
Annual Report and Audited Consolidated Financial Statements

For the year ended 31 December 2025



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

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

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Our Mission.

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

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

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

Strategic Report

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



Summary Information

The Group

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

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

Investment Objective

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

Investment Policy

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

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

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

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

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

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

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

Shareholder Information

As at 31 December 2025, the number of Ordinary Shares in issue was 333,508,046 (31 December 2024: 322,829,422). For further details, see note 10 to the Financial Statements.

Summary Information – continued

Results and Performance

The results for the year are set out in the Consolidated Statement of Comprehensive Income.

The Group's profit before tax for the year amounted to £45,886,480 (31 December 2024: £81,946,637).

The benchmark is the FTSE All-Share Total Return Index ("ASX" or the "Benchmark"). The Group's performance since Phoenix Asset Management Partners Limited ("Phoenix" or "PAMP" or the "Investment Manager") was appointed is shown below:

	Year ended 31 December 2025 pence	Year ended 31 December 2024 pence	Return %
NAV per Ordinary Share*	112.1	98.3	14.0
Ordinary Share price	94.3	94.0	0.3
Benchmark return			24.0

Source: Bloomberg, Phoenix Asset Management Partners Limited.

The Ongoing Charges ratio was as follows:

	Year ended 31 December 2025 %	Year ended 31 December 2024 %
Ongoing charges ratio*	0.42	0.53

* 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 81.

Discount/Premium to NAV

The discount/premium of the Ordinary Share price to NAV per Ordinary Share is closely monitored by the Board. The Ordinary Share price closed at a 15.9% discount to the NAV per Ordinary Share as at 31 December 2025 (31 December 2024: discount of 4.4%).

Fees

The Investment Management Agreement ("IMA") with PAMP creates significant Shareholder alignment, as

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

The Company's performance is measured over consecutive periods of not less than three years (each a "Performance Period") and the performance fee is equal to one-third of the relative outperformance of the NAV Total Return to the Benchmark for each Performance Period. The first Performance Period ran from Initial Admission to 31 December 2024. The fee is calculated with reference to the audited closing NAV rather than the average NAV in the fee calculation and no performance fee will be earned until the NAV per Ordinary Share is above the original NAV per Ordinary Share at Initial Public Offering ("IPO") (100p), adjusted for the performance of the Benchmark. No performance fees have been earned to date.

Dividend

No dividend is being issued for the year (31 December 2024: £Nil).

Chair's Statement

This report covers a twelve-month period from 1 January 2025 to 31 December 2025.

During 2025, Castelnaud Group continued to make strategic progress across the portfolio with a sustained focus on operational improvement, disciplined cost reduction, and the adoption of technology as a driver of long-term value creation.

The strategic decision to shift the Group's focus from business turnarounds and improvement to owning cash-generative investments that can benefit from the Group's capabilities and network has led to initiatives to divest holdings that may be better suited to alternative ownership.

In September 2025, the Group secured a £65 million three-year revolving facility from Shawbrook Bank Limited ("Shawbrook"), allowing the repayment of the £60 million loan from Phoenix UK Fund Limited. The new facility not only reduced the Group's ongoing interest costs but normalised Castelnaud's capital structure. The transaction was a further step in Castelnaud's maturity as a business, and Castelnaud's shareholders can take reassurance that the rigorous diligence and approval processes were successfully navigated.

We are pleased to have seen the NAV per Ordinary Share grow from 98.3 pence at the start of the year to 112.1 pence – this 14% growth in NAV has been primarily driven by our investment in Valderrama Limited ("Valderrama") which represented 107.9% of our NAV at year end. The share price total return was 0.3%, the price fell during the year reflecting wider UK investment trust market sentiment but recovered significantly at the end of the year after an announcement was made regarding Dignity debt reductions.

The overall share price increase of 0.3% underperformed the FTSE All-Share Index of 24%.

Strong progress at our largest investment, Valderrama (Dignity Plc), has continued. The early redemption of the remaining £39.4 million of Class A notes was a significant milestone, and the business can now look past the period of balance sheet repair it has successfully navigated, and focus on operational progress and growth initiatives going forward.

At the start of the year, Dignity Plc ("Dignity") completed the acquisition of Farewill Limited ("Farewill"). Since then, the business has been successfully integrated, with probate services fully in-housed and cross-selling from our branches now underway. The ability to provide legal services and offer a comprehensive end-of-life solution was a key strategic objective of the acquisition.

The launch of the new "Simplicity" brand in Q4 2025 focused on the direct cremation market, marked another important growth milestone, with early customer response proving encouraging.

Establishing Dignity as the authority in the UK on end-of-life matters remains a core priority, and the publication of its inaugural State of Dying report during the year represented a significant step towards that ambition.

Progress was also made in terms of driving operational excellence, and associated efficiencies, notwithstanding this remains an ongoing area of focus. During 2025, Dignity deployed a new operating system licensed from Firehawk Funerals Ltd ("Firehawk"), modernising the care of the deceased process and delivering meaningful efficiency gains. Dignity is in the process of acquiring a perpetual licence for the code, enabling ownership and development of its own technological end-of-life solutions in the future. Dignity has also continued to expand its crematoria proposition, driving market share growth in direct cremations and progressing a pipeline of new sites. As fully described in note 18 to the Financial Statements, Castelnaud provided a £15.4 million guarantee to Dignity's trustees in respect of rescue plan assets linked to failed funeral plan providers. Legal proceedings commenced during the course of 2025 to recover these assets and are ongoing. Encouragingly, Dignity was successful in a recent High Court sitting, and recovery efforts continue, with further sums expected over time.

Whilst Dignity is by far our largest investment, and strong progress is being made, there is also clear progress being made across the wider portfolio. The year began with a structural change for Hornby Plc ("Hornby") following its delisting from the LSE on 10 April 2025. Management has accelerated cost

Chair's Statement – continued

transformation, including completing the relocation of logistics operations and a broader restructuring programme. Hornby has a great portfolio of well-loved brands, all of which we continue to believe have huge potential, and we are highly supportive of the company. Hornby has been undergoing a significant transformation over the past few years, the end goal of which is to have a series of innovative, entrepreneurial, profitable brands operating sustainably and independently, directing their individual brand visions.

More widely across the operating business there has been a clear focus on driving sustainable growth, ensuring the cost-bases are appropriate and evolving the company's vision in a world that is changing at an incredible pace. At Iona Star LP ("Iona Star"), we are excited about the opportunities the team is finding to deploy capital. It is clear that the team's experience and extensive network are giving it access to unique opportunities. The team's conviction remains that high-quality, structured, and accessible data will continue to be a foundational driver of long-term competitive advantage and commercial value.

Outlook 2026

In the year ahead, our objectives are to:

- Further support the execution of the growth strategy at Dignity;
- Continue the move to ownership of cash generative businesses;
- To use emerging technology and artificial intelligence ("AI") capabilities to improve efficiencies across the Group.

Performance Review

For the twelve months ended 31 December 2025, Castelnau Group reported a total number of 333,508,046 Ordinary Shares, representing a 3.3% increase year-on-year. This growth was driven by the issuance of shares related to the Hornby delisting, which included an offer to swap Hornby shares for Castelnau shares (1,056,457 shares) and the acquisition by Dignity of Farewill which was financed through a share-for-share exchange with the majority of Farewill's shareholders becoming Castelnau shareholders, in exchange for Castelnau increasing its ownership of Valderrama from 65% to 66% (9,622,167 shares).

Key metrics include:

- NAV Total Return: +14.0%, underperforming the FTSE All-Share Total Return Index (+24%).
- Share Price Return: +0.3%, reflecting an underperformance versus the benchmark (+24%).

Portfolio Performance

- **Positive Contributor:**
 - Valderrama (Dignity Plc): Representing 85.2% of the portfolio at 31 December 2025, with a +22.4% investment return.
- **Negative Contributors:**
 - Hornby (-11%), Rawnet Limited (-100.0%), Ocula Technologies Holdings Ltd (-1%), and Silverwood Brands Plc (-52%)

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

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

Joanne Peacegood

Chair

20 April 2026

Holdings as at 31 December 2025

Company	Sector	Holdings	Cost GBP	Carrying Amount GBP	% of net assets 31 Dec 2025	% of net assets 31 Dec 2024
Valderrama Ltd (Dignity Plc)	Specialised Consumer Services – Equity	199,853,402	206,688,950	403,258,629	107.9%	103.7%
Hornby Plc*	Leisure Products – Equity	97,935,104	40,121,486	18,901,475	5.1%	6.7%
Cambium International Ltd	Specialised Consumer Services – Equity	54,474	35,674,787	17,795,530	4.8%	4.0%
Phoenix S.G. Ltd	Speciality Retail – Loan	9,618,295	9,618,295	9,618,295	2.6%	2.0%
Cambium International Ltd	Specialised Consumer Services – Loan	6,580,000	6,580,000	6,580,000	1.8%	3.1%
Ocula Technologies Holdings Ltd ("Ocula")	IT Services – Equity	1,084,421	1,450,363	5,600,000	1.5%	1.8%
Iona Star LP	IT Services – Equity	–	5,020,990	5,197,226	1.4%	0.2%
Silverwood Brands Plc** ("Silverwood")	Specialised Consumer Services – Equity	12,718,500	7,599,247	2,717,943	0.7%	1.8%
Phoenix S.G. Ltd	Speciality Retail – Equity	11,156	24,264,787	2,577,369	0.7%	0.3%
Silverwood Brands Plc	Specialised Consumer Services – Loan	855,287	855,287	855,287	0.2%	0.3%
Showpiece Technologies Ltd ("Showpiece")	Internet Retail – Loan	3,096,332	3,000,000	174,805	0.0%	0.1%
Rawnet Ltd ("Rawnet")	IT Services – Loan	885,255	885,255	–	0.0%	0.3%
Dignity Plc	Specialised Consumer Services – Loan	–	–	–	0.0%	0.6%
Rawnet Ltd	IT Services – Equity	284,173	2,750,000	–	0.0%	0.5%
Showpiece Technologies Ltd	Internet Retail – Equity	8,000	8,000	–	0.0%	0.0%
Total holdings				473,276,559	126.7%	125.4%
Other net liabilities				(99,561,312)	(26.7%)	(25.4%)
Net assets				373,715,247	100.0%	100.0%

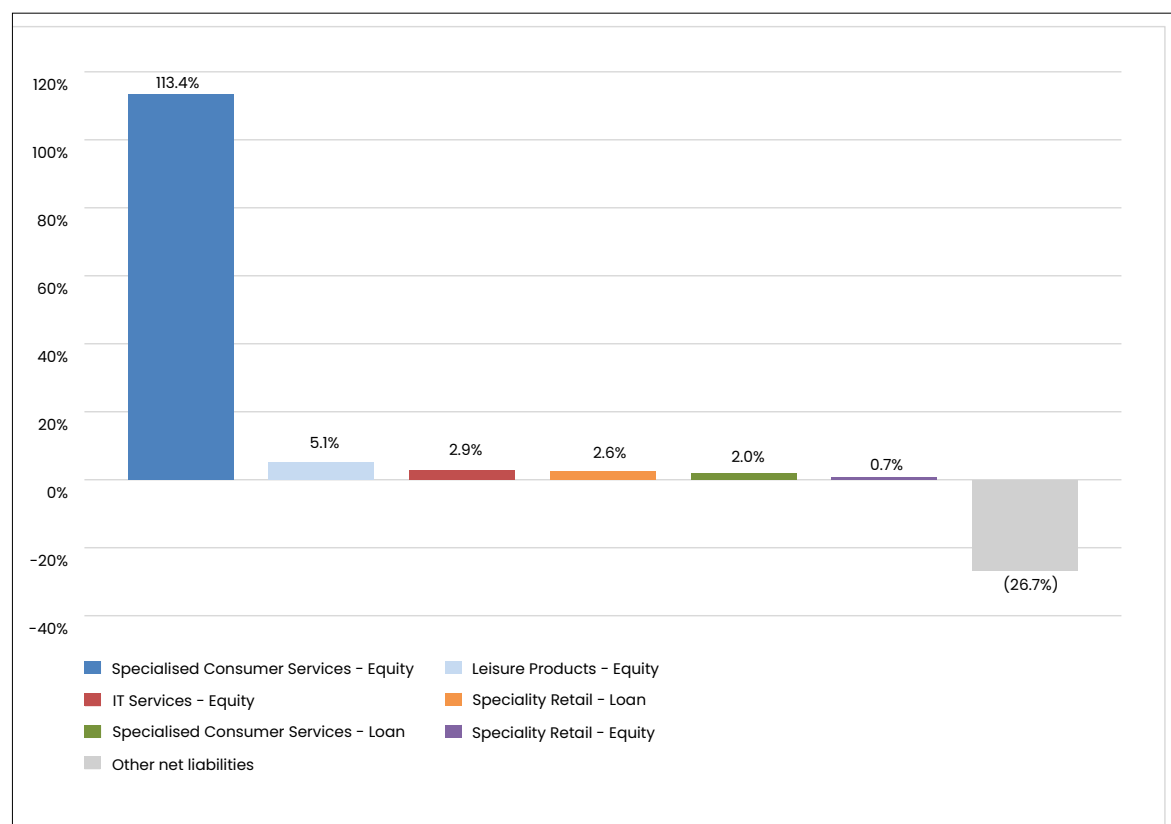
* Hornby Plc was a listed company on the LSE until April 2025 when its ordinary shares were voluntarily cancelled from trading. Further discussion on the cancellation can be found in the Alternative Investment Fund Manager and Investment Manager's Report.

** As at 31 December 2025, Silverwood Brands Plc was listed on the Aquis Stock Exchange. Its ordinary shares were temporarily suspended in October 2023 until 1 May 2024. Post year end, in January 2026, its shares were temporarily suspended once again.

All other companies are unlisted companies. All companies have operations focused on the UK market.

Portfolio Analysis as at 31 December 2025

Sector	Percentage of Net Assets
Specialised Consumer Services – Equity	113.4%
Leisure Products – Equity	5.1%
IT Services – Equity	2.9%
Speciality Retail – Loan	2.6%
Specialised Consumer Services – Loan	2.0%
Speciality Retail – Equity	0.7%
Other net liabilities	(26.7%)
Total	100.0%



Refer to note 5 and note 17 for additional disclosure on the valuation of the holdings.

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

For the twelve months to 31 December 2025, NAV Total Return was +14%, and share price return was +0.3%, compared to the FTSE All-Share Total Return Index of +24%.

