specific business sectors; and the financial or operational performance of the publicly traded portfolio companies which may be driven by, amongst other things, the cyclicity of some of the sectors in which some or all of the publicly traded portfolio companies operate. Equity prices and returns from investing in equity markets are sensitive to various factors, including but not limited to: expectations of future dividends and profits; economic growth; exchange rates; interest rates; and inflation.

The value of any investment in equity markets is therefore volatile and it is possible, even when an investment has been held for a long time, that an investor may not get back the sum invested. Any adverse effect on the value of any equities in which the Group invests from time to time could have a material adverse effect on the Group's financial condition, business, prospects and results of operations and, consequently, the Net Asset Value and/or the market price of the Ordinary Shares.

The Board receives updates on the Group's investment performance at quarterly Board meetings, or more frequently as required, and challenges the Investment Manager on investment performance, stock selection, and portfolio composition.

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. Investments made by the Group may be illiquid and this may result in delays/shortfall of expected cash flows to the Group.

Investments in private assets (including private portfolio companies) are highly illiquid and have no public market. There may not be a secondary market for interests in private assets. Such illiquidity may affect

the Group's ability to vary its portfolio or dispose of, or liquidate part of, its portfolio, in a timely fashion (or at all) and at satisfactory prices in response to changes in economic or other conditions.

If the Group is required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in Net Asset Value.

The performance of investments in private assets can also be volatile because those assets may have limited product lines, markets or financial reserves, or be more susceptible to major economic setbacks or downturns. Private assets may be exposed to a variety of business risks including, but not limited to: competition from larger, more established firms; advancement of incumbent services and technologies; and the resistance of the market towards new companies, services or technologies.

The crystallisation of any of these risks or a combination of these risks may have a material adverse effect on the development and value of a portfolio company and, consequently, on the portfolio and the Group's financial condition, results of operations and prospects, with a consequential adverse effect on the Net Asset Value and/or the market price of the Ordinary Shares.

Furthermore, repeated failures by portfolio companies to achieve success may adversely affect the reputation of the Group or Investment Manager, which may make it more challenging for the Group and the Investment Manager to identify and exploit new opportunities and for other portfolio companies to raise additional capital, which may therefore have a material adverse effect on the portfolio and the Group's financial condition, results of operations and prospects, with a consequential adverse effect on the Net Asset Value and/or the market price of the Ordinary Shares.

The Board and Investment Manager review liquidity needs (including operational costs, and loan repayments), quarterly or more frequently as required, relative to the value and liquidity of the Group's assets and the Group's portfolio income. The majority of

the expected liquidity requirements are known (for example operational costs) while others are at the discretion of the Group (for example, share buybacks). The Board is satisfied that the Group's unexpected liquidity needs are not significant.

Credit risk

Counterparties such as financial institutions may not meet their obligations regarding foreign currency and cash balances. The Board ensures that counterparties have an acceptable long and short-term credit rating.

Concentration risk

The Group expects to hold a concentrated portfolio of investments and the Group will not seek to reduce concentration risk through diversification. The opportunity set will dictate the number of holdings and the weighting of investments in the portfolio. The investments with the best return profiles will receive the largest weightings. The Group will therefore have no set diversification policies.

Other Risks and Uncertainties

Cyber risk

The Board ensures they have a sufficient understanding of cyber risk to enable them to manage any potential unauthorised access into systems and identifying passwords or deleting data. The Board discusses cyber risks at the quarterly board meeting and also ensures they are continuing to keep themselves up to date on the risks through attending professional seminars on the topic, following good password practices and vigilance to any suspicious links or attachments. The Group is exposed to the cyber risks of its third-party service providers. The Audit Committee received the internal controls reports of the relevant service providers where available, and was able to satisfy itself that adequate controls and procedures were in place to limit the impact to the Group's operations.

Operational risk

The Group is exposed to the operational risks of its third-party service providers and considered the risk and consequences in the event that these systems failed during the year. The Investment

Manager, Registrar, Depositary, Administrator and Company Secretary each have comprehensive business continuity plans which facilitate continued operation of the business in the event of a service disruption or major disruption. The Audit Committee received the internal controls reports of the relevant service providers where available, and was able to satisfy itself that adequate controls and procedures were in place to limit the impact to the Group's operations, particularly with regard to a financial loss. The performance of service providers is reviewed annually via its Remuneration and Management Engagement Committee. Each service provider's contract defines the duties and responsibilities of each and has safeguards in place including provisions for the termination of each agreement in the event of a breach or under certain circumstances. Each agreement also allows for the Board to terminate subject to a stated notice period. At the meeting of the Management Engagement Committee on 10 December 2024, the Board undertook a thorough review of each service provider and agreed that their continued appointment remained appropriate and in the Group's long-term interest. The Board's next review will be at the next annual Management Engagement Committee meeting.

Regulatory risk

Poor governance, compliance or administration, including particularly the risk of loss of investment trust status and the impact this may have on the Group were considered by the Board. Having been provided with assurance from each of the key service providers during the year ended 31 December 2024, the Board was satisfied that no such breach had occurred. The Board's next review will be at the next annual Management Engagement Committee meeting.

Geopolitical risk

Russia's ongoing invasion of Ukraine, the Israel-Hamas conflict, and increasing tensions in the Middle East all continue to be risks to the global economy. Escalation in conflicts may result in an increase in sanctions globally affecting commodity prices and supply chains, and increasing compliance monitoring costs for businesses. With changes in governments resulting from the exceptional number of national elections that took

Directors' Report – continued

place in 2024 and more expected in 2025, the potential increase in volatility of financial markets, altering economic and investment landscapes, has started to materialise. The Board and the Investment Manager are cognisant of this risk and monitor it closely.

Environmental, Social and Governance (“ESG”) matters

The Board recognises the importance of ESG factors in the investment management industry and the wider economy as a whole. It is the view of the Board that direct environmental and social impact of the Group is limited and that ESG considerations are most applicable in respect of the asset allocation decisions made for its portfolio.

The Group has appointed the Investment Manager to advise it in relation to all aspects relevant to the Investment Portfolio. The Investment Manager has a formal ESG framework which incorporates ESG factors into its investment process. The Board receives regular updates from the Investment Manager on its ESG processes and assesses their suitability for the Group. ESG factors are assessed by the Investment Manager for every transaction as part of their investment process. Climate risks are incorporated in the ESG analysis under environmental factors.

The Group has entered into contractual arrangements with a network of third parties (the “Service Providers”) who provide services to it. The Board, through the Management Engagement Committee, undertakes annual due diligence on, and ongoing monitoring of, all such Service Providers including obtaining a confirmation that each such Service Provider complies with relevant laws regulations and good practice and has ESG policies in place.

Viability Statement

The Directors, with recommendation from the Audit Committee, have assessed the prospects of the Group and relevant stresses i.e. additional funding requirements to existing portfolio companies, loan repayments and expenses, over a longer period than required by the going concern provision. With recommendation from the Audit Committee, the Board chose to conduct a review for a period of five years to 31 December 2029 as it was

determined to be an appropriate timeframe given the uncertainty of the investment world and the strategy period. In selecting this period, the Board considered the environment within which the Group operates and the principal and emerging risks and their mitigations associated with the Group. On a rolling basis, the Directors evaluate the outcome of the investments and the Group's financial position as a whole.

The Group's prospects are driven by its business model and strategy. The Group's investment objective is to compound Shareholders' capital at a higher rate of return than the FTSE All-Share Total Return Index over the long term. The Group will target a Net Asset Value total return of 10-15% above the return on the FTSE All-Share Total Return Index per annum and a minimum absolute Net Asset Value total return of 20% per annum.

In support of this statement, the Audit Committee recommended to the Directors to take into account all of the principal and emerging risks facing the Group as summarised on pages 27 to 29, the nature of the Group's business including cash reserves and other liquid investments held by the Group, the potential of its portfolio of investments to generate future income and capital proceeds, and the ability of the Directors to minimise the level of cash outflows, if necessary. The most relevant potential impacts of the identified principal risks and uncertainties on viability were determined to be:

- (i) investments are in line with the investment objective and investment policy as set out in the Group's prospectus; and
- (ii) the Group has the ability to meet running costs and standing expenses.

Each quarter, the Directors, through the Audit Committee, review threats to the Group's viability utilising the risk matrix, which it updates as required due to recent developments and/or changes in the global market. The Board relies on periodic reports provided by the Alternative Investment Fund Manager and Investment Manager, and Administrator regarding risks faced by the Group. When required, experts are utilised to gather relevant and necessary information, regarding tax, legal, and other factors.

The Alternative Investment Fund Manager and Investment Manager considers the future cash requirements of the Group before funding portfolio companies. Furthermore, the Board receives regular updates from the Alternative Investment Fund Manager and Investment Manager on the Group's cash position, which allows the Board to maintain their fiduciary responsibility to the Shareholders and, if required, limit funding for existing commitments.

Based on the aforementioned procedures and the existing internal controls of the Group, and the Alternative Investment Fund Manager and Investment Manager, the Board, with recommendation from

the Audit Committee, has concluded that there is a reasonable expectation that the Group will remain viable over the five-year period to 31 December 2029.

Report under Section 172 of the Companies Act 2006

Although the Group is domiciled in Guernsey, in accordance with the guidance set out in the AIC Code, the Directors have included below how the matters set out in Section 172 of the UK Companies Act 2006 have been considered in their board discussions and decision making.

Further information as to how the Board has had regard to the Section 172 factors:

Section 172 factor	Key examples	Location
Consequences of decisions in the long term	Investment Objectives and Policy Future Prospects Dividend Policy Viability Statement	Summary Information Directors' Report Directors' Report Directors' Report
Fostering business relationships with suppliers, customers and other stakeholders	Shareholder Engagement; Key Service Providers	Directors' Report
Impact of operations on the community and the environment	Environmental, Social and Governance	Directors' Report
Maintaining high standard of business conduct	Corporate Governance	Directors' Report

Directors' duty to promote the success of the Group

The Board seeks to understand the views of the Group's Shareholders and its other key stakeholders as well as how their interests and the matters set out in Section 172 of the Companies Act 2006 in the UK ("Companies Act") have been considered. As part of the Board and stakeholder evaluation processes that are undertaken annually, the Board reviews its engagement mechanisms to ensure they remain effective. In fulfilling their duties, the Directors carefully consider the likely consequences of their actions over the long term and on other key stakeholders.

- (i) the Group's investment objective and policy;
- (ii) the main trends and factors likely to affect the future development, performance and position of the Group's business;
- (iii) the Group's key performance indicators;

- (iv) the Group's peers;
- (v) the Group's overall strategy; and
- (vi) the Group's core values which are integrity, accountability, transparency and commitment.

Identifying stakeholders

The Board has identified its key stakeholders which include Shareholders, Investee Companies, Investment Manager, Financial Advisers, the Company Secretary, Administrator, Registrar, Lawyers, Custodian and Depositary, amongst others. The Board is aware of the need to foster the Group's relationships with its key stakeholders through its stakeholder management activities. The Board provides oversight and challenge to the Investment Manager to ensure that the Group meets its requirements to create and preserve Shareholder value.

Directors' Report – continued

Shareholder engagement

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. Shareholders wishing to meet with the Chair and other Board members should contact the Group's Administrator by emailing castelnau_group@ntrs.com.

