Castelnau GROUP

Interim Report and Unaudited Condensed Consolidated Interim Financial Statements

For the period from 1 January 2023 to 30 June 2023

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

Castelnau Group 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.

Contents.

Our Mission.

At Castelnau 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 traditional businesses and enabling companies 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 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 listed on the London Stock Exchange's Specialist Fund Segment ("SFS") on 18 October 2021.

This Interim Report and Unaudited Condensed Consolidated Interim Financial Statements (the "Interim 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 30 June 2023, the number of Ordinary Shares in issue was 318,627,777 (31 December 2022: 183,996,058). The existing clients of Phoenix Asset Management Partners Ltd (the "Investment Manager", "Phoenix" or "PAMP") made up 70.3% of the issued shares and the investment from SPWOne III Limited, 7.8%.

Summary Information – continued

Results and Performance

The results for the period are set out in the Unaudited Condensed Consolidated Statement of Comprehensive Income. Retained earnings remain negative and include finance costs, realised and unrealised gains and losses on the Group's assets. Additional expenses have been accrued during the period.

The Group's loss before tax for the period amounted to £15,301,815 (30 June 2022: £30,064,713).

The benchmark is the FTSE All-Share Index (total return). The Group's performance since PAMP was appointed is shown below:

	Period ended 30 June 2023 pence	Year ended 31 December 2022 pence	Change/ return %
NAV per Ordinary Share*	70.21	75.02	(6.41)
Ordinary Share price	75.50	69.00	9.42
Benchmark return			2.61

The Ongoing Charges ratio was as follows:

	Period ended 30 June 2023 %	Year ended 31 December 2022 %
Ongoing Charges ratio*	0.62	0.52

* 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 49.

Premium/Discount to NAV

The premium/discount of the Ordinary Share price to NAV per Ordinary Share is closely monitored by the Board. The Ordinary Share price closed at a 7.53% premium to the NAV per Ordinary Share as at 30 June 2023 (31 December 2022: discount of 8.02%).

Fees

The Investment Management Agreement with Phoenix Asset Management Partners Ltd ("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 is equal to one-third of the relative outperformance to the FTSE All-Share Total Return Index. The first Performance Period will run from Initial Admission to 31 December 2024. No performance fees have been earned to date.

Dividend

No dividend is being issued for the period.

Chair's Statement

Performance Review

This report covers a six-month period from 1 January 2023 to 30 June 2023.

The highlight of the period was the Dignity Plc transaction. This resulted in an issuance of 134,631,719 new Ordinary Shares in the Company on 10 May 2023 to enable the company to invest into Valderrama Limited ("Valderrama") (the bid vehicle), with Valderrama then investing into Dignity Plc. The total number of Ordinary Shares in the Company at the period end date was 318,627,777. This is a 73% increase compared to the previous reporting period. The Board along with the Investment Manager are pleased with the results of the issue in a challenging market environment.

We would like to extend a warm welcome to new shareholders, who either subscribed for new shares or exchanged their Dignity shares for shares in the Company and we thank those existing shareholders that added to their holding in the Company. We believe this acquisition will add substantial value per share to Castelnau Group. Post the acquisition, the Company now holds 66.5% of the shares in Valderrama. The Company does not hold any shares directly in Dignity Plc post the acquisition.

The share price return was 9.4% and the NAV total return for the period was -6.4%, versus the benchmark FTSE All-Share Total Return Index of +2.6%, which equates to a -9.0% relative underperformance of the NAV.

The main contributors to the underperformance were Hornby Plc ("Hornby") and Cambium International Ltd. ("Cambium"). Hornby represents 6.0% of the portfolio and had a -36.8% price movement. Cambium represents 5.4% of the portfolio and had a -27.1% price movement. Additional commentary around the underperformance on both stocks can be found in the Investment Managers report.

The discount rates used for valuing our privately held investments have not changed from the previous reporting period.

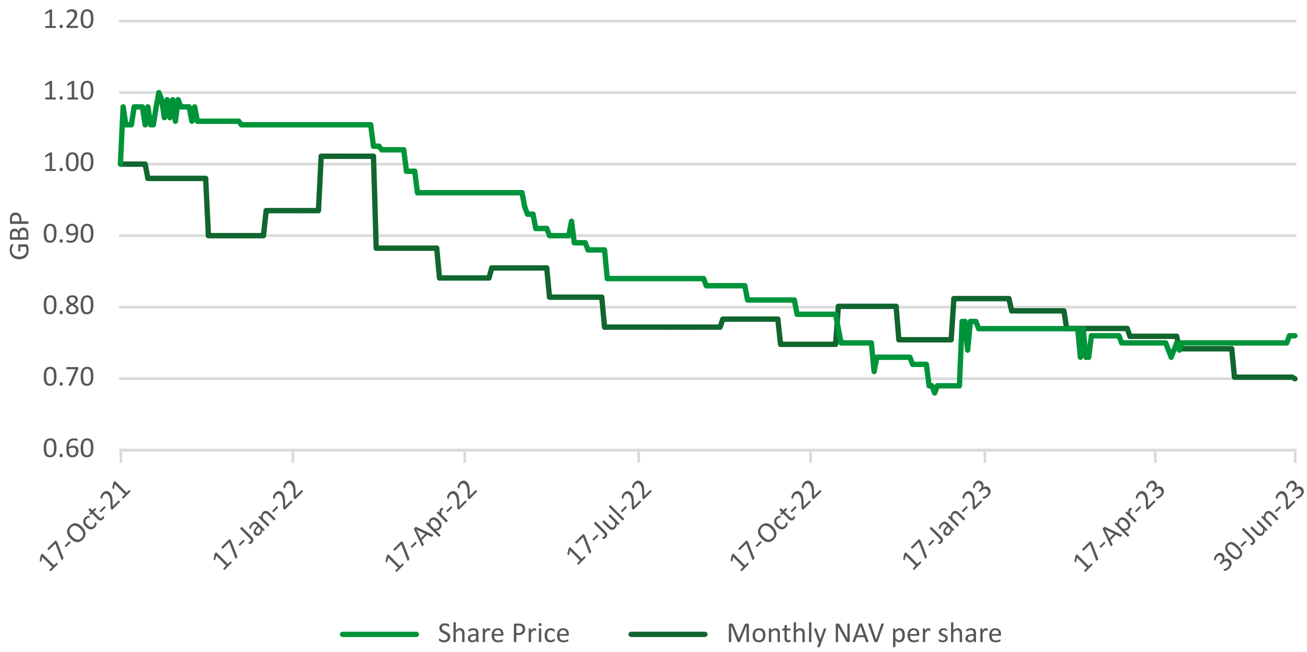
	30 June 2023	31 December 2022
Cambium International Ltd. - Core business	12.5%	12.5%
Cambium International Ltd. - Little List business	25%	25%
Phoenix S.G. Ltd	15%	15%
Rawnet Ltd.	15%	15%

The CGL share price predominantly traded at a premium to NAV throughout the period. The Board, along with Liberum Capital Limited (the "Advisers") and the Investment Manager, monitor the share price and any corresponding premium or discount on an ongoing basis.

During the period, the Company extended the loan facility to Cambium by £5.5 million of which £4,950,000 was drawn down. £1.5 million of the Silverwood Brands Plc ("Silverwood") loan was converted to equity and an impairment adjustment was made to the Showpiece Technologies Ltd ("Showpiece") loan in line with International Financial Reporting Standards ("IFRS"), which resulted in a 0.9% reduction in the NAV.

Chair's Statement - continued

Castelnau Group Share Price & NAV per Share – 30 June 2023



Past performance is not a reliable indicator of future performance.

Source: Bloomberg, Phoenix Asset Management Partners Limited

Outlook

It is still early days for the Company. The acquisition of Dignity Plc is a strategic one that aligns with the long-term investment goals of the Company. We are confident that this investment will contribute positively to our overall performance in the future. The acquisition is discussed in more detail in the Alternative Investment Fund Manager and Investment Manager Report.

In conclusion, while we acknowledge the disappointment with the NAV return for the period, we want to assure our shareholders that we remain steadfast in our long-term vision. The journey is not without its challenges, but we believe in the resilience of our portfolio and the capabilities of the Investment Manager and its Partners to navigate through these times.

The Company has a clear vision and strategy for growth and we are well-positioned going into H2 2023. We remain committed to delivering value to our shareholders and are confident that the outlook for the Company is very promising.

Thank you for your ongoing trust and support. We will continue to keep you informed about our progress and developments as we work towards delivering sustainable value for our shareholders over the long term.

If you would like to get in touch directly with me, as the Chair of the Board; please email chair@castelnaugroup.com.