Strategic initiatives in 2025 supported the Group’s core priorities of capital discipline, operational excellence, technological advancement and long-term value creation, as outlined in the Chair’s Statement, and included:

- Capital discipline and balance sheet strength:
 - During the year, Castelnaud Group reported a 3.3% increase year-on-year in total number of Ordinary Shares issued to 333,508,046 shares. This growth was driven by the issuance of shares related to the Hornby delisting, which included an offer to swap Hornby shares for Castelnaud shares (1,056,457 shares) and the acquisition by Dignity of Farewill which was financed through a share-for-share exchange with majority of Farewill’s shareholders becoming Castelnaud shareholders, in exchange for Castelnaud’s increase in its ownership of Valderrama (9,622,167 shares).
 - During the year, Castelnaud secured a £65 million three-year revolving credit facility from Shawbrook Bank Limited, replacing the £60 million Phoenix UK Fund loan. The refinancing reduced Castelnaud’s ongoing interest costs by c.£2 million per annum, extended maturity, and normalised the Group’s capital structure, representing a further step in Castelnaud’s development as a business.
 - At Dignity Plc, the early redemption of the remaining £39.4 million Class A notes completed a significant deleveraging programme. Since the end of 2023, approximately £200 million of debt has been repaid, materially strengthening the balance sheet and allowing management to focus on operational delivery and growth.
 - Ocula is currently in advanced discussions regarding an equity fundraising. While the transaction has not yet been completed, it is intended to provide additional growth capital to support the Company’s strategic objectives and strengthen its financial position.
- Operational excellence and leadership:
 - Consistent with the Group’s focus on operational excellence, leadership quality remains central to our decentralised operating model.
 - During 2025, Dignity appointed a new Chief Financial Officer to support financial discipline and capital allocation as the business transitions into its next phase.
 - Hornby also strengthened its executive team with the appointment of a new CFO, focused on modernising finance processes, improving reporting standards, and enhancing working capital management following its delisting.
- Customer and product innovation:
 - Across the portfolio, businesses continued to invest in innovation to expand their addressable markets and enhance customer propositions.
 - Dignity launched its new Simplicity product in Q4 2025, targeting the growing direct cremation segment. Early customer response has been encouraging and supports the company’s ambition to expand its addressable market while maintaining service quality.
 - Hornby accelerated product development across core and adjacent categories, including the new Airfix Space range and continued development of premium Pocher models. These initiatives are designed to revitalise heritage brands, attract new customers, and strengthen recruitment categories.
 - Ocula moved to an agentic operating model, transforming its customer journey and interactions.
- Technology and AI enablement:
 - The adoption of technology and artificial intelligence continues to be a key driver of long-term value creation across the Group.
 - Ocula supported both Hornby and Cambium Group through AI-enabled workflow optimisation and large-scale product content enhancement.
 - Dignity deployed a modern operating system licensed from Firehawk to enhance operational efficiency within its care processes and subsequently secured a perpetual licence for the code, strengthening long-term control of its digital infrastructure.
 - Cambium successfully relaunched its Wedding Shop website, migrating all brands into a unified front-end platform, improving development efficiency and reducing costs.

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

- AI capabilities are increasingly embedded across finance, operations, marketing and customer service functions throughout the Group.
- Cost discipline and efficiency:
 - Structural, sustainable cost reduction remained a priority across the portfolio, supporting operational excellence while improving customer outcomes.
 - Hornby implemented logistics relocation, supplier renegotiations and organisational restructuring to simplify operations and improve profitability.
 - Cambium removed approximately £3 million of annual costs through automation and operational streamlining, while Rawnnet enhanced delivery efficiency through increased automation and tighter financial discipline.

Entering 2026, the portfolio is positioned with stronger balance sheets, reinforced leadership teams, active innovation pipelines, accelerating technological capability and leaner cost bases. The focus remains on operational excellence, disciplined capital allocation and the compounding of long-term value.

Key Financial Metrics (as of 31 December 2025):

- Net Assets: £373.7 million
- Market capitalisation: £314.3 million

Castelnau Group Track Record Performance	NAV return %	Share price total return** %	All-Share index** %	Relative NAV to ASX %
2025	14.0	0.3	24.0	(10.0)
2024	35.4	24.5	9.5	25.9
2023	(3.3)	9.4	7.9	(11.2)
2022	(19.8)	(34.6)	0.3	(20.2)
2021*	(6.5)	5.5	2.5	(9.0)
Cumulative*	12.1	(5.7)	51.2	(39.2)

* From 18 October 2021

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

Source: Bloomberg, Phoenix Asset Management Partners Limited.

The table below reports the portfolio positions and returns between 31 December 2025 and 31 December 2024:

	% of GAV*		Ownership %		Equity Return 2025	Combined Debt & Equity Return 2025	Total Attribution 2025
	2025	2024	2025	2024			
Valderrama (Dignity Plc)	82.9%	82.5%	65.9%	65.4%	19.0%	19.1%	19.7%
Hornby	3.9%	5.3%	58.2%	54.9%	(15.3%)	(15.3%)	(1.0%)
Cambium	3.7%	3.2%	92.5%	90.3%	3.2%	3.5%	0.3%
Ocula	1.2%	1.4%	40.5%	41.6%	(1.1%)	(1.1%)	0.0%
Iona Star	1.1%	0.1%	31.7%	45.0%	4.3%	4.3%	0.1%
Silverwood	0.6%	1.4%	29.2%	29.9%	(51.7%)	(42.1%)	(0.8%)
Phoenix S.G	0.5%	0.2%	70.5%	64.1%	145.8%	22.6%	0.8%
Rawnnet	0.0%	0.4%	100.0%	100.0%	(100.0%)	(100.0%)	(0.7%)

*GAV represents the gross asset value in the Company.

Source: Phoenix Asset Management Partners Limited.

Performance

Valderrama (Dignity Plc)

In 2025 Dignity shifted focus from balance sheet repair to operational excellence and growth. Operational changes to the customer journey, particularly in the “care of the deceased,” were supported by a new partnership with Firehawk introducing advanced tracking and digital operating systems. The rollout of this technology is already delivering meaningful efficiency gains, with further modules planned for funeral arrangers and enhancement of service delivery.

In June 2025, Dignity appointed Emily Tate as Chief Financial Officer, bringing extensive financial leadership experience across multiple UK retail and consumer businesses. Her appointment strengthens the senior leadership team as Dignity continues to focus on operational delivery and strategic growth initiatives.

In the crematoria division, Dignity has targeted market share growth by investing in chapel refurbishments, video technology, and a pipeline of new crematoria sites. A revised strategy offering direct cremation to independent funeral directors delivered strong growth. The property estate has continued to be rationalised, with further site closures and freehold disposals generating useful cash proceeds.

The acquisition of Farewill has led to strategic growth initiatives in adjacent services. Integration has been rapid with probate services now in-house, improving margins and opportunities for referral to will-writing, acquiring customers at the start of the end-of-life journey. The rollout of branch referral schemes is creating cross-sell opportunities, and we believe that legal services can become a highly profitable division over time.

In Q4 2025, Dignity launched the new Simplicity plan offering in the direct cremation market, which has performed well and attracted strong consumer attention.

Dignity has continued to strengthen its financial position through a full redemption of its remaining Class A notes funded by a £45 million funeral plan release. Although EBITDA is expected to be slightly lower at £43.6 million due to one-offs and investment costs, debt has significantly reduced and the business is now trading well above key coverage ratios, enabling cash to be distributed outside the securitisation.

Dignity continues to pursue the recovery of assets related to rescues for holders of funeral plans where the plan providers failed in transition of the market to Financial Conduct Authority (“FCA”) authorisation. In 2023, Castelnau provided a £15.4 million guarantee to Dignity’s trustees in respect of rescue plan assets linked to failed funeral plan providers. Legal proceedings commenced during the course of 2025 to recover these assets and are ongoing, with £3.3 million recovered to date. During December 2025, £6.0 million was paid under the guarantee, with the remaining £6.1 million extended to December 2026. Encouragingly, Dignity was successful in a recent High Court sitting, and recovery efforts continue, with further sums expected over time. Further discussion on the financial guarantee can be found in note 18 to the Financial Statements.

Overall, the company is looking forward to 2026 with improved operational capabilities, a strengthened balance sheet and multiple growth platforms across crematoria, plans, and legal services.

Post year end in March 2026, the Competition and Markets Authority opened an investigation into Dignity Group Holdings Limited’s compliance with consumer protection law in relation to obtaining consumer reviews about crematoria. No finding has yet been made as investigations are ongoing.

Hornby

Hornby’s year has been defined by strategic shifts following its delisting from the London Stock Exchange after almost forty years on the public markets. The move has allowed management to focus on running a leaner, simplified business and accelerating transformation priorities. Alongside the delisting, Hornby has taken action to reduce costs, including the relocation of its logistics operation to the Midlands, and a restructuring programme with headcount reductions across key functions. Further significant cost-saving initiatives remain ongoing.

Hornby has a great portfolio of well-loved brands, all of which we continue to believe have huge potential, and we are highly supportive of the company. Hornby has been undergoing a significant transformation over the past few years, the end goal of which is to have a series of innovative, entrepreneurial, profitable brands operating sustainably and independently, directing their individual brand visions.

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

Operational improvements have been a central theme. Supplier negotiations are progressing well, with better payment terms and turnover-based rebates expected to strengthen cash generation and profitability. Production changes, such as moving Corgi’s manufacturing from China to Bangladesh, should deliver meaningful savings. The Midlands warehouse relocation was not without its challenges but is now performing in line with expectations and is projected to generate around £1 million of annual benefit while improving customer delivery experience.

Despite some revenue headwinds, particularly in Europe, Hornby has continued to invest in revitalising its brands and expanding its customer proposition. New product launches, including Airfix’s Space range and the Pocher Ferrari pipeline, highlight the opportunity to attract new collectors through innovation. Sales of core recruitment categories such as train and racing sets grew strongly over the Christmas period, supported by improved digital performance with online sales up 7%. The business remains focused on driving sales growth and appealing to new customers.

A notable highlight in promoting the brands was the Secretary of State for Transport, Heidi Alexander, revealing the new Great British Railways livery using a specially produced Hornby ‘OO’ gauge model of the Class 800 InterCity Express Train in an operational diorama.

Finally, the group also strengthened its leadership with the appointment of a new CFO, tasked with modernising finance and reporting. Overall, Hornby enters the new year with structural cost reductions underway, encouraging signs of brand momentum, and further operational initiatives planned to support sustainable profitability.

Post year end, Hornby completed the sale of 100% of the Scalextric business, including its intellectual property and associated assets, to Scalextric Motorsports Ltd. on 12 March 2026 for total consideration of £20.0 million. The consideration comprised £8.5 million payable in cash at completion and £11.5 million deferred, payable from future free cash flow. The transaction represents a significant milestone in the development of the Scalextric brand and enables Hornby to realise value from

the business while strengthening its balance sheet. Proceeds from the transaction are expected to be used to reduce debt and support investment across Hornby’s remaining brand portfolio, while the ongoing operational support provided by Hornby ensures continuity for the Scalextric business as it enters its next phase of growth.

Hornby’s valuation movement reflects the difference between the trading share price as at 31 December 2024 and the delisting price (which was used for the year end valuation), partially offset by the value of Hornby shares acquired by Castelnau as part of the delisting process.

Cambium

Cambium’s year has been focused on efficiency improvements and a path to profitability using technology adoption and a materially leaner cost base. Working with external software partners, automation and AI have been used to introduce agentic workflows across the business, for finance, purchasing and buying. Ocula provided support for the optimisation of over 20,000 product descriptions and cost reduction has been substantial with around £3 million of annual costs removed in the last 12 months and nearly £4.3 million over the past two years, mainly through efficiency-led headcount reductions and an office move.

During 2025, Cambium made significant progress in strengthening its financial performance, cutting its EBITDA loss by approximately 65% compared to the prior year. This improvement was driven by a materially leaner cost base and tighter operational execution across the business.

Wedding gift list registrations grew by 13% year-on-year (“YoY”) to the end of December 2025. Conversion remained steady at 41.8% (+0.1 YoY), with gross product pledges increasing by 1% and cash pledges rising by 15%. The group continued to implement cost-saving initiatives throughout the quarter, including the planned reduction in marketing expenditure of c.30%. This reflects a strategic pivot towards attracting higher-quality leads with stronger conversion rates and improved marketing efficiency.

The quarter also marked the successful relaunch of The Wedding Shop website. This forms a key part of the broader strategy to consolidate all brands onto a single front-end platform, improving development productivity while lowering long-term technology costs and reducing headcount requirements.

In December 2025, a debt-for-equity swap increased Castelnau's ownership from 90% to 92%, normalising the capital structure as Cambium continues its transition toward sustainable profitability.

Ocula

As the market for AI products continues to evolve rapidly, Ocula's focus in 2025 was the transition to an agentic model of service. A trend towards more personal and bespoke customer experience is also driving usage and output-based revenue rather than purely subscription based. Initial licenses are expected to be smaller, reducing headwinds to sales, and provide significant headroom for expansion as adoption deepens, and growing the size of the licenses is a key focus of management going forwards.

The key product coming out of Ocula Boost is the Copywriter Agent, which allows customers to shape, review and approve high-quality copy in a more autonomous and scalable way. Adoption of the self-serve, agentic product grew through the second half of the year, with enterprise customers onboarded and sustained usage across the quarter.

A number of high-profile clients have been added, including Marks and Spencer Plc and a further large national retailer. While Ocula did see some churn in non-core customers, the pipeline remains promising.

Ocula is currently in advanced discussions regarding an equity fundraise. While the transaction has not yet been completed, it is intended to provide additional growth capital to support the Group's strategic objectives and strengthen its financial position, providing a cash runway for the next 24 months.

We were pleased to see Ocula win the Hyer Breakthrough Culture Award during the period, highlighting their strong focus on their people and culture.

Phoenix S.G. Limited / Stanley Gibbons Baldwins ("SGB")

Stanley Gibbons Baldwins had a strong performance in 2025 compared to the turbulent post-administration period in 2024. 2025 revenue exceeded £12 million which, while 7.5% below an ambitious budget, was up 34% on the prior year, with an EBITDA loss of c.£0.9 million versus a loss of £1.95 million in the previous year.

The newly launched SGB auction website went live during August 2025, with positive customer feedback on the improvements. One of the key long-term growth levers of the business is that they continue to expand the auction house into adjacent collectibles categories, allowing the business to grow sustainably and leverage its well-known brand and expertise. The comic book category was launched with the first comic auctions during Q4 2025, and post-year end the first banknotes auction was held.

Dealing activities remain the key division generating £8.4 million of revenue, £2.7 million higher than last year. Stamp dealing benefited from strong private-treaty sales and bullion margins remained stable at around 11%.

Whilst the bullion business has grown and is making a contribution to the business, growth has not come as quickly as had been anticipated. Expectations around the scale that the bullion business can achieve were revised down.

The Digital Catalogue, a key component of future value, progressed on track with an MVP launch in H2 2025 and several new features were deployed by the year end. Engagement across user interviews and surveys has been strong. While feedback on data quality remains very positive, it is clear that further functional enhancements are required before SGB can successfully implement a premium pricing structure and this will be a key focus going forward.

Iain Murphy, previously Head of Auctions at SGB, was promoted in Q1 2025 to the role of Chief Executive Officer. This promotion reflects the importance of the auction business, with Iain bringing deep expertise in auctions alongside broader leadership responsibilities across the business.

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

At the end of June 2025, the final payment was made to the administrators of SGB, which is one of the final steps to concluding the administration period and allowing SGB to put that period of its history firmly behind it.

Silverwood

Silverwood has been focused on driving organic growth across its portfolio through wider distribution, product innovation and improved marketing effectiveness. Balmonds achieved a major milestone with the successful launch of its flagship products in Boots UK Limited, now established in over 300 stores and online, alongside an expanded partnership with Holland & Barrett International Limited that has significantly broadened UK reach. Balmonds also introduced new eczema-friendly sunscreen products in response to customer demand and is exploring international expansion opportunities, including in Germany via Amazon.com, Inc. and an initial market test in China. Performance targets for the contractual earn-out arranged during the Balmonds’ acquisition were met during the year, leading to a share issuance.