On 18 September 2024, Shareholders had the opportunity to vote on the resolutions as specified in the Notice of AGM. The Notice of the AGM and the results were released to the London Stock Exchange in the form of an announcement.

Key service providers

The Board delegates responsibility for its day to day operations to a number of key service providers. The activities delegated, service levels and other related reports to the activities of each service provider (such as their own approach to such matters as cyber risk and assessment of climate change risk to operations) are closely monitored, where and as appropriate by the Board and they are required to report to the Board at set intervals.

Monitoring of key decisions and the outcome of those decisions

The Board meets at least quarterly and at such other times as deemed appropriate. During these meetings, the Board considers reports from the Investment Manager on the Group's portfolio, its investment activity and sector diversity. In addition, the Investment Manager provides an overview of engagement with the investee companies as well as potential investee companies. The Board debates the Group's portfolio and notable acquisitions or disposals at each of its meetings and challenges stock selection where deemed appropriate. In between meetings, the Investment Manager and Board maintain contact through which they consider investment ideas, further fundraising initiatives and market outlook and strategies to consider adjusting the Group's portfolio in line with the Group's investment policy. During the year, the Board discussed the merits and structure of the Group, with the Investment Manager and advisers and considered the long-term interests of the Group's Shareholders during those discussions.

In addition, the Board receives reports from the Financial Adviser on the Group's Shareholder base including any changes; its Secretary on latest governance issues, legal or market announcements; and its Administrator on the Group's management accounts. Furthermore, the Board receives reports from the Group's Broker on the performance of the Group's peers and ad hoc reports from its other key stakeholders as deemed appropriate.

On an annual basis, the Board will undertake a review of its stakeholders which include a review of their control report and policies, such as whistleblowing, anti-bribery, anti-money laundering and corruption, cyber security, data protection policies and each entity's business continuity arrangements to ensure they are in place and are adequate.

Stewardship code

The Board and the Investment Manager support and have a strong commitment to the UK Stewardship Code, the latest version of which was issued by FRC took effect from 1 January 2020 and endorsed by the AIC which sets out the principles of effective stewardship by institutional investors.

Modern slavery disclosure

Due to the nature of the Group's business, being a company that does not offer goods or services to consumers, the Board considers that it is not within the scope of modern slavery. The Board considers the Group's supply chains, dealing predominately with professional advisers and service providers in the financial service industry, to be low risk in this matter.

Anti-bribery and corruption

It is the Group's policy to conduct all of its business in an honest and ethical manner. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates. The Group's policy and the procedures that implement it are designed to support that commitment. The Board has made enquiries of its third-party service providers to ensure their procedures and policies are in place. Refer to above for more information.

Tax evasion

The Group maintains a zero-tolerance policy towards the provision of illegal services, including the facilitation of tax evasion. The Group has received assurances

from the Group's main contractors and suppliers that they maintain a zero-tolerance policy towards the provision of illegal services, including the facilitation of tax evasion.

Significant Shareholdings

Shareholders with holdings of more than 5.0% of the Ordinary Shares of the Group at 31 March 2025 were as follows:

	Number of Ordinary Shares	% of issued share capital
State Street Nominees Limited OM01	122,425,672	36.83%
Nortrust Nominees Limited	104,457,878	31.42%
Goldman Sachs Securities (Nominees) Limited	26,704,079	8.03%

Those invested directly or indirectly in 5.0% or more of the issued share capital of the Group will have the same voting rights as other holders of the Ordinary Shares.

Annual General Meeting (AGM)

The Group's AGM will be held at 1.00pm on 17 September 2025 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands, GY1 3QL.

Should a Shareholder have a question that they would like to raise at the AGM, the Board requests that they ask the question in advance of the AGM by sending it by email to castelnau_group@ntrs.com. All questions raised, together with the relevant answer, will be placed on the Group's website at www.castelnau-group.com.

Independent Auditor

A resolution for the reappointment of Grant Thornton Limited ("Grant Thornton") as auditor to the Group will be proposed at the annual general meeting. Grant Thornton have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors on 9 April 2025 by:

Joanne Peacegood
Director

Joanna Duquemin Nicolle
Director

Directors' Remuneration Report

The Group is not required to present a Directors' Remuneration Report, and this report does not purport to meet all of the requirements of a typical listed UK company's Directors' Remuneration Report, but has been provided as the Directors believe that it is a useful addition to this Annual Report and Financial Statements.

The aggregate amount of Directors' fees should not exceed £250,000 per annum to allow for the appointment of additional director(s), to allow for an overlap in appointments, thereby assisting with Board succession planning.

Remuneration Policy

The Group's policy in regard to Directors' remuneration is to ensure that the Group maintains a competitive fee structure in order to recruit, retain and motivate non-executive Directors of excellent quality in the overall interests of Shareholders.

It is the responsibility of the Remuneration Committee to consider the Directors' remuneration. However,

the Nomination Committee will review any proposed changes. The Board ultimately receives the recommendations and approves the Directors' remuneration.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Group.

Directors are remunerated in the form of fees, payable quarterly in advance, to the Directors personally. No Directors have been paid additional remuneration by the Group outside their normal Directors' fees and expenses.

Joanne Peacegood is entitled to an annual fee of £40,000. Andrew Whittaker is entitled to an annual fee of £35,000. Joanna Duquemin Nicolle and David Stevenson are entitled to an annual fee of £30,000. Richard Brown waived the right to receive a Director fee. The Directors received the following remuneration in the form of Directors' fees relating to the years ended 31 December 2024 and 31 December 2023:

	31 December 2024 GBP	31 December 2023 GBP
Joanne Peacegood	40,000	40,000
Andrew Whittaker	35,000	35,000
David Stevenson	30,000	30,000
Joanna Duquemin Nicolle	30,000	30,000
Richard Brown	–	–
	135,000	135,000

Appropriate Directors' and Officers' liability insurance cover is maintained by the Group on behalf of the Directors.

Each Director's appointment letter provides that, upon the termination of his/her appointment that he/she must resign in writing and all records remain the property of the Group. The Directors' appointments can be terminated in accordance with the Articles and without compensation.

A Director may resign from office as a Director by giving notice in writing to that effect to the Group. There is no age limit at which a Director is required to retire. Notwithstanding the foregoing, all Directors have agreed to stand for re-election annually and are re-elected by the Shareholders at the AGM.

The amounts charged to the Group for Directors as shown in note 7 to the Financial Statements are for services as non-executive Directors. No Director has a service contract with the Group, nor are any such contracts proposed.

Signed on behalf of the Board of Directors on 9 April 2025 by:

Joanne Peacegood
Director

Joanna Duquemin Nicolle
Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Financial Statements in accordance with applicable Guernsey law and regulations.

The Companies (Guernsey) Law, 2008 requires the directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with these requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. They have the general responsibility for

taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The Directors are responsible for the oversight of the maintenance and integrity of the corporate and financial information in relation to the Group website; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for ensuring that the Annual Report and Financial Statements include information requirements by the Disclosure Guidance and Transparency Rules ("DTR") of the Financial Conduct Authority ("FCA") with regard to corporate governance, require the Group to disclose how it has applied the principles, and complied with the provision of the corporate governance code applicable to the Group.

The Directors confirm that to the best of their knowledge:

- (a) The financial statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as at and for the year ended 31 December 2024.

Statement of Directors' Responsibilities – continued

(b) The Annual Report includes information detailed in the Chair's Statement, Investment Manager's Report, Directors' Report, Statement of Directors' Responsibilities, Directors' Remuneration Report and Audit Committee Report and provides a fair review of the information required by:

- (i) DTR 4.1.8 and DTR 4.1.9 of the Disclosure Guidance and Transparency Rules, being a fair review of the Group business and a description of the principal risks and uncertainties facing the Group; and

- (ii) DTR 4.1.11 of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred since the end of the financial year and the likely future development of the Group.

In the opinion of the Board, the financial statements taken as a whole, are fair, balanced and understandable and provide the information necessary to assess the Group's position and performance, business model and strategy.

By order of the Board,

Joanne Peacegood

Director

9 April 2025

Joanna Duquemin Nicolle

Director

Audit Committee Report

On the following pages, we present the Audit Committee Report, setting out the responsibilities of the Audit Committee and its key activities for the year ended 31 December 2024.

The Audit Committee has reviewed the appropriateness of the Group's system of risk management and internal financial and operating controls, the robustness and integrity of the Group's financial reporting, along with the external audit process. The Audit Committee has devoted time in ensuring that controls and processes have been properly established, documented and implemented.

During the course of the year, the information that the Audit Committee has received has been timely and clear and has enabled the Committee to discharge its duties effectively.

Role and Responsibilities

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. This includes reviewing the financial reports and other financial information and any significant financial judgement contained therein before publication.

In addition, the Audit Committee reviews the systems of internal and operating controls on a continuing basis that the Administrator, Portfolio Manager, AIFM, and Custodian and Depositary and the Board have established with respect to finance, accounting, risk management, compliance, fraud and audit. The Audit Committee also reviews the accounting and financial reporting processes, along with reviewing the roles, independence and effectiveness of the external auditor.

The ultimate responsibility for reviewing and approving the annual and interim financial statements remain with the Board.

The Audit Committee's full terms of reference can be obtained by contacting the Group's Administrator.

Risk Management and Internal Control

The Board, as a whole, considers the nature and extent of the Group's risk management framework and the risk profile that is acceptable in order to achieve the

Group's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the AIC Code.

The Audit Committee continues to be responsible for reviewing the adequacy and effectiveness of the Group's ongoing risk management systems and processes. Its system of internal controls, along with its design and operating effectiveness, is subject to review by the Audit Committee through reports received from the Portfolio Manager, AIFM and Custodian and Depositary, along with those from the Administrator and external auditor.

The Audit Committee has prepared a risk matrix, which considers the controls applied by the Board, the Investment Manager and key service providers.

The Audit Committee considers, at least once a year, whether there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that all outsourced functions are with parties who have their own internal controls and procedures.

Fraud, Bribery and Corruption

The Board has relied on the overarching requirement placed on the Service Providers under the relevant agreements to comply with applicable law, including anti-bribery laws. A review of the Service Providers' policies will take place at the Management Engagement Committee Meetings. The Board receives confirmation from all service providers that there has been no fraud, bribery or corruption.

Financial Reporting and Significant Financial Issues

The Audit Committee assesses whether suitable accounting policies have been adopted and whether the Portfolio Manager has made appropriate estimates and judgements. The Audit Committee reviews accounting papers prepared by the Portfolio Manager and Administrator which provides details on the main financial reporting judgements.

The Audit Committee also reviews reports by the external auditors which highlight any issues with

Audit Committee Report – continued

respect to the work undertaken on the audit. The Audit Committee is satisfied that the judgements made by the Investment Manager and Administrator are reasonable, and that appropriate disclosures have been included in the financial statements.

