

**A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR**



**UK CONTACT**  
PO Box 208  
Epsom Surrey  
KT18 7YF

Telephone: +44 (0)1372 271486

[www.uil.limited](http://www.uil.limited)



# HALF-YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS TO 31 DECEMBER 2021

## A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR



Nautilus Data Technologies, Inc.

The investment objective is to maximise shareholder returns by identifying and investing in compelling long-term investments worldwide, where the underlying value is not reflected in the market share price.

### SIX MONTHS TO 31 DECEMBER 2021

NET ASSET VALUE ("NAV") TOTAL  
RETURN PER ORDINARY SHARE \*

**-9.9%**

(2020: 22.0%)

SHARE PRICE TOTAL RETURN  
PER ORDINARY SHARE\*

**-5.3%**

(2020: 10.4%)

REVENUE EARNINGS PER  
ORDINARY SHARE

**3.40p**

(2020: 4.63p)

DIVIDENDS PER  
ORDINARY SHARE

**4.00p**

(2020: 4.00p)

\*See Alternative Performance Measures on pages 42 to 44

UIL Limited ("UIL" or the "Company") is a Bermuda exempted closed-end investment company, whose joint portfolio managers are ICM Investment Management ("ICMIM") and ICM Limited ("ICM"), together referred to as the "Investment Managers".

## WHY UIL LIMITED?



Utilico Emerging Markets Trust Plc

Stock selection remains our focus and ICM's proven bottom-up long-term approach should benefit UIL in changing times.

### UIL OFFERS ORDINARY SHAREHOLDERS:

- A high conviction portfolio
- Delivery of above average returns
- Diversified mix of investments
- Opportunity to currently buy UIL shares on the market at a significant discount to NAV
- Attractive quarterly dividends

### UIL OFFERS ZERO DIVIDEND PREFERENCE ("ZDP") SHAREHOLDERS:

- Attractive capital growth - driving increased ZDP cover
- Attractive asset, sector and geographical cover
- Structured as four ZDP classes - mitigating redemption risk

Past performance is not necessarily a guide to future performance and the value of an investment in the Company, and the income derived from it, if any, may go down as well as up.

# CHAIRMAN'S STATEMENT



The half-year to 31 December 2021 was challenging for investors. UIL's performance was impacted over the half-year as some of the portfolio gave back part of the strong gains made in the previous financial year. UIL's NAV total return was

negative 9.9%. The FTSE All-Share total return Index ("FTSE") was up by 6.5% over the same period. While weaker than the overall market, the UIL result should be viewed against a very strong out-performance in the year to 30 June 2021, where UIL's NAV total return was up 50.9% versus the FTSE which was up 21.5%. UIL's annual compound NAV total return since inception in 2003 was 12.1%, whilst the FTSE was 7.7%.

Since inception in August 2003, UIL has distributed £84.6m in dividends, invested £36.6m in ordinary share buybacks and made net gains of some £339.5m for a total return of 714.2% (adjusted for the exercise of warrants and convertibles). Shareholders should note that the Board and the Investment Managers focus on longer term movements in market indices, whilst including short term comparisons for reference.

As shareholders are aware, UIL moved to valuing Somers Limited ("Somers") based on its daily NAV from June 2021. Utilico Emerging Markets Trust plc ("UEM") and Zeta Resources Limited ("Zeta") continue to be valued based on their market bid prices. As at 31 December 2021, discounts to published NAVs widened to 12.7% for UEM (some £11.0m) and narrowed marginally to 24.0% for Zeta (some £25.2m). Together these discounts amount to £36.2m attributable to UIL. Adding these back would see UIL's adjusted NAV per share increase by 11.2% to 427.67p (30 June 2021: 473.14p) and UIL's implied discount widen to 41.5%.