NBY London (“Nailberry”) continued to build momentum through new product development and distribution growth. Expansion into the US, while slower than expected initially, is now delivering strong e-commerce growth. In the UK, Nailberry increased its presence through regional department stores and launched a new bio-sourced formula, positioning the brand as 75% plant-based and free from a wide range of toxins, strengthening its marketing proposition. Nailberry also made a notable entry into Japan’s online shopping channel market, selling 3,000 units in just 10 minutes.

Steamcream undertook a rebranding exercise which lays the groundwork for future international expansion, showing early success with new retail display formats. The group also continued to explore acquisition and partnership opportunities within the beauty sector, including a distribution partnership with skincare brand Lixirskin.

The year ended with a temporary suspension of trading in Silverwood’s shares on Aquis Stock Exchange, effective 2 January 2026, due to delays in audited results, caused by technical accounting conversion issues from Japanese Generally Accepted Accounting Principles to International Financial Reporting Standards.

Notwithstanding the operational progress achieved during the year, Silverwood’s valuation declined by approximately 52% from revenue targets not being achieved in the year and amendments to contingent considerations. This performance does not fully reflect the underlying fundamentals or progress across the group and was influenced by a combination of factors, including a transition period for the recent acquisition of Cosme Science, out-of-date sales channels for some products and delays in some launches.

Although Silverwood continues to evolve and pursue new product growth and marketing initiatives as part of its forward strategy with key members being added to strengthen the team, the valuation reflects a more cautious outlook.

Silverwood remains suspended as it continues to resolve delays in the finalisation of audited results and progress the requirements necessary for re-admission to trading.

Rawnet

Rawnet’s equity valuation remained £Nil at year end, following the full write-off recognised in H2 2025. In addition, the loan balance of £0.75 million was fully impaired to £Nil, reflecting an expected credit loss provision. These changes reflect continued pressure on the sector in general, and the change in strategic direction during the course of the year away from development services. There was weaker-than-expected trading in early 2025, with reduced revenue run-rates leading to ongoing operating losses at the current cost base, alongside a deterioration in its balance sheet, including increased liabilities.

Notwithstanding these pressures in 2025, it is important to take into account the significant restructuring and leadership changes that took place in Q3 2024. Rawnet entered 2025 focused on new business generation and client retention. The business continued to evolve its delivery model through increased use of automation and partners, and secured a number of competitive wins during the year with the business finishing the year with a materially healthier cashflow and profit run-rate than it entered it.

Iona Star

Iona Star closed the year with £35.1 million in total commitments, with £14 million deployed at year end. Through the year, they also made good progress building a strong pipeline of investment opportunities and completing capital deployments – they now have 11 investments in the portfolio.

The Iona Star team also provided operational support for their portfolio companies, not only to accelerate their early growth trajectories, but also to lay the groundwork for follow-on investment rounds, expected to unlock incremental value.

Some of the investment highlights have been:

- Craxel, a US software company that delivers solutions with speed and efficiency for the world's large-scale data, analytics, and AI problems
- Cubig Corporation, a Seoul-based database company whose value proposition centres on being a comprehensive, technologically advanced synthetic data solutions provider with strong strategic positioning in a rapidly expanding market
- Fintech Hyperlayer, led by ex-Morgan Stanley International chief Rob Rooney, whose mission is to help established banks compete with digital first rivals
- Company A, which is pioneering the commercialisation of gaming-generated behavioural data
- Zitcha, a business enabling omnichannel retailers to build and scale retail media networks
- Ulysses, which is developing a novel approach to real-time signal processing with potential applications across financial services, federal systems, and edge AI.

One of the key drivers in finding opportunities is the wide background and experience of the company's founders. These relationships allow them to offer assistance to investee companies from both a technological roadmap and commercialisation standpoint. In an environment where there is often more capital chasing for the best opportunities, this can be the difference

between making it into the investor base or being excluded – sometimes it even aids making it into funding rounds in advance on preferential rates.

Iona Star's conviction is that high-quality, structured, and accessible data will continue to be a foundational driver of long-term competitive advantage and commercial value. Real-world model data, advanced data generation and enrichment approaches, and technologies that improve how complex, multimodal datasets are governed and consumed will be key areas of focus going forward.

During the year, the Group made contributions to Iona Star of £4,384,626 resulting in future undrawn commitments at year end of £4,979,010.

Showpiece

During 2025, a decision was taken to exit the fractionalised asset market, with Showpiece now subject to a managed wind down following performance below expectations. This is reflected in the reduction in the carrying value of the loan from £0.4 million at half year to £0.2 million at year end, with no value attributed to the equity. The remaining value reflects expectations of recoveries from the underlying assets over time.

Showpiece will not acquire further assets and is instead focused on an orderly realisation of its existing portfolio. In February 2026, post year end, one asset – the Darwin Origin of Species book – was sold following approval from fractional owners, with proceeds returned accordingly.

Phoenix Asset Management Partners Ltd.

20 April 2026

Statement from the CIO of the Investment Manager

2025 Review

2025 was a cathartic year for Castelnau. It was a year in which we sharpened our thinking about where we can add the most value and, just as importantly, where we do not. Castelnau Group was set up to be the vehicle for Phoenix's unlisted investment activity, and although we are no longer trying to build a business turnaround and improvement capability, we still believe that the Phoenix investment team can create value in unlisted investments. Our strategy is to own businesses that are profitable and self-funding, make sure they are well led and then use all the benefits of our in-house capabilities and network of business contacts to assist them. Dignity is an exemplar of that in action.

Where the original strategy had not succeeded was in building a repeatable framework for taking failing businesses and turning them around. Repeatability matters. While we have improved the businesses we own, we have not seen evidence that this is an area in which our effectiveness compounds with time. As a result, we have refined our strategy to focus on profitable, self-funding businesses with positive organic growth, where leadership quality is high and where our decentralised model can genuinely support long-term value creation.

The most visible progress during the year has been at Dignity. The business has moved into a phase of operational modernisation and growth. Various foundations for future growth were laid during the year – from the move into legal services, and launch of Simplicity Cremations to the operational improvements and efficiencies that should come from the rollout of the Firehawk system the IP of which is currently being acquired. The final repayment of the Dignity Class A notes was clearly a great milestone, with c.£200 million of debt repaid since the end of 2023.

Technology remains a defining driver of our strategy. The adoption of automation, AI and increasingly agentic workflows is becoming embedded across the portfolio. Used well, these tools enhance scalability while supporting high-quality customer propositions rather than undermining them. The real value lies not in theory but in implementation, particularly when businesses are operating at full speed and change affects the people closest to customers. What we learn through doing is what becomes transferable across the group.

Leadership and culture remain central to everything we do. Business transformation is not achieved simply through systems and processes alone; it requires alignment behind modern ways of working and a clear sense of purpose. We have continued to attract some highly experienced executives to the group and see this as a core area of focus going forward.

As we move into 2026, our focus increasingly shifts toward portfolio companies becoming self-sustaining and generating distributable capital that can be redeployed. We are not seeking turnarounds or structurally loss-making businesses. Instead, we focus on building a portfolio of high-quality companies where operational excellence, prudent capital allocation and long-term growth can compound value over time.

After many years of investing, I have learned that the periods that feel the most constructive are often those preceded by uncomfortable reflection. 2025 involved a great deal of learning by doing. Those lessons are now embedded, and we enter 2026 with clearer priorities, stronger foundations, and a growing sense of momentum.

Gary Channon

Chief Investment Officer
Phoenix Asset Management Partners Ltd.

20 April 2026

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 48)

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

Joanne is a Fellow Chartered Accountant with the Institute of Chartered Accountants in England and Wales, graduating with an honours degree in Accounting and holds the IOD Diploma. Joanne is the Chair of the Guernsey International Business Association and the past Chair of the Guernsey Investment & Fund Association. Joanne resides in Guernsey.

Directorships in other public listed companies:

NextEnergy Solar Fund Limited, London

Volta Finance Limited, London & Euronext

Andrew Whittaker

(Independent Non-Executive Director)

(aged 52)

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

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

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

Directorships in other public listed companies:

None.

Joanna Duquemin Nicole

(Independent Non-Executive
Director)

(aged 55)

Joanna has over 30 years' experience working in the finance industry in Guernsey. Joanna is a Director of Altum (Guernsey) Limited, having previously been Chief Executive Officer of Elysium Fund Management Limited, from its formation in 2006 to January 2025. The Altum Group acquired Elysium in January 2025. Prior to that, Joanna was a Director and the Company Secretary of Collins Stewart Fund Management Limited 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 Governance Institute UK & Ireland (ICSA) in 1994 and was elected to Fellowship in May 2023.

Directorships in other public listed companies:

MAN AHL Diversified PCC Limited, International

Richard Brown

(Non-Independent Non-Executive
Director)

(aged 41)

Richard has almost 20 years of experience across a range of areas of the finance industry. Having graduated with a BSc in Psychology, he qualified as a chartered accountant at KPMG. Subsequently, Richard began working in investment banking at Barclays, Peel Hunt, then latterly at Morgan Stanley before moving into investment management. During Richard's time in investment banking he advised firms ranging from FTSE 50 to private companies, across both M&A and capital markets transactions. Richard currently acts as a non-executive director on the board of Dignity Plc.

Directorships in other public listed companies:

None

David Stevenson

(Non-Independent Non-Executive
Director)

(aged 59)

David resigned from the Board effective 31 December 2025. 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. Up to the date of his resignation, he was a director of Aurora UK Alpha Plc (formerly Aurora Investment Trust Plc), Secured Income Fund Plc, Gresham House Energy Storage Fund Plc, AltFi Limited and Workspace Group Plc, and a strategy consultant to a number of asset management firms and investment banks.

Board Members – continued

Lady Rachael Robathan

(Non-Independent Non-Executive Director)

(aged 64)

Lady Robathan was appointed to the Board post year end on 1 January 2026. She has over 20 years of experience in investment management and governance across both the private and public sectors. She is currently an Independent Non-Executive Director of Aurora UK Alpha Plc, and has served as a Trustee of Westminster Almshouses since 2010.

Her prior experience includes serving as Leader of Westminster City Council (2020–2022), where she oversaw major strategic initiatives and public-sector investment programmes, and as a Member of the Royal Parks Investment Committee. Earlier in her career, Lady Robathan worked in emerging markets investment management, developing deep expertise in portfolio oversight, stakeholder engagement, and long-term value creation.

Directorships in other public listed companies:

Aurora UK Alpha Plc, London

Directors' Report

The Directors present their Annual Report and Audited Consolidated Financial Statements for the year ended 31 December 2025.

Refinancing Arrangements

On 10 September 2025, an agreement was reached on a new £65 million 3-year senior secured revolving loan facility with Shawbrook Bank Limited, secured by £276 million of specific assets of the Company as at 31 December 2025, at an interest of 3.9% above the Sterling Overnight Interbank Average Rate ("SONIA"). The loan was initially drawn to repay the existing £60 million loan from Phoenix UK Fund Limited and associated costs of the refinancing, and will result in significant interest cost savings for the Group.

Issue of Ordinary Shares

During the year, the Group entered into two share-for-share exchanges which resulted in the issuance of a total of 10.7 million Ordinary Shares.

In relation to the acquisition of Farewill Limited by Dignity Ventures Limited, the Group issued 9.6 million Ordinary Shares. The acquisition was financed through a share-for-share exchange, which resulted in the Group acquiring an additional 5.6 million shares in Valderrama Limited, the joint venture with Sir Peter Wood's SPWOne V Limited that holds Castelnau's stake in Dignity. The transaction increased the Group's ownership of Valderrama's issued share capital from 65% to 66%.

The Group issued a further 1.1 million Ordinary Shares through a share-for-share exchange to the shareholders of Hornby Plc who elected to convert their shares into Castelnau shares, following the voluntary cancellation of admission of ordinary shares approved by Hornby shareholders. Following the share exchange, the Group increased its ownership of Hornby's issued share capital from 54.9% to 58.2%.

For additional details on the transactions, refer to the AIFM and Investment Manager Report on page 9.

Castelnau Group Services Limited

Castelnau Group Services Limited ("CGSL"), the 100% subsidiary of the Castelnau Group, retained the services of an average of six staff during the year to 31 December 2025, all deployed to portfolio companies or to PAMP.

Dividend Policy

The Group has no stated dividend target. The Group's investment objective is one of capital growth and it is anticipated that returns for Shareholders will derive primarily from capital gains. The Group will target a Net Asset Value total return of 10-15% above the return on the FTSE All-Share Total Return Index per annum and a minimum absolute Net Asset Value total return of 20% per annum.

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

Borrowing Policy

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

Going Concern

The Directors have assessed the Group's ability to continue as a going concern, taking into account its investment objective (as set out on page 3), financial risk management strategies, and principal risks.

Directors' Report – continued

As part of this assessment, the Directors note that the Group currently has loan liabilities of £81.3 million. This is following the refinancing of £60 million during the year through a new £65 million facility with Shawbrook Bank Limited. The additional headroom available under this facility will provide the ability to fund interest payments and facility costs over the next six months. The remaining £14 million loan facility was extended by 3 years, ensuring that the Group retains access to additional cash resources, if required.

At 31 December 2025, the Group's total assets were £478.7 million, predominantly comprising private investments. While these assets are illiquid by nature, they could be realised if necessary to meet the Group's obligations, including debt repayment.

Having considered the refinancing arrangements, available borrowing facilities, the liquidity and value of the Group's asset base, and the expected income profile, the Directors are satisfied that the Group has sufficient resources to continue operations and to meet its liabilities as they fall due for at least twelve months from the date of approval of the Financial Statements. No material uncertainties in respect of the Group's ability to continue as a going concern have been identified. Accordingly, the Financial Statements have been prepared on a going concern basis.

Investment Manager

The Investment Management Agreement with PAMP creates significant shareholder alignment, as PAMP does not earn a management fee, but earns a performance fee only, which is paid in shares and not in cash. The performance fee period is three years and is equal to one-third of the relative outperformance of the NAV Total Return over the FTSE All-Share Total Return Index for each Performance Period.

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

Alternative Investment Fund Manager ("AIFM")

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

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

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

This philosophy and approach are the bedrock for the approach which Castelnaud also takes. However, this has been further developed in order to be more applicable to entities which we control or are able to give greater assistance to. More information about this is included in our quarterly investor reports which can be found here: <https://www.castelnaugroup.com/investor-relations#reports-factsheets>

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

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

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

Directors' and Other Interests

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

	31 December 2025 Number of Ordinary Shares	31 December 2025 % of issued share capital	31 December 2024 Number of Ordinary Shares	31 December 2024 % of issued share capital
Joanne Peacegood	31,344	0.01%	31,344	0.01%
Andrew Whittaker	40,000	0.01%	40,000	0.01%
Joanna Duquemin Nicolle	75,000	0.02%	75,000	0.02%
David Stevenson*	–	–	–	–
Richard Brown**	39,000	0.01%	21,344	0.01%

* David Stevenson resigned on 31 December 2025.