The significant issues considered during the year by the Audit Committee in relation to the financial statements and how they were addressed are detailed below:

Valuation of investments

Some of the Group's investments will include securities and other interests that are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable laws and/or the relevant investment documentation. Whilst the valuations of the Group's investments will be in compliance with IFRS, some of the Group's investments will be difficult to value. Such valuations may be conducted on an infrequent basis, are subject to a range of uncertainties and will involve the Investment Manager and/or the Audit Committee exercising judgement. The Board reviewed the valuation policy and PAMP went through the valuation process/ techniques with the Board around private asset investments. The Board satisfactorily benchmarked this valuation methodology with a third party. There has been no change to the valuation policy and the process remains the same which has also been confirmed with the Board. The Board is satisfied with the approach and the valuation policy and processes.

Revenue

Proceeds from any disposal of the Group's interests in portfolio companies through liquidity events, including sales of equity following IPOs and trade sales, may vary substantially from year to year. In addition, earnings produced by portfolio companies are typically reinvested for the purpose of growth, and payments of dividends by assets are often subject to milestones which may not be achieved. This means the return received by the Group from these sources may vary substantially from year to year. Notwithstanding that the Group does not expect to receive much in the way

of returns from dividends, these variations in overall returns may have a material adverse effect on the portfolio and on the Group's financial condition, results of operations and prospects, with a consequential adverse effect on the Net Asset Value and/or the market price of the Ordinary Shares.

External Auditor

The Audit Committee has responsibility for making a recommendation on the appointment, re-appointment and removal of the external auditor. Grant Thornton was appointed as the first auditor of the Group following a competitive tender process. During the year, the Audit Committee received and reviewed audit plans and reports from the external auditor. It is standard practice for the external auditor to meet privately with the Audit Committee without the Investment Manager and other service providers being present at each Audit Committee meeting.

To assess the effectiveness of the external audit process, the auditor was asked to articulate the steps that they have taken to ensure objectivity and independence, including where the auditor provides non-audit services. The Audit Committee monitors the auditor's performance, behaviour and effectiveness during the exercise of their duties, which informs the decision to recommend reappointment on an annual basis.

The Group does not utilise the external auditor for internal audit purposes, secondments, tax compliance, private letter rulings, accounting advice or valuation advice. The Group's auditor performed the audit of the Group's annual financial statements, prepared in accordance with IFRS as issued by the IASB, in accordance with International Standards on Auditing (ISAs).

The audit engagement leader responsible for the audit, Mr Cyril Swale, will rotate off CGL in 2025 after having served five years.

The remuneration paid to Grant Thornton and to other Grant Thornton member firms for audit and non-audit services in respect of the years ended 31 December 2024 and 31 December 2023 is shown below:

	31 December 2024 GBP	31 December 2023 GBP
Audit		
Annual audit of the Group	76,200	62,000
Non-audit		
Desktop review of Unaudited Interim Financial Statements	7,000	4,950
Agreed upon procedures in relation to review of the prospectus	–	31,150
	7,000	36,100

For any questions on the activities of the Audit Committee not addressed in the foregoing, a member of the Audit Committee remains available to attend each AGM to respond to such questions.

The Audit Committee Report was approved by the Audit Committee on 8 April 2025 and signed on behalf by:

Andrew Whittaker

Chair, Audit Committee

Independent Auditor's Report to the Members of Castelnau Group Limited

Opinion

We have audited the consolidated financial statements of Castelnau Group Limited (the "Company") and its subsidiary (collectively, the "Group") for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and Notes to the Consolidated Financial Statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2024, and of consolidated financial performance and its consolidated cash flows for the year then ended;
- are in accordance with IFRS Accounting Standards (IFRS) as issued by the International Standards Board (IASB); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, as required by the Crown Dependencies' Audit Rules and Guidance. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
Valuation of unquoted investments (2024: £356.1m, and 2023: £258.3m) We identified the valuation of unquoted investments as one of the most significant assessed risks of material misstatement due to fraud and error, with these being measured using significant estimates and judgments, and inputs that are not based on observable market data (using models incorporating discounted cash flow flows and discount rates) which are subject to estimation uncertainty and the possibility of management override of controls, giving rise to a higher risk of misstatement and requiring significant audit attention. The fair value of unquoted investments may be misstated due to the application of inappropriate methodologies, inputs to the valuations, and/or judgemental factors. <i>Refer to the Audit Committee Report (pages 37-39); Accounting policies on pages 52-55, and Note 5, 'Investments in unconsolidated subsidiaries', to the consolidated financial statements.</i>	Our audit procedures consisted of: In responding to the key audit matter, we performed the following audit procedures: • We updated our understanding of management's processes, policies and methodologies, and controls concerning the valuation of the unquoted investments and confirm our understanding by performing walkthrough tests of design and implementation of relevant controls. • We obtained and inspected the valuation models prepared by the Investment Manager and management's valuation expert, as well as the supporting data, to assess whether the data used is appropriate and relevant. • We assessed whether the valuation of unquoted investments' accounting policy aligns with the <i>IFRS 13 Fair Value Measurement</i> requirements and consistently applied, and if the valuation models are performed accordingly. • We assessed management's external valuation expert's independence, competence, and objectivity. • We obtained the valuations prepared by management and the valuation report prepared by management's valuation expert and challenged the valuation conducted by them through the following: • We held discussions with the Investment Manager and management's valuation expert to obtain information and update our understanding of how they valued the unquoted investments and inspected supporting documents we obtained and corroborated the information provided. • We assessed whether the valuation models used by management to estimate the fair values of the unquoted investments is consistent with methods usually used by market participants for similar types of instruments. • We assessed the key assumptions considered within the management's valuation expert's report and ensured that these assumptions were reasonable and consistent with the requirements of <i>IFRS 13 'Fair Value Measurement'</i>. • We agreed key inputs/data used in the calculation of the fair value, such as discount rates, growth rates, forecasts, etc., through inspecting supporting documents and discussions with management. • We determined if the fair value estimates are within the range of values determined by the audit team. • We engaged Grant Thornton Luxembourg's valuation team and performed the following testing for the investment in Valderrama (only), which includes the following: • Reviewed the valuation methodology used to estimate the fair value of the financial instrument;

Independent Auditor's Report to the Members of Castelnau Group Limited – continued

The key audit matter	How the matter was addressed in our audit
	• Used their knowledge of the market to assess and corroborate management's market-related judgments and valuation inputs (i.e. discount rates, EBITDA multiples and comparable data) by reference to comparable transactions and independently compiled databases/indices; and • Reviewed key assumptions in the valuation model to ensure that these assumptions used in the valuation are reasonable and that the fair value of the investment has been appropriately calculated. • Reviewed any the significant differences noted between the Kroll and PAMP reports and assessed the impact on the valuation. • We conducted a review and evaluation of the valuation review performed by Grant Thornton Luxembourg valuation team. • We performed back-testing to evaluate the reasonableness of the discount rates applied in the models and the actual performance of the investee entities compared to the projections used in the discounted cash flow models, including comparing the prior year valuation estimates with the actual results of the investments. • We evaluated whether fair value disclosure in the consolidated financial statements is appropriate, complete and in accordance with <i>IFRS 13 'Fair Value Measurement'</i>. Our results: We have not identified any material matters to report to those charged with governance in relation to the fair value measurement of unquoted investments.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the statement of directors' responsibilities set out on pages 35 to 36, the directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS by the IASB, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Members of Castelnau Group Limited – continued

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cyril Swale.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Cyril Swale

For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 9 April 2025

Financial Statements



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	31 December 2024 GBP	31 December 2023 GBP
Income	6	2,252,894	1,992,093
Expenses	7	(2,704,680)	(3,924,089)
		(451,786)	(1,931,996)
Finance costs	16	(7,495,854)	(10,710,140)
Write-off of financial assets at amortised cost	5	(537,000)	–
Movement in expected credit loss provision	5	570,478	(3,118,978)
Net gains on foreign currency		–	171
Net gains on financial assets at fair value through profit or loss	5	89,860,799	7,988,621
Profit/(loss) before tax		81,946,637	(7,772,322)
Tax expense	8	–	(3,081)
Total comprehensive income/(loss) for the year		81,946,637	(7,775,403)
		Pence	Pence
Earnings/(loss) per Ordinary Share – Basic and diluted	13	25.61	(2.83)

All items in the above statement derive from continuing operations. All revenue is attributable to the equity holders of the Group.

The accompanying notes on pages 50 to 76 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	31 December 2024 GBP	31 December 2023 GBP
NON-CURRENT ASSETS			
Investments – equity	5	377,354,938	273,134,906
Investments – loans	5	3,740,542	8,269,277
Interest receivable – loans		283,657	795,616
Office equipment		1,014	1,819
		381,380,151	282,201,618
CURRENT ASSETS			
Investments – loans	5	16,479,795	7,350,000
Trade and other receivables	9	866,004	261,233
Cash and cash equivalents		150,369	130,954
		17,496,168	7,742,187
TOTAL ASSETS		398,876,319	289,943,805
CURRENT LIABILITIES			
Earn-out liability	10	–	2,522,126
Loans payable	16	65,560,000	47,676,429
Finance costs payable	16	15,674,328	8,178,474
Other payables	11	399,039	314,989
		81,633,367	58,692,018
TOTAL LIABILITIES		81,633,367	58,692,018
NET ASSETS		317,242,952	231,251,787
EQUITY			
Share capital	12	289,155,779	285,111,251
Retained earnings/(deficit)		28,087,173	(53,859,464)
TOTAL EQUITY		317,242,952	231,251,787
Number of Ordinary Shares in issue	12	322,829,422	318,635,256
NAV per Ordinary Share (pence)	14	98.27	72.58

The Consolidated Financial Statements on pages 46 to 76 were approved and authorised for issue by the Board of Directors on 9 April 2025 and signed on its behalf by:

Joanne Peacegood
Director

Joanna Duquemin Nicolle
Director

The accompanying notes on pages 50 to 76 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Share Capital GBP	Retained (Deficit)/ Earnings GBP	Total GBP
Opening equity		285,111,251	(53,859,464)	231,251,787
Profit for the year		–	81,946,637	81,946,637
Issue of Ordinary Shares		4,044,528	–	4,044,528
Closing equity	12	289,155,779	28,087,173	317,242,952

For the year ended 31 December 2023

	Note	Share Capital GBP	Retained Deficit GBP	Total GBP
Opening equity		184,116,761	(46,084,061)	138,032,700
Loss for the year		–	(7,775,403)	(7,775,403)
Issue of Ordinary Shares		100,994,490	–	100,994,490
Closing equity	12	285,111,251	(53,859,464)	231,251,787

The accompanying notes on pages 50 to 76 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Notes	31 December 2024 GBP	31 December 2023 GBP
Operating activities			
Total comprehensive income/(loss) for the year		81,946,637	(7,775,403)
Movement in expected credit loss provision	5	(570,478)	3,118,978
Write-off of financial assets at amortised cost	5	537,000	–
Net gains on financial assets at fair value through profit or loss		(89,860,799)	(7,988,621)
Net gains on foreign currency		–	(171)
Finance costs	16	7,495,854	10,710,140
Depreciation of office equipment		805	598
(Increase)/decrease in trade and other receivables	9	(604,771)	95,869
(Decrease)/increase in provisions	10	(2,522,126)	175,478
Increase in payables	11	84,050	39,132
Increase in interest receivable – loans		511,959	(795,616)
Capitalised interest income		(855,288)	–
Net cash used in operating activities		(3,837,157)	(2,419,616)
Investing activities			
Purchases of equity and bonds		(1,536,360)	(140,961,546)
Loans issued		(12,437,294)	(10,486,000)
Cash received from repayment of loans		–	208,377
Purchase of office equipment		–	(2,417)
Net cash used in investing activities		(13,973,654)	(151,241,586)
Financing activities			
Issue of Ordinary Shares		621,655	100,994,490
Finance costs paid	16	–	(2,531,666)
Proceeds from loans received		17,208,571	89,217,968
Repayment of loans received	16	–	(41,541,539)
Net cash flow from financing activities		17,830,226	146,139,253
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		130,954	7,652,732
Exchange gain on cash and cash equivalents		–	171
Cash and cash equivalents at end of year		150,369	130,954

The accompanying notes on pages 50 to 76 form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. General information

Castelnau Group Limited (the "Company") is a Guernsey domiciled closed-ended investment company which was incorporated in Guernsey on 13 March 2020 under the Companies (Guernsey) Law, 2008. The Company is classified as a registered fund under the Protection of Investors (Bailiwick of Guernsey) Law 2020. Its registered office address is PO Box 255, Les Banques, Trafalgar Court, St. Peter Port, Guernsey GY1 3QL. The Company's Ordinary Shares were admitted to trading on the London Stock Exchange on 18 October 2021.

