

22 May 2023

CAPITAL FOR COLLEAGUES PLC

(‘Capital for Colleagues’, ‘C4C’ or the ‘Company’)

Unaudited Interim Results for the six months ended 28 February 2023

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce its unaudited interim results for the six months ended 28 February 2023.

Financial Highlights

- Revenues of £0.259m (2022: £0.216m), comprising interest receivable, dividends received and fees
- Profit of £0.933m for the six-month period (2022: £0.227m)
- Net assets of £14.384m as at 28 February 2023 (28 February 2022: £12.645m)
- NAV per share of 77.78 pence as at 28 February 2023 (28 February 2022: 68.38 pence per share)

Portfolio Highlights

- Invested a further £0.240m in an existing investee company as part of a wider funding restructuring.
- Restructured an existing investee company, enabling an employee trust to own 51% of the business.
- £0.330m of additional debt funding provided to 4 investee companies.
- Investments revalued upwards by a net total of £1.058m, to reflect underlying performance and prospects.
- Investment portfolio at the period end comprised 13 unquoted EOBs (28 February 2022: 14)

Chief Executive’s Statement

There was continued progress across the Company’s portfolio during the six months ended 28 February 2023 and this has enabled the Directors to increase the value attributable to a number of the Company’s investments. The increase in the Net Asset Value, along with the dividend of 1.75p per share paid during the period under review, represents a solid return for shareholders during a challenging period for quoted Private Equity vehicles.

The addition of MI Accountancy Solutions Limited to our resources has broadened the support that we are able to provide to existing and potential investees.

It was disappointing to note the sharp fall in the Company’s share price at the end of the reporting period. This fall resulted from actions which were wholly unrelated to C4C or its business and means that the shares are now trading at a significant discount to the Net Asset Value.

The Board is exploring a number of initiatives with the objective of significantly narrowing the discount over the coming months.

Material developments in the six months

- As part of a funding round and capital reorganisation at Hire and Supplies Limited ('H&S'), C4C sold its holding of 'A' ordinary shares in H&S for cash consideration of £0.970m (original cost in 2016 of £0.300m). Alongside its disposal of the 'A' ordinary shares, C4C subscribed £1.210m for new ordinary shares in H&S as part of the funding round. Following these transactions, Capital for Colleagues is interested in 20.76% of H&S's enlarged share capital.
- As part of a reorganisation, Employee Owners Group Limited ('EOG') formed a new holding company, Carpenter Oak Group Limited, which is now 51% owned by an Employee Ownership Trust ('EOT'), with the balance owned by Capital for Colleagues (30%) and management (19%). The EOT, which previously held a 7.5% interest in EOG, acquired its controlling interest from EOG's founding shareholders.
- C4C acquired the entire issued share capital of MI Accountancy Solutions Limited ('MIA'). MIA is a Staffordshire based accountancy firm that offers a range of accounting services, principally the preparation of management accounts. MIA has been providing accounting services to a number of C4C's investee companies, and the Directors believe that, by bringing these services in house, Capital for Colleagues will be able to cost-effectively broaden the support and advice it offers all EOBs, whilst at the same time strengthening relationships with existing investee companies.

Financial Results

In the six months ended 28 February 2023, the Company generated income of £0.259m (2022: £0.216m), principally from interest and dividends receivable and fees associated with our investments. The Net Asset Value rose by 4.4% during the period, and the Company had net assets of £14.384m (2022: £12.645m) as at 28 February 2023.

Outlook

The EOBs in which the Company is invested are generally performing well and we anticipate further good progress in the Net Asset Value over the remainder of the financial year.

We continue to promote the commercial and financial benefits of EOBs at every opportunity and are pleased to see increasing recognition of EOBs as important generators of equitable and dynamic growth. The recent appointment of Deb Oxley to our board further underlines our leadership and commitment in the EOB space.

Alistair Currie
Chief Executive

For further information, please visit www.capitalforcolleagues.com or contact:

CAPITAL FOR COLLEAGUES PLC

Richard Bailey, Chairman

Alistair Currie, Chief Executive

01985 201 980

PETERHOUSE CAPITAL LIMITED

020 7469 0930

Mark Anwyl

PROFIT & LOSS ACCOUNT

	Unaudited 6 months to 28 February 2023 £'000	Unaudited 6 months to 28 February 2022 £'000	Audited 12 months to 31 August 2022 £'000
Revenue	259	216	492
Fair value gain on investments	1,058	297	1,537
	<hr/> 1,317	<hr/> 513	<hr/> 2,059
Administrative expenses	(389)	(286)	(675)
PROFIT FROM ONGOING OPERATIONS	<hr/> 928	<hr/> 227	<hr/> 1,354
Finance Income	5	-	1
PROFIT BEFORE TAXATION	<hr/> 933	<hr/> 227	<hr/> 1,355
Tax	-	-	-
PROFIT FOR THE PERIOD	<hr/> <hr/> 933	<hr/> <hr/> 227	<hr/> <hr/> 1,355

BALANCE SHEET

	As at 28 February 2023 £'000	As at 28 February 2022 £'000	As at 31 August 2022 £'000
ASSETS			
Non-Current Assets			
Goodwill on consolidation	98	-	-
Property, plant & equipment	2	4	3
Investments held at fair value through profit or loss	9,868	7,278	8,548
Loans and receivables	1,412	1,063	608
	<hr/> 11,380	<hr/> 8,345	<hr/> 9,159
Current Assets			
Trade and other receivables	284	172	839
Cash and cash equivalents	2,831	4,180	3,939
	<hr/> 3,115	<hr/> 4,352	<hr/> 4,778
TOTAL ASSETS	<hr/> <hr/> 14,495	<hr/> <hr/> 12,697	<hr/> <hr/> 13,937

EQUITY AND LIABILITIES**Equity**

Called up share capital	7,397	7,397	7,397
Share premium	1,810	1,810	1,810
Retained profits	5,177	3,438	4,567
Total Equity	14,384	12,645	13,774
Current Liabilities			
Trade and other payables	111	52	163
TOTAL EQUITY AND LIABILITIES	14,495	12,697	13,937

The interim results have not been reviewed by the Company's auditors.

The Directors of the Company are responsible for the contents of this announcement.

Capital for Colleagues

Capital for Colleagues is an investment company focused on the UK EOB sector. The Company has a proven management team, with a wide network of contacts and affiliates, as well as established access to investment opportunities, enabling the Company to execute its strategy and capitalise on EOB-focused investment opportunities. In addition, the Company educates and assists companies that are looking to launch employee ownership schemes, advising them, amongst other things, on how to secure investment and achieve their objectives.

Market Abuse Regulation (MAR) Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018).