Castelnau
GROUP

Interim Report and Unaudited Condensed Consolidated Interim Financial Statements

For the period from 1 January 2022 to 30 June 2022

Castelnau Group

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.

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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") 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), together referred to as the "Group".

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

The total number of Ordinary Shares in the Group in issue immediately following Admission was 177,552,719. The existing clients of Phoenix Asset Management Partners Ltd ("PAMP") made up 70.1% of the issued shares, the Offer for Subscription and the Placing Programme in aggregate made up 15.8% and the investment from SPWOne 14.1%. As at 30 June 2022, the number of Ordinary Shares in issue was 183,996,059 (31 December 2021: 183,996,059).

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 they

Summary Information – continued

include 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 £30,064,713 (30 June 2021: Nil).

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 2022 pence	Year ended 31 December 2021 pence	Change/ return %
NAV per Ordinary Share	77.21	93.55	(17.47)
Ordinary Share price	87.50	105.50	(17.06)
Benchmark return			(4.60)

The Ongoing Charge Ratio was as follows:

	Period ended 30 June 2022 %	Year ended 31 December 2021 %
Ongoing charge ratio*	0.36	0.32

* 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 36.

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 13.33% premium to the NAV per Ordinary Share as at 30 June 2022 (31 December 2021: 12.77%).

Chair's Statement

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 by using the Investment Manager's toolbox of modern techniques to transform old economy businesses into valuable long-term winners. The total number of Ordinary Shares in issue at the end of the period was 183,996,059. The Company did not issue any new shares in the period.

Significant portfolio company share price moves of note in the half year include Dignity Plc ("Dignity") down 32% and Hornby Plc ("Hornby") down 28%.

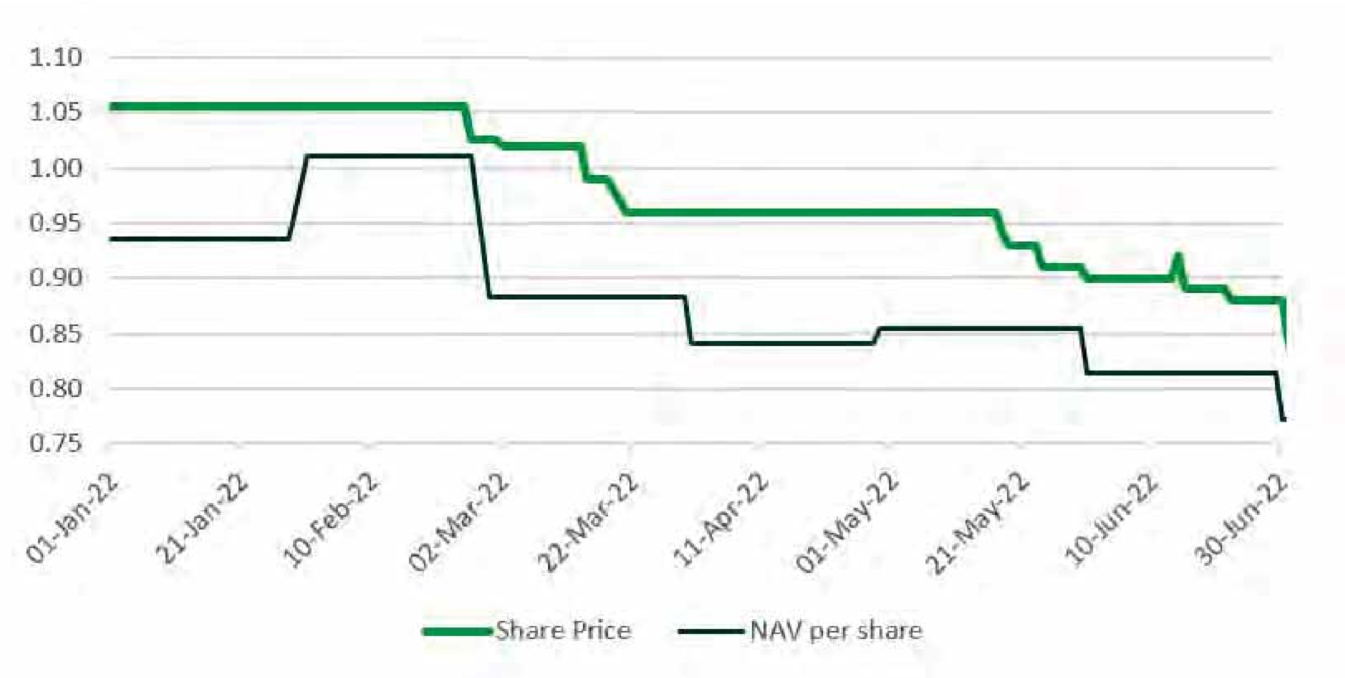
Performance Review:

The NAV total return for the period was -17.5%, versus the benchmark FTSE All-Share Index (Total Return) of -4.6%, equating to a -12.9% relative underperformance. The main contributors to the underperformance were Dignity Plc and Hornby Plc. Dignity Plc represents 33% of the portfolio of investments and had a -32% price movement. Hornby Plc. represents 22%of the portfolio of investments and had a -28% price movement. This underperformance is naturally disappointing however given the investment strategy of the Group over the long term, and the strategic initiatives that are taking place within the portfolio (some of which are detailed in the Investment Managers Report), the Board and the Investment Manager are hopeful that when the various initiatives start to come through in the results, the share prices will start to rerate.