The Annual Report and Audited Consolidated Financial Statements (the "Consolidated Financial Statements" or the "Financial Statements") comprise the financial statements of Castelnau Group Limited and Castelnau Group Services Limited (the "Subsidiary") (incorporated on 14 June 2022), together referred to as the "Group".

The Group's principal activity is to seek to achieve a high rate of compound return over the long term by carefully selecting investments using a thorough and objective research process and paying a price which provides a material margin of safety against permanent loss of capital, but also a favourable range of outcomes.

Details of the Directors, Investment Manager and Advisers can be found on page 79.

The Financial Statements of the Group are presented for the year ended 31 December 2024 and were authorised for issue by the Board on 9 April 2025.

2. Accounting policies

a. Statement of compliance

The Financial Statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are in compliance with The Companies (Guernsey) Law, 2008. The Group is subject also to the continuing obligations imposed on all investment companies whose shares are admitted to trading on the Main Market of the London Stock Exchange.

These Financial Statements are presented in Sterling ("GBP" or "£"), which is also the Group's functional currency.

b. Going concern

The Directors believe that, having considered the principal risks and uncertainties disclosed on page 27 as well as the Group's investment objective, financial risk management and in view of the Group's holdings in cash and cash equivalents, the liquidity of investments and the income deriving from those investments, the Group has adequate financial resources and suitable management arrangements in place to continue as a going concern for at least twelve months from the date of approval of the Financial Statements. The Directors are confident that the Group has sufficient resources to meet its obligations and sustain operations for the foreseeable future.

c. Basis of measurement

The Financial Statements have been prepared under the historical cost basis, except for financial assets held at fair value through profit or loss ("FVTPL") and loans measured at amortised cost less impairment.

d. New standards, interpretations and amendments adopted by the Group

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning on or after 1 January 2024:

IAS 1	Presentation of Financial Statements (<i>amendments regarding the classification of liabilities and the disclosure of accounting policies</i>)	1 January 2024
IAS 7; IFRS 7	Supplier Finance Arrangements (<i>amendments to IAS 7 and IFRS 7</i>)	1 January 2024
IFRS S1; IFRS S2	IFRS Sustainability Disclosure Standards (<i>IFRS S1 and IFRS S2</i>)	1 January 2024

The adoption of these standards has not had a material impact on the Financial Statements of the Group.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Directors are in process of assessing the impact of the adoption of the new standards on the financial statements.

IAS 21	Lack of Exchangeability (<i>amendments to IAS 21</i>)	1 January 2025
IFRS 9; IFRS 7	Classification and Measurement of Financial Instruments (<i>amendments to IFRS 9 and IFRS 7</i>)	1 January 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 18	Presentation and Disclosure in the Financial Statements	1 January 2027

e. Basis of consolidation

The Group's Financial Statements consolidate those of the parent company and its subsidiary as of 31 December 2024. The reporting date for the Group is 31 December.

A subsidiary is an entity over which the Company exercises control. A subsidiary is fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of the Subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of the Subsidiary is recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The main purpose and activities of the Subsidiary are providing services that relate to the Group's investment activities and therefore the entity is required to consolidate the Subsidiary.

Notes to the Consolidated Financial Statements – continued

Set out below are the details of the Subsidiary held directly by the Group:

Name of Subsidiary	Date of acquisition	Domicile	Ownership
Castelnau Group Services Limited "CGSL"	14 June 2022	United Kingdom	100%

Castelnau Group Limited acquired 50,000 ordinary shares in CGSL at a total cost of £50,000. No goodwill, bargain purchase or other gains were recognised on the acquisition of CGSL.

As at 31 December 2024, the net asset value of CGSL is negative £59,172 (31 December 2023: positive £72,183) which is made up of assets of £54,808 and liabilities of £113,980 (31 December 2023: assets of £257,466 and liabilities of £185,283).

The objective of CGSL is to provide skilled services to the Group's portfolio companies. Additional background information can be found in the Directors' Report on page 18.

3. Material accounting policies

a. Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into one of the following categories:

- amortised cost,
- fair value through profit or loss (FVTPL), or
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset, and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

a) Investments as FVTPL

Investments held at fair value through profit or loss are initially recognised at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment. Refer to note 4 and note 5 for judgements, estimations and assumptions made in relation to financial instruments.

After initial recognition, investments are measured at fair value through profit or loss. Gains or losses on investments measured at fair value through profit or loss are included in the Consolidated Statement of Comprehensive Income and transaction costs on acquisition or disposal of investments are also included in the Consolidated Statement of Comprehensive Income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the year end date. All purchases and sales of investments are recognised on the trade date, i.e. the date that the Group commits to purchase or sell an asset. Investments held at fair value through profit or loss are initially recognised at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment.

Unquoted investments are measured at fair value, which is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines and IFRS 13. Valuation reports provided by the Investment Manager of the unquoted investments are used to calculate the fair value where there is evidence that the valuation is derived using fair value principles that are consistent with the Group's accounting policies and valuation methods. Such valuation reports may be adjusted to take account of changes or events to the reporting date, or other facts and circumstances which might impact the underlying value.

Upon the sale of an investment, in part or wholly, the fair value would be the expected sale price where this is known or can be reliably estimated.

b) Financial assets at amortised cost

The Group's financial assets at amortised cost are made up of loans, interest receivable and trade and other receivables.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

The impairment requirements of IFRS 9 use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and trade receivables.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

Notes to the Consolidated Financial Statements – continued

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Write-off

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

Fair value hierarchy

Under IFRS 13, investment companies are required to disclose the fair value hierarchy that classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

Level 1 Valued using quoted prices in active markets for identical assets

Level 2 Valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1

Level 3 Valued by reference to valuation techniques using inputs that are not based on observable market data

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Receivables

Other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment assessed using the simplified approach of expected credit loss model on experience of previous losses and expectation of future losses.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities are made up of loans payable, finance costs payable, and trade and other payables. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

b. Income and expenses

All income and expenses are included in the Consolidated Statement of Comprehensive Income on an accruals basis and are recognised through profit or loss in the Consolidated Statement of Comprehensive Income.

c. Foreign currency

The currency of the primary economic environment in which the Group operates (the functional currency) is Pound sterling ("Sterling"), which is also the presentational currency of the Group. Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date. At each year end date, monetary items and non-monetary assets and liabilities, which are fair valued, and which are denominated in foreign currencies, are retranslated at the closing rates of exchange. Such exchange differences are included in the Consolidated Statement of Comprehensive Income as net gains on foreign currency and net gains/(losses) on financial assets at fair value through profit or loss, as appropriate.

d. Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Cash Flows comprise cash held at bank.

e. Share capital

The Group's Ordinary Shares are classified as equity in accordance with IAS 32. There is no contractual obligation to deliver cash or another financial asset.

f. Taxation

The parent company, Castelnau Group Limited, has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,600 (2023: £1,200). The activities of the Company do not constitute relevant activities as defined by the Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (as amended) and as such the Company was out of scope.

The tax expense represents the aggregate amount of current and deferred tax recognised in the reporting period for the Subsidiary, domiciled in the United Kingdom. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

g. Operating segments

The Board has considered the requirements of IFRS 8 "Operating Segments" and is of the opinion that the Group is engaged in two segments of business. In identifying these operating segments, management follows the objectives of Castelnau Group Limited and the Subsidiary. The financial information used by the Board to manage the Group presents the business as two segments. Segment information is measured on the same basis as that used in the preparation of the Group's Consolidated Financial Statements.

The Group receives revenues from interest on loans, bank interest and consultancy services. Segment information for the financial year is detailed in note 6.

Notes to the Consolidated Financial Statements – continued

4. Judgements, estimations or assumptions

The Directors have reviewed matters requiring judgements, estimations or assumptions. The preparation of the Financial Statements requires management to make judgements, estimations or assumptions that affect the amounts reported for assets and liabilities as at the year-end date and the amounts reported for revenue and expenses during the year. However, the nature of the estimation means that actual outcomes could differ from those estimates.

Key sources of estimation uncertainty

4.1 Investment valuation

The critical estimate or assumption that may have a significant risk of causing a material adjustment to the Group's NAV relates to the valuation of the Group's unquoted (Level 3) investments, which is approximately 112.25% of the Group's NAV.

The Level 3 holdings are valued in line with accounting policies as disclosed in note 3(a).

Whilst the Board considers the methodologies and assumptions adopted in the valuation of unquoted investments are reasonable and robust, because of the inherent uncertainty of the valuation, the values used may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant. These values may need to be revised as circumstances change and material adjustments may still arise as a result of revaluation of the unquoted investments fair value within the next year. See note 5 for further information regarding the valuation of investments and the sensitivity of fair value to changes in unobservable inputs.

Judgements

4.2 Assessment as investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are as follows:

- (i) An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- (ii) An entity that commits to its investors that its business purpose is to invest solely for returns from capital appreciation, investment income or both; and
- (iii) An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Group has several investors that have access to investment management services and opportunities. In addition, some of the investors are not related parties of the Group or members of the Group.

The Group's objective to provide a "high rate of compound return" is consistent with that of an investment entity.

The Group has clearly defined exit strategies for each of its investment classes, these strategies are again consistent with an investment entity.

The Group uses a variety of methods or valuation techniques and makes assumptions based on market conditions existing at each Consolidated Statement of Financial Position date to value financial assets at fair value through profit or loss that are not traded in active markets. The valuation techniques have been prepared with the

goal that fair value measurements derived when using these valuation techniques are compliant with IFRS. The Board has satisfactorily benchmarked this methodology with an independent third party.

The Directors, upon considering the above criteria, have concluded that the Group meets the definition of an investment entity. Therefore, the Group has classified its investments at fair value through profit or loss in the Consolidated Statement of Financial Position with the exception of CGSL. An investment entity is still required to consolidate a subsidiary where that subsidiary largely provides services that relate to the investment entity's activities. The subsidiary is discussed in note 2(e).