Joanne Peacegood
Chair

13 September 2023

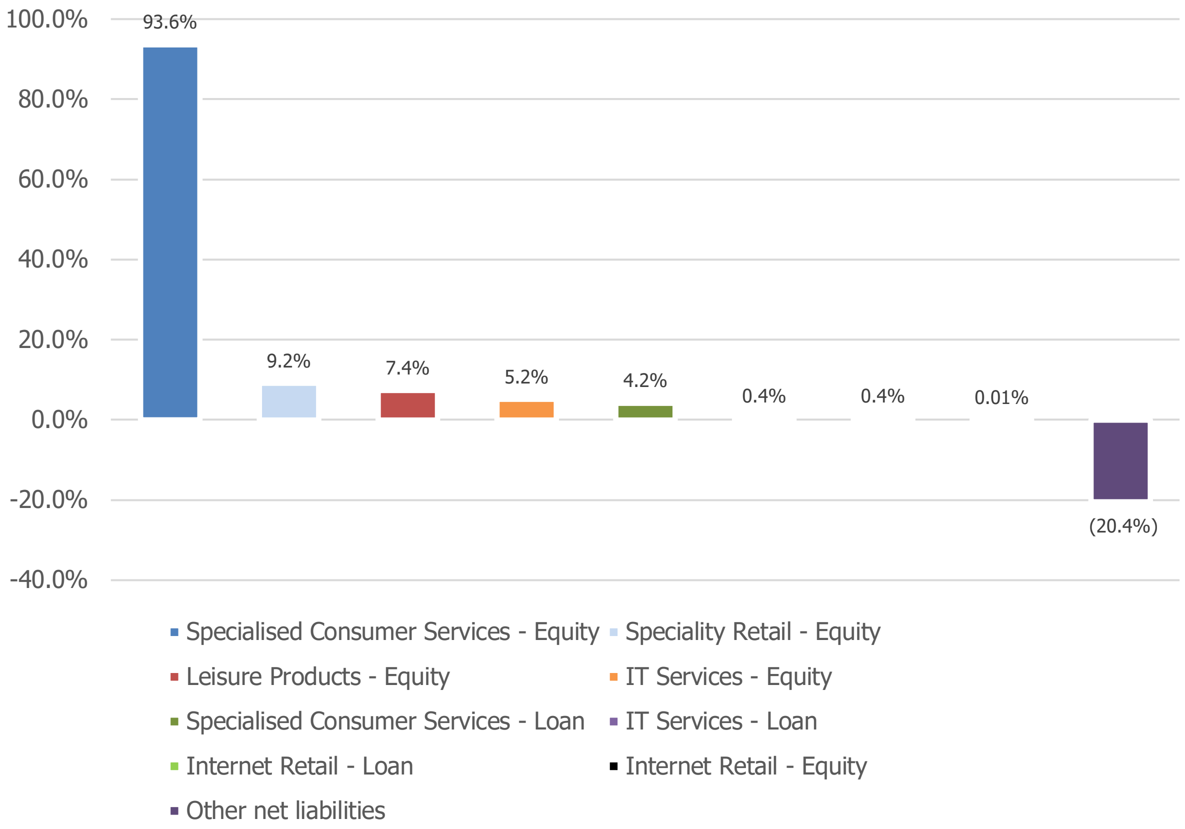
Holdings as at 30 June 2023

Company	Sector	Holding	Cost	Valuation	% of net assets 30 Jun 2023	% of net assets 31 Dec 2022
Valderrama Ltd	Specialised Consumer Services – Equity	192,449,120	194,772,419	191,010,286	**85.4%**	N/A
Phoenix S. G. Ltd ("Stanley Gibbons")	Speciality Retail – Equity	9,991	23,924,303	20,569,560	**9.2%**	13.9%
Hornby Plc	Leisure Products – Equity	92,337,876	39,050,634	16,620,818	**7.4%***	19.1%
Cambium International Ltd	Specialised Consumer Services – Equity	19,274	22,619,471	14,924,831	**6.7%**	14.8%
Rawnet Ltd	IT Services – Equity	284,173	5,500,001	6,600,000	**3.0%**	4.8%
Cambium International Ltd	Specialised Consumer Services – Loan	4,950,000	4,950,000	4,950,000	**2.2%**	0.4%
Ocula Technologies Holdings Ltd	IT Services – Equity	9,326	700,367	4,925,247	**2.2%**	3.6%
Silverwood Brands Plc	Specialised Consumer Services – Loan	4,400,000	4,400,000	4,400,000	**2.0%***	4.3%
Silverwood Brands Plc	Specialised Consumer Services – Equity	4,570,353	3,199,247	3,427,765	**1.5%***	1.6%
Rawnet Ltd	IT Services – Loan	972,255	972,255	972,255	**0.4%**	0.6%
Showpiece Technologies Ltd	Internet Retail – Loan	2,950,000	2,950,000	965,000	**0.4%**	2.0%
Dignity Plc ("Dignity")	Specialised Consumer Services – Equity	–	–	–	**0.0%**	31.2%
Ocula Technologies Holdings Ltd	IT Services – Loan	3,000,000	3,000,000	–	**0.0%**	0.0%
Showpiece Technologies Ltd	Internet Retail – Equity	8,000	8,000	–	**0.0%**	0.0%
Total Holdings				**269,365,762**	**120.4%**	**96.1%**
Other net (liabilities)/assets				(45,645,996)	(20.4%)	3.9%
Net assets				**223,719,766**	**100.0%**	**100.0%**

* As at 30 June 2023, Hornby Plc and Silverwood Brands Plc were listed companies. All other companies were unlisted companies. All companies are UK businesses.

Portfolio Analysis as at 30 June 2023

Sector	Percentage of Net Assets
Specialised Consumer Services - Equity	93.6%
Speciality Retail - Equity	9.2%
Leisure Products - Equity	7.4%
IT Services - Equity	5.2%
Specialised Consumer Services - Loan	4.2%
IT Services - Loan	0.4%
Internet Retail - Loan	0.4%
Internet Retail - Equity	0.01%
Other net liabilities	(20.4%)
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 Report

The NAV relative to the ASX index for the period was -9.0%. We acknowledge that the NAV return since inception is disappointing. However, the Company has increased its share capital by 73% since the previous reporting period. Overall, we are pleased with this result in a challenging economic market.

Castelnau Group Track Record Performance	NAV return %	Share price total return** %	All-Share index** %	Relative NAV to ASX %
2023 (to 30 June)	(6.4)	9.4	2.6	(9.0)
2022 (to 31 December)	(19.8)	(34.6)	0.3	(20.2)
2021 (to 31 December)*	(6.5)	5.5	2.5	(9.0)
Cumulative*	(29.8)	(24.0)	5.5	(35.3)

* 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 position and share price/valuation movements between 31 December 2022 and 30 June 2023:

Asset	Net Asset Value Table £million 2023	2022	Portfolio Weight % 2023	2022	Share Price/ valuation moves 2023
Valderrama	191.0	N/A	85.4%	N/A	N/A
Phoenix Stanley Gibbons	20.6	19.2	9.2%	13.9%	2.2%
Hornby	16.6	26.3	7.4%	19.1%	(36.8%)
Cambium Group	14.9	20.5	6.7%	14.8%	(27.1%)
Rawnet	6.6	6.6	3.0%	4.8%	0.0%
Ocula	4.9	4.9	2.2%	3.6%	0.0%
Silverwood	3.4	2.2	2.0%	1.6%	(21.1%)
Showpiece	0.01	0.01	0.0%	0.01%	0.0%
Dignity	N/A	43	0.0%	31.2%	N/A

Source: Phoenix Asset Management Partners Limited.

Performance

In performance terms, the underperformance was mainly driven by Hornby and Cambium. Hornby was down 37% and Cambium down 27%. Silverwood was down 21% in the period but only represented 2.0% of the portfolio. Phoenix SG Ltd ("PSG") was up 2%. Rawnet Limited ("Rawnet"), Ocula Technologies ("Ocula") and Showpiece Technologies ("Showpiece") remained relatively unchanged.

Other activity

During the period, the £1.5 million Silverwood loan (plus £99,247 accrued interest) was converted to equity, as originally intended. The conversion of this loan is indicative of the continued confidence in the progress which the Silverwood team are making. The remaining loan (excluding interest) to Silverwood equates to 2% of the NAV at the end of the reporting period.

The Company also added to its position in Phoenix SG to fund the underlying business; Stanley Gibbons Ltd.

Loan position

The principal amount of loans outstanding to portfolio companies (excluding the Dignity deal) as a % of NAV decreased from 7.3% in December 2022 to 5.3% at the end of this period. The Silverwood loan conversion mentioned above contributed to this and an impairment was made to the Showpiece Technologies Ltd position in line with IFRS accounting standards. The Company also extended the loan facility to Cambium by £5.5 million in the period.

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 the period 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.

The Group considers a broad 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.

There have been no historical credit losses on the corporate loans issued by the Group. The Investment Manager has assessed the credit risk of the loans and has concluded that they have not deteriorated significantly in credit quality since initial recognition (with the exception of Showpiece).

Valderrama (Dignity Plc)

Valderrama was set-up to invest in Dignity Plc. The Company holds 66.5% of the equity in Valderrama.

Valderrama is a private company limited by shares that was incorporated in Guernsey on 25 August 2022 with registered number 70991 and has its registered office at PO Box 650, 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey GY1 3JX. Castelnau and SPWOne V Limited ("SPWOne") are currently Valderrama's majority shareholders, with the company having been incorporated for the purposes of a 50:50 joint venture between Castelnau and SPWOne, pursuant to which Castelnau and SPWOne agreed to invest in Valderrama for the purposes of making an investment in Dignity Plc.

Gary Channon, CIO of Phoenix wrote the following in the Q2 2023 report to investors; "Although the acquisition and delisting are now complete, we still have a final step, which is making sure that Valderrama has sufficient capital to support the strategy. We expect that will conclude by the end of the year and when it is done, the temporary facility from Phoenix inside Castelnau to complete the deal will be repaid. Castelnau owns 66% of Valderrama, that investment is valued at £191 million, which represents 74% of the Castelnau equity portfolio (£258 million) however, due to the temporary gearing, it works out at 85% of the current net assets (£224 million). There are no restrictions on portfolio construction in Castelnau, which lets us do the intelligent thing, looking for the highest risk adjusted returns without risking a permanent loss of capital, and then explain it to you. We would never advocate this amount of portfolio concentration in any arm's length investment, no matter how cheap and downside protected, but we do have control here and therefore, have ways to protect and manage the downside so that Castelnau will not suffer any permanent losses of capital". The full report can be found here, and an extract can be found below.

Q2 2023 Quarterly Report

In the Q2 2023 factsheet for the Company published in August 2023, Gary Channon, Phoenix CIO, outlined some thoughts to shareholders on the recent Dignity acquisition and the outlook for the year ahead. It is repeated below, as those thoughts remain relevant today:

Dignity – now owned by Valderrama
Now that we have secured full ownership of Dignity and taken it private we can talk about what it is we are doing to turn it into a much more valuable business. That understates the scope of the ambition, but this report is about the investment and ultimately the judgement of its success in that regard will be on the investment returns it delivers.

Capital Structure
Before we get into the business side let's first talk about the capital structure. It's dull and arcane so if you just want to get into the business discussion then just skip this section, save it for bedtime. This report was delayed because we have been seeking an agreement with the bondholders of Dignity which has now been reached and announced. There will be a formal vote on the 4th of September 2023.* We negotiated with bond holders representing more than 75% of the outstanding Series A bonds. In summary, the agreement if approved extends last year's deal until the end of 2024.

The need for an agreement arose because the deal we reached with bondholders a year ago is due to expire at the end of September 2023. That deal gave us certain waivers from the covenant test whilst we sell 7 of our crematoria to pay down some of the debt and reduce leverage. The 7 were chosen as the freeholds sat outside the securitisation but the businesses sat within.

Once the leverage is reduced, a number of other consents kick in which loosen the restrictions on the business that come from the whole business securitisation structure that most of Dignity sits in.

Our expectation was that the natural buyers for those crematoria would be Dignity's funeral plan trusts, because of the alignment between their long term returns and the long-term liabilities in the trusts.

The trusts have been going through a complicated process of their own due to the start of FCA regulation of the sector. That required Dignity to set up an entirely new trust which was FCA compliant and then merge all of the past trusts into it. The trustees were advised that the merger process required the consent of the court which then got delayed and derailed by a very slow and unhelpful response from HMRC. The process to fix this is underway and a solution has been found, however, in the absence of a merger the sale of the crematoria to the combined new trust was not doable in the original timeframe.

The extension of the deal with the bondholders allows us the time to implement the right deleveraging transaction, whilst shielding us from the risk of a covenant breach at a time when the profitability is most depressed. This is essential. The reason why it is an investment principle of Phoenix to avoid leverage is not only due to the damage done when gearing works against you, but also because of the damage when breaches of covenant give power to bondholders to assert themselves at the expense of the equity.

Value Creation
Which should be subtitled: '*the work to take Dignity from what it was to the UK's truly leading end of life business, generating high and enduring returns on its capital whilst being a force for good in the society it serves.*'

The building blocks of Value Creation are:

1. A leading funeral plan business that expands market penetration
2. A network of leading community-based end of life businesses operating with the benefits of national scale
3. A national network of community focused crematoria and cemeteries

Organising the business in a way that benefits from scale, vertical integration and a dynamic, customer-focused culture is what will make it a commercial success.

* There was a formal vote on 4 September 2023 and this was approved.

The Alternative Investment Fund Manager ("AIFM") and Investment Manager Report - continued

On top of those three main areas there are also complementary and meaningful opportunities for us in memorialisation, coffin manufacturing and adding other related services.

Funeral Plans

The number of funeral plans we will sell is a function of the population size, our share of the market and the proportion of the population who have one. The introduction of regulation by the FCA this time last year has removed more than half the competitors (by number), making market share growth easier. The population of those who might think about taking a funeral plan is also growing, and so our most difficult challenge will be growing product penetration.

We have set about this goal firstly by creating a product that is best in class, that is innovative and that we will continually improve upon. It is the top recommendation of Martin Lewis of MoneySavingExpert.

The next challenge is properly launching that from a marketing perspective in a way that reaches a much wider audience in order to expand the market. The work on that is underway and announcements will come when ready.