** Richard Brown purchased 17,656 Ordinary Shares on 14 November 2025.

Control of the Level of Ongoing Charges

The Board monitors the Group's operating costs carefully. Based on the Group's average net assets for the year ended 31 December 2025, the Group's ongoing charges figure calculated in accordance with the Association of Investment Companies ("AIC") methodology was 0.42% (2024: 0.53%). As the size of the Group grows, the Board will manage expenses with the intention of keeping costs down and reducing the ongoing charge ratio accordingly.

Custodian and Depositary

Custody and Depositary services are provided by Northern Trust (Guernsey) Limited (the "Depositary"). The Depositary was appointed on 18 October 2021. The terms of the Depositary agreement allow the Depositary to receive professional fees for services rendered. The Depositary agreement includes custodian duties. For additional information, refer to note 13 to the Financial Statements.

Directors

The Directors of the Group during the year and at the date of this Report are set out on page 83.

Directors' Report – continued

Corporate Governance

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

This Corporate Governance Statement, together with the Going Concern Statement, Viability Statement and the Statement of Directors' Responsibilities set out on pages 38 to 39, indicates how the Group has complied with the principles of good governance of the UK Code and its requirements on Internal Control.

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

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

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

The UK Code includes provisions relating to:

- The role of the Chief Executive, as required by principle G and provision 9;
- Executive Directors' remuneration, as required by principle Q and provision 40;
- Annually assessing the need for an internal audit function, as envisaged by principle M and provision 25; and

- Senior Independent Director, as envisaged by principle G and provision 12.

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

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

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

Role, Composition and Independence of the Board

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

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

The Board's responsibilities for the Annual Report and Audited Consolidated Financial Statements are set out in the Statement of Directors' Responsibilities on pages 38 to 39. Biographies for all the Directors can be found on pages 18 to 20.

During the year, the Board consisted of five non-executive Directors, with one resigning effective 31 December 2025, and all of whom have diverse skill sets and experience. Three of the five Directors are considered to be independent of the Investment Manager and as prescribed by the AIC Code. The Board does not consider it appropriate to appoint a Senior Independent Director at this time because the majority of the Directors are deemed to be independent of the Group. The Board considers that it has the appropriate balance of diverse skills and experience, independence and knowledge of the Group and the wider sector, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

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

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

The Board has contractually delegated responsibility for the management of its investment portfolio, the

arrangement of custodial and depositary services and the provision of administration, accounting, registrar and company secretarial services including the independent calculation of the Group's NAV and the production of the Annual Report and Audited Consolidated Financial Statements which are independently audited.

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

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

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

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

Directors' Attendance at Meetings

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

A representative from each of the Investment Manager, AIFM, Administrator and Corporate Broker attends each Board meeting either in person or by telephone thus enabling the Board to fully discuss and review the Group's operation and performance. Each Director has

Directors' Report – continued

direct access to the Portfolio Manager and Company Secretary and may, at the expense of the Group, seek independent professional advice on any matter. Both appointment and removal of these parties are to be agreed by the Board as a whole.

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

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

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

Appointment and Retirement of Directors

Subject to the Companies Law and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the Group in general meeting but subject to receiving the written consent of the holder of the B Share, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-appointment. Subject to the Companies Law and the Articles, the Group may by ordinary resolution appoint any person as a Director; and remove any person from office as a Director and there shall be no requirement for the appointment or removal of two or more Directors to be considered separately. A Director may resign from

office as a Director by giving notice in writing to that effect to the Group. There is no age limit at which a Director is required to retire. At each annual general meeting of the Group, each Director, other than the Director appointed by the holder of the B Share pursuant to the Articles, shall retire from office and each Director may offer themselves for election or re-election by the Shareholders.

Board Performance and Training

On appointment to the Board, Directors will be offered relevant training and induction. Training is an ongoing matter as is discussion on the overall strategy of the Group. The Board undertakes an annual internal Board Performance Review. This exercise was completed in April 2025 and 2026. The Company Secretary circulated questionnaires to each Director to complete independent of each other, and anonymously. Their completed forms were returned to the Company Secretary, and their responses collated into a report that was tabled at the Nomination Committee meeting. The report findings were discussed at the meeting. The results of the performance review were satisfactory with no issues identified.

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

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

Board Diversity

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

As at 31 December 2025, the Board consisted of two female and two male directors, following the resignation of David Stevenson on this date. Joanne Peacegood is the Chair of the Board and the Remuneration Committee, and Joanna Duquemin Nicolle is the Chair of the Management Engagement Committee. The Group has therefore met the targets set by the Listing Rules UKLR 6.6.6R(9) and UKLR 16.3.29R(1) in relation to board diversity for the percentage of its board members who are female and also in a senior position. The Group has not met the target to have at least one director from a minority ethnic background, however the Board considers that the current composition of the Board is satisfactory as the individual Board members are performing within their role and comprise a diverse skillset and knowledge.

Board Committees and their Activities

Terms of Reference

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

Management Engagement Committee

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

Audit Committee

The Group's Audit Committee is chaired by Andrew Whittaker and includes Joanna Duquemin Nicolle and Joanne Peacegood. The Audit Committee meets at least four times a year. The Board considers that the members of the Audit Committee have the requisite sector and financial experience and skills to fulfil the responsibilities of the Audit Committee. The Audit Committee examines the effectiveness of the Group's control systems and amongst other items, reviews the annual and interim reports and also requests certain information from the Investment Manager and the Administrator. It also reviews the scope, results, cost effectiveness, independence and objectivity of the external Auditor.

Further details on the Audit Committee can be found in the Audit Committee Report on page 40.

Remuneration Committee

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

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

Nomination Committee

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

Directors' Report – continued

For each Director, the tables below set out the number of Board and Committee meetings they were entitled to attend during the year ended 31 December 2025 and the number of such meetings attended by each Director.

	Held	Attended
Scheduled Board Meetings		
Joanne Peacegood	4	4
Andrew Whittaker	4	4
Joanna Duquemin Nicolle	4	4
David Stevenson*	4	4
Richard Brown	4	4
Management Engagement Committee Meetings		
Joanne Peacegood	1	1
Andrew Whittaker	1	1
Joanna Duquemin Nicolle	1	1
David Stevenson*	1	1
Audit Committee Meetings		
Joanne Peacegood	4	4
Andrew Whittaker	4	4
Joanna Duquemin Nicolle	4	4
Remuneration Committee Meetings		
Joanne Peacegood	1	1
Andrew Whittaker	1	1
Joanna Duquemin Nicolle	1	1
David Stevenson*	1	1
Richard Brown	1	1
Nomination Committee Meetings		
Joanne Peacegood	1	1
Andrew Whittaker	1	1
Joanna Duquemin Nicolle	1	1
David Stevenson*	1	1
Richard Brown	1	1

*David Stevenson resigned on 31 December 2025.

In addition to the scheduled Board and Committee meetings, seven ad-hoc Board and Committee of the Board meetings were held during the year, which were attended by those Directors available at the time.

Strategy

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

Internal Controls

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

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

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

The AIC Code requires Directors to conduct, at least annually, a review of the Group's system of internal

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

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

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

Procedure for Identifying Risks

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

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

Directors' Report – continued

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

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

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

Procedure for Oversight of Risks

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

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

Principal Risks and Uncertainties

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

Valuation of investments

The Group's investments include unlisted and listed securities, however those unlisted securities may be 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 Accounting Standards as issued by the International Accounting Standards Board ("IASB"), some of the Group's investments will be difficult to value. Such valuations may be conducted on an infrequent basis, are subject to a range of uncertainties. The risks associated with valuation of investments are managed by the Investment Manager and reviewed by the Board. The Board considered the valuation of the investments held by the Group as at 31 December 2025 to be reasonable based on information provided by the Investment Manager, underlying portfolio companies, AIFM, Administrator, Custodian and Depositary. The valuations were prepared in accordance with the Group's valuation policy and, where applicable, were further supported by independent third-party validation.

The Board reviewed the valuation policy and PAMP has agreed 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 is satisfied with the approach and the valuation policy and processes.

As announced in the Group's Q1 2025 Investment Report, published 1 May 2025, the Group has moved from monthly to quarterly NAV reporting as of June 2025. The Board now receives the quarterly NAV (previously monthly NAV until the 30 June 2025 NAV), as well as quarterly detailed updates on the portfolio which include changes to the valuations. The Board is updated when there is/or potential to be significant changes in valuation. As part of the annual audit process and the Board signing off on the annual financial statements, the Board receives the valuation packs and also the third-party (Kroll) reports. The Board scrutinises the valuations/reports and ensures they are satisfied prior to sign off.

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

Market risk

As at 31 December 2025, the Group was not exposed to quoted market price risk, following the delisting during the period of the sole investment in a publicly traded portfolio company previously classified as Level 1 (31 December 2024: £21,253,483). The Group holds interest in one other publicly traded portfolio company, Silverwood, however this is classified as Level 3. Due to the low trading volumes, these shares are not considered to be actively trading and therefore the listed price is not considered to be representative of the fair value (see further disclosed on Silverwood's valuation in note 5 and note 17 to the Financial Statements).

The Group's investments are all classified as Level 3 which exposes the Group to other price risk arising from changes in valuation assumptions (discount rates, growth rates, margins and other inputs). Sensitivity analyses for key unobservable inputs are presented in note 17 to the Financial Statements.

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at 31 December 2025, the Group had loans payable of £81,268,000 (31 December 2024: £65,560,000) and interest accrues at variable interest rates based on SONIA which exposes the Group to interest rate risk. The Group's continuing position in relation to interest rate risk is monitored on a quarterly basis by the Investment Manager as part of its review of the quarterly NAV and is challenged by the Board at quarterly Board meetings, or more frequently as required.

Liquidity risk

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

Investments in private assets (including private portfolio companies) are highly illiquid and have no public market. There may not be a secondary market for interests in private assets. Such illiquidity may affect the Group's ability to vary its portfolio or dispose of, or liquidate part of, its portfolio, in a timely fashion (or at all) and at satisfactory prices in response to changes in economic or other conditions. If the Group is required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in Net Asset Value.

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

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

Furthermore, repeated failures by portfolio companies to achieve success may adversely affect the reputation of the Group or Investment Manager, which may make it more challenging for the Group and the Investment Manager to identify and exploit new opportunities and for other portfolio companies to raise additional capital, which may therefore have a material adverse effect on the portfolio and the

Directors' Report – continued

Group's financial condition, results of operations and prospects, with a consequential adverse effect on the Net Asset Value and/or the market price of the Ordinary Shares.

The Board and Investment Manager review liquidity needs (including operational costs, and loan repayments), quarterly or more frequently as required, relative to the value and liquidity of the Group's assets and the Group's portfolio income. The majority of the expected liquidity requirements are known (for example operational costs) while others are at the discretion of the Group (for example, share buybacks). The additional headroom available under the Shawbrook facility provides the Group access to additional cash resources, if required. The Board is satisfied that the Group's unexpected liquidity needs are not significant.

Other Risks and Uncertainties

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.

Cyber risk

The Group is exposed to the risk arising from a successful cyber-attack through its third-party service providers. 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. To facilitate this, the Group requires its service providers to confirm that they have appropriate safeguards in

place to mitigate the risk of cyber-attacks (including minimising the adverse consequences arising from any such attack), that they provide regular updates to the Board on cyber security, and conduct ongoing monitoring of industry developments in this area. 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 Audit Committee received the internal controls reports of the relevant service providers where available, and was able to satisfy itself that adequate controls and procedures were in place to limit the impact to the Group's operations.

Operational risk

The Group is exposed to the operational risks of its third-party service providers and considered the risk and consequences in the event that these systems failed during the year. The Investment Manager, Registrar, Depositary, Administrator and Company Secretary each have comprehensive business continuity plans which facilitate continued operation of the business in the event of a service disruption or major disruption. The Audit Committee received the internal controls reports of the relevant service providers where available, and was able to satisfy itself that adequate controls and procedures were in place to limit the impact to the Group's operations, particularly with regard to a financial loss. The performance of service providers is reviewed annually via its Remuneration and Management Engagement Committee. Each service provider's contract defines the duties and responsibilities of each and has safeguards in place including provisions for the termination of each agreement in the event of a breach or under certain circumstances. Each agreement also allows for the Board to terminate subject to a stated notice period. At the meeting of the Management Engagement Committee on 3 December 2025, the Board undertook a thorough review of each service provider and agreed that their continued appointment remained appropriate and in the Group's long-term interest. The Board's next review will be at the next annual Management Engagement Committee meeting.

Regulatory risk

Poor governance, compliance or administration, including particularly the risk of loss of investment trust status and the impact this may have on the Group were considered by the Board. Having been provided with assurance from each of the key service providers during the year ended 31 December 2025, the Board was satisfied that no such breach had occurred. The Board's next review will be at the next annual Management Engagement Committee meeting.

Geopolitical risk

Geopolitical tensions continue to affect global supply chains and logistics. The ongoing Russia-Ukraine war and the expanded Iranian conflict have disrupted key trade routes, particularly in the Middle East, increasing transportation costs and delivery times. Political instability has added regulatory and currency volatility across several markets. These developments pose challenges for pricing, supplier relationships, and consumer confidence. While our operations are UK-focused, we remain exposed to global logistics and import dynamics. The Board actively monitors these risks, maintaining supplier diversification, inventory buffers, and compliance oversight to mitigate potential impacts on product availability, pricing, and fulfilment reliability.

Environmental, social and governance ("ESG") matters

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

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

process. Climate risks are incorporated in the ESG analysis under environmental factors.

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

Viability Statement

The Directors, with recommendation from the Audit Committee, have assessed the prospects of the Group and relevant stresses i.e. additional funding requirements to existing portfolio companies, loan repayments and expenses, over a longer period than required by the going concern provision. With recommendation from the Audit Committee, the Board chose to conduct a review for a period of four years to 31 December 2029 as it was determined to be an appropriate timeframe given the uncertainty of the investment world and the strategy period. In selecting this period, the Board considered the environment within which the Group operates and the principal and emerging risks and their mitigations associated with the Group. On a rolling basis, the Directors evaluate the outcome of the investments and the Group's financial position as a whole.

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

In support of this statement, the Audit Committee recommended to the Directors to take into account all of the principal and emerging risks facing the Group as summarised on pages 30 to 33, the nature of the Group's business including cash reserves and other liquid investments held by the Group, the potential of its portfolio of investments to generate future income and capital proceeds, and the ability of the Directors

Directors' Report – continued

to minimise the level of cash outflows, if necessary. The most relevant potential impacts of the identified principal risks and uncertainties on viability were determined to be:

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

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

The Alternative Investment Fund Manager and Investment Manager considers the future cash requirements of the Group before funding portfolio companies. Furthermore, the Board receives regular

updates from the Alternative Investment Fund Manager and Investment Manager on the Group's cash position, which allows the Board to maintain their fiduciary responsibility to the Shareholders and, if required, limit funding for existing commitments.

Based on the aforementioned procedures and the existing internal controls of the Group, and the Alternative Investment Fund Manager and Investment Manager, the Board, with recommendation from the Audit Committee, has concluded that there is a reasonable expectation that the Group will remain viable over the four-year period to 31 December 2029.