A number of investments have pulled back on weaker market sentiment, driven by concerns over sustained inflation and the need for central banks to raise interest rates. We have seen this impact with Resimac Group Limited ("Resimac") (Somers' largest holding), whose share price fell 23.2% during the half-year. Given Resimac is 49.4% of Somers' portfolio and Somers is 39.2% of UIL's portfolio, Resimac's weakness has in turn accounted for 8.2% of UIL's 9.9% negative total return over the half-year. We would note that Resimac delivered excellent results in the year to 30 June 2021. As at 31 December 2021, Resimac shares traded at a historic price earnings ratio of some 7.4x and a dividend yield of 3.4%. It was pleasing to see Resimac buying back its own shares on the market.

Many other investments had a good half-year. The share price of Panoramic Resources Limited ("Panoramic"), Zeta's second largest investment, rose some 89.3% on the back of a strengthening outlook for nickel. Panoramic accounted for most of Zeta's 16.2% share price increase during the half-year.

Resolute Mining Limited ("Resolute") has been a perennial underperformer. Resolute's share price was down 23.8% on the back of lacklustre operational performance and continued concerns over the political outlook in the region.

A point to emphasise for shareholders is the continued shift in UIL's portfolio focus. Over the past three years UIL has increasingly invested in disruptive technology companies. This has increased UIL's exposure to high growth, significant value upside investments. Such companies include Starpharma Holdings Limited ("Starpharma") and Littlepay Pty Limited ("Littlepay") (one of ICM Mobility Group Limited's ("ICM Mobility") core investments); both of which are highlighted in the annual report. In the half-year we have invested in Nautilus Data Technologies, Inc ("Nautilus") and Novareum Blockchain Asset Fund Limited ("Novareum"). Both are now in UIL's top ten holdings and offer exciting opportunities.

The Board remains disappointed to see the ordinary shares trade at a discount of 35.0% as at 31 December 2021. Given recent NAV gains, reduction in absolute debt, significantly lower gearing and attractive dividend payments, the discount is frustrating. In 2019, the Board determined, in agreement with the Investment Managers and the major shareholder, to target a lower discount level of 20.0% in the medium term. This was firmly communicated to the market with UIL continuing to buy back ordinary shares at high discount levels. It was understandable that discounts were high through much of last year's uncertainties but given UIL's significantly improved profile and performance as noted above, the hope is that the discount will again narrow.

During the half-year to 31 December 2021 the Company bought back 0.3m ordinary shares (0.4% of opening shares in issue) at an average price of 274.00p, which represented a discount of 28.8% to the closing NAV.

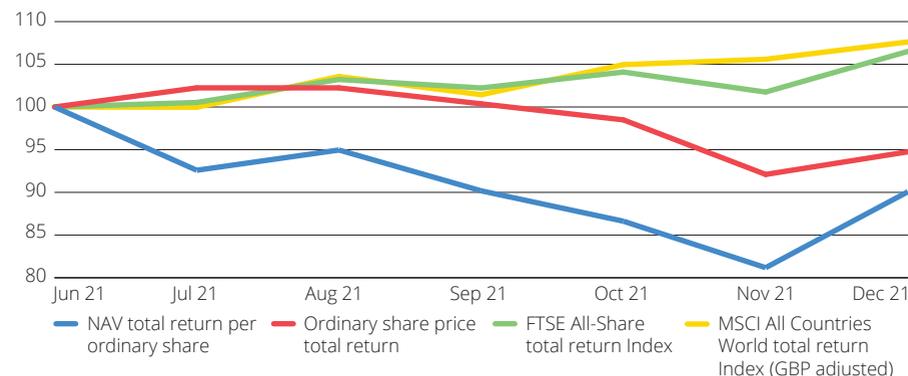
As with the wider debt markets, UIL's longer dated 2024, 2026 and 2028 ZDP shares are trading at higher gross redemption yields compared to those as at 30 June 2021, being 4.4%, 5.5% and 6.6% respectively, as the markets price in interest rate

rises by most central banks and inflation increases sharply. UIL's 2022 ZDP shares, being short dated, have seen their gross redemption yield narrow over the half-year to 3.8%. As at 31 December 2021, UIL's average blended rate of funding costs, including bank debt, remained at 4.5%.