Yet we can see that even without promotion, even though we have gradually rolled out the product through the branch network making sure we had all the new FCA based training and competency in place and still don't have it yet in all branches, the product is being well received and is selling much better than the previous products. We have already sold over 15,000 plans since launch, and on top of that, we have offered the product to plan holders in schemes that didn't make it into regulation and have sold more than 60,000 plans to those customers.

Value creation in funeral plans happens in three ways.

i.) From any excess return received on monies held over and above the assumptions used when the plans were sold. In essence this amounts to the investment return over inflation if there is one. The investment strategy has a goal of exceeding funeral price inflation by 3% per annum. The size of the float of capital held in our funeral plan trusts will be a function of how much we can grow the market and our share in it. At 10% penetration (versus 7% currently) the float reaches c.£1.7 billion and 3% equates to over £50 million per annum. 10% is our first objective, if we achieve 12.5% penetration then assets would be £2.3 billion, and so on.

ii.) We build up a store of future funerals on which we will make our margin. As we improve the efficiencies in our funeral businesses and grow volumes our unit cost will fall which will increase the value of a future funeral. Currently the average life expectancy of a plan purchaser is 15 years. We aim to build margins to 30% in funerals. Against that return is the cost of acquiring a plan which in the past was at a similar level. We believe once we have ourselves properly launched, growing volumes will mean that our cost of acquisition (CPA) will decline and will be much lower than the margin on a funeral.

iii.) We start a relationship with a customer to whom we wish to offer other relevant products and services. The value for this will grow as we build out our overall end of life offering.

Funeral Homes

We have inherited the results of decades of a strategy that undermined the businesses that were acquired by making it uncompetitive, by not investing enough in it, by taking away local decision making and by failing to adapt and innovate.

Dignity has not previously delivered any benefits of scale; the cost structure of our funeral businesses was higher after integration into the group than it was before they were acquired. We believe we can change that through improved ways of operating, introduction of better technology and the effect of growth on operating costs per funeral.

Throughout 2022 the funeral division went through a restructuring that removed the management layer and organised all the branches into local businesses run by a Business Leader. This is a newly created role and had to be interviewed for even though most of the candidates were internal. The end result was 168 businesses and 46 crematoria all also run by a business leader.

That process impacted over 3,000 people in the business and was completed at the beginning of 2023. Although the removal of so many management roles was expected to reduce headcount and cost, the result has been the opposite. This was probably due to a combination of what was a highly disruptive process at a time of an elevated death rate creating short term need for help. So, in 2023 even as revenues have grown strongly, costs rose even further.

Since acquisition there has been a team of people, drawn from good practitioners in Dignity, working with analysts from Phoenix and SPWOne reviewing every business in numbers and in the field. From that work; good operating models will be applied, best in class practices shared, and unviable marginal activities and operations will be ended. The whole portfolio of funeral businesses will then be invested in for growth. You should expect the business and branch numbers initially to reduce along with the headcount. Currently there are 100 less branches than we started with in 2021.

To give an idea of the magnitude of the effect, our top quartile branches make a contribution of a £1,000 a funeral more than those in the bottom quartile and it is largely a result of the cost side of the equation. The current work has been identifying the reasons and the solutions and we will soon move into execution mode.

We have been trialling the new strategy in Bristol now for 2 years and have had a person from Phoenix embedded there throughout. That business has grown from doing an average of 24 funerals a week across 10 branches to 30 and has grown from 14% to 17% market share. Some of those funerals come from pre-sold funeral plans, so to really appreciate the movement in local performance, you need to look at At Need volumes and share. At that level the growth is 40%, going from 8.5% to 12% market share.

Whilst growing the business, it also improved the operating efficiencies and therefore contributes profits at well over 30%.

The business introduced its own products using alternative venues that has increased volumes at our crematorium in Weston-Super-Mare.

You should expect to see the profitability of our funeral business to grow significantly in 2024 as these changes take place.

One of the key skills we need to possess for this model to work is an understanding of what it takes to be a good business leader in this end of life space; how to recruit, retain and develop such talent, and what kind of operating framework we need to provide so that we get the best of empowered customer focused entrepreneurial decision making close to customers combined with the benefits of operating at a national scale which requires some standardisation.

Once we have refined our own estate, we will be ready to consider expansion knowing what value we bring and what kind of expansion makes sense for us, i.e. new openings, acquisitions, partnerships and franchise.

We see our funeral homes as more than arrangers of funerals; we want them to provide a full end of life service in the communities they serve. So, as well as funeral plans we expect to introduce more products and services. We see our branches becoming a place where you can drop by to discuss any aspect connected to preparing for end of life and for us to be able to help you.

Value creation comes as our focused portfolio of businesses builds good margins, grows volumes and local share and we start to grow the portfolio in a number of ways. At 100,000 funerals (our 2025 objective), which would be 15.5% of the market, we would expect the funeral division to contribute over £60m per annum after capex. At a 20% share by 2032 we would be handling 140,000 funerals a year, double our current numbers as the ONS estimates the annual death rate by then will have reached 700,000.

We don't know what our ultimate market share potential is, we will earn our right to grow by winning and earning the trust of families and retaining it. In the Barnes postcodes, where Castelnau is based, we have an over 50% share. That happens in communities where we have good performing operations, and in Barnes, there is still so much potential. Although the branch is very well positioned, it is underwhelming

The Alternative Investment Fund Manager ("AIFM") and Investment Manager Report - continued

visually and seems designed to avoid having anyone drop in and yet there is a whole community here ready to be engaged and without any alternative aside from the internet.

Crematoria
We see great potential in our portfolio of crematoria to make them individually better, to make a lot more of memorialisation both through the crematoria and our funeral homes, and to take advantage of the national footprint to build our direct cremation business. We also have a pipeline of 7 more to build.

We see a lot of scope to do more memorialisation by offering choice, innovation and through closer working with our funeral businesses.

Unlike the revolution in the funeral business, the work in the crematoria division is more evolutionary. Exchanging best practice and making incremental improvements is the goal. Every crematorium will have a new website and ways of engaging with the local communities digitally as well as physically. We have some wonderful establishments, but you wouldn't know without visiting them. We want to make them easier for all funeral directors to use and reserve.

Value creation comes through that growth in numbers, volumes, and memorial revenues. A contribution this year which, after capex is likely to be around £45 million, we see doubling in 6 years as a result of those forces above.

Central Costs
Dignity became bloated at the centre as a result of the Transformation Plan started in 2018. In 2021 they reached £40 million. The work of reducing it started last year (2022 = £33 million) and now that the company is private, we have been making further changes. Some efficiencies require investment in technology and better processes which take more time. We expect to get down to the right cost level by the end of 2024 which we believe will be no more than £25 million and then that ratio to sales (c.6%) will be maintained as the business grows.

New Services
Our desire to be a true full-service end of life provider means that we will introduce new products and services, and partner with complimentary organisations to achieve that. These are commercially sensitive and so we will discuss them as they happen.

Other Areas of Value Creation
We believe our manufacturing operation and our large portfolio of freehold commercial and residential property offers considerable scope for value creation, and that work is already underway.

Profitability
As with 2022, we expect profitability to be depressed in 2023 as we restructure the business. We expect 2023 to show some improvement on 2022 depending on the death rate for the rest of the year, but it is from next year onwards that we expect to see profitability rise more significantly. As the restructuring reduces the core cost base and improves efficiencies, margins will rise on increasing revenues. In two to three years, we expect to be making over £100 million before tax. With all of the forces of vertical integration working, more funeral plan sales drives more funerals, which in turn means more cremations and a growth in profitability. On our plans it takes 7 years to get that pre-tax profitability to £200 million. Things may and probably will unfold differently, faster or slower, depending on a number of things both within our control and beyond it, but once we have the business model in the right shape, it will be generating high returns on capital and marginal growth will also come at high returns and we will have a very valuable business.

Using the Phoenix intrinsic value methodology, and even allowing for dilution for the equity being raised at the Valderrama level, we get a value of c.£30 per share on our central case plan. That doesn't mean we will be able to achieve that value in a float, but it is a guide to the amount of potential value, and we will update that figure using the same methodology so you will be able to see the extent to which the plan is working.

People
The most important determinant of our success will be our people. A new ExCo has been assembled post-acquisition. Kate Davidson remains as Chief Executive and a new Chief Financial Officer has been appointed (he was previously the CFO and acting CEO of eSure where he worked with Sir Peter Wood) and we have also appointed a Chief Marketing Officer, Director of Operations, Chief Transformation Officer, Chief Commercial Officer and Chief Risk Officer. This sounds like a lot of chiefs, but these are all high quality, driven people who are incentivised to deliver the value discussed above. SPWOne and Phoenix are also utilising the full breadth of their network to bring resource and expertise into this exercise. The work of crafting a great company out of such a complex starting situation is now about executing and building the right culture.

Summarising the Value Creation Formula
What turns this into a great investment are three forces; i.) the price we paid in relation to the value purchased, ii.) the value that comes from reorganising the capital structure and having the capital being intelligently allocated and then iii.) the value that comes from building a growing and commercially successful end of life business. The first two turbo charge the third. Currently the holding is valued at the price of the acquisition. As the results of strategy execution come through, that valuation will change.

Hornby Plc

The appointment of Olly Raeburn as CEO in January 2023 was a strategic one for the Group. During his initial six months he has faced the challenge of understanding a new business and its people. Despite the limited time, Olly has demonstrated his leadership capabilities and has also now strengthened his executive team with two additional key hires.

Hornby released its annual accounts in June 2023 where it reported total revenue of £55.1 million, which represents a 2.5% increase compared to the previous year's revenue of £53.7 million. This growth in revenue indicates some level of improvement in the company's sales during the year. The underlying loss before tax for the year was (£1.1) million, which is a significant decline from the previous year's profit of £3.2 million. Reported loss was (£5.9) million (2022: £0.6 million profit). Sales were disappointing in their most important trading period between October-December. Several factors contributed to the disappointing sales performance during the crucial trading period; economic uncertainties, changes in consumer behaviour, and imperfect demand forecasting have all played a role in the company's challenge.

A positive highlight from the year was digital sales. The investment in digital and the new websites enabled a 49% increase in digital revenue. With direct to customer sales now at c.15% of total sales there is clear potential for further growth.

Olly, in collaboration with the Castelnau Team, is beginning to formulate a strategic plan and vision for the company.

A few key areas of focus to drive growth and enhance the company's competitive position are outlined below:

1. Brand Vision and Proposition Development:

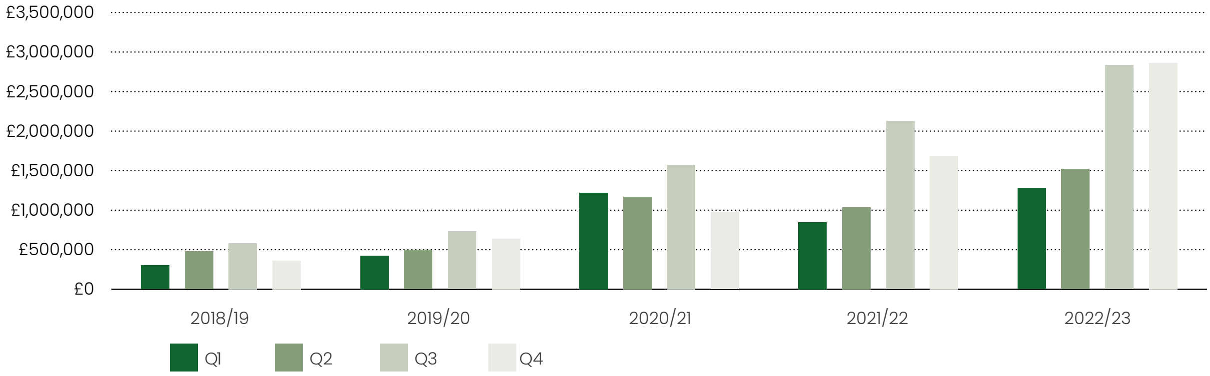
Olly recognises the importance of a strong vision and a compelling value proposition to resonate with customers for each of the company's brands. The strategic plan involves refining and communicating these clear identities that reflects the brand's values, heritage, and product offerings. By developing a distinctive brand proposition, each brand aims to strengthen its position in its respective markets and attract a wider customer base.