The cash position decreased over the period. This was in part due to a follow-on investment into the Cambium Group, whose position increased by £15.7 million via a rights issue on 1 June. The capital raise allows the Cambium Group to pay down debt taken out during the COVID-19 pandemic, purchase a new business, and develop a baby list product.

The CGL share price traded at a premium to NAV throughout the period. The Board, along with its Advisers, and the Investment Manager, monitor the premium or discount on an ongoing basis.

Castelnau Group Share Price & NAV per share



Past performance is not a reliable indicator of future performance

Source: PAMP, Bloomberg

Chair's Statement - continued

Annual General Meeting ("AGM")

The Company's AGM will be held at 1:00pm on 6 September 2022 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands, GY1 3QL. Should a Shareholder have a question that they would like to raise at the AGM, the Board requests that they ask the question in advance of the AGM by sending it by email to Castelnau_group@ntrs.com. All questions raised, together with the relevant answer, will be placed on the Company's website at www.castelnaugroup.com.

Joanne Peacegood
Chair

6 September 2022

Holdings as at 30 June 2022

Company	Sector	Holding	Cost	Valuation	% of net assets
Dignity plc	Specialised Consumer Services	10,361,149	70,675,707	41,859,042	**29.5%**
Hornby plc	Leisure Products	92,337,876	39,050,634	27,701,363	**19.5%**
WLS International Ltd*	Specialised Consumer Services	19,274	22,619,471	24,127,842	**17.0%**
Phoenix S. G. Ltd	Speciality Retail	8,405	20,474,303	18,825,870	**13.3%**
Rawnet Ltd	IT Services	2,750,000	5,459,933	6,050,000	**4.3%**
Rawnet Ltd	IT Services - Loan	1,186,795	1,186,795	1,186,795	**0.8%**
UK Treasury Bill 0.00%	Treasury bills	4,000,000	3,999,173	3,998,795	**2.8%**
Ocula Technologies Holdings Ltd	IT Services - Loan	2,500,000	2,500,000	2,500,000	**1.8%**
Ocula Technologies Holdings Ltd	IT Services	8,000	80	80	**0.0%**
Showpiece Technologies Ltd	Internet Retail - Loan	1,500,000	1,500,000	1,500,000	**1.1%**
Showpiece Technologies Ltd	Internet Retail	8,000	8,000	8,000	**0.0%**
Total Holdings				**127,757,787**	**90.1%**
Other net assets				14,304,285	**9.9%**
Net assets				**142,062,072**	**100.0%**

* WLS International Ltd is the holding company for Cambium Group.

Portfolio Analysis

54.45% of total holdings were listed companies, 42.42% were unlisted and the remaining 3.13% was a UK treasury bill. All companies are UK businesses.

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

The NAV total return for the period was -17.5%, versus the benchmark FTSE All-Share Index (Total Return) of -4.6%, that's a -12.9% relative underperformance.

Portfolio Review:

Dignity Plc ("Dignity")

In April, Dignity announced that Andrew Judd had stepped down from the Board with immediate effect.

In May, Dignity provided investors with a trading update for the first quarter to 26 March, indicating that underlying deaths for the quarter were 19% lower at 166,000. Revenues followed suit at -22% and underlying operating profit for the Group fell from £27m to £9m in the quarter. The company also publicly committed to support those families that had been impacted by Safe Hands Funeral Plans entering administration. The full article can be found here; First quarter trading update 11/05/2022 | Dignity Plc.

Also in May, Kate Davison was announced as the new CEO of Dignity effective from 10 June 2022, and that Gary Channon would step down from the board on the same date.

Dignity hosted its AGM in June, and a replay of the AGM presentation and Q&A is available on the Dignity Investor website.

Later in June, the FCA confirmed that it was "intending to authorise" Dignity Funerals Limited as a regulated entity under the new regulatory regime for pre-paid funeral plans.

Hornby Plc ("Hornby")

In April, Hornby issued a scheduled trading update for its 4th quarter to 31 March 2022 in which the Group reported sales as being "very encouraging", margins "in line with budget" and a return to profitability for the year. Supply chains were said to "continue to be challenging".