5. Investments in unconsolidated subsidiaries

	FVTPL Equity GBP	Amortised cost Loans GBP	Total GBP
INVESTMENTS			
Opening portfolio cost	291,883,601	18,738,255	310,621,856
Purchases at cost	14,359,233	13,967,582	28,326,815
Proceeds on maturity/principal repayment	–	(9,400,000)	(9,400,000)
Realised losses on maturity/write-off	(2,750,001)	(537,000)*	(3,287,001)
Cost	303,492,833	22,768,837	326,261,670
Unrealised gains on investments	134,026,852	–	134,026,852
Unrealised losses on investments	(60,164,747)	(2,548,500)*	(62,713,247)
Fair value/carrying amount	377,354,938	20,220,337	397,575,275
Realised losses on maturity/write-off	(2,750,001)	(537,000)*	(3,287,001)
Movement in unrealised gains on investments	103,646,231	–	103,646,231
Movement in unrealised losses on investments	(11,035,431)	570,478*	(10,464,953)
Net gains on financial assets	89,860,799	33,478	89,894,277

* £537,000 of realised losses on loans represents partial write-off of loan facility with Rawnet Limited, and £2,548,500 of unrealised losses on financial assets at amortised cost represents expected credit losses on loan facility with Showpiece Technologies Limited. The movement of unrealised losses of £570,478 represents the movement in expected credit losses on loans.

Notes to the Consolidated Financial Statements – continued

For the year ended 31 December 2023

	FVTPL Equity GBP	Amortised cost Loans GBP	Total GBP
INVESTMENTS			
Opening portfolio cost	163,111,446	12,960,632	176,072,078
Purchases at cost	199,447,865	10,486,000	209,933,865
Proceeds on maturity/principal repayment	(56,986,319)	(1,708,377)	(58,694,696)
Realised losses on sale/maturity/write-off	(13,689,391)	(3,000,000)	(16,689,391)
Cost	291,883,601	18,738,255	310,621,856
Unrealised gains on investments	30,380,621	–	30,380,621
Unrealised losses on investments	(49,129,316)	(3,118,978)*	(52,248,294)
Fair value/carrying amount	273,134,906	15,619,277	288,754,183
Realised losses on sale/maturity/write-off	(13,689,391)	(3,000,000)	(16,689,391)
Movement in unrealised gains on investments	24,467,275	–	24,467,275
Movement in unrealised losses on investments	(2,789,263)	(118,978)*	(2,908,241)
Net gains/(losses) on financial assets	7,988,621	(3,118,978)	4,869,643

* As at 31 December 2023, £3,118,978 of unrealised losses on financial assets at amortised cost represents expected credit losses on loan facilities with Showpiece Technologies Limited, Cambium International Limited and Rawnet Limited. The movement of unrealised losses of £118,978 represents the movement in expected credit losses on loans.

The transaction charges on the purchase and sale of investments during the current year were £nil (31 December 2023: £11) included in the Consolidated Statement of Comprehensive Income.

Name of investee company	Date of acquisition	Domicile	Ownership
Rawnet Limited	12 February 2021	United Kingdom	100.0%
Showpiece Technologies Limited	12 November 2021	United Kingdom	80.0%
Hornby Plc	14 October 2021	United Kingdom	54.9%
Ocula Technologies Holdings Limited	22 January 2021	United Kingdom	41.6%
Silverwood Brands Plc	13 October 2022	United Kingdom	29.9%
Iona Star LP	25 September 2024	United Kingdom	45.0%
Phoenix SG Limited	14 October 2021	Cayman Islands	64.1%
Cambium International Limited	14 October 2021	Cayman Islands	90.3%
Valderrama Limited	14 April 2023	Channel Islands	65.4%

Loans

The Group has a loan facility of £2,000,000 dated 5 June 2024 with Dignity Group Holdings Limited as borrower. The termination date is 31 December 2026. Interest accrues at 15% per annum.

The Group had a loan facility of £1,500,000 with Rawnet Limited as borrower. On 21 November 2024, the termination date was extended to 16 February 2026, and it was agreed that no interest shall accrue or be payable on the principal outstanding at this date of £1,272,255. It was also agreed that interest shall accrue and be payable on any amount exceeding £1,272,255 at a rate of 7% per annum. Further, on 30 November 2024, the Group agreed to a partial write-off of £537,000, resulting in the principal outstanding at that date reducing to £885,255. The amount of any loan on which interest shall accrue and be payable was also reduced by the partial write-off amount and

interest now accrues and is payable on any loan amounts exceeding £735,255. This is governed by terms of the amended loan agreement.

The Group had a loan facility of £4,399,999 dated 13 October 2022 with Silverwood Brands Plc as borrower. The termination date was 12 April 2024. Interest was accrued at 15%. On 29 January 2024, the loan (excluding £855,287 accrued interest) was converted into equity in Silverwood at conversion price of 54 pence per Ordinary Share. The accrued interest of £855,287 still remains as an outstanding loan, in line with the original loan terms, accruing interest at 15%, with termination date 29 January 2026. The Group held 4.7% of the equity in Silverwood following the conversion. By the end of the year, the Group held 29.9% of the equity of Silverwood as a result of the Capital Reduction of Silverwood on 30 April 2024.

The Group had a loan facility of £450,000 dated 15 November 2023 with Phoenix S.G. Limited as borrower. The facility was extended to account for the costs of the administration process for Stanley Gibbons, and the initial working capital required for the Strand Collectibles entity which reacquired the assets from administration. The termination date was 31 December 2023. Interest was accrued at 5% and remains payable. On 4 January 2024, the loan facility was increased to £6,066,000, the termination date was extended to 31 December 2025 and interest rate was amended to 15% per annum. On 21 October 2024, the loan facility was increased to £11,366,000 and the interest rate was amended to 15% per annum on outstanding principal at this date up to and including £5,933,295 and 7% per annum payable on outstanding balances exceeding £5,933,295. The termination date of the loan will be reassessed by management in Q3 2025. If the business is performing positively against the business plan, the loan will be extended by one year and reassessed in Q3 2026.

The Group had a loan facility of £2,000,000 dated 11 March 2022 with Cambium Group UK Holdings Limited as original borrower. The termination date was 11 March 2023. Prior to this date, the loan facility was increased to £7,500,000 and the termination date was extended to 11 March 2025. Following a further increase to £9,400,000 made on 12 December 2023, additional increases were made during the year ended 31 December 2024 to £15,250,000. On 20 December 2024, the loan was novated with Cambium International Limited ("CBI") as the new borrower and the termination date was extended to 30 June 2025. As part of the loan novation, £5,000,000 of the outstanding loan was immediately repaid by CBI via the issuance of 13,784 ordinary shares in CBI to the Group. Interest shall accrue and be payable on any loan amount exceeding £6.5 million at a rate of 7% per annum. It is likely that the termination date will be extended by one year to June 2026 and reassessed annually.

The Group has a loan facility of £4,200,000 with Showpiece Technologies Limited as borrower. At 31 December 2024, an expected credit loss of £2,548,500 (31 December 2023: £2,307,000) was recognised. The termination date was 19 November 2024 which was extended to 19 November 2025 on 11 August 2024. No interest shall accrue or be payable.

The utilised amounts on each facility are disclosed on the Portfolio Holdings on page 7.

The following table analyses, within the fair value hierarchy, the Group's investments measured at fair value through profit and loss as at 31 December 2024 and 2023:

	31 December 2024 GBP	31 December 2023 GBP
Classification		
Level 1	21,253,483	14,785,032
Level 2	–	–
Level 3	356,101,455	258,349,874
Total investments held at 'FVTPL'	377,354,938	273,134,906

Notes to the Consolidated Financial Statements – continued

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfers have occurred. There were no transfers between levels during the year (31 December 2023: £2,467,991 transferred from Level 2 to Level 3). During the year ended 31 December 2023, due to the temporary suspension of trading of Silverwood Brand Plc's ordinary shares on the Aquis Growth Market, the Group classified its holding in Silverwood as Level 3. Silverwood recommenced trading in April 2024, however due to the low trading volumes, these shares are not considered to be actively trading and therefore the listed price is not considered to be representative of the fair value. As such, the Group's holding in Silverwood continues to be classified as Level 3 and the measurement of its fair value is discussed on the following page.

The following table presents the movement in Level 3 investments measured at fair value through profit and loss for the years ended 31 December 2024 and 31 December 2023:

	31 December 2024 GBP	31 December 2023 GBP
Level 3 investments		
Opening balance	258,349,874	51,198,247
Purchases of financial assets	14,359,233	197,837,646
Net realised losses for the year	–	(3)
Net unrealised gains for the year	83,392,348	6,845,993
Transfers from Level 2 to Level 3	–	2,467,991
Closing balance	356,101,455	258,349,874

Measurement of fair value of investments

Listed assets are priced using end of day market prices. For investments that are not listed, Phoenix Asset Management Partners Limited ("Phoenix" or "PAMP"), the Investment Manager, has processes in place to ensure valuations provide an objective, consistent and transparent basis for the fair value of unquoted securities in accordance with International Financial Reporting Standards. Phoenix creates individual valuation frameworks for all unlisted securities. The final framework will vary depending on the characteristics of the holding (for instance it may also incorporate a listed aspect or loan).

To ensure the unlisted valuation framework is robust, Phoenix engages a third-party valuation expert to review the methodologies and assumptions for each new material unlisted security. Then on at least a semi-annual basis the third-party valuation expert will review and verify the framework and carry out an independent valuation against which the Investment Manager's valuation is compared. Independent value verification may be more frequent depending on the characteristics of each investment and the occurrence of a material change in value. Although Phoenix is ultimately responsible for the final valuation, in practice, Phoenix would work with the third-party valuation expert to agree a valuation. If Phoenix could not agree, a final decision would be made at Board level.

There may be circumstances when Phoenix values an unlisted security at cost when that represents Phoenix's best estimate of fair value. In this scenario and when investments are deemed immaterial in the context of their value relative to the total portfolio value and there are no significant changes to the portfolio company from when it was purchased (i.e., no material changes to cash flow projections, no material change in the performance of the portfolio company, and no transactions have taken place of the portfolio company shares with other parties), then no third-party valuation review will be obtained.

Unlisted equities will be valued monthly by the Phoenix investment team. These valuations will then be reviewed and approved by Phoenix's business team who are functionally separate from the investment team. Ultimate approval of the valuation is from Phoenix's COO. The Phoenix business team will liaise directly with the third-party valuation expert who review PAMP's valuation methodology to ensure the framework and valuation is robust.

The following valuation techniques are used for instruments categorised in Level 3:

Investment in Silverwood – Silverwood is a company incorporated in the United Kingdom that invests in and supports consumer brands in health and beauty, speciality foods and other sectors. Silverwood was temporarily suspended from its Aquis Growth Market listing, and though recommencing trading in April 2024, listed price is not considered to be representative of the fair value. Fair value is estimated by discounting the expected cash flows of a business to present value at a discount rate that reflects the timing and risk of collecting the projected cash flows.

Investment in Valderrama – Valderrama, was initially valued at the acquisition cost of Dignity Plc less transaction costs. Subsequently, the Group's investment in Valderrama is determined using a discounted cash flow model. This approach indicates fair value based on the present value of the cash flows that a business (or security) is expected to generate in the future. Fair value is estimated by discounting the expected cash flows of a business to present value at a discount rate that reflects the timing and risk of collecting the projected cash flows.