Report under Section 172 of the Companies Act 2006

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

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

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

Directors' duty to promote the success of the Group

The Board seeks to understand the views of the Group's Shareholders and its other key stakeholders as well as how their interests and the matters set out in Section 172 of the Companies Act 2006 in the UK ("Companies Act") have been considered. As part of the Board and stakeholder evaluation processes that are undertaken annually, the Board reviews its engagement mechanisms to ensure

they remain effective. In fulfilling their duties, the Directors carefully consider the likely consequences of their actions over the long term and on other key stakeholders.

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

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

Identifying stakeholders

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

Shareholder engagement

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

On 17 September 2025, Shareholders had the opportunity to vote on the resolutions as specified in the Notice of AGM. The Notice of the AGM and the results were released to the London Stock Exchange in the form of an announcement.

Key service providers

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

Monitoring of key decisions and the outcome of those decisions

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

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

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

Stewardship code

The Board and the Investment Manager support and have a strong commitment to the UK Stewardship Code, the latest version of which was issued by Financial Reporting Council ("FRC") took effect from 1 January 2026 and endorsed by the AIC which sets out the principles of effective stewardship by institutional investors. Whilst the Investment Manager is not a formal signatory to

Directors' Report – continued

the Stewardship Code, it has chosen to adhere to the 12 principles as closely as possible. Further details of the Investment Manager's approach to the Stewardship Code can be found on the Investment Manager's website at www.phoenixassetmanagement.com.

Modern slavery disclosure

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

Anti-bribery and corruption

It is the Group's policy to conduct all of its business in an honest and ethical manner. The Group takes a

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

Tax evasion

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

Significant Shareholdings

Shareholders with holdings of more than 5.0% of the Ordinary Shares of the Group at 31 March 2026 were as follows:

	Number of Ordinary Shares	% of issued share capital
State Street Nominees Limited (OM01)	121,075,672	36.30%
Nortrust Nominees Limited	105,765,878	31.71%
Goldman Sachs Securities (Nominees) Limited (ILSEG)	25,000,000	7.50%

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

Annual General Meeting ("AGM")

The Group's AGM will be held at 1.00pm on 16 September 2026 at the offices of Northern Trust International Fund Administration Services (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands, GY1 3QL.

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

Independent Auditor

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

Signed on behalf of the Board of Directors on 20 April 2026 by:

Joanne Peacegood
Director

Joanna Duquemin Nicolle
Director

Directors' Remuneration Report

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

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

Remuneration Policy

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

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

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

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

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

Effective 1 January 2025, following a review of external market data, the Directors' annual fees were increased by 4% for all Directors, with the exception of Richard Brown, who continues to waive the right to receive a Director fee. Post year end, effective 1 January 2026, Rachael Robathan was appointed and became entitled to an annual fee of £31,200.

The Directors received the following remuneration in the form of Directors' fees relating to the years ended 31 December 2025 and 31 December 2024:

	31 December 2025 GBP	31 December 2024 GBP
Joanne Peacegood	41,600	40,000
Andrew Whittaker	36,400	35,000
David Stevenson	31,200	30,000
Joanna Duquemin Nicolle	31,200	30,000
Richard Brown	–	–
	140,400	135,000

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

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

A Director may resign from office as a Director by giving notice in writing to that effect to the Group. There is no age limit at which a Director is required to retire. Notwithstanding the foregoing, all Directors

have agreed to stand for re-election annually and are re-elected by the Shareholders at the AGM.

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

Signed on behalf of the Board of Directors on 20 April 2026 by:

Joanne Peacegood
Chair,
Remuneration Committee

Andrew Whittaker
Chair,
Nominations Committee

Statement of Directors' Responsibilities

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

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

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

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

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

The Directors confirm that they have complied with these requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements have been properly prepared in accordance with The Companies (Guernsey) Law, 2008. They have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

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

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

The Directors confirm that to the best of their knowledge:

- (a) The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as at and for the year ended 31 December 2025.

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

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

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

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

By order of the Board,

Joanne Peacegood

Director

20 April 2026

Joanna Duquemin Nicolle

Director

Audit Committee Report

On the following pages, we present the Audit Committee Report, setting out the responsibilities of the Audit Committee and its key activities for the year ended 31 December 2025.

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

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

Role and Responsibilities

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

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

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

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

Risk Management and Internal Control

The Board, as a whole, considers the nature and extent of the Group's risk management framework and the risk profile that is acceptable in order to achieve the Group's strategic objectives. As a result, it is considered that the Board has fulfilled its obligations under the AIC Code.

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

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

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

Fraud, Bribery and Corruption

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

Financial Reporting and Significant Financial Issues

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

The Audit Committee also reviews reports by the external auditors which highlight any issues with respect to the work undertaken on the audit. The Audit Committee is satisfied that the judgements made by the Investment Manager and Administrator are reasonable, and that appropriate disclosures have been included in the financial statements.

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

Valuation of investments

The Group's investments include unlisted and listed securities, however those unlisted securities may be 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 Accounting Standards as issued by the IASB, some of the Group's investments will be difficult to value. Such valuations may be conducted on an infrequent basis, are subject to a range of uncertainties and will involve the Investment Manager and/or the Audit Committee exercising judgement. The Board reviewed the valuation policy and PAMP went through the valuation process/techniques with the Board around private asset investments. The Board satisfactorily benchmarked this valuation methodology with a third party. There has been no change to the valuation policy and the process remains the same which has also been confirmed with the Board. The Board is satisfied with the approach and the valuation policy and processes.

Revenue

Proceeds from any disposal of the Group's interests in portfolio companies through liquidity events, including sales of equity following IPOs and trade sales, may vary substantially from year to year. In addition, earnings produced by portfolio companies are typically reinvested for the purpose of growth, and payments of dividends by assets are often subject to milestones which may not be achieved. This means the return received by the Group from these sources may vary substantially from year to year. Notwithstanding that the Group does not expect to receive much in the way of returns from dividends, these variations in overall returns may have a material adverse effect on the portfolio and on the Group's financial condition, results of operations and prospects, with a consequential adverse effect on the Net Asset Value and/or the market price of the Ordinary Shares.

External Auditor

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

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

Audit Committee Report – continued

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

The FRC Ethical Standards require that the audit engagement leader responsible for the audit on listed entities are rotated at least every 5 years. Cyril Swale served 5 years as audit engagement leader for the Group and has now rotated off. He is replaced by Jeremy Ellis, who is in his first year as audit engagement leader for the audit of the Financial Statements for the year ended 31 December 2025.

The remuneration paid to Grant Thornton and to other Grant Thornton member firms for audit and non-audit services in respect of the years ended 31 December 2025 and 31 December 2024 is shown below:

	31 December 2025 GBP	31 December 2024 GBP
Audit		
Annual audit of the Group	83,000	76,200
Non-audit		
Desktop review of Unaudited Interim Financial Statements	7,350	7,000
	7,350	7,000

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

The Audit Committee Report was approved by the Audit Committee on 20 April 2026 and signed on behalf by:

Andrew Whittaker

Chair, Audit Committee

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

Opinion

We have audited the consolidated financial statements of Castelnau Group Limited (the "Company") and its subsidiary (collectively, the "Group") for the year ended 31 December 2025, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and Notes to the Consolidated Financial Statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended;
- are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

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

Key audit matters

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

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

The key audit matter	How the matter was addressed in our audit
Valuation of unquoted investments (2025: £456.0m, and 2024: £356.1m) We identified the valuation of unquoted investments as one of the most significant assessed risks of material misstatement due to fraud and error. The fair value of unquoted investments may be misstated due to the application of inappropriate valuation methodologies, use of incorrect assumptions, or reliance on market-related inputs that may have a material impact on the resulting valuations. The valuation of the Group's unquoted investments involves significant estimation uncertainty and judgement, increasing the risk of material misstatement and requiring specialist expertise. <i>Refer to the Audit Committee Report (pages 40–42); Accounting policies on pages 53–59, Note 5, 'Investments', and Note 17, 'Fair value measurement' to the consolidated financial statements.</i>	In responding to the key audit matter, we performed the following audit procedures: • We updated our understanding of management's processes, policies and methodologies, and controls over the valuation of unquoted investments, and performed walkthrough tests to assess whether these were appropriately designed and implemented to address the risk of material misstatement arising from the use of significant judgements, unobservable inputs and potential management bias. • We obtained and inspected the valuation models prepared by the Investment Manager and management's external valuation expert, as well as the supporting data, to assess whether the data used was appropriate and relevant. • We assessed whether the valuation of unquoted investments' accounting policy is in line with the requirements of IFRS 13 Fair Value Measurement, has been consistently applied and if the valuation models have been performed in line with the accounting policy. • We assessed management's external valuation expert's independence, competence, and objectivity. • Using the valuation models obtained, we challenged the valuations conducted by the Investment Manager and management's external valuation expert which included the following: • We held discussions with the Investment Manager to obtain information and update our understanding of how they valued the unquoted investments, and to corroborate the information provided, we inspected the supporting documents we obtained, where applicable; • We assessed whether the valuation models used by management to estimate the fair values of the unquoted investments is consistent with methods usually used by market participants for similar types of instruments; • We assessed the key assumptions, where applicable, considered within the management's external valuation expert's report and ensured that these assumptions were reasonable and consistent with the requirements of IFRS 13 'Fair Value Measurement'; • We agreed key inputs/data used in the calculation of the fair value, where applicable, through inspecting supporting documents, independent searches and discussions with management; and • We determined if the fair value estimates are within the range of values determined by the audit team. • We engaged Grant Thornton Luxembourg's valuation team as our internal valuation experts and they assisted us in performing the following testing for the investment in Valderrama (only), which included the following: • Inspected and assessed the valuation methodology used to estimate the fair value of the financial instrument;

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

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the consolidated financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 38, the Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Use of our report

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

Matters on which we are required to report by exception

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

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

Jeremy Ellis

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

Date:

Financial Statements



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	31 December 2025 GBP	31 December 2024 GBP
Income	6	3,315,621	2,252,894
Expenses	7	(7,012,064)	(2,704,680)
		(3,696,443)	(451,786)
Finance costs	15	(7,879,633)	(7,495,854)
Write-off of financial assets at amortised cost		–	(537,000)
Movement in expected credit loss provision	5	(1,161,950)	570,478
Net gains on financial assets at fair value through profit or loss	5	58,624,506	89,860,799
Profit before tax		45,886,480	81,946,637
Tax expense	3f	–	–
Total comprehensive income for the year		45,886,480	81,946,637
		Pence	Pence
Earnings per Ordinary Share – Basic and diluted	11	13.81	25.61

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 53 to 80 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	31 December 2025 GBP	31 December 2024 GBP
NON-CURRENT ASSETS			
Investments – equity	5	456,048,172	377,354,938
Investments – loans	5	–	3,740,542
Interest receivable – loans		–	283,657
Office equipment		4,347	1,014
		456,052,519	381,380,151
CURRENT ASSETS			
Investments – loans	5	17,228,387	16,479,795
Guarantee recovery receivable	18	2,400,000	–
Trade and other receivables	8	2,576,513	866,004
Cash and cash equivalents		491,182	150,369
		22,696,082	17,496,168
TOTAL ASSETS		478,748,601	398,876,319
CURRENT LIABILITIES			
Financial guarantee liability	18	495,361	–
Loans payable	15	–	65,560,000
Finance costs payable	15	21,897,514	15,674,328
Other payables	9	543,427	399,039
		22,936,302	81,633,367
NON-CURRENT LIABILITIES			
Loans payable	15	81,268,000	–
Finance costs payable	15	829,052	–
		82,097,052	–
TOTAL LIABILITIES		105,033,354	81,633,367
NET ASSETS		373,715,247	317,242,952
EQUITY			
Share capital	10	299,741,594	289,155,779
Retained earnings		73,973,653	28,087,173
TOTAL EQUITY		373,715,247	317,242,952
Number of Ordinary Shares in issue	10	333,508,046	322,829,422
NAV per Ordinary Share (pence)	12	112.1	98.3

The Consolidated Financial Statements on pages 49 to 80 were approved and authorised for issue by the Board of Directors on 20 April 2026 and signed on its behalf by:

Joanne Peacegood
Director

Joanna Duquemin Nicolle
Director

The accompanying notes on pages 53 to 80 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Note	Share Capital GBP	Retained Earnings GBP	Total GBP
Balances as at 1 January 2025		289,155,779	28,087,173	317,242,952
Profit for the year		-	45,886,480	45,886,480
Issue of Ordinary Shares	10	10,585,815	-	10,585,815
Balances as at 31 December 2025		299,741,594	73,973,653	373,715,247

For the year ended 31 December 2024

	Note	Share Capital GBP	Retained (Deficit)/ Earnings GBP	Total GBP
Balances as at 1 January 2024		285,111,251	(53,859,464)	231,251,787
Profit for the year		-	81,946,637	81,946,637
Issue of Ordinary Shares	10	4,044,528	-	4,044,528
Balances as at 31 December 2024		289,155,779	28,087,173	317,242,952

The accompanying notes on pages 53 to 80 form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	31 December 2025 GBP	31 December 2024 GBP
Operating activities			
Total comprehensive income for the year		45,886,480	81,946,637
Movement in expected credit loss provision	5	1,161,950	(570,478)
Write-off of financial assets at amortised cost		-	537,000
Net gains on financial assets at fair value through profit or loss		(58,624,506)	(89,860,799)
Finance costs	15	7,879,633	7,495,854
Financial guarantee expense	7,18	3,600,000	-
Depreciation of office equipment		1,142	805
Increase in trade and other receivables	8	(1,710,509)	(604,771)
Decrease in provisions		-	(2,522,126)
Increase in other payables	9	144,388	84,050
Decrease in interest receivable - loans		283,657	511,959
Capitalised interest income		-	(855,288)
Cash paid under financial guarantee	18	(6,000,000)	-
Net cash used in operating activities		(7,377,765)	(3,837,157)
Investing activities			
Purchases of equity		(4,487,552)	(1,536,360)
Loans issued		(5,270,000)	(12,437,294)
Cash received from repayment of loans		2,600,000	-
Purchase of office equipment		(4,475)	-
Net cash used in investing activities		(7,162,027)	(13,973,654)
Financing activities			
Issue of Ordinary Shares	10	-	621,655
Finance costs paid	15	(827,395)	-
Proceeds from loans received	15	75,708,000	17,208,571
Repayment of loans received	14	(60,000,000)	-
Net cash flow from financing activities		14,880,605	17,830,226
Increase in cash and cash equivalents		340,813	19,415
Cash and cash equivalents at beginning of year		150,369	130,954
Cash and cash equivalents at end of year		491,182	150,369

The accompanying notes on pages 53 to 80 form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. General information

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

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

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

Details of the Directors, Investment Manager and Advisers can be found on page 83.

The Financial Statements of the Group are presented for the year ended 31 December 2025 and were authorised for issue by the Board on 20 April 2026.

2. Accounting policies

a. Statement of compliance

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

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

b. Going concern

The Directors have assessed the Group’s ability to continue as a going concern, taking into account its investment objective (as set out on page 3), financial risk management strategies, and principal risks.

As part of this assessment, the Directors note that the Group currently has loan liabilities of £81.3 million. This is following the refinancing of £60 million during the year through a new £65 million facility with Shawbrook Bank Limited. The additional headroom available under this facility will provide the ability to fund interest payments and facility costs over the next six months. The remaining £14 million loan facility was extended by 3 years, ensuring that the Group retains access to additional cash resources, if required.