Hornby announced FY22 results to 31 March 2022 in June, with revenue of £53.7m, underlying PBT of £3.2m and net cash of £3.8m. The CEO's report cited "gaining momentum" in Digital with a short-term ambition to double Digital sales in the next two financial years. Trading in April and May was cited as being "in line with expectations". The full article can be found here; Annual Financial Report - 07:00:03 16 Jun 2022 - HRN News article | London Stock Exchange.

Stanley Gibbons Ltd. ("Stanley Gibbons")

In April, Stanley Gibbons issued a trading update for the year to 31 March 2022. Trading in H2 was said to improve across all areas of the business and revenue for the year was expected to be c.£12m. The full article can be found here: https://www.londonstockexchange.com/news-article/SGI/trading-statement-and-corporate-update/15414693.

On 22 July, the company posted a circular to shareholders proposing the cancellation of admission of the ordinary shares in the company to trading on AIM. The independent directors listened carefully to the drawbacks identified by Phoenix Asset Management Partners (on behalf of Phoenix S.G.) of retaining the company's listing on AIM. These included the following:

- the continued listing on AIM is unlikely to provide the company with significantly wider or more cost-effective access to capital than the funding options it already has from the majority shareholder in the near to mid-term;
- the considerable cost, management time and the legal and regulatory burden associated with maintaining the company's admission to trading on AIM are disproportionate to the benefits to the company;
- there are negative operational influences on the business which come about directly as a result of being listed, something which is accentuated by operating in an industry where the vast majority of the company's peers are privately owned. The company's peers also have far greater insight into its strategy, operational activities and future plans than the company has into theirs, a factor which reduces the company's relative competitiveness;

- there is also a limited free float and liquidity in the ordinary shares with the consequence that the AIM listing of the ordinary shares does not offer investors the opportunity to trade in meaningful volumes or with frequency within an active market.

The full article can be found here: https://www.londonstockexchange.com/news-article/SGI/proposed-cancellation-of-trading-on-aim/15551710.

The Cambium Group ("Cambium")

At the end of May, Cambium successfully raised £17.7m in a rights issue of which c.£12.6m was used to pay off all outstanding debt and interest. Post the transaction, Castelnau's stake in Cambium has increased to 60%.

Rawnet Ltd. ("Rawnet")

Rawnet experienced a strong start to 2022 regarding client activity and run rate. This momentum has continued in Q2. The momentum in the external sales pipeline and increased Castelnau Group work has understandably buoyed management who have raised their internal growth projections for the business.

At a granular level, Rawnet's work with Hornby Plc. is bearing much fruit and looks to be a clear validation of its inclusion in the Castelnau Group - that of an enabler of technology productivity. Of course, Hornby has played its part too with its new-found openness to e-commerce which must be recognised and applauded. Rawnet is also deeply embedded in Stanley Gibbons and most especially, Dignity.

Ocula Technologies Ltd. ("Ocula")

Note: the below extract is taken from the Castelnau Q2 quarterly report:

13 August marks the first anniversary of Ocula's incorporation as a business entity. In that short time and from a standing start, the Ocula team has already amassed a growing pool of intellectual property (IP) and is slowly forging its own corporate identity and culture. The business is beginning to see some early signs of open-market validation too.

The second quarter saw a continuation of investment with two notable new hires: a VP of Operations (ex Dunnhumby) and a Head of Sales. The next step and highest priority for the team is monetisation of that IP, i.e., converting client leads into Recurring Revenue.

Last quarter we mentioned that Ocula was "in early discussions with VCs to increase market awareness and fund the necessary investment ahead of its revenue ramp".

For context: of the £5.2m of loans extended by Castelnau to Group companies as of 30 June, £2.5m is issued to Ocula. We don't know the timing or magnitude of any new external financing that Ocula might secure (whether later this year or next year). It is possible (and we are prepared) that Castelnau could be asked to increase its capital contribution to Ocula in the second half of this year.

This should not detract from our long-term enthusiasm for what this business can deliver to its shareholders. As Nick Sleep might put it: we should 'Focus on the Destination'. We believe the opportunity for Ocula in the retail analytics market with its differentiated solutions is substantial. Equally, our opportunity as its owner to deploy Ocula's 'Actionable AI' IP into our own companies at Castelnau is an exciting prospect in terms of the value it can create".

Showpiece Technologies Ltd. ("Showpiece")

Showpiece, our nascent digital collectibles business (80% owned by Castelnau) continues to demonstrate momentum. On 2 June, Showpiece successfully completed its first 'Marketplace' (i.e., secondary) transaction - a piece of the Edward VII penny.

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

Just after the Q2 quarter end on 5 July, Showpiece added Andy Warhol's Reigning Queens masterpiece to its collection of assets available to its customers for shared ownership. This great addition brings to three (after the 1c Magenta and the Edward VII Penny) the number of Showpiece assets now available via fractional ownership. The hunt for rare collectible assets (at the right price) continues - as does the disruptive quest to democratise access to them. For those of you interested in this area, we recommend subscribing to the Showpiece blog https://blog.showpiece.com/which is highly informative and entertaining.