Investment in Phoenix S.G. ("PSG") – PSG is a company incorporated in the Cayman Islands whose sole purpose is to make a number of investments in Stanley Gibbons entities. The Group's investment in PSG is valued by utilising the Net Asset Value per share of PSG. The net asset value of PSG includes its shares in Strand Collectibles Group ("SCG") and a loan to SCG. SCG is 100% owned by PSG and the fair value of SCG was determined using a discounted cash flow model.

Investment in Rawnet – The fair value of this investment was determined primarily via a valuation multiple applied to its cash profits. The cash profit run-rate reflects the likely shape of the business 12 months out from its current restructuring and business model pivot. The multiple was derived from an assessment of market peer valuations. That forward-looking valuation is discounted to present value at a discount rate that reflects the timing and risk of collecting the projected cash flows.

Investment in Cambium – Cambium is a company incorporated in the Cayman Islands whose sole purpose is to invest in Cambium Group UK Holdings Limited. The Group's investment in Cambium is valued by utilising the net asset value per share of Cambium. The fair value of Cambium includes its 100% ownership of Cambium Group UK Holdings Limited. The fair value of Cambium was determined using a discounted cash flow model.

Investment in Iona Star LP – Iona (acquired during the year) is a fund dedicated to accelerating technology innovation with artificial intelligence and data. The Group's investment in Iona is valued at cost less estimated fees.

Investment in Ocula – Ocula remains an early-stage investment and as such the fair value has been determined utilising the recent external (Series A) funding round price as the key marker in valuing the equity. In parallel, context on that valuation has been provided by making assessments on the company's market traction, its revenue potential, and a plausible valuation multiple – all overlaid with a plausible probability of success.

Notes to the Consolidated Financial Statements – continued

Quantitative information of significant unobservable inputs and sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity as at 31 December 2024 are shown below:

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair value to changes in unobservable inputs
Investment in Valderrama	Discount rate	9.5%	An increase to 10%/(decrease to 9%) would (decrease)/increase fair value by (-13%)/+15%
	Terminal growth rate	2.4%	An increase to 2.9%/(decrease to 1.9%) would increase/(decrease) fair value by +9%/(–7%)
	Trust real returns	3.5%	An increase to 4%/(decrease to 3%) would increase/(decrease) fair value by +5%/(–6%)
	Group EBIT margin*	various (11.7% to 22.3%)	An increase of 1%/(decrease of 1%) would increase/(decrease) fair value by +7%/(–7%)
Investment in Phoenix S.G.	Discount rate	17%	An increase to 18%/(decrease to 16%) would (decrease)/increase fair value by (–35%)/+38%
	Magenta	£4,675,000	An increase of 10%/(decrease of 10%) would increase/(decrease) fair value by +31%/(–31%)
Investment in Rawnet	Revenue run-rate (£/month 12,000 per billable head)		An increase of 5%/(decrease of 5%) would increase/(decrease) fair value to £2.1 million/(£0.8 million)
	Profit multiple	5x	An increase to 6x/(decrease to 4x) would increase/(decrease) fair value to £1.9 million/(£1.0 million)
Investment in Silverwood	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (–15.38%)/+18.33%
	Terminal growth rate	2%	An increase to 2.5%/(decrease to 1.5%) would increase/(decrease) fair value by +3.39%/(–2.94%)
Investment in Cambium	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (–7%)/+7.9%
	Revenue growth rate	5%	An increase to 6%/(decrease to 4%) would increase/(decrease) fair value by +22%/(–20%)
	Gross profit margin	42.2%	An increase to 43.2%/(decrease to 41.2%) would increase/(decrease) fair value by +11%/(–11%)

* Pre-funeral plan releases and no central cost change

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity as at 31 December 2023 are shown below:

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair value to changes in unobservable inputs
Investment in Valderrama	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-10%)/+10%
	Inflation	2%	An increase to 3%/(decrease to 1%) would increase/(decrease) fair value by +25%/(-27%)
	Funeral plan excess return	2.5%	An increase to 3.5%/(decrease to 1.5%) would increase/(decrease) fair value by +16%/(-20%)
	Terminal growth rate	2%	An increase to 3%/(decrease to 1%) would increase/(decrease) fair value by +4%/(-4%)
	Annual operating profit	n/a	An increase of 5%/(decrease of -5%) would increase/(decrease) fair value by +8%/(-9%)
Investment in Phoenix S.G.	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-7%)/+9%
	Terminal growth rate	2%	An increase to 3%/(decrease to 1%) would increase/(decrease) fair value by +3%/(-3%)
	Annual operating profit	n/a	An increase of 5%/(decrease of -5%) would increase/(decrease) fair value by +5%/(-5%)
Investment in Rawnet	Discount rate	15%	An increase to 18%/(decrease to 12%) would (decrease)/increase fair value by (-16%)/+19%
	FY22-27 Compound sales Growth rate	9%	An increase to 13%/(decrease to 8%) would increase/(decrease) fair value by +100%/(-65%)
Investment in Cambium	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-9%)/+10%
	Revenue growth rate	12%	An increase to 14%/(decrease to 10%) would increase/(decrease) fair value by +9%/(-8%)
	Group product margin	45%	An increase to 46%/(decrease to 44%) would increase/(decrease) fair value by +4%/(-4%)

Notes to the Consolidated Financial Statements – continued

6. Segment reporting

The Group had two reportable segments which are Castelnau Group Limited (an investment company with an objective to compound Shareholders' capital at a higher rate of return than the FTSE All-Share Total Return Index over the long term) and Castelnau Group Services Limited (a company that provides marketing and branding services). In identifying these operating segments, management follows the objectives of Castelnau Group Limited and Castelnau Group Services Limited.

The accounting policy for the reportable segments are consistent with the Group's accounting policy described in note 3.

Segment information for the financial year is as follows:

	Castelnau Group Limited GBP	Castelnau Services Group Limited GBP	Total 31 December 2024 GBP
Income			
Consultancy services	–	1,112,507	1,112,507
Interest income	1,139,285	–	1,139,285
Other income	1,102	–	1,102
Segment income	1,140,387	1,112,507	2,252,894
Gross wages	–	(1,060,030)	(1,060,030)
Other expenses	(1,462,730)	(181,920)	(1,644,650)
	(1,462,730)	(1,241,950)	(2,704,680)
Finance costs	(7,495,854)	–	(7,495,854)
Net gains on financial assets	89,894,277	–	89,894,277
Segment profit/(loss) before tax	82,076,080	(129,443)	81,946,637
Taxation	–	–	–
Segment comprehensive income/(loss)	82,076,080	(129,443)	81,946,637
Segment assets	398,821,511	54,808	398,876,319
Segment liabilities	(81,519,387)	(113,980)	(81,633,367)
Segment net assets/(liabilities)	317,302,124	(59,172)	317,242,952

Segment information for the year ended 31 December 2023 is as follows:

	Castelnau Group Limited GBP	Castelnau Services Group Limited* GBP	Total 31 December 2023 GBP
Income			
Consultancy services	–	1,122,884	1,122,884
Interest income	864,209	–	864,209
Other income	–	5,000	5,000
Segment income	864,209	1,127,884	1,992,093
Gross wages	–	(592,014)	(592,014)
Other expenses	(2,812,421)	(519,654)	(3,332,075)
	(2,812,421)	(1,111,668)	(3,924,089)
Finance costs	(10,710,140)	–	(10,710,140)
Net gains on foreign currency	171	–	171
Net gains on financial assets	4,869,643	–	4,869,643
Segment (loss)/profit before tax	(7,788,538)	16,216	(7,772,322)
Taxation	–	(3,081)	(3,081)
Segment comprehensive (loss)/income	(7,788,538)	13,135	(7,775,403)
Segment assets	289,686,339	257,466	289,943,805
Segment liabilities	(58,506,735)	(185,283)	(58,692,018)
Segment net assets	231,179,604	72,183	231,251,787

* The financial information has been presented to align to the final financial position of the Subsidiary as at 31 December 2023. The changes do not have a material impact on the financial statements.

Notes to the Consolidated Financial Statements – continued

7. Expenses

	31 December 2024 GBP	31 December 2023 GBP
Administration fees	136,582	107,231
Audit fees	91,611	72,198
Change in fair value of earn-out liability	(57,765)	175,478
Depositary fee	58,595	49,475
Depreciation of office equipment	805	598
Directors' fee	135,000	135,000
Employee benefits*	1,060,030	592,014
Investment transaction charges	–	11
Legal and professional fees**	797,760	2,490,902
Operating expenses	172,470	135,114
Sundry costs	261,361	128,288
Trustee fee	48,231	37,780
	2,704,680	3,924,089

** Includes non-audit fees of £7,000. For the year ended 31 December 2023, included are £1,463,661 related to the Dignity Plc acquisition and non-audit fees of £4,950.

7.1 Employee benefits expense

	31 December 2024 GBP	31 December 2023 GBP
*Included in expenses		
Wages and salaries	928,485	515,694
Employers' national insurance contributions	117,686	61,682
Pension costs	16,313	12,412
Employee healthcare	2,255	2,226
HMRC employers' allowance	(4,709)	–
	1,060,030	592,014

8. Taxation

The main components of income tax for the Subsidiary are detailed below:

		31 December 2024 GBP	31 December 2023 GBP
(Loss)/profit before tax		(129,443)	16,216
Tax chargeable	Tax rate 19%	–	3,081
Deferred tax		–	–
Tax expense		–	3,081

9. Trade and other receivables

	31 December 2024 GBP	31 December 2023 GBP
Prepayments	48,336	44,486
Income receivable	798,809	11,770
Trade receivables	18,859	204,977
	866,004	261,233

10. Earn-out liability

	31 December 2024 GBP	31 December 2023 GBP
Earn-out liability – Current	–	2,522,126
	–	2,522,126

The earn-out liability at 31 December 2023 was calculated as the fair value of the liability related to the potential future payment of the Rawnnet earn-out. The total earn-out payment was to be crystallised over three different periods, with a maximum payment of £903,311 at each crystallisation date. Payments for all three years were due to be made within 5 days of 12 February 2024. The amount of the earn-out was conditional on the growth and performance of certain Rawnnet clients (other Castelnau portfolio companies). It was considered likely that the earn-out would be paid in full based on expectations as of the valuation date. While full payment of the first and second tranches was effectively guaranteed, there was some uncertainty with regards to the final tranche.

In February 2024, an earn-out payment of £2,464,361 was made in accordance with the terms of the Sale and Purchase Agreement dated 19 August 2020.

Notes to the Consolidated Financial Statements – continued

11. Other payables

	31 December 2024 GBP	31 December 2023 GBP
Other accrued expenses	339,196	149,546
Trade payables	16,786	134,788
Social security and other taxes	43,057	30,655
	399,039	314,989

12. Share capital

	31 December 2024 GBP	31 December 2023 GBP
Share capital at the beginning of the year	285,111,250	184,116,760
Issue of Ordinary Shares	4,044,528	100,994,490
Allotted, called up and fully paid Ordinary Shares*	289,155,778	285,111,250
Class B Share held by the Investment Manager**	1	1
Total Share capital at the end of the year	289,155,779	285,111,251

	31 December 2024 Number of Ordinary shares	31 December 2023 Number of Ordinary shares
Ordinary Shares at the beginning of the year	318,635,256	183,996,058
Issue of Ordinary Shares	4,194,166	134,639,198
Total Ordinary Shares in issue at the end of the year*	322,829,422	318,635,256
Class B Share held by the Investment Manager**	1	1

* No par value with one voting right per share

** Held by the Investment Manager with no voting rights

On 10 May 2024, a resolution was passed to issue a new Block Listing facility for 31,863,526 Ordinary Shares of no par value. On 24 May 2024, 554,578 Ordinary Shares were issued.