Total revenue income for the half-year to 31 December 2021 was £4.3m, a decrease of 24.6% from £5.7m in the prior half-year. This reflects in part the loss of earnings from the Zeta and Somers loans which were significantly reduced in the half-year, resulting in interest income reducing from £2.7m over the prior half-year to £1.2m. The revenue return earnings per share ("EPS") of 3.40p represents a decrease of 26.6% over the prior half-year of 4.63p.

The Board has declared an unchanged second quarter dividend of 2.00p per ordinary share which maintains the total for the half-year to 4.00p, and a yield on the closing share price of 3.2%. The dividend was covered 0.9x by earnings in the half-year and undistributed revenue reserves carried forward decreased from £12.5m to £12.0m, equal to 14.34p per share. In the absence of unforeseen circumstances, the Board intends to pay a further 4.00p in dividends for the second half-year and the Investment Managers expect UIL's earnings to rise

## TOTAL RETURN COMPARATIVE PERFORMANCE\* (pence) from 30 June 2021 to 31 December 2021



\* Rebased to 100 as at 30 June 2021

Source: ICM

in the second half-year, resulting in EPS covering intended dividends for the full year of 8.00p.

Following the capital gains of £114.1m last year, there was a capital loss for the half-year ended 31 December 2021 of £39.4m.

UIL has a stronger financing structure with four ZDP issues totalling £136.9m and bank and other debt of £60.2m. It is pleasing to see UIL's debt significantly below the 100% gearing target level set some years ago, at 60.7% as at 31 December 2021. The 2022 ZDP shares amounting to £49.6m as at 31 December 2021, are redeemable in October this year. As such they are moved to current liabilities and the Investment Managers have started to take steps to fund the redemption payment.

#### GLOBAL EVENTS

Three themes dominate global events: Covid-19, heightened geopolitical tensions and the outlook for inflation and interest rates.

On Covid-19 it is very pleasing to see the virus follow an expected evolution, with each new variant of Covid-19 being weaker but more virulent. Omicron certainly meets that profile. Just as pleasing to see is that the array of vaccines available in the West has reduced the impact on individuals. The net outcome of a weaker virus and high vaccination is fewer people are ending up in hospital and fewer still are dying from Covid-19. Nearly all countries are moving towards "living with Covid" and a number are starting to remove Covid restrictions. While this may still take time for all countries to catch up, the direction of travel is positive. The concerning outlier in this approach is China, which continues to pursue a zero-tolerance approach. One that may well give rise to more challenges for them in the future.

The heightened geopolitical events are concerning on two fronts. They can, if unresolved, lead to war and have a devastating impact on global recovery. Clearly Russia's aggressive positioning towards Ukraine is testing the resolve of Europe and NATO.

We hope that a diplomatic resolution can be found and Russia can step back. Although we note that the differences of the long term vision between Russia and the West is such that any resolution may well not stand the test of time.

Furthermore, the ongoing friction between China and the USA is again a clash of ideologies and will likely lead to ongoing resistance between the two nations and their allies.

As economies have reopened there has been a very strong demand for goods led by the consumer. Goods supply chains have been disrupted by Covid-19. The result has been rising inflation as demand for goods has outstripped supply. Faced with concerns around inflationary pressures, most central banks have begun to move towards raising interest rates and a number have started the process.

In the next two years we expect inflationary pressures to reduce as supply chains normalise and the demand for goods falls back to trend lines. The one unknown in our view is the response of the labour force. To date the number of economically active people is well below pre-pandemic levels. If this continues then the shortage of the work force will drive up wages and in turn feed inflation.