2. Product Development and Merchandising:

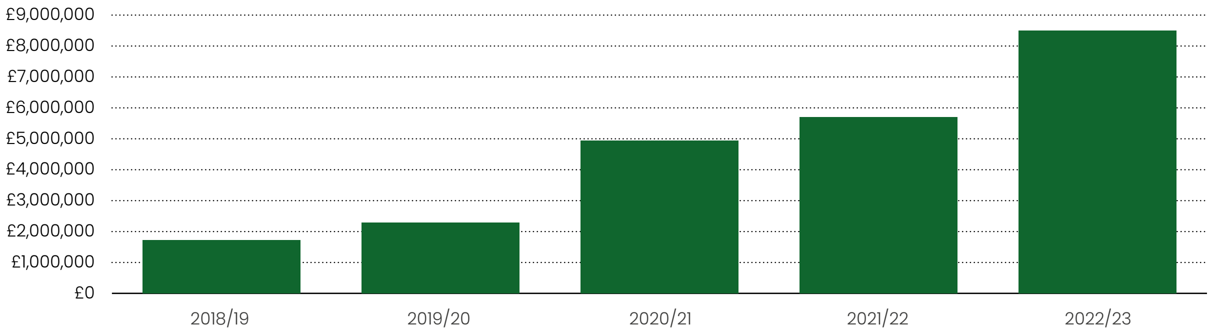
Producing products that customers value and love is key to remaining competitive and Hornby Plc plans to continuing investing in product development and innovative designs. The company will focus on introducing new product lines, enhancing existing ones, and catering to evolving customer preferences.

The Alternative Investment Fund Manager ("AIFM") and Investment Manager Report - continued

Digital revenue growth by quarter



Total digital revenue



Source: Hornby Hobbies Plc. annual accounts

3. Data, Loyalty, and Segmentation:

As mentioned in Olly's CEO report, "We have 5 years of transaction history from our D2C channel but have not taken full advantage of that information to develop relationships and drive purposeful growth". Understanding customer data is crucial for informing product development, targeted marketing, and personalised experiences. Hornby Plc will prioritise data analysis to gain insights into customer behaviour, preferences, and purchase patterns.

4. Customer Experience:

Customer experience plays a vital role in building lasting relationships with consumers. Hornby Plc will place a strong emphasis on enhancing customer service, post-purchase support, and engagement across all touchpoints.

5. Retail Development:

The strategic plan acknowledges the importance of retail channels in the company's overall success. The company will invest in an experiential retail development to create an engaging and visually appealing experience for customers.

Conclusion:

We are working closely with Olly to determine a solid strategic plan which will be vital to assessing the company's performance and potential for long-term investment success and shareholder value.

Cambium

Cambium was down 27% in the period.

The year-to-date performance for the company has been impacted by the effects of COVID on the wedding industry. From March 2020 to June 2021, COVID restrictions caused most weddings to be cancelled or limited to only thirty participants. This resulted in a significant backlog of postponed weddings, which combined with a normal wedding year in the second half of 2021 and 2022.

However, the expected growth for 2023 did not materialise, as the wave of postponed weddings unwound, and the market has reverted back to a more normal pre-COVID situation. As a result, product revenue for the first five months of 2023 is down by 22% compared to the equivalent period in 2022. This decline was also impacted by the reversion to more pre-COVID cash list levels, as couples can now travel and have larger weddings.

Hitched, a leading wedding planning business, estimates that the total number of weddings for all of 2023 will be 18% less than in 2022. To account for the changing dynamics and a return to more normal wedding trends, a model has been developed that assumes a year-on-year decline of 20%.

To counter these challenges and improve financial performance, management has taken cost-cutting measures. In March, they successfully cut expenses by approximately £750,000. A second round amounting to £1.2 million is currently being planned, mainly from salaries expected in the Autumn when a comprehensive plan to automate roles and utilise Artificial Intelligence is implemented.

The company has also launched a new business called "Little List" in the baby list and gifting market. This venture has seen positive early traction, with 2,500 registrations since its soft launch in February 2023. Additionally, investment is being made to enhance RockMyWedding's position as a leading wedding planner and resource platform, aiming to guide engaged couples in planning their wedding day and driving customers directly to gift lists without intermediaries.

Historical Performance – Wedding List (including Homeware outlet)

(GBP millions)	FY-22	FY-21	FY-20	FY-19
Pledge Product Revenue	23.1	19.1	4.7	14.3
Gross Profit	7.0	6.8	1.2	3.7
Costs	(9.2)	(6.8)	(7.8)	(9.8)
EBITDA on pledge	(2.4)	0.0	(6.6)	(6.2)

Source: Cambium International Ltd.

Current Fiscal Year – Wedding List (including Homeware outlet)

(GBP millions)	Current Fiscal Year Expectation	Previous Expectations for Current Year	Change vs Previous Expectations (%)
Pledge Revenue	18.1	25.0	(27%)
Gross Profit	7.0	8.8	(20%)
Costs	(8.4)	(9.6)	9%
EBITDA	(3.0)	(0.8)	

Source: Cambium International Ltd.

Phoenix SG Ltd

In Q4 of 2022, Tom Pickford was appointed CEO of the Stanley Gibbons Group (the "SG Group"). He has been focused on cost savings and simplifying the company structure in parallel to building out a new strategy and vision for the company.

The SG Group's revenue and EBITDA underperformed in FY2023 compared to budget estimates. The main reason for the underperformance was a fall in sales volume despite a small increase in gross margin driven by operational changes towards the end of the year. The SG Group undertook a substantial reduction in staff in the first half of 2023 in recognition of the decline in volume and changes in business focus outlined below: the associated costs contributed to reduction in EBITDA in the year, however, lower staff costs should now drive improvements in future quarters.

The Alternative Investment Fund Manager ("AIFM") and Investment Manager Report - continued

Income Statement (GBP millions)	31 March 2023 (Actual)	31 March 2023 (Budget)	Variance
Revenue	11.1	13.8	(20%)
Cogs	(6.3)	(7.9)	(20%)
Gross Profit	4.8	5.9	(19%)
Gross Margin	*43%*	*43%*	
Overheads	(7.4)	(6.7)	10%
EBITDA	(2.6)	(0.8)	225%
EBITDA Margin	(23%)	(6%)	
Depreciation and Amortisation	(0.6)	(0.4)	50%
Loss before tax	(3.1)	(1.2)	158%

Source: SG Group.

The new strategy will leverage the historic brand value of Stanley Gibbons and A H Baldwins & Sons, along with their extensive in-house expertise and data assets, to extend the group's activities into a multi-category collectibles business with associated collecting services. The SG Group will add categories such as trading cards and sporting memorabilia to its portfolio and bring to market new added-value services for collectors.

A key hire was made in April 2023 to lead the extension of collectibles categories into a broader and more diverse customer base, and discussions are ongoing with potential partners in the UK and abroad where activities can be accelerated.

The SG Group intends to significantly expand its auction activities, including into the new collectibles categories. This recognises the market trend for collectors to go direct to auction with its open, market-led pricing rather than using more opaque commission-based dealing. Auctions bring the advantage of lower capital requirements when acquiring consignments compared to buying in stock for direct dealing, although both will continue to be part of the future strategy for appropriate customers and transactions.

The SG Group is exploring options to move the publications business from a physical to digital form. This reduces the costs of physical publications and creates opportunities to monetise data assets. In addition, branded product manufacturing will be franchised to reduce the capital requirements.

Finally, the SG Group is also exploring business adjacencies in the coin dealing market, which can be outlined in more detail in future updates.

Ocula Technologies

Valuation

The value of our stake in Ocula was unchanged from the previous reporting period (as at 31 December 2022) at £4.9 million although our equity ownership of the company fell from 67% to 50% post the recent equity raise.

This valuation is based on a combination of factors, most notably, the recent external investment from Lloyds Bank (March 2023) but also the ongoing market validation of Ocula's products, its revenue growth potential, and the probability of success.

Activity

Ocula, as an early-stage technology company, has made significant strides in the marketplace and shows much promise for the future. With the aforementioned successful external investment from Lloyds and a post-money valuation of £10 million, the company has demonstrated its potential and garnered early validation. To solidify its position and establish itself as a sustainable player in the industry, Ocula needs to continue to focus on winning new customers and sustaining its revenue growth.

The company's performance so far has been encouraging. Securing circa ten paying clients, including renowned names such as the winners of the 2023 Super Bowl the Kansas City Chiefs and the Atlanta Falcons in the US, showcases Ocula's ability to attract prestigious clientele. Additionally, their successful conversion of AO World, a prominent UK online retailer, into a paying client adds further credibility to their offerings. This customer momentum in 2023 indicates increasing market traction, reaffirming the external valuation it received.

Yet, in the competitive landscape of technology and SaaS businesses, continuous growth is imperative. Ocula's near-term pipeline of prospective clients, which includes some very prominent UK high street brands presents a critical opportunity for expansion. Winning these clients will not only boost revenue but also serve as further validation of Ocula's value proposition.

Silverwood

Silverwood was founded in 2021 by experienced consumer entrepreneurs Andrew Tone and Andrew Gerrie and is listed on the AQSE exchange. It is an investment vehicle focusing primarily on the beauty sector, an industry in which both founders have considerable experience.

To date, Silverwood has made investments into five different businesses with a controlling interest in three of those. To find out more about the brands, visit here.

The £1.5 million loan to Silverwood's was converted to equity in the period. The conversion of this loan is indicative of our continued confidence in the progress the Silverwood team are making.

Rawnet

Valuation

The valuation of our 100% stake in Rawnet Limited remains unchanged from the previous reporting period (as at 31 December 2022) at £6.6 million. We value Rawnet using a straightforward Discounted Cash Flow model of its future cashflows. The company's track record of profitable growth and simple business model mean it is not a complicated business to value.

Activity

Rawnet's revenue performance in the first half of 2023 temporarily fell short of expectations. The company experienced project setbacks including the loss of a major project due to resource constraints. Moreover, the macroeconomic conditions in the market in 2023 has led to some prospective clients tightening their budgets, resulting in a hesitancy towards new spending. In response to these difficulties, Rawnet management took proactive measures to reduce costs across the company.

As the second half of the year begins, the management enacted a plan to downsize the headcount from 70 to around 60 employees. This move, coupled with other cost-cutting initiatives, aims to reduce monthly operating expenses significantly, bringing the breakeven revenue level down to approximately £4.3 million for the full year. Impressively, management handled the adjustment well and remains optimistic about the potential to achieve a profit this year, assuming the successful conversion of new third-party business in the second half of 2023. Supporting this optimism, it recently won a very large contract with a new customer which serves as a reminder of Rawnet's longstanding position and reputation in the market.

Showpiece

Showpiece continued to present four existing assets on its platform: the Magenta 1c stamp, Charles Darwin's Origin of Species 1st edition, Andy Warhol's Reigning Queens masterpiece and a 1937 Edward VIII penny. The company also continues to seek the right types of assets to fractionalise at values we are happy with, and a further two assets likely to generate extraordinary public interest have been explored, with one very promising for presentation in Q3 2023.