Lorraine Smyth

Partner; Phoenix Asset Management Partners Ltd.

6 September 2022

Statement from the CIO of the Investment Manager

All our businesses are making positive progress. On the people front, we've added two CEOs (Dignity and Collectibles) as well as key leadership appointments across the Group. Structural activity has seen us tidy up the post-COVID balance sheet of Cambium and delist Stanley Gibbons. All the portfolio businesses have new innovations and growth initiatives in the pipeline. Across the Group, the help from Castelnau, whether directly or through intercompany collaborations or by tapping into the wider Phoenix network, is bearing fruit and demonstrating the benefits of our approach. In time you should expect to see this in value creation and trading results.

The market and economic backdrop are opening up interesting opportunities for us and we will say more when we are ready to act.

The NAV of the Company is largely a reflection of the share prices of its portfolio companies rather than their inherent value. Stock markets are weak, and prices are down, but in our estimation the Group is more valuable now than it was at the beginning of the year. If we are right, then in time it will show. Rising values and falling prices combine to make, we believe, excellent future investment returns. We were optimistic when we floated so you can imagine we are even more optimistic now.

The full report can be found here: https://www.castelnaugroup.com/investor-relations/reports-factsheets.

Gary Channon

CEO and CIO of Phoenix

6 September 2022

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 44)

Joanne has over 22 years of experience in the asset management sector across a range of asset classes. Joanne is a Non-Executive Director across a number of sectors / asset classes including Listed, Private Equity, Debt, Utilities, Hedge, Real Estate and Asset Managers. Prior to becoming a non-executive director, Joanne worked for PwC in the Channel Islands, UK and Canada and held leadership roles in Audit, Controls Assurance, Risk & Quality and Innovation & Technology.

Joanne is an FCA with the ICAEW, graduating with an Honours degree in Accounting and holds the IOD Diploma. Joanne is the Chair of the Guernsey Investment & Fund Association Executive Committee, is a member of the Association of Investment Companies' (AIC) Channel Islands Committee and also sits on the Guernsey International Business Association Council. Joanne resides in Guernsey.

Andrew Whittaker

Independent non-executive Director

(aged 49)

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 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.

Board Members – continued

Joanna Duquemin Nicolle

Independent non-executive Director

(aged 52)

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 The Chartered Institute of Secretaries and Administrators in 1994.

Lorraine Smyth

Non-Independent non-executive Director

(aged 40)

Lorraine has over 15 years' experience working in the finance industry. This includes working in the fund and investment accounting sectors for large banks in Dublin and London. She also worked as a client operations manager for a software vendor and has been involved in multiple accounting software implementation projects.

Lorraine represents the Investment Manager on the boards of the Group, Rawnet and Ocula. Lorraine holds a Bachelor (Hons) degree in Economics, from University College Dublin. On 14 June 2022, she was appointed as director of Castelnau Group Services Limited (the "Subsidiary").

David Stevenson

Non-Independent non-executive Director

(aged 56)

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.

Directors' Report

The Directors are responsible for preparing the Interim Report and the Interim Consolidated Financial Statements in accordance with applicable law and regulations. The Directors consider that the Investment Manager's Review on pages 8 to 10 of this Interim Report and 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 Investment Manager's Review together constitute the Directors' Report of the Group for the six months ended 30 June 2022. The outlook for the Group for the remaining six months of the year ending 31 December 2022 is discussed in the Investment Manager's Review. Details of the investments held at the period end and the structure of the portfolio at the period end are provided on page 7.

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 £127,757,787 as at 30 June 2022. The portfolio represents a substantial portion of 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 2022 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.

Some of the Group's investments (including certain of the Target Assets) will include securities and other interests that are very thinly traded, for which no market exists or which are restricted as to their transferability under applicable laws and/or the relevant investment documentation. Whilst the valuations of the Group's investments will be in compliance with IFRS, some of the Group's investments will be difficult to value accurately. Such valuations may be conducted on an infrequent basis, are subject to a range of uncertainties and will involve the Investment Manager and/or the Audit Committee exercising judgement. Valuations made by or on behalf of the Group may be made, in part, on valuation information provided by the Investment Manager and/or third parties (including entities in which the Group may directly or indirectly invest). The Group and the Investment Manager may not be in a position to confirm the completeness, genuineness or accuracy of such information or data. There can be no guarantee that the basis of calculation of the value of the Group's investments used in the valuation process will reflect the actual value achievable on realisation of those investments. This may lead to volatility in the valuation of the Group's portfolio and, as a result, volatility in the price of the Shares.

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

Directors' Report – continued

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.

The Group's investments in private assets will not be liquid, which may limit its ability to realise investments at short notice, at a fair value or at all and may be subject to risks.