At 31 December 2025, the Group’s total assets were £478.7 million, predominantly comprising private investments. While these assets are illiquid by nature, they could be realised if necessary to meet the Group’s obligations, including debt repayment.

Having considered the refinancing arrangements, available borrowing facilities, the liquidity and value of the Group’s asset base, and the expected income profile, the Directors are satisfied that the Group has sufficient resources to continue operations and to meet its liabilities as they fall due for at least twelve months from the

Notes to the Consolidated Financial Statements – continued

date of approval of these Consolidated Financial Statements. No material uncertainties in respect of the Group's ability to continue as a going concern have been identified. Accordingly, the Consolidated Financial Statements have been prepared on a going concern basis.

c. Basis of measurement

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

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

A number of new standards, amendments to standards and interpretations are effective for the annual periods beginning on or after 1 January 2025:

IAS 21	Lack of Exchangeability (<i>amendments to IAS 21</i>)	1 January 2025
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The adoption of this amendment has not had a material impact on the Financial Statements of the Group.

e. New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group. The Directors are in process of assessing the impact of the adoption of the new standards on the financial statements.

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

f. Basis of consolidation

The Group's Financial Statements consolidate those of the parent company and its subsidiary as of 31 December 2025. The reporting date for the Group is 31 December.

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

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

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

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

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

The main purpose and activity of the Subsidiary is to provide services that relate to the Group's investment activities and therefore the entity is required to consolidate 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 31 December 2025, the net asset value of CGSL is positive £254,955 (31 December 2024: negative £59,172) which is made up of assets of £399,734 and liabilities of £144,779 (31 December 2024: assets of £54,808 and liabilities of £113,980).

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 21.

3. Material accounting policies

a. Financial instruments

Recognition and derecognition

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

Financial assets

Classification and initial measurement of financial assets

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

Financial assets are classified into one of the following categories:

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

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

The classification is determined by both:

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

Subsequent measurement of financial assets

a) Investments as FVTPL

Investments held at fair value through profit or loss are initially recognised at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment. Refer to note 4 and note 17 for judgements, estimations and assumptions made in relation to financial instruments.

Notes to the Consolidated Financial Statements – continued

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

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

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

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

b) Financial assets at amortised cost

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

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

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

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

Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

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

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

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

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

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

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

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

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

Write-off

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

Fair value hierarchy

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

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

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

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

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

Receivables

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

Financial liabilities

Classification and measurement of financial liabilities

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

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

The financial guarantee liability is subsequently measured at the higher of the ECL determined in accordance with IFRS 9 and the unamortised amount of its initial fair value.

Notes to the Consolidated Financial Statements – continued

b. Income and expenses

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

c. Foreign currency

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

d. Cash and cash equivalents

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

e. Share capital

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

f. Taxation

The parent company, Castelnau Group Limited, has been granted Exempt Status under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 to income tax in Guernsey. Its liability for Guernsey taxation is limited to an annual fee of £1,600 (2024: £1,600). The activities of the Company do not constitute relevant activities as defined by the Income Tax (Substance Requirements) (Implementation) Regulations, 2018 (as amended) and as such the Company was out of scope.

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

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

g. Operating segments

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

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

4. Judgements, estimations or assumptions

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

Key sources of estimation uncertainty

4.1 Investment valuation

The critical estimate or assumption that may have a significant risk of causing a material adjustment to the Group's NAV relates to the valuation of the Group's unquoted (Level 3) investments, which is approximately 122.0% of the Group's NAV.

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

Whilst the Board considers the methodologies and assumptions adopted in the valuation of unquoted investments are reasonable and robust, because of the inherent uncertainty of the valuation, the values used may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant. These values may need to be revised as circumstances change and material adjustments may still arise as a result of revaluation of the unquoted investments fair value within the next year. See note 17 for further information regarding the valuation of investments and the sensitivity of fair value to changes in unobservable inputs.

Judgements

4.2 Assessment as investment entity

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

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

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

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

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

Notes to the Consolidated Financial Statements – continued

The Group uses a variety of methods or valuation techniques and makes assumptions based on market conditions existing at each Consolidated Statement of Financial Position date to value financial assets at fair value through profit or loss that are not traded in active markets. The valuation techniques have been prepared with the goal that fair value measurements derived when using these valuation techniques are compliant with IFRS Accounting Standards as issued by the IASB. The Board has satisfactorily benchmarked this methodology with an independent third party.

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

4.3 Financial guarantee liability

The recognition and measurement of the financial guarantee require the Board to make significant judgements and assumptions about future events, particularly in assessing expected recovery outcomes and the timing of recoveries, including matters subject to ongoing legal proceedings. These estimates are inherently uncertain and actual outcomes may differ from those assumed, which could result in a material adjustment to the carrying amount of the liability in future periods. At the reporting date, the Board considers the risk of financial guarantee being called to be low as further discussed in note 18.

5. Investments

For the year ended 31 December 2025

	FVTPL Equity GBP	Amortised cost Loans GBP	Total GBP
INVESTMENTS			
Opening portfolio cost	303,492,833	22,768,837	326,261,670
Purchases at cost	19,573,367	5,270,000	24,843,367
Proceeds on maturity/principal repayment	-	(7,100,000)	(7,100,000)
Adjustment arising from recognition of financial guarantee (note 18)	495,361	-	495,361
Closing portfolio cost	323,561,561	20,938,837	344,500,398
Unrealised gains on investments	200,912,600	-	200,912,600
Unrealised losses on investments	(68,425,989)	(3,710,450)*	(72,136,439)
Fair value/carrying amount	456,048,172	17,228,387	473,276,559
Movement in unrealised gains on investments	66,885,748	-	66,885,748
Movement in unrealised losses on investments	(8,261,242)	(1,161,950)*	(9,423,192)
Net gains/(losses) on financial assets	58,624,506	(1,161,950)	57,462,556

* As at 31 December 2025, £3,710,450 of unrealised losses on investments at amortised cost represents expected credit losses on loan facilities with Showpiece Technologies Limited and Rawnnet Limited. The movement of unrealised losses on £1,161,950 represents the movement in expected credit losses on loans.

For the year ended 31 December 2024

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

* As at 31 December 2024, £537,000 of realised losses on loans represents partial write-off of loan facility with Rawnnet Limited, and £2,548,500 of unrealised losses on investments at amortised cost represents expected credit losses on loan facility with Showpiece Technologies Limited. The movement of unrealised losses on £570,478 represents the movement in expected credit losses on loans.

The transaction charges on the purchase and sale of investments during the current year were £nil (31 December 2024: £nil) included in the Consolidated Statement of Comprehensive Income.

Refer to note 17 for additional disclosure on the fair value measurement of the investments.

5.1 Loans

The Group had a loan facility of £2,000,000 dated 5 June 2024 with Dignity Group Holdings Limited as borrower. The termination date was 31 December 2026, with interest accruing at 15% per annum. The loan was fully repaid on 28 November 2025.

The Group had a loan facility of £1,500,000 with Rawnnet Limited as borrower. On 21 November 2024, the termination date was extended to 16 February 2026, and it was agreed that no interest shall accrue or be payable on the first £1,272,255 of principal outstanding from time to time. It was also agreed that interest shall accrue and be payable on any amount of principal above £1,272,255 at a rate of 7% per annum. Further, on 30 November 2024, the Group agreed to a partial write-off of £537,000, resulting in the principal outstanding at that date reducing to £885,255. The amount of any loan on which interest shall accrue and be payable was also reduced by the partial write-off amount in 2024 and interest now accrues and is payable on any loan amounts exceeding £735,255. This is governed by terms of the amended loan agreement. During the year, a further £885,255 was recognised as expected credit losses. Post year end, the termination date was extended to 31 December 2026.

The Group had a loan facility of £4,399,999 dated 13 October 2022 with Silverwood Brands Plc ("Silverwood") as borrower. The termination date was 12 April 2024. Interest was accrued at 15%. On 29 January 2024, the loan (excluding £855,287 accrued interest) was converted into equity in Silverwood at conversion price of 54 pence per Ordinary Share. The accrued interest of £855,287 was capitalised and is governed by the original loan terms, accruing interest at 15%, with termination date extended to 29 January 2026. Post year end, the termination date was extended to 29 July 2026.

Notes to the Consolidated Financial Statements – continued

The Group had a loan facility of £450,000 dated 15 November 2023 with Phoenix S.G. Limited as borrower. The facility was extended to account for the costs of the administration process for Stanley Gibbons, and the initial working capital required for the Strand Collectibles entity which reacquired the assets from administration. The termination date was 31 December 2023. Interest was accrued at 5% and remains payable. During the year ended 31 December 2024, there were further increases to the facility up to £11,366,000 and the interest rate was amended to (i) 15% per annum on outstanding principal at 21 October 2024 up to and including £5,933,295 and (ii) 7% per annum payable on outstanding balances exceeding £5,933,295. The termination date was extended to 31 December 2025. Post year end, an amended agreement extended the termination date to 31 December 2026.

The Group had a loan facility of £2,000,000 dated 11 March 2022 with Cambium Group UK Holdings Limited as original borrower. The termination date was 11 March 2023. Prior to this date, the loan facility was increased to £7,500,000 and the termination date was extended to 11 March 2025. Following this, additional increases were made during the year ended 31 December 2024 up to £15,250,000. On 20 December 2024, the loan was novated with Cambium International Limited ("CBI") as the new borrower and the termination date was extended to 30 June 2025. As part of the loan novation, £5,000,000 of the outstanding loan was converted into equity via the issuance of 13,784 ordinary shares in CBI to the Group. On 23 December 2025, a further £4,500,000 of the outstanding loan was converted into equity via the issuance of 12,843 ordinary shares in CBI to the Group. On 26 June 2025, the termination date was extended to 31 December 2025 and on 30 December 2025, it was further extended to 31 December 2026. Interest accrues and is payable on any loan amount exceeding £6.5 million at a rate of 7% per annum.

The Group has a loan facility of £4,200,000 with Showpiece Technologies Limited as borrower with termination date of 19 November 2024. On 11 August 2024, the termination date was extended to 19 November 2025 and on 7 October 2025, it was further extended to 31 December 2026. At 31 December 2025, an expected credit loss of £2,825,195 (31 December 2024: £2,548,500) was recognised.

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

5.2 Interests in unconsolidated structured entities

Below is a summary of the Group's holdings in unconsolidated structured entities as at 31 December 2025 and 2024.

Name of investee company	Date of acquisition	Domicile	Ownership 2025	Ownership 2024
Rawnet Limited	12 February 2021	United Kingdom	100.0%	100.0%
Showpiece Technologies Limited	12 November 2021	United Kingdom	80.0%	80.0%
Hornby Plc	14 October 2021	United Kingdom	58.2%	54.9%
Ocula Technologies Holdings Limited	22 January 2021	United Kingdom	40.5%	41.6%
Silverwood Brands Plc	13 October 2022	United Kingdom	29.2%	29.9%
Iona Star LP	25 September 2024	United Kingdom	31.7%*	45.0%*
Phoenix SG Limited	14 October 2021	Cayman Islands	70.5%	64.1%
Cambium International Limited	14 October 2021	Cayman Islands	92.5%	90.3%
Valderrama Limited	14 April 2023	Channel Islands	65.9%	65.4%

* Represents percentage of the fund.

6. Segment reporting

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

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

Segment information for the financial year is as follows:

	Castelnau Group Limited GBP	Castelnau Services Group Limited GBP	Total 31 December 2025 GBP
Income			
Consultancy services	–	1,498,670	1,498,670
Interest income	1,816,729	222	1,816,951
Segment income	1,816,729	1,498,892	3,315,621
Gross wages	–	(1,108,430)	(1,108,430)
Other expenses	(5,827,300)	(76,334)	(5,903,634)
	(5,827,300)	(1,184,764)	(7,012,064)
Finance costs	(7,879,633)	–	(7,879,633)
Net gains on financial assets	57,462,556	–	57,462,556
Segment profit before tax	45,572,352	314,128	45,886,480
Taxation	–	–	–
Segment comprehensive income	45,572,352	314,128	45,886,480
Segment assets	478,348,867	399,734	478,748,601
Segment liabilities	(104,888,575)	(144,779)	(105,033,354)
Segment net assets	373,460,292	254,955	373,715,247

Notes to the Consolidated Financial Statements – continued

Segment information for the year ended 31 December 2024 is as follows:

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

7. Expenses

	31 December 2025 GBP	31 December 2024 GBP
Administration fees	152,586	136,582
Audit fees	90,605	91,611
Broker fees	75,000	90,000
Change in fair value of earn-out liability	–	(57,765)
Custody fee	67,057	58,595
Depreciation of office equipment	1,142	805
Directors' fee	140,400	135,000
Employee benefits*	1,108,430	1,060,030
Legal and professional fees**	1,531,765	797,760
Operating expenses	24,723	82,470
Sundry costs	166,827	261,361
Depository fee	53,529	48,231
Financial guarantee expense (note 18)	3,600,000	–
	7,012,064	2,704,680

** Includes non-audit fees in relation to desktop review of the unaudited condensed consolidated interim financial statements of £7,350 and legal fees associated with the refinancing arrangements of £805,594 (31 December 2024: non-audit fees of £7,000).

7.1 Employee benefits expense

	31 December 2025 GBP	31 December 2024 GBP
*Included in expenses		
Wages and salaries	958,947	928,485
Employers' national insurance contributions	121,500	117,686
Pension costs	25,075	16,313
Employee healthcare	2,653	2,255
HMRC employers' allowance	255	(4,709)
	1,108,430	1,060,030

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8. Trade and other receivables

	31 December 2025 GBP	31 December 2024 GBP
Prepayments	72,312	48,336
Interest receivable	2,405,702	798,809
Trade receivables	98,499	18,859
	2,576,513	866,004

9. Other payables

	31 December 2025 GBP	31 December 2024 GBP
Other accrued expenses	466,450	339,196
Trade payables	871	16,786
Social security and other taxes	76,106	43,057
	543,427	399,039

10. Share capital

	31 December 2025 GBP	31 December 2024 GBP
Share capital at the beginning of the year	289,155,778	285,111,250
Issue of Ordinary Shares	10,585,815	4,044,528
Allotted, called up and fully paid Ordinary Shares*	299,741,593	289,155,778
Class B Share held by the Investment Manager**	1	1
Total Share capital at the end of the year	299,741,594	289,155,779

	31 December 2025 Number of Ordinary Shares	31 December 2024 Number of Ordinary Shares
Ordinary Shares at the beginning of the year	322,829,422	318,635,256
Issue of Ordinary Shares	10,678,624	4,194,166
Total Ordinary Shares in issue at the end of the year*	333,508,046	322,829,422
Class B Share held by the Investment Manager**	1	1

* No par value with one voting right per share

** Held by the Investment Manager with no voting rights

On 3 February 2025, the Group issued 9,622,167 Ordinary Shares in relation to the acquisition of Farewill Limited by Dignity Ventures Limited. The acquisition was financed through a share-for-share exchange, which resulted in the Group acquiring an additional 5.6 million shares in Valderrama Limited, increasing its ownership of Valderrama's issued share capital from 65% to 66%.