On 2 August 2024, 193,985 Ordinary Shares of no-par value were issued pursuant to the block listing facility.

On 25 September 2024, a further 3,445,603 Ordinary Shares of no-par value were issued in relation to the Company's purchase of additional Cambium International Limited shares ("Cambium Shares"). In lieu of a cash payment for the Cambium Shares, it was agreed that the seller of the Cambium Shares will receive Ordinary shares in the Group. Following this, the Group's issued share capital was 322,829,422 Ordinary Shares with one voting right per share, and 1 Class B Share held by the Investment Manager with no voting rights.

The Group did not purchase any of its own shares during the year ended 31 December 2024 or during the year ended 31 December 2023. No shares were cancelled during either year.

No shares were held in Treasury or sold from Treasury during the year ended 31 December 2024 or during the year ended 31 December 2023.

13. Earnings/(loss) per Ordinary Share

Earnings/(loss) per Ordinary Share is based on the profit of £81,946,637 (31 December 2023: loss of £7,775,403) attributable to the weighted average of 320,236,116 (31 December 2023: 274,368,675) Ordinary Shares in issue during the year.

There is no difference between the weighted average diluted and undiluted number of Ordinary Shares. There is no difference between basic and diluted earnings/(loss) per share as there are no diluted instruments.

14. Net assets per Ordinary Share

The figure for net assets per Ordinary Share is based on £317,242,952 (2023: £231,251,787) divided by 322,829,422 voting Ordinary Shares in issue at 31 December 2024 (2023: 318,635,256).

15. Material agreements

Details of the management, administration and secretarial contracts can be found in the Directors' Report on page 18. There were no transactions with Directors other than disclosed in note 16. As at 31 December 2024, there were no fees payable to PAMP (31 December 2023: £Nil).

a) Investment Manager and Alternative Investment Fund Manager ("AIFM")

The Investment Manager will not receive a management fee in respect of its portfolio management services to the Group. The Investment Manager will become entitled to a performance fee subject to meeting certain performance thresholds.

The Performance Fee is equal to one third of the outperformance of the Net Asset Value total return (on an undiluted basis and excluding any accrual or payment of the Performance Fee) after adjustment for inflows and outflows (such inflows and outflows including, for the avoidance of doubt, tender payments and buybacks), with dividends reinvested, over the FTSE All-Share Total Return Index ("Benchmark"), for each Performance Period (or, where no performance fee is payable in respect of a financial year, in the period since a Performance Fee was last payable). The Net Asset Value total return is based on the weighted number and Net Asset Value of the Ordinary Shares in issue over the relevant Performance Period.

During the year, the Group entered into a revised agreement with the Investment Manager, with the revisions summarised below:

- The fee remains as one third of the outperformance over the Benchmark, however, the fee will be calculated by reference to the closing net asset value ("Closing NAV") rather than the average net asset value, and will be compared to the 'Benchmark NAV'.
- The Closing NAV is the reported net asset value of the Company at the period end, excluding any accrued performance fees. This will be compared to the Benchmark NAV, which is the Company's opening NAV for the performance period to which the Benchmark return is applied. The Benchmark NAV will also be adjusted for the impact of inflows and outflows to the share capital of the Company, to ensure that both the Closing NAV and Benchmark NAV reflect performance adjusted for the impact of these events.

Notes to the Consolidated Financial Statements – continued

- In addition, the revised fee arrangement includes a provision such that no performance fee would be earned until the net asset value (“NAV”) per Ordinary Share is above the original NAV per Ordinary Share at IPO (100p), adjusted for the performance of the Benchmark.
- The fee will continue to be paid in new Ordinary Shares.

For the avoidance of doubt, no performance fee for the period to 31 December 2024 would currently be payable under either the original or proposed revisions to the performance fee calculation. In addition, no additional changes to the IMA (other than in respect of the performance fee) were made.

During the year, performance fees of £Nil (31 December 2023: £Nil) were charged to the Group, of which £Nil (31 December 2023: £Nil) remained payable at the end of the year.

b) Administrator and Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited (the “Administrator”) is entitled to: (i) an administration fee of 0.05% of the Net Asset Value of the Group up to £200 million, 0.03% of the NAV of the Group between £200 million and £400 million, and 0.02% of the NAV of the Group over £400 million (subject to a minimum administration fee of £60,000); (ii) a financial reporting fee of £10,000; (iii) a company secretarial services fee of £10,000; and (iv) an additional fee of £2,000 while the Administrator acts as the Group’s nominated firm (as described in the FCA Handbook), in each case per annum (exclusive of VAT). In addition, the Administrator is entitled to certain other fees for ad hoc services rendered from time to time. During the year, administration and secretarial fees of £124,582 (31 December 2023: £107,231) were charged to the Group by the Administrator, of which £97,198 (31 December 2023: £52,550) remained payable at the end of the year.

c) Depositary

Northern Trust (Guernsey) Limited (the “Depositary”) is entitled to: (i) a custody fee of 0.02% of the NAV of the Group (subject to a minimum of £20,000); and (ii) a depositary services fee of 0.02% of the NAV of the Group up to £200 million, falling to 0.01% of the NAV of the Group over £200 million (subject to a minimum depositary services fee of £20,000), in each case per annum (exclusive of VAT). In addition, the Depositary is entitled to certain other fees for ad hoc services rendered from time to time. During the year, depositary fees of £58,595 (31 December 2023: £49,475) were charged to the Group, of which £8,684 (31 December 2023: £13,650) remained payable at the end of the year.

d) Registrar

The Group utilises the services of MUFG Corporate Markets (Guernsey) Limited (formerly Link Market Services (Guernsey) Limited) as Registrar in relation to the transfer and settlement of Ordinary Shares. Under the terms of the Registrar Agreement, the Registrar is entitled to a fee calculated on the basis of the number of Shareholders and the number of transfers processed (exclusive of VAT). In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time. During the year, registrar fees of £47,380 (31 December 2023: £32,208) were charged to the Group, of which £13,318 was prepaid as at 31 December 2024 (31 December 2023: £3,145 was prepaid).

16. Related parties

Directors' remuneration & expenses

The Directors' fees for the year are as follows:

	31 December 2024 GBP	31 December 2023 GBP
Joanne Peacegood	40,000	40,000
Andrew Whittaker	35,000	35,000
Joanna Duquemin Nicolle	30,000	30,000
David Stevenson	30,000	30,000
Richard Brown	–	–
	135,000	135,000

£Nil Directors' fees were outstanding as at 31 December 2024 (31 December 2023: £Nil).

Shares held by related parties

The number of Ordinary Shares held by the Directors were as follows:

	31 December 2024 Number of Ordinary Shares	31 December 2023 Number of Ordinary Shares
Joanne Peacegood*	31,344	10,000
Andrew Whittaker	40,000	40,000
Joanna Duquemin Nicolle	75,000	75,000
David Stevenson	–	–
Richard Brown*	21,344	–

* Joanne Peacegood and Richard Brown each purchased 21,344 Ordinary Shares on 5 November 2024.

As at 31 December 2024, the Investment Manager held zero Ordinary Shares and one Class B Share (31 December 2023: zero Ordinary Shares and one Class B Share) of the Issued Share Capital. Partners and employees of the Investment Manager held 91,881 Ordinary Shares (31 December 2023: 86,205 Ordinary Shares).

Valderrama/Dignity

The Group and SPWOne V Limited ("SPWOne") are currently Valderrama's sole controlling shareholders, with the company having been incorporated for the purposes of a 50:50 joint venture between the Group and SPWOne, pursuant to which the Group and SPWOne agreed to invest in Valderrama for the purposes of making investments in line with the Group's investment objectives and investment policy, namely the acquisition of Dignity Plc. In this joint venture, economic interests are divided as approximately one-third versus two-thirds. Despite this asymmetry in ownership, governance within the joint venture operates on an equal footing, with decisions and responsibilities split evenly between the parties. This ensures that despite the difference in economic stakes, each party has an equal say in the direction and management of the venture, fostering a balanced and collaborative approach to decision-making.

Notes to the Consolidated Financial Statements – continued

Mr. Steven Tatters, who is COO of Phoenix Asset Management Partners Limited, the Investment Manager, is a director of Valderrama and all the Valderrama subsidiaries. Mr. Tatters is also a director of Dignity Group Holdings Limited and Dignity Funerals Limited.

Loans with Phoenix UK Fund Limited

On 20 January 2023, the Group entered into an unsecured term loan facility of £60 million made available through Phoenix UK Fund Limited, with Morgan Stanley Bank N.A. as original lender. On 27 August 2024, a revolving loan agreement for £4 million was entered into with Phoenix UK Fund Limited, which was increased to £10 million on 27 November 2024. As at 31 December 2024, the total outstanding debt to Phoenix UK Fund Limited was £65,560,000 (31 December 2023: £47,676,429).

On the £60 million loan facility, interest was accrued at SONIA+7.5% per annum to 10 November 2023, SONIA+7.3% per annum from 11 November 2023 to 10 November 2024 and SONIA+7.15% per annum after that date. The loan amount is payable on demand. On the £10 million loan facility, interest is accrued at 7% per annum with a termination date of 31 August 2025.

Total interest and facility fees charged on the loan facilities with Phoenix UK Fund Limited for the year was £7,495,854 (31 December 2023: £10,710,140). £Nil was paid during the year (31 December 2023: £2,531,666), resulting in £15,674,328 payable at 31 December 2024 (31 December 2023: £8,178,474).

The changes in the Group's liabilities arising from financing activities is disclosed below:

	31 December 2024 GBP	31 December 2023 GBP
Loans payable at the beginning of the year	47,676,429	–
Loans received	17,883,571	89,217,968
Repayment of loans received	–	(41,541,539)
Loans payable at the end of the year	65,560,000	47,676,429
Finance costs payable at the beginning of the year	8,178,474	–
Finance costs charged	7,495,854	10,710,140
Repayment of finance costs	–	(2,531,666)
Finance costs payable at the end of the year	15,674,328	8,178,474

Other

Mr. Richard Brown is a Non-Executive Director of the Group, director and Chief Executive Officer of the Subsidiary since 13 September 2023. Mr. Brown also became a director of Dignity Group Holdings Limited and Dignity Finance Plc on 15 February 2024.

Roderick Manzie is a director of the Subsidiary. Mr. Manzie is also a director of some of the portfolio holding companies. Mr. Manzie is a director of Stanley Gibbons Group Plc in liquidation along with its subsidiaries, Showpiece Technologies Limited, and Ocula Technologies Limited. Mr. Manzie was a director of Strand Collectibles Group Ltd until 18 April 2024.