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 were 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

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

COVID-19

Consideration of the impact of COVID-19 in the market and in regard to all assets, but in particular the assets that constitute a higher risk due to closure of these types of businesses or challenges to operate due to resource constraints. The Investment Manager is in constant communication with the Directors of each investment and has mitigants in place for each investment.

Cyber risk

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

Operational risk

The Group is exposed to the operational 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 2021, 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 15 December 2022.

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 was considered by the Board. Having been provided with assurance from each of the key service providers during the year ended 31 December 2021, the Board was satisfied that no such breach had occurred. The Board's next review will be at the Management Engagement Committee meeting on 15 December 2022.

Geopolitical risk

Russia's invasion of Ukraine is a new emerging risk to the global economy. The resulting imposition of international sanctions on Russia will have wider global effect on the supply and prices of certain commodities and consequently on inflation and general economic growth of the global economy and will have the potential to delay the global economic recovery from COVID-19.

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 33.

The Board are also considered related parties. Further details of the Board's remuneration and shareholdings can be found on page 34.

Acquisition of the Subsidiary

On 14 June 2022 Castelnau Group Limited purchased 50,000 ordinary shares, 100% holding in Castelnau Group Services Limited (the "Subsidiary" or "CGSL"), a UK company. Castelnau Group Limited would like to employ people via CGSL. Key skillsets would be acquired within CGSL to help develop, transform and create value within the Portfolio Companies. Employees would be deployed to the Portfolio Companies as and when required. In the short term, this would be a marketing strategist and a skilled branding person. Both employees would be deployed to Dignity Plc. for the next 12-18 months to work on developing the branding and marketing strategy for over 250 funeral businesses.

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.

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.

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 2022 to 30 June 2022 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 2022 to 30 June 2022 and that have materially affected the financial position or performance of the Group during that period as included in note 13 and any changes in the related party transactions described in the Annual Report and Audited Financial Statements for the year ended 31 December 2021 that could do so.

By order of the Board,

Joanne Peacegood
Director

Andrew Whittaker
Director

6 September 2022

Financial Statements

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the period from 1 January 2022 to 30 June 2022

	Notes	For the period from 1 January 2022 to 30 June 2022 Total (Unaudited) GBP	For the period from 1 January 2021 to 30 June 2021 Total (Unaudited) GBP
Income		47,028	–
Expenses	6	(433,501)	–
		(386,473)	
Net losses on financial assets at fair value through profit or loss	5	(29,678,240)	–
Loss before tax		**(30,064,713)**	**–**
Tax		–	–
Total comprehensive loss for the period		**(30,064,713)**	**–**
		Pence	Pence
Loss per share – Basic and diluted	11	(16.34)	–

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 25 to 35 form an integral part of these Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 GBP (Unaudited)	31 December 2021 GBP (Audited)
NON-CURRENT ASSETS			
Investments - bonds	5	3,998,795	-
Investments - equity	5	118,572,197	126,617,646
Investments - loans	5	5,186,795	3,361,795
		127,757,787	**129,979,441**
CURRENT ASSETS			
Trade and other receivables	7	54,139	39,033
Cash and cash equivalents		16,701,180	44,497,139
		16,755,319	**44,536,172**
TOTAL ASSETS		**144,513,106**	**174,515,613**
CURRENT LIABILITIES			
Earn-out liability	8	-	916,667
Other payables	9	150,592	188,828
		150,592	**1,105,495**
NON-CURRENT LIABILITIES			
Earn-out liability	8	2,300,442	1,283,333
TOTAL LIABILITIES		**2,451,034**	**2,388,828**
NET ASSETS		**142,062,072**	**172,126,785**
EQUITY			
Share capital	10	184,116,761	184,116,761
Retained deficit		(42,054,689)	(11,989,976)
TOTAL EQUITY		**142,062,072**	**172,126,785**
Number of Ordinary Shares in issue	10	183,996,059	183,996,059
NAV per Ordinary Share (pence)	12	77.21	93.55

The Interim Financial Statements on pages 21 to 35 were approved and authorised for issue by the Board of Directors on 6 September 2022 and signed on its behalf by:

Joanne Peacegood
Director

Andrew Whittaker
Director

The accompanying notes on pages 25 to 35 form an integral part of these Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

For the period from 1 January 2022 to 30 June 2022

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

	Note	Share Capital GBP	Retained Deficit GBP	Total GBP
Opening equity at 1 January 2022	10	184,116,761	(11,989,976)	172,126,785
Loss for the period		–	(30,064,713)	(30,064,713)
Closing equity at 30 June 2022		184,116,761	(42,054,689)	142,062,072

For the period from 1 January 2021 to 30 June 2021 (Unaudited)

	Share Capital GBP	Retained Earnings GBP	Total GBP
Opening equity at 1 January 2021	1	–	1
Loss for the year	–	–	–
Issue of new Ordinary Shares	–	–	–
Closing equity at 30 June 2021	1	–	1

The accompanying notes on pages 25 to 35 form an integral part of these Interim Financial Statements.