On 13 May 2025, the Group issued 1,056,457 Ordinary Shares through a share-for-share exchange to the shareholders of Hornby Plc who elected to convert their shares into Castelnau shares, following the voluntary cancellation of admission of ordinary shares approved by Hornby shareholders. Following the share exchange, the Group increased its ownership of Hornby's issued share capital from 54.9% to 58.2%.

The Group did not purchase any of its own shares during the year ended 31 December 2025 or during the year ended 31 December 2024. No shares were cancelled during either year.

No shares were held in Treasury or sold from Treasury during the year ended 31 December 2025 or during the year ended 31 December 2024.

11. Earnings per Ordinary Share

Earnings per Ordinary Share is based on the profit of £45,886,480 (31 December 2024: profit of £81,946,637) attributable to the weighted average of 332,256,035 (31 December 2024: 320,236,116) Ordinary Shares in issue during the year.

There is no difference between the weighted average diluted and undiluted number of Ordinary Shares. There is no difference between basic and diluted earnings 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 net assets of £373,715,247 (2024: £317,242,952) divided by 333,508,046 voting Ordinary Shares in issue at 31 December 2025 (2024: 322,829,422).

13. Material agreements

Details of the management, administration and secretarial contracts can be found in the Directors' Report on page 21. There were no transactions with Directors other than those disclosed in note 14. As at 31 December 2025, there were no fees payable to PAMP (31 December 2024: £Nil).

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

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

The Company's performance is measured over consecutive periods of not less than three years (each a "Performance Period") and the Performance Fee is equal to one third of the outperformance of the Net Asset Value total return (on an undiluted basis and excluding any accrual or payment of the Performance Fee) after adjustment for inflows and outflows (such inflows and outflows including, for the avoidance of doubt, tender payments and buybacks), with dividends reinvested, over the FTSE All-Share Total Return Index ("Benchmark"), for each Performance Period (or, where no performance fee is payable in respect of a financial year, in the period

Notes to the Consolidated Financial Statements – continued

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. The first Performance Period ran from Initial Admission to 31 December 2024.

The fee is calculated by reference to the closing net asset value ("Closing NAV") rather than the average net asset value, and will be compared to the 'Benchmark NAV'. The Closing NAV is the reported net asset value of the Company at the period end, excluding any accrued performance fees. This is compared to the Benchmark NAV, which is the Company's opening NAV for the Performance Period to which the Benchmark return is applied. The Benchmark NAV is also adjusted for the impact of inflows and outflows to the share capital of the Company, to ensure that both the Closing NAV and Benchmark NAV reflect performance adjusted for the impact of these events. No performance fee will be earned until the net asset value ("NAV") per Ordinary Share is above the original NAV per Ordinary Share at IPO (100p), adjusted for the performance of the Benchmark. The fee will be paid in new Ordinary Shares.

During the year, performance fees of £Nil (31 December 2024: £Nil) were charged to the Group, of which £Nil (31 December 2024: £Nil) remained payable at the end of the year.

b) Administrator and Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited (the "Administrator") is entitled to: (i) an administration fee of 0.05% of the Net Asset Value of the Group up to £200 million, 0.03% of the NAV of the Group between £200 million and £400 million, and 0.02% of the NAV of the Group over £400 million (subject to a minimum administration fee of £60,000); (ii) a financial reporting fee of £10,000; (iii) a company secretarial services fee of £10,000; and (iv) an additional fee of £2,000 while the Administrator acts as the Group's nominated firm (as described in the Financial Conduct Authority ("FCA") Handbook), in each case per annum (exclusive of VAT). In addition, the Administrator is entitled to certain other fees for ad hoc services rendered from time to time. During the year, administration and secretarial fees of £140,586 (31 December 2024: £124,582) were charged to the Group by the Administrator, of which £71,120 (31 December 2024: £97,198) remained payable at the end of the year.

c) Depositary

Northern Trust (Guernsey) Limited (the "Depositary") is entitled to: (i) a custody fee of 0.02% of the NAV of the Group (subject to a minimum of £20,000); and (ii) a depositary services fee of 0.02% of the NAV of the Group up to £200 million, falling to 0.01% of the NAV of the Group over £200 million (subject to a minimum depositary services fee of £20,000), in each case per annum (exclusive of VAT). In addition, the Depositary is entitled to certain other fees for ad hoc services rendered from time to time. During the year, depositary fees of £53,529 (31 December 2024: £48,231) and custody fees of £67,057 (31 December 2024: £58,595) were charged to the Group, of which £12,379 (31 December 2024: £8,684) and £16,142 (31 December 2024: £9,691) respectively, remained payable at the end of the year.

14. Related parties

Directors' remuneration & expenses

The Directors' fees for the year are as follows:

	31 December 2025 GBP	31 December 2024 GBP
Joanne Peacegood	41,600	40,000
Andrew Whittaker	36,400	35,000
Joanna Duquemin Nicolle	31,200	30,000
David Stevenson*	31,200	30,000
Richard Brown	—	—
	140,400	135,000

* David Stevenson resigned 31 December 2025 while Rachael Robathan was appointed 1 January 2026.

Effective 1 January 2025, following a review of external market data, the annual fees were increased by 4% for all Directors, with the exception of Richard Brown who continues to waive his right to a Director fee.

£Nil Directors' fees were outstanding as at 31 December 2025 (31 December 2024: £Nil).

Shares held by related parties

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

	31 December 2025 Number of Ordinary Shares	31 December 2024 Number of Ordinary Shares
Joanne Peacegood	31,344	31,344
Andrew Whittaker	40,000	40,000
Joanna Duquemin Nicolle	75,000	75,000
David Stevenson	—	—
Richard Brown*	39,000	21,344

* Richard Brown purchased 17,656 Ordinary Shares on 14 November 2025.

As at 31 December 2025, the Investment Manager held zero Ordinary Shares and one Class B Share (31 December 2024: zero Ordinary Shares and one Class B Share) of the Issued Share Capital. Partners and employees of the Investment Manager held 251,915 Ordinary Shares (31 December 2024: 91,881 Ordinary Shares).

Valderrama/Dignity

The Group and SPWOne V Limited ("SPWOne") are currently Valderrama's principal controlling shareholders, with the company having been incorporated for the purposes of a joint venture between the Group and SPWOne. 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.

Notes to the Consolidated Financial Statements – continued

Economic interests in Valderrama are held 64% by the Group and 31% by SPWOne, with the remaining 5% held by other parties. Notwithstanding this asymmetry in economic ownership, the Group and SPWOne hold equal voting rights in Valderrama and share joint control of the entity. Governance within the joint venture therefore operates on an equal footing, with key decisions requiring the consent of both parties. As a result, neither party is able to unilaterally control the direction or management of this venture.

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

Loans with Phoenix UK Fund Limited

On 27 August 2024, a revolving loan agreement for £4 million was entered into with Phoenix UK Fund Limited, which was increased to £10 million on 27 November 2024, further increased to £14 million on 17 June 2025 and subsequently increased to £24 million on 8 October 2025. Interest accrues at 7% per annum and is payable on the termination date. As at 31 December, interest accrued was £829,052. On 10 September 2025, the termination date was extended to 10 September 2028.

The Group had an unsecured term loan facility of £60 million made available through Phoenix UK Fund Limited, with Morgan Stanley Bank N.A. as original lender. Interest was accrued at SONIA plus 7.5% per annum to 10 November 2023, SONIA plus 7.3% per annum from 11 November 2023 to 10 November 2024, and SONIA plus 7.15% per annum thereafter. The loan was repayable on demand. On 12 September 2025, the Group fully repaid the £60 million Phoenix UK Fund Limited unsecured term loan principal with £60 million of loan drawn under a new facility with Shawbrook Bank Limited ("Shawbrook"). Further discussion on the loan with Shawbrook can be found in note 15. Following the full repayment of the principal amount, the outstanding interest and fees accrued of £20,437,572 as at 31 December 2025 remain owed and repayable on demand.

At 31 December 2025, the outstanding principal debt to Phoenix UK Fund Limited was £19,643,000 (31 December 2024: £65,560,000). Total interest and facility fees charged on the loan facilities with Phoenix UK Fund Limited for the year was £5,592,296 (31 December 2024: £7,495,854). £Nil was paid during the year (31 December 2024: £Nil), resulting in £21,266,624 payable at 31 December 2025 (31 December 2024: £15,674,328).

Other

Mr. Richard Brown is a non-executive director of the Group, and director and Chief Executive Officer of the Subsidiary. Mr. Brown is also a director of Dignity Group Holdings Limited and Dignity Finance Plc.

Roderick Manzie is a director of the Subsidiary. Mr. Manzie is also a director of certain portfolio holding companies, including companies in the pre-administration Stanley Gibbons Group Plc and Showpiece Technologies Limited.

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

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

The Group has an agreement with Ocula to provide services to certain of the Group's portfolio companies. Ocula charged the Group £447,917 for the 12 months to 31 December 2025 (31 December 2024: £500,000). Under the terms of the agreement, the annual fee payable to Ocula will be £250,000 per annum going forward.

During the year ended 31 December 2025, the Subsidiary provided consultancy services to the Group's portfolio of companies of £1,498,670 (31 December 2024: £1,112,507). These services were provided in the normal course of business.

15. Reconciliation of liabilities arising from financing activities

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

	31 December 2025 GBP	31 December 2024 GBP
Loans payable at the beginning of the year	65,560,000	47,676,429
Loans received	75,708,000	17,883,571
Repayment of loans received	(60,000,000)	–
Loans payable at the end of the year	81,268,000	65,560,000
Finance costs payable at the beginning of the year	15,674,328	8,178,474
Finance costs charged	7,879,633	7,495,854
Repayment of finance costs	(827,395)	–
Finance costs payable at the end of the year	22,726,566	15,674,328

On 10 September 2025, the Group entered into a new £65 million senior secured revolving credit facility with Shawbrook Bank Limited, secured by £276 million of specific assets of the Company as at 31 December 2025, bearing interest at SONIA plus 3.9% per annum and payable every 6 months, terminating on 10 September 2028. On 12 September 2025, £60 million of the drawn loan was used to fully repay the £60 million Phoenix UK Fund Limited unsecured term loan principal. Total interest and facility fees charged on the Shawbrook loan for the year was £2,287,337. £827,395 was paid during the year, resulting in £1,459,942 payable at 31 December 2025.

As at 31 December 2025, loans payable consists of £19.6 million principal outstanding to Phoenix UK Fund Limited (see note 14) and £61.3 million principal outstanding to Shawbrook. Finance costs payable consists of £21.3 million to Phoenix UK Fund Limited (see note 14) and £1.4 million to Shawbrook.

16. Financial instruments – risk analysis

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

(a) Potential Market Risks, which are principally:

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

(b) Liquidity risk;

(c) Credit risk; and

(d) Capital management policies and procedures.

Notes to the Consolidated Financial Statements – continued

Each is considered in turn below:

(a) (i) Currency risk

The portfolio as at 31 December 2025 was invested in Sterling securities and there was no currency risk arising from the possibility of a fall in the value of Sterling impacting upon the value of investments or income.

The Group had no foreign currency borrowings at 31 December 2025 or 31 December 2024 and no sensitivity analysis is presented for this risk.

(a) (ii) Interest rate risk

The Group did not hold fixed interest securities at 31 December 2025 or 31 December 2024.

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

As at 31 December 2025, the Group had loans payable of £81,268,000 (2024: £65,560,000) and interest accrues at variable interest rate which exposes the Group to interest rate risk. The effect of an increase or decrease in interest rates of 50 basis points would have resulted in an increase or decrease of £406,340 (2024: £327,800) in the net assets attributable to equity holders. This analysis assumes that all other variables remain constant.

(a) (iii) Other price risk

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

As at 31 December 2025, the Group's investment portfolio consists of all Level 3 assets and as such are not subject to quoted market price risk. Through its Level 3 investments, the Group remains exposed to other price risk arising from changes in valuation assumptions (discount rates, growth rate, margins and other inputs). Sensitivity analyses for key unobservable inputs are presented in note 17. As at 31 December 2024, as a result of investments in publicly traded portfolio companies with a total value of £21,253,483, the effect on the portfolio of a 10% increase or decrease in market prices would have resulted in an increase or decrease of £2,125,348 in the investments held at fair value through profit or loss at the year end, which is equivalent to 0.67% in the net assets attributable to equity holders. This analysis assumed that all other variables remained constant.

(b) Liquidity risk

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

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

	1-12 months	More than 12 months	Total
As at 31 December 2025			
Financial guarantee total exposure	–	6,113,402	6,113,402
Loans payable	–	81,268,000	81,268,000
Finance costs payable	21,897,514	829,052	22,726,566
Other payables	543,427	–	543,427
	22,440,941	88,210,454	110,651,395
	1-12 months	More than 12 months	Total
As at 31 December 2024			
Financial guarantee total exposure	–	14,400,000	14,400,000
Loans payable	65,560,000	–	65,560,000
Finance costs payable	15,674,328	–	15,674,328
Other payables	399,039	–	399,039
	81,633,367	14,400,000	96,033,367

(c) Credit risk

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

The Group provides shareholder loans to certain portfolio companies as part of its overall investment strategy. These loans form part of combined equity and debt investments and are not managed or assessed in isolation.

In accordance with IFRS 9, the Group assesses ECL on financial assets measured at amortised cost at each reporting date. Given the nature of the Group's investments, the assessment of expected credit losses is performed through a recoverability analysis based on the enterprise value of the underlying portfolio companies and the expected cash generation of those businesses, rather than through a statistical credit risk model.

Enterprise value for each portfolio company is determined as part of the Group's valuation process and reflects the Board's assessment of the fair value of the business using appropriate valuation methodologies. The recoverability of shareholder loans is assessed by comparing the enterprise value of the underlying company with the outstanding loan balance.

In addition, the Board considers the expected ability of the underlying businesses to generate positive operating cash flows, which in certain cases are expected to begin servicing and repaying shareholder loans within the next 12 months.

Under this approach:

- Where the enterprise value of the investee company exceeds the outstanding loan balance, the loan is considered recoverable in full and no expected credit loss is recognised; and
- Where the enterprise value does not support full repayment of the loan, an impairment is recognised to reflect the expected recoverable amount.

Repayment of shareholder loans may therefore occur through operating cash flows, refinancing, or enterprise value realisation events, such as the sale of the underlying business or its assets.

Notes to the Consolidated Financial Statements – continued

During the year, impairments were recognised where the enterprise value of the underlying investment did not support full recovery of the loan balance. In all other cases the Board concluded that the loans were recoverable in full based on enterprise value coverage and expected cash generation.

Given the nature of the Group's investment structure and the recoverability assessment described above, the Board considers expected credit losses on shareholder loans to be immaterial to the Financial Statements, other than in instances where impairments have been recognised where enterprise value does not support full recovery of the loan balance. At 31 December 2025, the Group has recognised expected credit losses on investments in loans of £3,710,450 (2024: £2,548,500).