As part of Showpiece's journey to explore opportunity in the marketplace, the company researched the potential for an FCA-regulated alternative investment platform fractionalising high growth assets, such as collectible vehicles and whisky, to sit alongside its 'hobby' collectibles platforms. Such assets could be presented to retail investors as investment products rather than collectibles. This has generated valuable

The Alternative Investment Fund Manager ("AIFM") and Investment Manager Report - continued

insights into the marketplace, and a model to build the platform has been identified which can be used if assets and capital are available at the right price, however, a move into this market is not currently planned.

Showpiece will continue to focus on the core hobby collectibles and is also using the expertise of its technology team to assist the wider Stanley Gibbons business in its online plans, which also helps to reduce Showpiece's operational costs while maintaining the business capabilities. During the period, the company continued its software platform development activities to include enhanced onboarding for new customers and improvements to the User Interface and User Experience on its website homepage. The company also explored potential partnerships to facilitate a potential future US expansion.

CGL owns an 80% equity stake in Showpiece Technologies Limited, the remaining 20% is owned by Stanley Gibbons Plc. CGL owns 64% of Stanley Gibbons and Phoenix Asset Management in total own 83% of the company across numerous funds.

During the period, the Group recognised an expected credit loss of £1,985,000 on the original loan of £4.2 million to Showpiece Technologies Limited and at 30 June 2023, the Group valued its equity stake in Showpiece at £Nil. The adjustments to the loan and equity value have been made due to an increased level of uncertainty around the Showpiece business.

Graham Shircore
Partner; Phoenix Asset Management Partners Ltd.

13 September 2023

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 45)

Joanne has over 24 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 Deputy Chair of the Guernsey International Business Association and the immediate past Chair of the Guernsey Investment & Fund Association. Joanne resides in Guernsey.

Andrew Whittaker

Independent non-executive Director

(aged 50)

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.

Joanna Duquemin Nicolle

Independent non-executive Director

(aged 53)

Joanna has over 30 years' experience working in the finance industry in Guernsey. Joanna is currently Chief Executive Officer of Elysium Fund Management Limited, having previously been a Director and the Company Secretary of Collins Stewart Fund Management Limited where she worked on, and led, numerous corporate finance assignments and stock exchange listings in addition to undertaking fund administration and company secretarial duties.

Joanna has extensive 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.

David Stevenson

Non-Independent non-executive Director

(aged 57)

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. Currently he is a director of Aurora Investment Trust Plc, Secured Income Fund Plc, Gresham House Energy Storage Fund Plc and AltFi Limited and a strategy consultant to a number of asset management firms and investment banks.

Graham Shircore

Non-Independent non-executive Director

(aged 41)

Graham graduated from Bath University with a BSc (Hons.) degree in Business Administration. During his time at university, he completed internships with Fidelity, Principal Investment Management and Motorola Finance as well as passing the IMC exam.

In 2005, he joined Aviva Investors on the graduate scheme, and then became a UK Equity Analyst. Having passed all three levels of the CFA exam, he became a UK Equity Fund Manager in 2008 and later also managed European funds before joining Rothschild Wealth Management in 2013 as a Senior Equity Analyst. There he helped shape and implement the equity research process, investing on a geographically unconstrained basis.

Graham was, until recently, a non-executive director of Stanley Gibbons having formerly acted as Chief Executive Officer, and a non-executive director of Showpiece Technologies Ltd. Graham is now a non-executive director of Dignity Plc and Dignity Finance Plc.

Directors' Report

The Directors are responsible for preparing the Interim Report and the Unaudited Condensed Consolidated Interim Financial Statements in accordance with applicable law and regulations. The Directors consider that the AIFM and Investment Manager Report on pages 9 to 20 of this Interim Report and Unaudited Condensed Consolidated Interim Financial Statements provide details of the important events which have occurred during the period and their impact on the financial statements. The following statement on the Principal Risks and Uncertainties, the Related Party Transactions, the Statement of Directors' Responsibilities and the AIFM and Investment Manager Report together constitute the Directors' Report of the Group for the six months ended 30 June 2023. The outlook for the Group for the remaining six months of the year ending 31 December 2023 is discussed in the AIFM and Investment Manager Report. Details of the investments held at the period end and the structure of the portfolio at the period end are provided on pages 7 to 8.

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

The Group's investments had a total value of £269,365,762 as at 30 June 2023 (31 December 2022: 132,645,371). The portfolio represents a substantial portion of the net assets of the Group. As such, this is the largest factor in relation to the consideration of the financial statements. These investments are valued in accordance with the accounting policies set out in the Annual Financial Statements. 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 30 June 2023 to be reasonable based on information provided by the Investment Manager, AIFM, Administrator, Custodian and Depositary on their processes for the valuation of these investments.

The Board reviewed the valuation policy and PAMP went through the valuation process/techniques with the Board around private asset investments. 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 are 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 valuations 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. The Board has access to detailed valuation reports as and when requested.

Market risk

As a result of investments in publicly traded portfolio companies, 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 cyclicality 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 Shares.

The Board receives a quarterly update, or more frequently as required, from the Investment Manager regarding investment performance.

Liquidity risk

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 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 Shares.

The Board receives a quarterly update, or more frequently as required, from the Investment Manager regarding investment performance.

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.

Directors' Report - continued

Operational risk

The Group is exposed to the operational and cyber risks of its third-party service providers and considered the risk and consequences in the event that these systems failed during the period. 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. During the year ended 31 December 2022, 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 Management Engagement Committee meeting on 13 December 2023.

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 2022, the Board was satisfied that no such breach had occurred. The Board's next review will be at the Management Engagement Committee meeting on 13 December 2023.

Geopolitical risk

Russia's invasion of Ukraine and the subsequent energy crisis are risks to the global economy. The invasion itself and resulting international sanctions on Russia are believed to have already caused substantial economic damage to that country, which is likely to worsen the longer the sanctions are in place, and had some wider global effect on the supply and prices of certain commodities and consequently on inflation and general economic growth of the global economy. The effects vary from country to country, depending, for example, on their dependence on Russian energy supplies, particularly gas, which cannot be so easily transported and substituted as oil. The full effects will take time to flow through fully and manifest themselves in the balance sheets of companies, and impact their ability to repay loans.

Environmental, Social and Governance ("ESG") matters

The Board recognises the importance of Environmental, Social and Governance ("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.

Related Party Transactions

The Group's Investment Manager is Phoenix Asset Management Partners Limited, ("Phoenix" or "PAMP" or the "Investment Manager"). PAMP is considered a related party in accordance with the Listing Rules. 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. Details of the investment management arrangements are shown on page 45.

The members of the Board are also considered related parties. Further details of the Board's remuneration and shareholdings can be found on pages 46 to 47.

Castelnau Group Services Limited

Castelnau Group Services Limited ("CGSL"), the 100% subsidiary of the Castelnau Group, retained the services of an average of 3 staff during the 6-month period to 30 June 2023, all deployed to portfolio companies or to PAMP. During the period, one member of staff transitioned to a permanent role in a portfolio company, as this was more suited to the role, however we expect this member of staff to return to CGSL in 2024. A graduate intern was hired and immediately deployed within the Group.

CGSL is also acting as an intermediary to promote the use of key resources among group companies, and in this period there was a significant sharing of development resources. CGSL charges relatively small commissions in order to cover the running costs of the subsidiary itself and should present a negligible positive contribution to the parent company's profit and loss in this and all future periods. The use of CGSL as an intermediary greatly assists in tracking the benefits attributable to shared resources, and for planning purposes.

Valderrama

During the period, Yellow (SPC) Bidco Limited ("Bidco"), a newly formed indirect wholly-owned subsidiary of Valderrama Limited ("Valderrama"), a joint venture between SPWOne and the Group, made an offer to acquire the issued and to be issued share capital of Dignity Plc (the "Acquisition"). Valderrama is a private company limited by shares that is incorporated in Guernsey. The cash consideration payable by Bidco to Dignity Shareholders under the terms of the Acquisition was financed by equity capital invested by SPWOne and the Group in Valderrama, which was made available by Valderrama to Bidco pursuant to a series of intercompany loans, via Valderrama subsidiaries.

Valderrama was set-up to invest in Dignity Plc and the Group holds 66.5% of the equity in Valderrama. Refer to the AIFM and Investment Manager Report and note 15 of the Financial Statements for additional details on the Acquisition.

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 Unaudited Condensed Consolidated Interim Financial Statements.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- These Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, equity and profit or loss of the Group as required by the UK Listing Authority's Disclosure and Transparency Rule ("DTR") 4.2.4R.

- The Interim Management Report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being an indication of important events that have occurred during the period from 1 January 2023 to 30 June 2023 and their impact on the Interim Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, being related party transactions that have taken place during the period from 1 January 2023 to 30 June 2023 and that have materially affected the financial position or performance of the Group during that period as included in note 15 and any changes in the related party transactions described in the Annual Report and Audited Financial Statements for the year ended 31 December 2022 that could do so.

By order of the Board,

Joanne Peacegood
Director

Andrew Whittaker
Director

13 September 2023

Financial Statements

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the period from 1 January 2023 to 30 June 2023

	Notes	For the period from 1 January 2023 to 30 June 2023 Total (Unaudited) GBP	For the period from 1 January 2022 to 30 June 2022 Total (Unaudited) GBP	For the year ended 31 December 2022 Total (Audited) GBP
Income		966,768	47,028	548,767
Expenses	7	(2,702,113)	(433,501)	(1,234,288)
		(1,735,345)	**(386,473)**	**(685,521)**
Finance costs	15	(6,739,310)	–	–
Impairment of financial assets at amortised cost	5	(1,985,000)	–	(3,000,000)
Net gains on foreign currency		171	–	–
Net losses on financial assets at fair value through profit or loss	5	(4,842,331)	(29,678,240)	(30,405,675)
Loss before tax		**(15,301,815)**	**(30,064,713)**	**(34,091,196)**
Tax expense		–	–	(2,889)
Total comprehensive loss for the period/year		**(15,301,815)**	**(30,064,713)**	**(34,094,085)**
		Pence	Pence	Pence
Loss per ordinary share – Basic and diluted	12	(6.67)	(16.34)	(18.53)

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 34 to 48 form an integral part of these Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 GBP (Unaudited)	30 June 2022 GBP (Unaudited)	31 December 2022 GBP (Audited)
NON-CURRENT ASSETS				
Investments - bonds		–	3,998,795	–
Investments - equity	5	258,177,754	118,572,197	122,684,739
Investments - loans	5	11,188,008	5,186,795	9,960,632
Office equipment		1,170	–	–
		269,366,932	**127,757,787**	**132,645,371**
CURRENT ASSETS				
Trade and other receivables	8	584,909	54,139	357,102
Cash and cash equivalents		8,926,543	16,701,180	7,652,732
		9,511,452	**16,755,319**	**8,009,834**
TOTAL ASSETS		**278,878,384**	**144,513,106**	**140,655,205**
CURRENT LIABILITIES				
Earn-out liability	9	2,482,395	–	–
Loans payable	15	48,199,020	–	–
Finance costs payable	15	4,207,643	–	–
Other payables	10	269,560	150,592	275,857
		55,158,618	**150,592**	**275,857**
NON-CURRENT LIABILITIES				
Earn-out liability	9	–	2,300,442	2,346,648
TOTAL LIABILITIES		**55,158,618**	**2,451,034**	**2,622,505**
NET ASSETS		**223,719,766**	**142,062,072**	**138,032,700**
EQUITY				
Share capital	11	285,105,642	184,116,761	184,116,761
Retained deficit		(61,385,876)	(42,054,689)	(46,084,061)
TOTAL EQUITY		**223,719,766**	**142,062,072**	**138,032,700**
Number of Ordinary Shares in issue	11	318,627,777	183,996,058	183,996,058
NAV per Ordinary Share (pence)	13	70.21	77.21	75.02