Unaudited Condensed Consolidated Statement of Cash Flows

For the period from 1 January 2022 to 30 June 2022

	Notes	For the period from 1 January 2022 to 30 June 2022 (Unaudited) GBP	For the period from 1 January 2021 to 30 June 2021 (Unaudited) GBP
Operating activities			
Loss before tax		(30,064,713)	–
Net losses on financial assets at fair value through profit or loss		29,678,240	–
Increase in receivables	7	(15,106)	(1)
Increase in provisions	8	100,442	–
Decrease in payables	9	(38,236)	–
Net cash used in operating activities		**(339,373)**	**(1)**
Investing activities			
Purchase of investments	5	(106,010,773)	–
Sale/maturity of investments	5	78,554,187	–
Net cash used in investing activities		**(27,456,586)**	**–**
Financing activities			
Issue of Ordinary Shares	10	–	1
Net cash flow from financing activities		**–**	**1**
Decrease in cash and cash equivalents		**(27,795,959)**	**–**
Cash and cash equivalents at beginning of period		44,497,139	–
Cash and cash equivalents at end of period		**16,701,180**	**–**

The accompanying notes on pages 25 to 35 form an integral part of these Interim Financial Statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the period from 1 January 2022 to 30 June 2022

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 (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 37. The Group has no employees as at 30 June 2022.

The Interim Financial Statements of the Group are presented for the six months ended 30 June 2022 and were authorised for issue by the Board on 6 September 2022.

2. Accounting policies

a. Statement of compliance

The Interim Financial Statements of the Company for the period 1 January 2022 to 30 June 2022 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 Audited Consolidated Financial Statements and should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 December 2021.

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

The Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021 which were prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS") and which received an unqualified audit report.

There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the Group's Condensed Consolidated 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 2021. The preparation of these Interim Financial Statements are 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 2021, 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 Financial Statements consolidate those of the parent company and its Subsidiary as of 30 June 2022. The reporting date for the Group is 31 December.

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 2021 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 2021.

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 2022 the net asset value of CGSL is made up of £50,000 equity receivable from the parent company. The amount will be transferred when CGSL bank accounts are opened.

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

5. Investments in unconsolidated subsidiaries/associates

	Bonds 30 June 2022 (Unaudited) GBP	Equity 30 June 2022 (Unaudited) GBP	Loans 30 June 2022 (Unaudited) GBP	Total 30 June 2022 (Unaudited) GBP
INVESTMENTS				
Opening cost	–	136,639,291	3,361,795	140,001,086
Purchases at cost	81,353,973	21,631,800	3,025,000	106,010,773
Proceeds on maturity/principal repayment	(77,354,187)	–	(1,200,000)	(78,554,187)
Realised losses on maturity	(613)	–	–	(613)
Cost	**3,999,173**	**158,271,091**	**5,186,795**	**167,457,059**
Unrealised gains on investments	–	2,115,475	–	2,115,475
Unrealised losses on investments	(378)	(41,814,369)	–	(41,814,747)
Fair value	**3,998,795**	**118,572,197**	**5,186,795**	**127,757,787**
Realised losses on maturity	(613)	–	–	(613)
Movement in unrealised gains on investments	–	1,345,968	–	1,345,968
Movement in unrealised losses on investments	(378)	(31,023,217)	–	(31,023,595)
Net losses on financial assets	**(991)**	**(29,677,249)**	**–**	**(29,678,240)**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements – continued

	Bonds 31 December 2021 (Audited) GBP	Equity 31 December 2021 (Audited) GBP	Loans 31 December 2021 (Audited) GBP	Total 31 December 2021 (Audited) GBP
INVESTMENTS				
Opening portfolio cost	–	–	–	–
Purchases at cost	–	136,639,291	3,675,000	140,314,291
Principal repayment	–	–	(313,205)	(313,205)
	–	**136,639,291**	**3,361,795**	**140,001,086**
Unrealised gains on investments	–	769,507	–	769,507
Unrealised losses on investments	–	(10,791,152)	–	(10,791,152)
Fair value	**–**	**126,617,646**	**3,361,795**	**129,979,441**
Movement in unrealised gains on investments	–	769,507	–	769,507
Movement in unrealised losses on investments	–	(10,791,152)	–	(10,791,152)
Net losses on financial assets	**–**	**(10,021,645)**	**–**	**(10,021,645)**

The transaction charges on the purchase and sale of investments during the current period were £2,904 (31 December 2021: 14,134) included in the Statement of Comprehensive Income.