#### OUTLOOK

The outlook for global economies is inextricably linked to Covid-19, to resolving geopolitical differences and to central banks navigating inflation and interest rate responses. We remain optimistic that solutions can be found and that policy makers can navigate through the challenges. We expect inflation to be elevated for much of 2022, assets valuations to increase, technology to continue to gain market share and commodities to rise in value. Above all, we expect volatility to remain high as differentiated recoveries become clearer. Most of our portfolio companies are doing very well in this challenging environment and we expect this to continue.

**Peter Burrows AO**  
Chairman  
18 February 2022

## GROUP PERFORMANCE SUMMARY

	Half-year 31 Dec 2021	Half-year 31 Dec 2020	Annual 30 Jun 2021	% change Jun-Dec 2021
NAV total return per ordinary share (for the period) <sup>(1)</sup> (%)	<b>(9.9)</b>	22.0	50.9	n/a
Share price total return per ordinary share (for the period) <sup>(1)</sup> (%)	<b>(5.3)</b>	10.4	57.0	n/a
Annual compound NAV total return <sup>(1)</sup> (since inception <sup>(2)</sup> ) (%)	<b>12.1</b>	12.1	13.1	n/a
NAV per ordinary share <sup>(1)</sup> (pence)	<b>384.57</b>	352.55	431.51	(10.9)
Ordinary share price (pence)	<b>250.00</b>	191.50	268.00	(6.7)
Discount <sup>(1)</sup> (%)	<b>35.0</b>	45.7	37.9	n/a
<b>Returns and dividends (pence)</b>				
Revenue return per ordinary share	<b>3.40</b>	4.63	9.98	(26.6) <sup>(3)</sup>
Capital return per ordinary share	<b>(46.95)</b>	58.69	133.81	(180.0) <sup>(3)</sup>
Total return per ordinary share	<b>(43.55)</b>	63.32	143.79	(168.8) <sup>(3)</sup>
Dividend per ordinary share	<b>4.00<sup>(4)</sup></b>	4.00	8.00	0.0 <sup>(3)</sup>
FTSE All-Share total return Index	<b>8,364</b>	7,069	7,852	6.5
<b>Equity holders' funds (£m)</b>				
Gross assets <sup>(5)</sup>	<b>520.0</b>	470.7	544.4	(4.5)
Bank and other debt	<b>60.2</b>	43.8	48.5	24.1
ZDP shares	<b>136.9</b>	124.7	132.1	3.6
Equity holders' funds	<b>322.9</b>	302.2	363.8	(11.2)
<b>Revenue account (£m)</b>				
Income	<b>4.3</b>	5.7	11.6	(24.6) <sup>(3)</sup>
Costs (management and other expenses)	<b>0.8</b>	1.2	2.1	(33.3) <sup>(3)</sup>
Finance costs	<b>0.6</b>	0.5	1.0	20.0 <sup>(3)</sup>
<b>Financial ratios of the Group (%)</b>				
Ongoing charges figure excluding performance fees <sup>(1)</sup>	<b>2.0<sup>(6)</sup></b>	2.0 <sup>(6)</sup>	2.3	n/a
Ongoing charges figure including performance fees <sup>(1)</sup>	<b>4.2<sup>(6)(7)</sup></b>	2.9 <sup>(6)(7)</sup>	4.6 <sup>(7)</sup>	n/a
Gearing <sup>(1)</sup>	<b>60.7</b>	55.5	48.8	n/a

(1) See Alternative Performance Measures on pages 42 to 44

(2) All performance data relating to periods prior to 20 June 2007 are in respect of Utilico Investment Trust plc, UIL's predecessor

(3) Percentage change based on comparative six month period to 31 December 2020

(4) The second quarterly dividend of 2.00p has not been included as a liability in the accounts

(5) Gross assets less current liabilities excluding loans and ZDP shares

(6) For comparative purposes the figures have been annualised

(7) Performance fees for the periods are only suffered within underlying funds



Utilico Emerging Markets Trust Plc



The half-year to 31 December 2021 was a challenging period and, as anticipated, volatility was elevated.