The Interim Financial Statements on pages 30 to 48 were approved and authorised for issue by the Board of Directors on 13 September 2023 and signed on its behalf by:

Joanne Peacegood
Director

Andrew Whittaker
Director

The accompanying notes on pages 34 to 48 form an integral part of these Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the period from 1 January 2023 to 30 June 2023

For the period from 1 January 2023 to 30 June 2023 (Unaudited)

	Note	Share Capital GBP	Retained Deficit GBP	Total GBP
Opening equity		184,116,761	(46,084,061)	138,032,700
Loss for the period		–	(15,301,815)	(15,301,815)
Issue of new Ordinary Shares		100,988,881	–	100,988,881
Closing equity	11	285,105,642	(61,385,876)	223,719,766

For the period from 1 January 2022 to 30 June 2022 (Unaudited)

	Note	Share Capital GBP	Retained Deficit GBP	Total GBP
Opening equity		184,116,761	(11,989,976)	172,126,785
Loss for the period		–	(30,064,713)	(30,064,713)
Closing equity	11	184,116,761	(42,054,689)	142,062,072

For the year ended 31 December 2022 (Audited)

	Note	Share Capital GBP	Retained Deficit GBP	Total GBP
Opening equity		184,116,761	(11,989,976)	172,126,785
Loss for the year		–	(34,094,085)	(34,094,085)
Closing equity	11	184,116,761	(46,084,061)	138,032,700

The accompanying notes on pages 34 to 48 form an integral part of these Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Cash Flows

For the period from 1 January 2023 to 30 June 2023

	Notes	For the period from 1 January 2023 to 30 June 2023 (Unaudited) GBP	For the period from 1 January 2022 to 30 June 2022 (Unaudited) GBP	Year to 31 December 2022 (Audited) GBP
Operating activities				
Total comprehensive loss for the period/year		(15,301,815)	(30,064,713)	(34,094,085)
Impairment of financial assets at amortised cost		1,985,000	–	3,000,000
Net losses on financial assets at fair value through profit or loss		4,842,331	29,678,240	30,405,675
Net gains on foreign currency		(171)	–	–
Increase in receivables	8	(227,807)	(15,106)	(318,069)
Increase in provisions	9	135,747	100,442	146,648
Increase in finance costs payable		4,207,643	–	–
(Decrease)/increase in payables	10	(6,297)	(38,236)	87,029
Net cash used in operating activities		**(4,365,369)**	**(339,373)**	**(772,802)**
Investing activities				
Purchases of equity and bonds	5	(200,071,666)	(106,010,773)	(107,826,128)
Loans issued	5	(4,920,000)	–	(13,325,000)
Sale/maturity of equity and bonds	5	59,736,320	78,554,187	81,353,360
Cash received from repayment of loans	5	1,707,624	–	3,726,163
Purchase of office equipment		(1,170)	–	–
Net cash used in investing activities		**(143,548,892)**	**(27,456,586)**	**(36,071,605)**
Financing activities				
Issue of Ordinary Shares	11	100,988,881	–	–
Proceeds from loans received		85,301,968	–	–
Repayment of loans received		(37,102,948)	–	–
Net cash flow from financing activities		**149,187,901**	**–**	**–**
Increase/(decrease) in cash and cash equivalents		**1,273,640**	**(27,795,959)**	**(36,844,407)**
Cash and cash equivalents at beginning of period/year		7,652,732	44,497,139	44,497,139
Exchange gain on cash and cash equivalents		171	–	–
Cash and cash equivalents at end of period/year		**8,926,543**	**16,701,180**	**7,652,732**

The accompanying notes on pages 34 to 48 form an integral part of these Interim Financial Statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the period from 1 January 2023 to 30 June 2023

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 listed on the London Stock Exchange's Specialist Fund Segment ("SFS") on 18 October 2021.

These Unaudited Condensed Consolidated Interim Financial Statements (the "Interim 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 50.

The Interim Financial Statements of the Group are presented for the six months ended 30 June 2023 and were authorised for issue by the Board on 13 September 2023.

2. Accounting policies

a. Statement of compliance

The Interim Financial Statements of the Company for the period 1 January 2023 to 30 June 2023 have been prepared in accordance with IAS 34, "Interim Financial Reporting", together with applicable legal and regulatory requirements of the Companies (Guernsey) Law, 2008 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. The Interim Financial Statements do not include all the information and disclosure required in the Annual Consolidated Financial Statements and should be read in conjunction with the Annual Report and Audited Financial Statements for the year ended 31 December 2022, which were prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") and which received an unqualified audit report.

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

There are no accounting pronouncements which have become effective from 1 January 2023 that have a significant impact on the Group's Interim Financial Statements.

b. Basis of preparation

The Interim Financial Statements have been prepared under the historical cost basis, except for financial assets held at fair value through profit or loss ("FVTPL"). The principal accounting policies adopted in the preparation of these Interim Financial Statements are consistent with the accounting policies stated in note 3 of the Annual Consolidated Financial Statements for the year ended 31 December 2022. The preparation of these Interim Financial Statements is in conformity with IAS 34, "Interim Financial Reporting", and requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Interim

Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from those estimates.

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

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2022, which were prepared in accordance with IFRS. There has been no early adoption, by the Group, of any other standard, interpretation or amendment that has been issued but is not yet effective.

d. Basis of consolidation

The Group's Interim Financial Statements consolidate those of the parent company and its subsidiary as of 30 June 2023. 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 Group 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 Group controls an investee if, and only if, the Group 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.

3. Judgements, estimations or assumptions

The assessment of the Group as an investment entity is consistent with that made in the Audited Financial Statements for the year ended 31 December 2022 and therefore the Company has classified its investments at fair value through profit or loss in the Statement of Financial Position, with the exception of the subsidiary. 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 2d.

All other estimates and judgements made by the Board of Directors are consistent with those made in the Audited Financial Statements for the year ended 31 December 2022.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements – continued

Going concern
The Directors believe that, having considered 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 Interim Financial Statements.

4. Interest in the Subsidiary

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 30 June 2023, the net asset value of CGSL is made up of £76,467 which is made up of assets of £230,266 and liabilities of £153,799.

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 27.

5. Investments in unconsolidated subsidiaries/associates

For the period ended 30 June 2023	FVTPL Bonds (Unaudited) GBP	FVTPL Equity (Unaudited) GBP	Amortised cost Loans (Unaudited) GBP	Total (Unaudited) GBP
INVESTMENTS				
Opening portfolio cost	–	163,111,446	12,960,632	176,072,078
Purchases at cost	–	200,071,666	4,920,000	204,991,666
Proceeds on maturity/principal repayment	–	(59,736,320)	(1,707,624)	(61,443,944)
Realised losses on maturity	–	(13,590,140)	(3,000,000)	(16,590,140)
Cost	**–**	**289,856,652**	**13,173,008**	**303,029,660**
Unrealised gains on investments	–	5,570,435	–	5,570,435
Unrealised losses on investments/impairment*	–	(37,249,333)	(1,985,000)	(39,234,333)
Fair value/carrying amount	**–**	**258,177,754**	**11,188,008**	**269,365,762**
Realised losses on maturity	–	(13,590,140)	(3,000,000)	(16,590,140)
Movement in unrealised gains on investments	–	(342,911)	–	(342,911)
Movement in unrealised losses on investments/impairment*	–	9,090,720	1,015,000	10,105,720
Net losses on financial assets	**–**	**(4,842,331)**	**(1,985,000)**	**(6,827,331)**

* £1,985,000 impairment of financial assets at amortised cost relates to a loan facility with Showpiece Technologies Limited.

For the year ended 31 December 2022	FVTPL Bonds (Audited) GBP	FVTPL Equity (Audited) GBP	Amortised cost Loans (Audited) GBP	Total (Audited) GBP
INVESTMENTS				
Opening portfolio cost	–	136,639,291	3,361,795	140,001,086
Purchases at cost	81,353,973	26,472,155	13,325,000	121,151,128
Proceeds on maturity/principal repayment	(81,353,360)	–	(3,726,163)	(85,079,523)
Realised losses on maturity	(613)	–	–	(613)
Cost	**–**	**163,111,446**	**12,960,632**	**176,072,078**
Unrealised gains on investments	–	5,913,346	–	5,913,346
Unrealised losses on investments/ impairment*	–	(46,340,053)	(3,000,000)	(49,340,053)
Fair value/carrying amount	**–**	**122,684,739**	**9,960,632**	**132,645,371**
Realised losses on maturity	(613)	–	–	(613)
Movement in unrealised gains on investments	–	5,143,839	–	5,143,839
Movement in unrealised losses on investments/ impairment*	–	(35,548,901)	(3,000,000)	(38,548,901)
Net losses on financial assets	**(613)**	**(30,405,062)**	**(3,000,000)**	**(33,405,675)**

* £3,000,000 impairment of financial assets at amortised cost relates to a loan facility with Ocula Technologies Holdings Limited.

Name of investee company	Date of acquisition	Domicile	Ownership
Rawnet Limited	12 February 2021	United Kingdom	100.00%
Showpiece Technologies Limited	12 November 2021	United Kingdom	80.00%
Ocula Technologies Holdings Limited	22 January 2021	United Kingdom	50.26%
Silverwood Brands Plc	13 October 2022	United Kingdom	1.77%
Phoenix SG Limited	14 October 2021	Cayman Islands	63.78%
Cambium International Limited	14 October 2021	Cayman Islands	60.14%
Valderrama Limited	14 April 2023	Channel Islands	66.48%

Loans

The Group had a loan facility of £3,000,000 with Ocula Technologies Holdings Limited as borrower with termination date of 6 May 2024, and no interest accruing or payable. On 3 March 2023, the loan was written off as part of a funding round whereby Lloyds Banking Group acquired 14.54% of Ocula Technologies Holdings Limited through the issue of new shares at a post-money valuation for Ocula Technologies of £10 million, resulting in an increase in the value of the Group's holding in Ocula from £700,367 pre-money to £4,925,247 post-money. The Group held 50.26% of the issued share capital after the Lloyds Banking Group investment.

The Group had a loan facility of £2,000,000 with the Cambium Group as borrower. The termination date was 11 March 2023. On this date, the loan facility was increased to £7,500,000 and the termination date was extended to 11 March 2025. No interest was accrued or payable.

The Group had a loan facility for £1,500,000 dated 15 December 2022 with Silverwood Brands Plc as borrower, with interest accruing at 15%. On 31 May 2023, the loan was converted into equity in Silverwood. The Group held 1.8% of the equity in Silverwood following the conversion.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements – continued

The Group has a loan facility for £4,399,999 dated 13 October 2022 with Silverwood Brands Plc as borrower. The termination date is on the first anniversary of the first drawdown. Interest is accrued at 15%.

The Group has a loan facility of £4,200,000 with Showpiece Technologies Limited as borrower. During the period, an amount of £1,985,000 was recognised as expected credit loss. The termination date is 19 November 2024. No interest shall accrue or be payable.

The Group has a loan facility of £1,186,795 with Rawnet Limited as borrower. The termination date is 16 February 2025. No interest shall accrue or be payable.

The utilised amounts on each facility are disclosed in the portfolio holdings disclosed on page 7.