Name of investee company	Date of acquisition	Domicile	Ownership
Rawnet Limited	12 February 2021	United Kingdom	100%
Ocula Technologies Holdings Limited	22 January 2021	United Kingdom	78%
Showpiece Technologies Limited	12 November 2021	United Kingdom	80%
WLS International Limited	14 October 2021	Cayman Islands	19%
Phoenix SG Limited	14 October 2021	Cayman Islands	55%

Loans

The Group has a loan facility of £2,500,000 with Ocula Technologies Holdings Limited as borrower. The termination date is 6 May 2024. No interest shall accrue or be payable.

The Group has a loan facility of £1,500,000 with Showpiece Technologies Limited as borrower. An extension of £1 million to the original loan agreement was made on 27 April 2022. 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 on the Portfolio Report on page 7.

	30 June 2022 (Unaudited) GBP	31 December 2021 (Audited) GBP
Classification		
Level 1	73,559,200	98,409,862
Level 2	–	–
Level 3	49,011,792	28,207,784
Total non-current investments held at 'FVTPL'	**122,570,992**	126,617,646

There were no transfers between levels during the period (31 December 2021: None).

Measurement of fair value of investments

The same valuation methodology and process was deployed for the year ended 31 December 2021.

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 2022 and 31 December 2021 are shown below:

As at 30 June 2022 (Unaudited)

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair Value to changes in unobservable inputs
Investment in Phoenix S.G. (valuation of the rights to receivables in relation to the sale of stamp inventories)*	Monthly sales rate	-0.5%	An increase to -0.4%/(decrease to -0.6%) would (decrease)/increase fair value by (-1.00%)/1.00%
	Discount rate	5%	An increase to 6%/(decrease to 4%) would (decrease)/increase fair value by (-4.38%)/4.66%
	Sales premium to SGG valuation	95%	An increase to 105%/(decrease to 85%) would increase/(decrease) fair value by 0.45%/(-0.45%)
Investment in Rawnet	FY22-26 Compound sales Growth rate	18%	An increase to 23%/(decrease to 13%) would increase/(decrease) fair value by 20%/(-18%)
Investment in WLS International	Discount rate Growth rate	12.5%	An increase to 13.5%/(decrease to 11.5%) would (decrease)/increase fair value by (-2.01%)/2.01%

Notes to the Unaudited Condensed Consolidated Interim Financial Statements – continued

As at 31 December 2021 (Audited)

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair Value to changes in unobservable inputs
Investment in Phoenix S.G. (valuation of the rights to receivables in relation to the sale of stamp inventories)*	Monthly sales rate	-1.0%	An increase to -0.9%/(decrease to -1.1%) would (decrease)/increase fair value by (-1.52%)/1.43%
	Discount rate	5%	An increase to 6%/(decrease to 4%) would (decrease)/increase fair value by (-4.19%)/4.46%
	Sales premium to SGG valuation	98%	An increase to 108%/(decrease to 88%) would increase/(decrease) fair value by 2.10%/(-1.72%)
Investment in Rawnet	FY22-26 Compound sales Growth rate	18%	An increase to 23%/(decrease to 13%) would increase/(decrease) fair value by 20%/(-18%)
Investment in WLS International	Discount rate Growth rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-3.38%)/3.38%

* The sensitivity analysis for the stamp inventories has been calculated on a weighted average basis..

6. Expenses

	30 June 2022 (Unaudited) GBP	30 June 2021 (Unaudited) GBP
Administrator's fee	39,179	–
Audit fees	21,324	–
Directors' fee	67,500	–
Legal and professional fees	23,513	–
Investment transaction charges	2,904	–
Change in fair value of contingent consideration	140,510	–
Operating expenses	52,157	–
Sundry costs	53,986	–
Depositary fee	16,214	–
Trustee fee	16,214	–
	433,501	**–**

7. Trade and other receivables

	30 June 2022 (Unaudited) GBP	31 December 2021 (Audited) GBP
Prepayments	52,459	39,032
Income receivable	1,680	–
Other receivables	–	1
	54,139	39,033

8. Earn-out liability

	30 June 2022 (Unaudited) GBP	31 December 2021 (Audited) GBP
Earn-out liability – Non current	2,300,442	1,283,333
Earn-out liability – Current	–	916,667
	2,300,442	2,200,000

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 £903,331 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 tranche is effectively guaranteed, some uncertainty remains with regards to the second two tranches.

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

9. Other payables

	30 June 2022 (Unaudited) GBP	31 December 2021 (Audited) GBP
Other accrued expenses	150,592	188,828
	150,592	188,828

Notes to the Unaudited Condensed Consolidated Interim Financial Statements – continued

10. Share capital

		30 June 2022 (Unaudited)	31 December 2021 (Audited)
Allotted, called up and fully paid	**Number**	183,996,059	183,996,059
Ordinary Shares	**GBP**	184,116,761	184,116,761

The Group did not purchase any of its own shares during the period ended 30 June 2022 or during the year ended 31 December 2021. No shares were cancelled during either period/year.