UIL's portfolio reduced by £35.0m mainly as a result of the decrease in value of Somers and its underlying

holding in Resimac, and the poor performance of Resolute. While disappointing, the results for the six months followed a 50.9% increase in UIL's NAV total return for the year ended 30 June 2021.

## PORTFOLIO

The performance of UIL's portfolio was volatile over the half-year. Within the top ten, three increased in value, five decreased in value and

two new investments were made. Overall, the decreases outweighed the increases, which led to an overall reduction in the portfolio of £35.0m. As noted in the Chairman's Statement, UEM and Zeta's share price discounts to NAVs represent £36.2m to UIL.

Somers' valuation reduced 13.9% giving back some of the 109.2% gains in the year to 30 June 2021. This was largely driven by Resimac's share price declining by 23.2%, compared to its 143.6% gain in the year to 30 June 2021. Resimac continues to deliver strong operational performance and while some of the valuation tailwinds have reduced over recent months, such as interest rate expectations, we believe that their valuation is relatively modest at a historic price earnings ratio of 7.4x.

Zeta's share price gained 16.2% in the half-year to 31 December 2021, adding to the rise of

117.6% during the year to 30 June 2021. This reflected the continuing strengthening of the wider resources sector. The combination of supply constraints as commodity production fell, with stronger demand as economies recovered, created a surge in demand. In particular, copper firmed 3.9% in the half-year, adding to the 58.3% rise in copper during the year to 30 June 2021. We see copper prices continuing to strengthen in the face of rising demand and falling production, as the recent under investment in mining leads to constrained supplies. Copper Mountain Mining Corporation ("Copper Mountain"), Zeta's largest investment, has seen its share price weaken, down 6.1% in the six months to 31 December 2021, but it has largely held onto the gains of 477.8% during the year to 30 June 2021. Again, we are optimistic that Copper Mountain will deliver improving results and a rising share price. Nickel was up 14.7% in the half-year and Panoramic saw its share price rise by 89.3% during the period as it resumes operations.

The perennial under performer has been Resolute. Over the years, Resolute has failed to deliver shareholder value and frustratingly

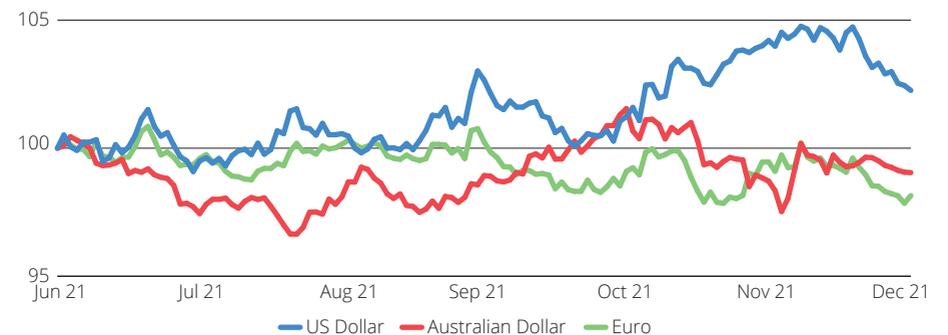
in the year to 30 June 2021 delivered further disappointment given our positive outlook on gold. The board of Resolute took decisive action during the year making management changes with a view to better focus on its mining operations. We expect to see improving metrics, stronger cash flows and reduced debt. It has not helped that Mali, where its Syama mine is based, witnessed a further military coup and Covid-19 has hampered operations. Resolute's share price fell by 23.8% in the half-year, in addition to the 55.1% loss during the year to 30 June 2021.

The ten largest holdings section starting on page 18 provides more information on UIL's key investments, including new additions to the portfolio. We are excited about our new investments and expect them to provide a mix of deep value operational performance opportunities which, combined with improving valuations, should deliver long term value to UIL shareholders.