The Group invests in quoted and unquoted equities and fixed interest securities which are Level 1, Level 2 and Level 3 investments. The majority of cash is currently placed with The Northern Trust Company. The Group is subject to credit risk to the extent that this institution may be unable to return this cash. The Northern Trust Company is a wholly owned subsidiary of The Northern Trust Corporation. The Northern Trust Corporation is publicly traded and a constituent of S&P 500. The Northern Trust Corporation has a credit rating of A from Standard & Poor's and A2 from Moody's. At 31 December 2025, cash held at bank comprised £201,612 (2024: £150,369) held by the Depository which is the maximum credit risk that the Group is exposed to.

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

The Group's maximum exposure under the financial guarantee liability at the reporting date is approximately £6.1 million (31 December 2024: £14.4 million), see further discussion in note 18.

(d) Capital management policies and procedures

The Group's capital management objectives are:

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

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

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders (within the statutory limits applying to investment trusts), return capital to Shareholders, issue new shares, or sell assets.

17. Fair value measurement

IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy, as outlined in the accounting policy in note 3, that reflects the significance of the inputs used in making the measurements. The following table analyses, within the fair value hierarchy, the Group's investments measured at fair value through profit and loss as at 31 December 2025 and 2024:

	31 December 2025 GBP	31 December 2024 GBP
Classification		
Level 1	–	21,253,483
Level 2	–	–
Level 3	456,048,172	356,101,455
Total investments held at 'FVTPL'	456,048,172	377,354,938

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfers have occurred. Following the delisting of Hornby Plc's ("Hornby") ordinary shares during the year, the Group has classified its holding in Hornby as Level 3. There were no other transfers between levels during the year (31 December 2024: none). The Group has classified its holding in Silverwood Brand Plc as Level 3 since 31 December 2023, due to the temporary suspension of trading of Silverwood Brand Plc's ordinary shares on the Aquis Growth Market. Silverwood recommenced trading in May 2024, however due to the low trading volumes, these shares are not considered to be actively trading and therefore the listed price is not considered to be representative of the fair value. Subsequent to year end, Silverwood's ordinary shares were temporarily suspended once again. As such, the Group's holding in Silverwood continues to be classified as Level 3 and the measurement of its fair value is discussed on the following page.

The following table presents the movement in Level 3 investments measured at fair value through profit and loss for the years ended 31 December 2025 and 31 December 2024:

	31 December 2025 GBP	31 December 2024 GBP
Level 3 investments		
Opening balance	356,101,455	258,349,874
Purchases of financial assets	18,513,497	14,359,233
Net unrealised gains for the year	62,036,384	83,392,348
Transfers from Level 1 to Level 3	18,901,475	–
Adjustment arising from recognition of financial guarantee (note 18)	495,361	–
Closing balance	456,048,172	356,101,455

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Listed assets were priced using bid market prices. For investments that are not listed, the Investment Manager has processes in place to ensure valuations provide an objective, consistent and transparent basis for the fair value of unquoted securities in accordance with IFRS Accounting Standards as issued by the IASB. Phoenix creates individual valuation frameworks for all unlisted securities. The final framework will vary depending on the characteristics of the holding (for instance it may also incorporate a listed aspect or loan).

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

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

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

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

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

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

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

Investment in Rawnet – Given the reduced scale of Rawnet’s earning power relative to its debt outstanding, in mid-2025 the equity value of the Rawnet business was written down to zero.

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

Investment in Iona Star LP – Iona Star is a venture capital fund dedicated to investing in companies which focus on accelerating technology innovation with artificial intelligence and data. The Group’s investment in Iona Star is measured at fair value using NAV as the practical expedient under IFRS 13. The NAV reflects the fair value of the underlying portfolio, determined using valuation techniques appropriate to the nature and stage of investment of an early-stage venture fund such as Iona Star. For early-stage investments where observable market inputs are limited, cost is used as a reasonable approximation of fair value in accordance with IFRS 13. Management considers the NAV to be a reasonable proxy for the exit price of the investment at the reporting date.

Investment in Ocula – Ocula remains an early-stage investment and as such the fair value has been determined utilising the recent external (Series A) funding round price, being October 2024, as the key marker in valuing the equity. In parallel, context on that valuation has been provided by making assessments on the company’s market traction, its revenue potential, and a plausible valuation multiple – all overlaid with a plausible probability of success.

Investment in Hornby – Hornby’s ordinary shares were listed until voluntary cancellation of its listing in April 2025. At the time of cancellation, the fair value of the investment was determined using the volume-weighted average price for the five trading days prior to the delisting announcement i.e. 19.3p per share. Following cancellation, the shares are no longer traded in an active market. In the absence of subsequent transactions or other observable indicators of value, the Investment Manager has used 19.3p per share as the best estimate of fair value at 31 December 2025. This valuation is supported by indications of value we see in the sector.

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity as at 31 December 2025 are shown below:

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair value to changes in unobservable inputs
Investment in Valderrama	Discount rate	9.5%	An increase to 10%/(decrease to 9%) would (decrease)/increase fair value by (-10.4%)/+12%
	Inflation	2.0%	An increase to 2.5%/(decrease to 1.5%) would (decrease)/increase fair value by (-14.4%)/+15%
	Terminal growth rate	2.4%	An increase to 2.9%/(decrease to 1.9%) would increase/(decrease) fair value by +6.8%/(-5.9%)
	Trust real returns	3.5%	An increase to 4%/(decrease to 3%) would increase/(decrease) fair value by +3.9%/(-4.2%)
Investment in Phoenix S.G.	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-22%)/+26%
	1c Magenta asset	£4,675,000	An increase of 10%/(decrease of 10%) would increase/(decrease) fair value by +13%/(-13%)

Notes to the Consolidated Financial Statements – continued

Description	Significant unobservable input	Estimate of the input	Sensitivity of fair value to changes in unobservable inputs
Investment in Silverwood	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-16.79%)/+19.94%
	Terminal growth rate	2%	An increase to 2.5%/(decrease to 1.5%) would increase/(decrease) fair value by +3.7%/-3.37%
Investment in Cambium	Discount rate	15%	An increase to 16%/(decrease to 14%) would (decrease)/increase fair value by (-5.3%)/+6.3%
	Revenue growth rate	5%	An increase to 6%/(decrease to 4%) would increase/(decrease) fair value by +14.5%/-13.0%
	Gross profit margin	46%	An increase to 47%/(decrease to 45%) would increase/(decrease) fair value by +4.5%/-4.5%

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

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

*Pre-funeral plan releases and no central cost change

18. Financial guarantee and Guarantee recovery receivable

In 2022, following the introduction of the regulation of the pre-paid funeral plan industry by the FCA, the Dignity Group offered customers of certain funeral plan providers that did not meet the new regulatory requirements, the option to transfer to equivalent funeral plans held within The UK Funerals (2022) Trust ("the Trust"). Under the asset transfer agreements with the ceding trusts, the Dignity Group is entitled to receive an equitable share of the assets held by those trusts, in respect of customers that transferred to Dignity equivalent plans. A significant number of these assets had not been received at the reporting date.

Due to uncertainty over the amount and timing of these transfers, Castelnau Group Limited entered into a contractual guarantee on 22 September 2023 (the "Guarantee") with Dignity Funerals Limited ("DFL"), a subsidiary of Dignity Plc, and the trustees of the Trust. Under this arrangement, Castelnau agreed to support the funding of the Trust by guaranteeing that a minimum of £15.4 million of assets would be received.

During 2025, the Trust received £3.3 million of assets from the ceding trusts, reducing the amount of the Guarantee by this amount. During early 2025, Castelnau and DFL also became aware of potential issues in relation to the transfer of the remaining assets from the ceding trusts and are currently pursuing recovery of the remaining balances from these trusts vigorously. While the timing of these recoveries remains subject to ongoing legal proceedings, management currently expects that further amounts will be recovered following success in a recent High Court sitting.

Pursuant to the ongoing legal proceedings and the Guarantee, Castelnau agreed to pay £6.0 million to the Trust in December 2025. Castelnau also entered into a Recovery Mechanism Agreement ("Recovery Agreement") with the Trust. This agreement states that any net recovery the Trusts subsequently receives from the ceding trusts, which is more than the current Guarantee amount outstanding of £6.1 million, is reimbursed to Castelnau until the full £6.0 million is repaid.

Given the status of the legal proceedings, management currently estimates, based on the average of a range of potential outcomes, that £2.4 million will be reimbursed under the Recovery Agreement and this amount has been presented as 'Guarantee recovery receivable' in the Consolidated Statement of Financial Position. The remaining £3.6 million, being the difference between the payments made under the financial guarantee and the amount expected to be reimbursed to Castelnau, has been recognised as an expense in the Group's Consolidated Statement of Comprehensive Income (see note 7).

Following the amendments to the Guarantee, the receipts from the ceding trusts of approximately £3.3 million, and the £6.0 million Guarantee payment to the Trust by Castelnau, Castelnau's maximum cash exposure under the Guarantee at the reporting date is approximately £6.1 million (31 December 2024: £14.4 million). The undiscounted contractual cash flow is presented in the Liquidity Risk maturity table in note 16. This represents the potential shortfall between the Guarantee amount and assets ultimately transferred from the ceding trusts. The Guarantee has been extended to 31 December 2026, with a mechanism for further extension if required. There is uncertainty over the estimated £2.4 million Guarantee recovery receivable, which is dependent on the outcome of the legal proceedings which could lead to future recognition of some or all of the amount as an expense.

The remaining £6.1 million of the Guarantee is accounted for in accordance with IFRS 9 and is measured at the higher of the ECL and the unamortised amount of the initial fair value of the Guarantee. Management has performed an ECL assessment using probability-weighted recovery outcomes based on reasonable and supportable information available at the reporting date. While management expects that recoveries from the relevant trusts will exceed the guaranteed amount, the recognised liability reflects the probability-weighted impact of potential downside recovery scenarios.

Based on the ECL assessment and the remote expectation that the remaining £6.1 million Guarantee will be exercised, a financial guarantee liability with carrying value of £495,361 has been recognised at the reporting date. The measurement of the financial guarantee involves significant judgement, particularly in assessing expected recovery outcomes and the timing of recoveries, including matters subject to ongoing legal proceedings.

Notes to the Consolidated Financial Statements – continued

19. Post year end events

These financial statements were approved for issuance by the Board on 20 April 2026. Subsequent events have been evaluated to this date.

Effective 1 January 2026, Lady Rachael Robathan was appointed to the Castelnau Board as a Non-Executive Director.

On 12 March 2026, Hornby Hobbies Limited, an underlying portfolio company of the Group, completed the sale of 100% of the Scalextric business, including its intellectual property and associated assets, to Scalextric Motorsports Ltd. for a total consideration of £20.0 million. £8.5 million of the total consideration was payable in cash up front, with the remaining £11.5 million deferred and payable out of free-cash flow. The proceeds of the sale will be used by Hornby to pay down debt and invest in its other individual brands. Scalextric's operations will continue to be supported within Hornby's existing infrastructure. Hornby will manage the Scalextric business as agent.

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

Alternative Performance Measures (Unaudited)

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

Ongoing Charges

Ongoing charges is calculated in accordance with the AIC recommended methodology. The ongoing charges represent the Group’s operating expenses, excluding finance costs, share issue or buyback costs, non-recurring legal and professional fees and all expenses of the subsidiary, expressed as a percentage of the average of the monthly net assets during the year. The Board continues to be conscious of expenses and works hard to maintain a sensible balance between good quality service and cost.

	Year ended 31 December 2025 GBP	Year ended 31 December 2024 GBP
Average NAV for the year (A)	340,363,455	286,084,027
Total expenses	7,012,064	2,704,680
Less: Expenses not recognised as part of the AIC Ongoing Charges Methodology	(5,582,160)	(1,184,185)
Operating expenses (annualised) (B)	1,429,904	1,520,495
Ongoing charges (B/A)	0.42%	0.53%

NAV Total Return

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

	Year ended 31 December 2025 pence	Year ended 31 December 2024 pence
Opening NAV per Ordinary Share (A)	98.3	72.6
Closing NAV per Ordinary Share	112.1	98.3
Increase in NAV per Ordinary Share (B)	13.8	25.7
NAV Total Return (B/A)	14.0%	35.4%

NAV per Ordinary Share

NAV per Ordinary Share is calculated by dividing the total Net Asset Value of £373,715,247 (31 December 2024: £317,242,952) by the number of Ordinary Shares at the end of the year of 333,508,046 Ordinary Shares (31 December 2024: 322,829,422). This produces a NAV per Ordinary Share of 112.1p (2024: 98.3p), which was an increase of 14.0% (2024: increase of 35.4%).

Discount/Premium to NAV

If the share price of an investment company is lower than the NAV per Ordinary Share, the shares are said to be trading at a discount. The size of the discount is calculated by subtracting the share price at year end of 94.3p (31 December 2024: 94.0p) from the NAV per Ordinary Share at year end of 112.1p (31 December 2024: 98.3p) and is usually expressed as a percentage of the NAV per Ordinary Share of 15.9% (31 December 2024: discount of 4.4%). If the share price is higher than the NAV per Ordinary Share, the shares are said to be trading at a premium.

Appendix (Unaudited)

Phoenix UK Fund Performance Table

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

Year	Investment Return (Gross)	NAV Return (Net)	FTSE All-Share Index	Share Price £
May 1998–2007	210.0%	150.0%	56.0%	2,498.40
2008	-39.5%	-40.2%	-29.9%	1,494.31
2009	62.8%	59.7%	30.2%	2,386.48
2010	1.1%	0.0%	14.7%	2,386.37
2011	3.0%	1.9%	-3.2%	2,430.75
2012	48.3%	42.2%	12.5%	3,456.27
2013	40.5%	31.3%	20.9%	4,539.47
2014	1.9%	0.1%	1.2%	4,544.25
2015	20.1%	14.7%	0.9%	5,211.13
2016	9.1%	7.6%	16.8%	5,605.58
2017	21.5%	16.3%	13.1%	6,518.69
2018	-13.6%	-14.7%	-9.5%	5,558.97
2019	30.3%	27.7%	19.1%	7,098.36
2020	-3.9%	-4.9%	-9.7%	6,748.66
2021	23.4%	18.7%	18.3%	8,011.17
2022	-16.7%	-17.4%	0.2%	6,619.32
2023	34.0%	32.8%	7.7%	8,791.99
2024	1.5%	0.7%	9.4%	8,851.34
2025	11.0%	10.1%	23.9%	9,746.77
Cumulative	1706.8%	874.7%	386.7%	
Annualised Returns	11.0%	8.6%	5.9%	

Group Information

Directors – Parent (all non-executive)

Joanne Peacegood (Chair)
Andrew Whittaker
Joanna Duquemin Nicolle
Richard Brown
Lady Rachael Robathan (appointed 1 January 2026)
David Stevenson (resigned 31 December 2025)

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 Glenthams 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

MUFG Corporate Markets (Guernsey) Limited
(formerly Link Market Services (Guernsey) Limited)
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

Financial Adviser and Broker

Panmure Liberum Limited
25 Ropemaker Street
London
EC2Y 9LY

Solicitors to the Group as to English law

Gowling WLG (UK) LLP
4 More Riverside
London
SE1 2AU

Solicitors to the Group as to Guernsey law

Carey Olsen (Guernsey) LLP
PO Box 96
Carey House
Les Banques
St. Peter Port
Guernsey
Channel Islands
GY1 4BZ

Independent Auditor

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

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www.castelnaugroup.com

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