	30 June 2023 (Unaudited) GBP	30 June 2022 (Unaudited) GBP	31 December 2022 (Audited) GBP
Classification			
Level 1	16,720,065	73,559,200	69,315,063
Level 2	3,427,765	–	2,171,429
Level 3	238,029,924	49,011,792	51,198,247
Total non-current investments held at 'FVTPL'	**258,177,754**	122,570,992	122,684,739

There were no transfers between levels during the period (31 December 2022: Nil).

Measurement of fair value of investments for the period ended 30 June 2023
The same valuation methodology and process was deployed for the year ended 31 December 2022. Valderrama (acquired during the period), is valued at the acquisition cost of Dignity Plc less transaction costs.

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 30 June 2023 and 31 December 2022 are shown below:

As at 30 June 2023 (Unaudited)

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair value to changes in unobservable inputs
Investment in Phoenix S.G.	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-93%)/111%
	Auction sales	65%	An increase to 70%/(decrease to 60%) would increase/(decrease) fair value by 28%/(-35%)
	Stamp dealing sales	15%	An increase to 17%/(decrease to 13%) would increase/(decrease) fair value by 4%/(-4%)
	Coin dealing sales	10%	An increase to 12%/(decrease to 8%) would increase/(decrease) fair value by 4%/(-4%)
	Auction op margin	53%	An increase to 56%/(decrease to 50%) would increase/(decrease) fair value by 7%/(-4%)
	Stamp dealing op margin	5%	An increase to 7%/(decrease to 3%) would increase/(decrease) fair value by 4%/(-4%)
	Coin dealing op margin	15%	An increase to 17%/(decrease to 13%) would increase/(decrease) fair value by 2%/(-4%)
Investment in Rawnet	FY22-26 Compound sales Growth rate	9%	An increase to 12%/(decrease to 3%) would increase/(decrease) fair value by 64%/(-50%)
	Discount rate	15%	An increase to 18%/(decrease to 12%) would (decrease)/increase fair value by (-17%)/21%
Investment in Cambium	Discount rate	12.5%	An increase to 13.5%/(decrease to 11.5%) would (decrease)/increase fair value by (-6.13%)/7.67%
	Revenue growth rate	10%	An increase to 11%/(decrease to 9%) would increase/(decrease) fair value by 7.67%/(-7.36%)
	Group product margin	42%	An increase to 44%/(decrease to 40%) would increase/(decrease) fair value by 1.23%/(-0.92%)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements – continued

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

As at 31 December 2022 (Audited)

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair value to changes in unobservable inputs
Investment in Phoenix S.G.	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-9.52%)/11.34%
	Sales rate exc auctions	10%	An increase to 12%/(decrease to 8%) would increase/(decrease) fair value by 5.02%/(-4.93%)
	Sales rate auctions	29%	An increase to 31%/(decrease to 27%) would increase/(decrease) fair value by 3.88%/(-3.84%)
	Coins margins exc auctions	28%	An increase to 30%/(decrease to 26%) would increase/(decrease) fair value by 4.06%/(-4.16%)
	Coins auction sales margins	20%	An increase to 22%/(decrease to 18%) would increase/(decrease) fair value by 4.11%/(-4.20%)
	Stamps margins exc auctions	44%	An increase to 45%/(decrease to 43%) would increase/(decrease) fair value by 1.78%/(-1.83%)
	Stamp auction sales margins	27%	An increase to 29%/(decrease to 25%) would increase/(decrease) fair value by 6.80%/(-6.85%)
Investment in Rawnet	FY22-26 Compound sales Growth rate	19%	An increase to 24%/(decrease to 15%) would increase/(decrease) fair value by 82%/(-59%)
	Discount rate	15%	An increase to 18%/(decrease to 12%) would (decrease)/increase fair value by (-19%)/24%
Investment in Cambium	Discount rate	12.5%	An increase to 13.5%/(decrease to 11.5%) would (decrease)/increase fair value by (-6.76%)/7.65%
	Revenue growth rate	12%	An increase to 13%/(decrease to 11%) would increase/(decrease) fair value by 7.35%/(-7.65%)
	Group product margin	42%	An increase to 44%/(decrease to 40%) would increase/(decrease) fair value by 0.88%/(-1.18%)

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.

Segment information for the period/year is as follows:

	Castelnau Group Limited	**Castelnau Services Group Limited**	**Total 30 June 2023**
Income			
Consultancy services	–	575,174	575,174
Interest income	391,594	–	391,594
Segment income	**391,594**	**575,174**	**966,768**
Gross wages	–	(344,317)	(344,317)
Other expenses	(2,144,358)	(213,438)	(2,357,796)
	(2,144,358)	(557,755)	(2,702,113)
Finance costs	(6,739,310)	–	(6,739,310)
Net gains on foreign currency	171	–	171
Net losses on financial assets	(6,827,331)	–	(6,827,331)
Segment (loss)/profit before tax	**(15,319,234)**	**17,419**	**(15,301,815)**
Taxation	–	–	–
Segment comprehensive (loss)/income	**(15,319,234)**	**17,419**	**(15,301,815)**
Segment assets	278,648,118	230,266	278,878,384
Segment liabilities	(55,004,819)	(153,799)	(55,158,618)
Segment net assets	**223,643,299**	**76,467**	**223,719,766**

	Castelnau Group Limited	**Castelnau Services Group Limited**	**Total 31 December 2022**
Income			
Consultancy services	–	327,895	327,895
Interest income	220,872	–	220,872
Segment income	**220,872**	**327,895**	**548,767**
Gross wages	–	(299,141)	(299,141)
Other expenses	(918,330)	(16,817)	(935,147)
	(918,330)	(315,958)	(1,234,288)

Notes to the Unaudited Condensed Consolidated Interim Financial Statements – continued

	Castelnau Group Limited	Castelnau Services Group Limited	Total 31 December 2022
Net losses on financial assets	(33,405,675)	–	(33,405,675)
Segment (loss)/profit before tax	**(34,103,133)**	**11,937**	**(34,091,196)**
Taxation	–	(2,889)	(2,889)
Segment comprehensive (loss)/income	**(34,103,133)**	**9,048**	**(34,094,085)**
Segment assets	140,462,845	192,360	140,655,205
Segment liabilities	(2,489,193)	(133,312)	(2,622,505)
Segment net assets	**137,973,652**	**59,048**	**138,032,700**

As at 30 June 2022, the Group was engaged in a single segment of business, being Castelnau Group Limited.

7. Expenses

	30 June 2023 (Unaudited) GBP	30 June 2022 (Unaudited) GBP	31 December 2022 (Audited) GBP
Administrator's fee	48,680	39,179	78,386
Audit fees	32,194	21,324	45,841
Change in fair value of contingent consideration	135,747	140,510	146,648
Depositary fee	23,390	16,214	30,297
Directors' fee	67,500	67,500	135,000
Employee benefits*	344,317	–	299,141
Investment transaction charges	–	2,904	2,904
Legal and professional fees	1,911,275	23,513	258,358
Operating expenses	64,430	52,157	91,568
Sundry costs	57,641	53,986	115,848
Trustee fee	16,939	16,214	30,297
	2,702,113	**433,501**	**1,234,288**

7.1 Employee benefits expense

	30 June 2023 (Unaudited) GBP	30 June 2022 (Unaudited) GBP	31 December 2022 (Audited) GBP
***Included in expenses**			
Wages and salaries	298,106	–	281,692
Employers' national insurance contributions	38,282	–	14,183
Pension costs	7,061	–	3,266
Employee healthcare	868	–	–
	344,317	**–**	**299,141**

8. Trade and other receivables

	30 June 2023 (Unaudited) GBP	30 June 2022 (Unaudited) GBP	31 December 2022 (Audited) GBP
Prepayments	66,986	52,459	51,860
Income receivable	471,740	1,680	151,468
Trade receivables	46,183	–	153,774
	584,909	54,139	357,102

9. Earn-out liability

	30 June 2023 (Unaudited) GBP	30 June 2022 (Unaudited) GBP	31 December 2022 (Audited) GBP
Earn-out liability – Non-current	–	2,300,442	2,346,648
Earn-out liability – Current	2,482,395	–	–
	2,482,395	2,300,442	2,346,648

The earn-out liability is the fair value of the liability related to the potential future payment of the earn-out of Rawnet. The total earn-out payment is to be paid over three different periods, with a maximum payment of £903,311 at each payment date. Payments for all three years will be made within 5 days of 12 February 2024. The amount of the earn-out which will be paid is conditional upon not only the performance of Rawnet itself, but also on the growth and performance of its clients (other Castelnau portfolio companies). It is considered likely that the earn-out will be paid in full based on expectations as of the valuation date. While full payment of the first and second tranches is effectively guaranteed, some uncertainty remains with regards to the final tranche.

The earn-out liability has been revalued by discounting the probability-weighted earn-out payments back to present value at a rate of 12%.

10. Other payables

	30 June 2023 (Unaudited) GBP	30 June 2022 (Unaudited) GBP	31 December 2022 (Audited) GBP
Other accrued expenses	132,642	150,592	156,199
Trade payables	111,308	–	93,923
Social security and other taxes	25,610	–	25,735
	269,560	150,592	275,857

11. Share capital

		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	31 December 2022 (Audited)
Allotted, called up and fully paid Ordinary Shares*		318,627,777	183,996,058	183,996,058
Class B Share**		1	1	1
Total number of shares in issue		318,627,778	183,996,059	183,996,059
Allotted, called up and fully paid Ordinary Shares	**GBP**	285,105,641	184,116,760	184,116,760
Class B Share	**GBP**	1	1	1
Total Share Capital	**GBP**	285,105,642	184,116,761	184,116,761

* No par value with one voting right per share
** Held by the Investment Manager with no voting rights

On 23 January 2023, the boards of directors of Dignity and Bidco, a newly formed company indirectly owned or controlled by a consortium comprised joint offerors SPWOne V Limited, the Group and PAMP, together with SPWOne V Limited and Castelnau (the "Consortium"), announced that they had reached agreement on the terms of a recommended cash offer to be made by Bidco to acquire the entire issued and to be issued share capital of Dignity, other than the Dignity shares already owned or controlled by the Group and PAMP (the "Announcement").

On 1 February 2023, the Group published a prospectus (the "Prospectus") containing details of:

- a proposed issue of up to 133,052,656 new Ordinary Shares to be issued by the Company in connection with the acquisition of Dignity Plc (the "Takeover Offer");
- a proposed issue of up to 32,442,740 Ordinary Shares to be issued by the Company pursuant to the Consortium Rollover;
- a placing of up to 154,000,000 Ordinary Shares at 75.02p (the "Issue Price") per Ordinary Share (the "Placing"); and
- a placing programme for up to 300,000,000 Ordinary Shares and/or C Shares (the "Placing Programme").

The Placing was intended to raise proceeds to assist with the funding of the Company's cash funding obligation pursuant to the Takeover Offer and, if sufficient, further investment in accordance with the Company's investment policy.

On 5 May 2023, the Group announced that it had raised gross proceeds of £56.6 million through the placing of an aggregated of 75,461,138 new Ordinary Shares.

A further 26,727,844 Ordinary Shares were issued in connection with the Takeover Offer to those Dignity Shareholders who opted for the Listed Share Alternative. In addition, 32,442,737 Ordinary Shares were issued pursuant to the Consortium Rollover as described in the Prospectus. The aggregate number of new Ordinary Shares issued pursuant to the Placing, Takeover Offer and Consortium Rollover was 134,631,719.