## FOREIGN EXCHANGE & COMMODITIES

As a global investor, UIL faces both exposure and opportunities from foreign exchange ("FX")

## CURRENCY MOVEMENTS VS STERLING\* from 30 June 2021 to 31 December 2021

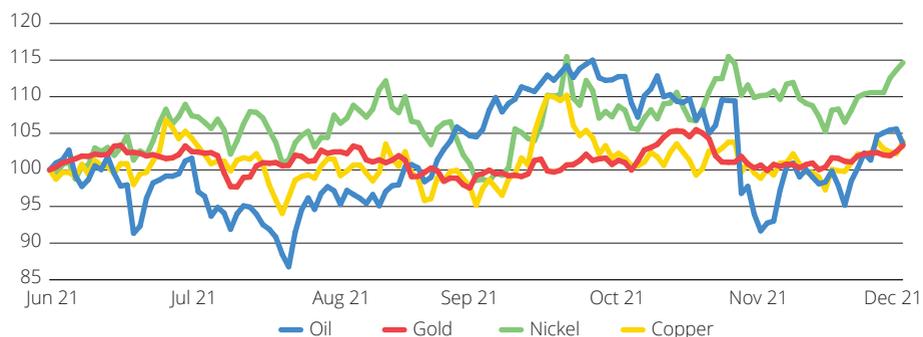


\*Rebased to 100 as at 30 June 2021

Source: Bloomberg

**COMMODITY PRICE MOVEMENTS\***

from 30 June 2021 to 31 December 2021



\*Rebased to 100 as at 30 June 2021

Source: Bloomberg

movements. To mitigate this risk UIL hedges its ZDP repayment liability to Sterling. As can be seen, the impact on UIL from FX in the half-year was a modest loss of £0.2m (30 June 2021: gain of £3.9m). This reflects in part a stronger Canadian Dollar and a weaker Australian Dollar.

Commodities remained volatile. During the half-year, oil was initially up 15.0% and then down 10.0%, ending the period 3.5% up. Copper was less volatile, with a high/low spread of 15.0%, ending the half-year up 3.9%. Nickel was the standout performer, up 14.7% during the period.

**PORTFOLIO ACTIVITY**

During the half-year to 31 December 2021, UIL invested £36.0m and realised £22.7m, including loans repaid by Somers and Zeta. Purchases included investments in Nautilus of £7.2m and Novareum of £3.6m; both of these are in UIL's top ten investments as at 31 December 2021.

**PLATFORM INVESTMENTS**

UIL currently has four platform investments, Somers, Zeta, UEM and Allectus Capital Limited ("Allectus") in its top ten holdings. These

investments account for 77.4% of the total portfolio as at 31 December 2021 (30 June 2021: 78.7%). During the half-year to 31 December 2021, net withdrawals from these platforms amounted to £8.3m (30 June 2021: £16.8m).

**DIRECT INVESTMENTS**

UIL has six direct investments in its top ten holdings, ICM Mobility, Resolute, Starpharma, Nautilus, Sindoh Co Limited ("Sindoh") and Novareum. The two new investments to the top ten holdings, Nautilus and Novareum, replace AssetCo plc ("AssetCo") and Orbital Corporation Limited, both of which remain UIL investments.

**GEOGRAPHIC REVIEW**

The geographical split of the portfolio, on a look-through basis, shows Australia and New Zealand decreasing to 35.3% of UIL's total investments (30 June 2021: 37.6%); North America nearly doubled again to 18.3% (30 June 2021: 9.8%).

The decrease in Australia reflects the decrease in value of Resimac held through Somers.