No shares were held in Treasury or sold from Treasury during the period ended 30 June 2022 or during the year ended 31 December 2021.

11. Loss per ordinary share

Loss per share is based on the loss of £30,064,713 (30 June 2021: Nil) attributable to the weighted average of 183,996,059 (30 June 2021:1) 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 earnings per share as there are no diluted instruments.

12. Net assets per ordinary share

The figure for net assets per Ordinary Share is based on £142,062,072 (2021: £172,126,785) divided by 183,996,059 (2021: 183,996,059) voting Ordinary Shares in issue at 31 December 2021.

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 (Audited) pence
NAV as published on 30 June 2022	142,062,072	77.21
NAV as disclosed in these financial statements	**142,062,072**	**77.21**

13. Material agreements

Details of the management, administration and secretarial contracts can be found in the Directors' Report of the annual Financial Statements for the year ended 31 December 2021. There were no transactions with directors other than disclosed in note 14. As at 30 June 2022, 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 2021: Nil) were charged to the Group, of which Nil (31 December 2021: Nil) remained payable at the end of the period/year.

b) Administrator and Secretary

Northern Trust International Fund Administration Services (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 £39,179 (30 June 2021: Nil) were charged to the Group, of which £58,897 (31 December 2021: £18,361) remained payable at the end of the period/year.

c) 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 £7,223 (30 June 2021: Nil) were charged to the Group, of which £7,223 (31 December 2021: £4,219) remained payable at the end of the period/year.

d) 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 £16,214 (30 June 2021: Nil) were charged to the Group, of which £5,219 (31 December 2021: £7,344) remained payable at the end of the period/year.

14. Related parties

Directors' remuneration & expenses

The Directors' fees for the period are as follows;

	30 June 2022 (Unaudited) GBP	30 June 2021 (Unaudited) GBP
Joanne Peacegood	20,000	–
Andrew Whittaker	17,500	–
Joanna Duquemin Nicolle	15,000	–
David Stevenson	15,000	–
Lorraine Smyth	–	–
	67,500	–

No Directors' fees were outstanding as at 30 June 2022 (31 December 2021: £Nil).

Shares held by related parties

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

	30 June 2022 (Unaudited) Number of ordinary shares	31 December 2021 (Audited) Number of ordinary shares
Joanne Peacegood	10,000	10,000
Andrew Whittaker	40,000	40,000
Joanna Duquemin Nicolle	75,000	75,000
David Stevenson	–	–
Lorraine Smyth	–	–

As at 30 June 2022, the Investment Manager held no Shares (31 December 2021: no Shares) of the Issued Share Capital. Partners and employees of the Investment Manager held no Shares (31 December 2021: no Shares).

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

Lorraine Smyth is a Director of the Group and its Subsidiary and an employee of Phoenix Asset Management Partners Limited, the Investment Manager. Ms. Smyth is currently a Director of Rawnet and Ocula which are portfolio holdings.

15. Financial risk management

The Group's activities expose it to a variety of financial risks: Market risk (including price risk, reinvestment risk, interest rate risk and foreign currency 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 2021.

16. Post period end events

These Interim Financial Statements were approved for issuance by the Board on 6 September 2022. Subsequent events have been evaluated to this date.

The Group subscribed for additional ordinary shares in Phoenix S.G. Ltd for an aggregate consideration of £2,500,000 to be paid in cash at a share price of the 30 June 2022 NAV for trade date of 20 July 2022.

On 15 August 2022 the loan agreement between the Group and Showpiece Technologies was amended to increase the principal amount to £4,200,000

On 30 August 2022, the Board of The Stanley Gibbons Group plc ("Stanley Gibbons") announced that at the Extraordinary General Meeting held earlier that day, the special resolution to approve the proposed cancellation of the admission of the Stanley Gibbon's Ordinary Shares to trading on AIM ("Cancellation") was duly passed. As a result, the last day of dealings in Stanley Gibbons Shares on AIM is Tuesday 6 September 2022 and the Cancellation will become effective at 7.00 a.m. on Wednesday 7 September 2022, subject to a dealing notice, as defined in the AIM Rules for Companies, being issued. For more information, please refer to the Stanley Gibbons announcement: https://www.londonstockexchange.com/news-article/SGI/result-of-egm-and-update-on-cancellation/15606587.

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.

Discount/Premium
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. The size of the discount is calculated by subtracting the share price at period end (87.50p) from the NAV per share at period end (77.21p) and is usually expressed as a percentage of the NAV per share (13.33%). If the share price is higher than the NAV per share, the shares are said to be trading at a premium.

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

Average NAV for the period (A)	163,486,205
Operating expenses (annualised) (B)	587,592
Ongoing charges (B/A)	0.36%

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

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