The Group did not purchase any of its own shares during the period ended 30 June 2023 or during the year ended 31 December 2022. No shares were cancelled during either period/year.

No shares were held in Treasury or sold from Treasury during the period ended 30 June 2023 or during the year ended 31 December 2022.

12. Loss per ordinary share

Loss per share is based on the loss of £15,301,815 (30 June 2022: £30,064,713) attributable to the weighted average of 229,369,179 (30 June 2022: 183,996,058) Ordinary Shares in issue during the period.

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

13. Net Asset Value per ordinary share

The figure for Net Asset Value ("NAV") per Ordinary Share is based on £223,719,766 (31 December 2022: £138,032,700) divided by 318,627,777 voting Ordinary Shares in issue at 30 June 2023 (31 December 2022: 183,996,058).

The table below is a reconciliation between the NAV per Ordinary Share announced on the London Stock Exchange and the NAV per Ordinary Share disclosed in these Interim Financial Statements.

	Net assets (Unaudited) GBP	NAV per share (Unaudited) pence
NAV as published on 30 June 2023	223,719,766	70.21
NAV as disclosed in these financial statements	**223,719,766**	**70.21**

14. Material agreements

Details of the management, administration and secretarial contracts can be found in the Directors' Report of the Group's Annual Financial Statements for the year ended 31 December 2022. There were no transactions with Directors other than disclosed in note 15. As at 30 June 2023, there were no fees payable to PAMP.

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, 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 period, performance fees of £Nil (30 June 2022: £Nil) were charged to the Group, of which £Nil (31 December 2022: £Nil) remained payable at the end of the period/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 Net Asset Value of the Group between £200 million and £400 million, and 0.02% of the Net Asset Value 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 period, administration and secretarial fees of £48,680 (30 June 2022: £39,179) were charged to the Group, of which £24,696 (31 December 2022: £35,206) remained payable at the end of the period/year.

c) Depositary

Northern Trust (Guernsey) Limited (the "Depositary") is entitled to: (i) a custody fee of 0.02% of the Net Asset Value of the Group (subject to a minimum of £20,000); and (ii) a depositary services fee of 0.02% of the Net Asset Value of the Group up to £200 million, falling to 0.01% of the Net Asset Value 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 period, depositary fees of £23,390 (30 June 2022: £16,214) were charged to the Group, of which £8,238 (31 December 2022: £7,043) remained payable at the end of the period/year.

d) Registrar

The Group utilises the services of 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 period, registrar fees of £18,806 (30 June 2022: £7,223) were charged to the Group, of which £8,136 was prepaid (31 December 2022: £11,613) at the end of the period/year.

15. Related parties

Directors' remuneration & expenses

The Directors' fees for the period/year are as follows:

	30 June 2023 (Unaudited) GBP	30 June 2022 (Unaudited) GBP	31 December 2022 (Audited) GBP
Joanne Peacegood	20,000	20,000	40,000
Andrew Whittaker	17,500	17,500	35,000
Joanna Duquemin Nicolle	15,000	15,000	30,000
David Stevenson	15,000	15,000	30,000
Graham Shircore	–	–	–
	67,500	67,500	135,000

No Directors' fees were outstanding as at 30 June 2023 (31 December 2022: £Nil).

Shares held by related parties

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

	30 June 2023 (Unaudited) Number of Ordinary Shares	30 June 2022 (Unaudited) Number of Ordinary Shares	31 December 2022 (Audited) Number of Ordinary Shares
Joanne Peacegood	10,000	10,000	10,000
Andrew Whittaker	40,000	40,000	40,000
Joanna Duquemin Nicolle	75,000	75,000	75,000
David Stevenson	–	–	–
Graham Shircore	–	–	–

As at 30 June 2023, the Investment Manager held no Ordinary Shares and 1 Class B Share (31 December 2022: no Ordinary Shares and 1 Class B Share) of the Issued Share Capital. Partners and employees of the Investment Manager held 49,830 Ordinary Shares at 30 June 2023 (31 December 2022: no Ordinary Shares).

Other

Gary Channon is CEO and CIO of Phoenix Asset Management Partners Limited, the Investment Manager. Mr Channon was CEO of Dignity which was a portfolio holding before the acquisition. Mr Channon became CEO of Dignity Plc on 22 April 2021 and his final day as CEO was 9 June 2022, when he also stepped down from the Dignity Plc Board following the Group's Annual General Meeting.

During the period, Bidco, a newly formed indirect wholly-owned subsidiary of Valderrama, a joint venture between SPWOne and the Group, made an offer to acquire the issued and to be issued share capital of Dignity Plc (the "Acquisition"). The cash consideration payable by Bidco to Dignity Shareholders under the terms of the Acquisition was financed by equity capital invested by SPWOne and the Group in Valderrama, which was made available by Valderrama to Bidco pursuant to a series of intercompany loans, via Valderrama subsidiaries.

The Group and 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. Steven Tatters, who is COO of Phoenix Asset Management Partners Limited, the Investment Manager, was appointed as a Director of Valderrama on 25 August 2022, and Director of Bidco and all other Valderrama subsidiaries on 13 October 2022. More details of the Valderrama structure can be found in the Offer Document.

Following the acquisition of Dignity Plc, Mr. Tatters was appointed as a Director of Dignity Group Holdings Limited on 25 May 2023 and as a Director of Dignity Funerals Limited on 12 June 2023.

Graham Shircore is a Director of the Group and an employee of Phoenix Asset Management Partners Limited. Mr. Shircore was also appointed as a Director of Dignity Group Holdings Limited on 25 May 2023.

Lorraine Smyth continues to be a Director of the Subsidiary. Ms. Smyth is an employee of Phoenix Asset Management Partners Limited, the Investment Manager. Ms. Smyth is currently also a Director of Rawnet which is a portfolio holding.

Roderick Manzie is a Director of the Subsidiary. Mr. Manzie is also a Director of some of the portfolio holding companies. Mr. Manzie became a Director of Stanley Gibbons Group Plc on 11 July 2023, a Director of Showpiece Technologies Limited on 10 August 2023 and has been a Director of Ocula Technologies Holdings Limited, and Ocula Technologies Limited since 16 August 2022.

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 Company has entered into an agreement with Ocula, the "Ocula Castelnau Software Services Agreement", to provide services to some of the Company's portfolio companies. Ocula charged the Company £400,000 for the 12 months to 30 June 2023. As of 1 July 2023, the annual Ocula fee has increased to £450,000 per annum.

On 20 January 2023, the Company entered into an unsecured term loan facility of £49,000,000 with Phoenix UK Fund Limited as lender. During the period, £25,301,968 was drawn down and repaid from this facility and the facility was subsequently terminated on 19 May 2023. Interest on the facility accrued at 15% per annum and a total of £2,531,667 in interest was accrued and paid in the period. £Nil remains payable at 30 June 2023.

On 20 January 2023, the Company entered into an unsecured term loan facility of £60,000,000 made available through Phoenix UK Fund Limited, with Morgan Stanley Bank N.A. as original lender. As at 30 June 2023, total drawdowns on the facility were £48,199,020. Interest is accrued at SONIA+7.5% per annum. During the period, loan facility fees of £1,020,000 were charged, and interest accrued of £3,187,643, both of which remains payable at 30 June 2023.

Total interest and facility fees charged on the loan facilities with Phoenix UK Fund Limited for the period was £6,739,310.

16. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk, liquidity risk and capital risk.

These Interim Financial Statements do not include the financial risk management information and disclosures required in the Annual Financial Statements; they should be read in conjunction with the Group's Annual Financial Statements for the year ended 31 December 2022.

17. Post period end events

These Interim Financial Statements were approved for issuance by the Board on 13 September 2023. Subsequent events have been evaluated to this date.

Subsequent to the period end and up to the date of signing of the Unaudited Condensed Consolidated Interim Financial Statements, the following events took place:

On 19 July 2023, further to the issue of new ordinary shares in connection with the acquisition of Dignity Plc as announced on 5 May 2023, the Company issued a further 7,479 Ordinary Shares in connection with the Listed Share Alternative pursuant to the Statutory Squeeze Out. Following this, the Company's issued share capital was 318,635,256 Ordinary Shares with one voting right per share, and 1 Class B Share held by the Investment Manager with no voting rights.

As of 21 August 2023, Graham Shircore has advised of his intention to step down from the Board and the Investment Manager has advised the Company's Directors of its intention to imminently nominate a replacement for Graham which will be considered by the Company's Nomination Committee and by the Board at a board meeting to be held directly after the Annual General Meeting.

Alternative Performance Measures (Unaudited)

In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs"), the Board has considered what APMs are included in the Interim Report and Interim 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 interim report are unaudited and outside the scope of IFRS.

Premium/Discount

If the share price is higher than the NAV per share, the shares are said to be trading at a premium. The size of the premium is calculated by subtracting the share price at period end of 75.50p (31 December 2022: 69.00p) from the NAV per share at period end of 70.21p (31 December 2022: 75.02p) and is usually expressed as a percentage of the NAV per share of 7.53% (31 December 2022: discount of 8.02%). If the share price of an investment company is lower than the NAV per share, the shares are said to be trading at a discount.

Ongoing Charges

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

	Period ended 30 June 2023 (Unaudited) GBP	Year ended 31 December 2022 (Audited) GBP
Average NAV for the period/year (A)	172,827,968	150,013,156
Operating expenses (annualised) (B)	1,068,014	786,345
Ongoing charges (B/A)	0.62%	0.52%

NAV Total Return

NAV total return is the percentage increase or decrease in NAV, inclusive of dividends paid and reinvested, in the reporting period/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.

	Period ended 30 June 2023 (Unaudited) pence	Year ended 31 December 2022 (Audited) pence
Opening NAV per share (A)	75.02	93.55
Closing NAV per share	70.21	75.02
Decrease in NAV per share (B)	(4.81)	(18.53)
NAV total return (B/A)	(6.41%)	(19.81%)

NAV per Ordinary Share

NAV per share is calculated by dividing the total Net Asset Value of £223,719,766 (31 December 2022: £138,032,700) by the number of Ordinary Shares at the end of the period of 318,627,777 Ordinary Shares (31 December 2022: 183,996,058). This produces a NAV per share of 70.21p (31 December 2022: 75.02p), which was a decrease of 6.41% (31 December 2022: decrease of 19.81%).

Group Information

Directors – Parent (all non-executive)
Joanne Peacegood (Chair)
Andrew Whittaker
Joanna Duquemin Nicolle
David Stevenson
Graham Shircore

Registered Office
PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
Channel Islands
GY1 3QL

AIFM and Investment Manager
Phoenix Asset Management Partners Limited
64-66 Glentham Road
London
SW13 9JJ

Administrator and Company Secretary
Northern Trust International Fund
Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
Channel Islands
GY1 3QL

Custodian and Depositary
Northern Trust (Guernsey) Limited
PO Box 71
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
Channel Islands
GY1 3DA

Registrar
Link Market Services (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

Financial Adviser and Broker
Liberum Capital Limited
25 Ropemaker Street
London
EC2Y 9LY

Solicitors to the Group as to English law
Gowling WLG (UK) LLP
4 More London
Riverside
London
SE1 2AU

Solicitors to the Group as to Guernsey law
Carey Olsen (Guernsey) LLP
Carey House
Les Banques
Guernsey
Channel Islands
GY1 4BZ

Independent Auditor
Grant Thornton Limited
St. James Place
St. James Street
St. Peter Port
Guernsey
GY1 2NZ

Castelnau
GROUP

www.castelnaugroup.com

PO Box 255
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
Channel Islands
GY1 3QL

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