Lorraine Smyth is a director of the Subsidiary. Ms. Smyth is also a director of Rawnnet Ltd, a portfolio company.

A number of other Phoenix Asset Management Partners Limited employees hold directorships at certain Group portfolio companies. The directorships are held in the normal course of business and enable Phoenix Asset Management Partners Limited to be represented on the boards of the portfolio companies.

The Group is in agreement with Ocula, to provide services to some of the Group's portfolio companies. Ocula charged the Group £500,000 for the 12 months to 31 December 2024.

On 28 June 2024, the Subsidiary entered a short-term loan agreement with Phoenix Asset Management Partners Limited, for an amount of £20,000 to cover cash flow. The loan was repaid on 10 July 2024.

During the year, the Subsidiary provided consultancy services to Group companies of £1,112,507 (31 December: £985,000).

17. Financial instruments – risk analysis

The general risk analysis undertaken by the Board and its overall policy approach to risk management are set out in the Directors' Report. Issues associated with portfolio distribution and concentration risk are discussed in the Investment Policy section of the Strategic Report. This note, which is incorporated in accordance with accounting standard IFRS 7, examines in greater detail the identification, measurement and management of risks potentially affecting the value of financial instruments and how those risks potentially affect the performance and financial position of the Group. The risks concerned are categorised as follows:

(a) Potential Market Risks, which are principally:

- (i) Currency risk,
- (ii) Interest rate risk, and
- (iii) Other price risk.

(b) Liquidity risk;

(c) Credit risk; and

(d) Capital management policies and procedures.

Each is considered in turn below:

(a) (i) Currency risk

The portfolio as at 31 December 2024 was invested in Sterling securities and there was no currency risk arising from the possibility of a fall in the value of Sterling impacting upon the value of investments or income.

The Group had no foreign currency borrowings at 31 December 2024 or 31 December 2023 and no sensitivity analysis is presented for this risk.

(a) (ii) Interest rate risk

The Group did not hold fixed interest securities at 31 December 2024 or 31 December 2023.

With the exception of cash, no interest rate risks arise in respect of any current asset. All cash held as a current asset is denominated in Sterling, earning interest at the bank's or custodian's variable interest rates.

As at 31 December 2024, the Group had loans payable of £65,560,000 (2023: £47,676,429) and interest accrues at variable interest rate which exposes the Group to interest rate risk. The effect of an increase or decrease in interest rates of 50 basis points would have resulted in an increase or decrease of £327,800 (2023: £238,382) in the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

Notes to the Consolidated Financial Statements – continued

(a) (iii) Other price risk

The principal price risk for the Group is the price volatility of shares that are owned by the Group. As described in the Alternative Investment Fund Manager and Investment Manager's Report, the Group spreads its investments across different sectors and geographies, but, as shown by the Portfolio Analysis in the Business Review, the Group may maintain relatively strong concentrations in particular sectors selected by the Investment Manager.

As a result of investments in publicly traded portfolio companies with a total value of £21,253,483 (31 December 2023: £14,785,032), the effect on the portfolio of a 10% increase or decrease in market prices would have resulted in an increase or decrease of £2,125,348 (2023: £1,478,503) in the investments held at fair value through profit or loss at the year end, which is equivalent to 0.67% (2023: 0.64%) in the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

(b) Liquidity risk

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, including its cash resources and trade receivables. The Board retains a cash flow forecast, including specifically the loan balances which are reviewed regularly and prior to any further loans being granted to the portfolio companies.

The following table analyses the Group's liabilities into relevant maturity groupings based on the maturities at the Consolidated Statement of Financial Position date. The amounts in the table are the undiscounted net cash flows on the financial liabilities:

	1-12 months	More than 12 months	Total
As at 31 December 2024			
Loans payable	65,560,000	–	65,560,000
Finance costs payable	15,674,328	–	15,674,328
Other payables	399,039	–	399,039
	81,633,367	–	81,633,367
	1-12 months	More than 12 months	Total
As at 31 December 2023			
Earn-out liability	2,522,126	–	2,522,126
Loans payable	47,676,429	–	47,676,429
Finance costs payable	8,178,474	–	8,178,474
Other payables	314,989	–	314,989
	58,692,018	–	58,692,018

(c) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including loans, cash and cash equivalents held at banks, and trade and other receivables.

Agency credit ratings do not apply to the Group's investment in loans. The credit quality of the loans is deemed to be reflected in the fair value of the investee company. Financial assets that are stated at amortised cost are reviewed and assessed for impairment at each reporting date in line with the expected credit loss policy. The

Group considers both qualitative and quantitative factors when determining whether an asset may be impaired. The Group considered the following indications of impairment across the corporate loans outstanding at year end:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write-off when a debtor fails to make contractual payments more than 120 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the Consolidated Statement of Comprehensive Income.

There have been no historical credit losses on the corporate loans issued by the Group. The Group has assessed the credit risk of the loans and, where appropriate, has recognised expected credit losses based on the requirements of IFRS 9. At 31 December 2024, the Group has recognised expected credit losses on investments in loans of £2,548,500 (2023: £3,118,978).

The Group invests in quoted and unquoted equities and fixed interest securities which are Level 1, Level 2 and Level 3 investments. The majority of cash is currently placed with The Northern Trust Company. The Group is subject to credit risk to the extent that this institution may be unable to return this cash. The Northern Trust Company is a wholly owned subsidiary of The Northern Trust Corporation. The Northern Trust Corporation is publicly traded and a constituent of S&P 500. The Northern Trust Corporation has a credit rating of A from Standard & Poor's and A2 from Moody's. At 31 December 2024, cash held at bank comprised £150,369 (2023: £130,954) held by the Depository which is the maximum credit risk that the Group is exposed to.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. This risk is considered to be very low because transactions are almost always undertaken on a delivery versus payment basis with member firms of the London Stock Exchange.

(d) Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to Shareholders by pursuing investment policies commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the Consolidated Statement of Financial Position.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in

Notes to the Consolidated Financial Statements – continued

economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders (within the statutory limits applying to investment trusts), return capital to Shareholders, issue new shares, or sell assets.

18. Post year end events

These financial statements were approved for issuance by the Board on 9 April 2025. Subsequent events have been evaluated to this date.

On 3 February 2025, the Group issued 9,622,167 Ordinary Shares in relation to the acquisition of Farewill Limited by Dignity Ventures Limited. The acquisition was financed through a share-for-share exchange, which resulted in the Group acquiring an additional 5.6 million shares in Valderrama Limited, increasing its ownership of Valderrama's issued share capital from 65% to 66%. Following this, the Group's issued share capital was 332,451,589 Ordinary Shares with one voting right per share, and 1 Class B Share held by the Investment Manager with no voting rights.

On 13 March 2025, a portfolio company, Hornby Plc, announced its intention to seek shareholder approval for the voluntary cancellation of admission of its ordinary shares to the AIM market of the London Stock Exchange. Should shareholders resolve to approve, the cancellation is expected to become effective on 10 April 2025. Following this, the Group announced its intention to support Hornby's proposed cancellation by offering Hornby shareholders a share-for-share exchange facility which will allow them to choose to exchange their ordinary shares in Hornby for new ordinary shares in Castelnau. New ordinary shares in Castelnau will be issued at a price of £1.01, being the latest published net asset value per share of the Company. The maximum number of Hornby shares that could be accepted by Castelnau under the exchange facility is 34,851,808, which if fully exchanged, will result in an increase in the Group's interest in Hornby from 54.9% to 75.6%.

There are no other subsequent events which require adjustment or disclosure in these financial statements.

Alternative Performance Measures (Unaudited)

In accordance with ESMA Guidelines on Alternative Performance Measures (“APMs”), the Board has considered what APMs are included in the Annual Report and Audited Consolidated Financial Statements which require further clarification. APMs are defined as a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The APMs included in the annual report are unaudited and outside the scope of IFRS.

Ongoing Charges

The ongoing charges represent the Group’s operating expenses, excluding finance costs, expressed as a percentage of the average of the monthly net assets during the year. The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost.

	Year ended 31 December 2024 GBP	Year ended 31 December 2023 GBP
Average NAV for the year (A)	286,084,027	195,994,634
Operating expenses (annualised) (B)	1,520,495	1,159,512
Ongoing charges (B/A)	0.53%	0.59%

NAV Total Return

NAV total return is the percentage increase or decrease in NAV, inclusive of dividends paid and reinvested, in the reporting year. It is calculated by adding the increase or decrease in NAV per share with the dividend per share when paid and reinvested back into the NAV, and dividing it by the NAV per share at the start of the year.

	Year ended 31 December 2024 pence	Year ended 31 December 2023 pence
Opening NAV per share (A)	72.6	75.0
Closing NAV per share	98.3	72.6
Increase/(decrease) in NAV per share (B)	25.7	(2.4)
NAV total return (B/A)	35.4%	(3.2%)

NAV per Ordinary Share

NAV per Ordinary Share is calculated by dividing the total Net Asset Value of £317,242,952 (31 December 2023: £231,251,787) by the number of Ordinary Shares at the end of the year of 322,829,422 Ordinary Shares (31 December 2023: 318,635,256). This produces a NAV per Ordinary Share of 98.3p (2023: 72.6p), which was an increase of 35.4% (2023: decrease of 3.2%).

Discount/Premium to NAV

If the share price of an investment company is lower than the NAV per Ordinary Share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price at year end of 94.0p (31 December 2023: 75.5p) from the NAV per Ordinary Share at year end of 98.3p (31 December 2023: 72.6p) and is usually expressed as a percentage of the NAV per Ordinary Share of 4.4% (31 December 2023: premium of 4.0%). If the share price is higher than the NAV per Ordinary Share, the shares are said to be trading at a premium.

Appendix (Unaudited)

Phoenix UK Fund Performance Table

The FTSE All-Share index used is with dividends reinvested.

Year	Investment Return (Gross)	NAV Return (Net)	FTSE All-Share Index	Share Price £
May 1998–2007	210.0%	150.0%	56.0%	2,498.40
2008	-39.5%	-40.2%	-29.9%	1,494.31
2009	62.8%	59.7%	30.2%	2,386.48
2010	1.1%	0.0%	14.7%	2,386.37
2011	3.0%	1.9%	-3.2%	2,430.75
2012	48.3%	42.2%	12.5%	3,456.27
2013	40.5%	31.3%	20.9%	4,539.47
2014	1.9%	0.1%	1.2%	4,544.25
2015	20.1%	14.7%	0.9%	5,211.13
2016	9.1%	7.6%	16.8%	5,605.58
2017	21.5%	16.3%	13.1%	6,518.69
2018	-13.6%	-14.7%	-9.5%	5,558.97
2019	30.3%	27.7%	19.1%	7,098.36
2020	-3.9%	-4.9%	-9.7%	6,748.66
2021	23.4%	18.7%	18.3%	8,011.17
2022	-16.7%	-17.4%	0.2%	6,619.32
2023	34.0%	32.8%	7.7%	8,791.99
2024	1.5%	0.7%	9.4%	8,851.34
Cumulative	1528.1%	785.1%	292.7%	
Annualised Returns	11.0%	8.5%	5.3%	

Group Information

Directors – Parent (all non-executive)

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Andrew Whittaker
Joanna Duquemin Nicolle
David Stevenson
Richard Brown

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