**IN THE SIX MONTHS TO 31 DECEMBER 2021**

AUSTRALIA AND NEW ZEALAND REMAINS UIL'S LARGEST EXPOSURE AT 35.3%

↓ 2.3%

NORTH AMERICA IS UIL'S SECOND LARGEST EXPOSURE AT 18.3%

↑ 8.5%

UK REMAINS UIL'S THIRD LARGEST EXPOSURE AT 14.1%

↓ 4.5%

ASIA REMAINS UIL'S FOURTH LARGEST EXPOSURE AT 11.0%

↑ 0.6%

EUROPE IS UIL'S FIFTH LARGEST EXPOSURE AT 6.5%

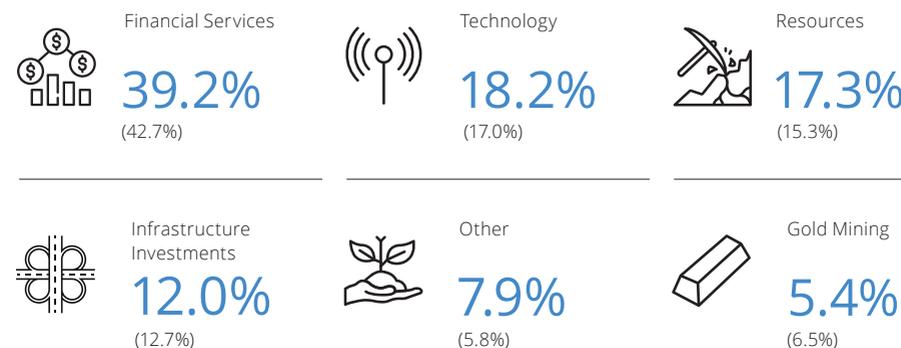
↑ 3.7%

GOLD IS UIL'S SIXTH LARGEST EXPOSURE AT 5.4%

↓ 1.1%

Note: increases/decreases refer to the movement in the portfolio percentage

**SECTOR SPLIT OF INVESTMENTS**



Figures in brackets as at 30 June 2021

Source: ICM

## SECTOR REVIEW

### Financial Services – 39.2% (30 June 2021: 42.7%)

Somers is UIL's largest investment and accounted for 39.2% of UIL's total investments as at 31 December 2021 (30 June 2021: 42.7%). As already noted, the decrease in Resimac's valuation has driven Somers' NAV weakness.

### Technology – 18.2% (30 June 2021: 17.0%)

UIL holds a number of early-stage investments in the technology and pharmaceutical sector, both directly and through ICM Mobility (UIL's fourth largest investment), Allectus (UIL's fifth largest investment), and Starpharma (UIL's seventh largest investment). During the half-year we have added Nautilus (UIL's eighth largest investment) and Novareum (UIL's tenth largest investment).

### Resources (excl. gold mining) – 17.3% (30 June 2021: 15.3%)

UIL's largest investment in resources is Zeta, which accounted for 19.2% of the total portfolio as at 31 December 2021 (30 June 2021: 17.1%). Zeta has continued its strong run on the back of improving commodity prices and operating performance by its investees.

### Infrastructure Investments – 12.0% (30 June 2021: 12.7%)

UIL amalgamated the infrastructure and utility sectors into one and this consists of Telecommunications, Infrastructure, Electricity, Ports, Road & Rail, Oil & Gas, Renewables, Water & Waste and Airports. UIL's infrastructure exposure is largely through UEM.

### Gold Mining – 5.4% (30 June 2021: 6.5%)

UIL's largest investment in gold mining is Resolute, which is held both directly by UIL (3.6% of the total portfolio) and indirectly through Zeta. In addition, Zeta holds 69.9% of Horizon Gold Limited ("Horizon"), an Australian gold mining exploration company. Resolute's share price weakness has been partly offset by Horizon's share price gains.

## LEVEL 3 INVESTMENTS

UIL's investment in level 3 companies was unchanged at 60.1% (30 June 2021: 59.8%).

## COVID-19

The Board continues to suspend all travel and physical meetings, and currently all Board and Committee meetings are held by video conference. The Board is hopeful that in mid-2022 the Board can once again meet up in person.

## GEARING

As a result of the pull back in portfolio performance, the half-year saw gearing increase to 60.7% (30 June 2021: 48.8%), although this remains well inside UIL's target gearing of under 100.0%. At an absolute level UIL's debt increased over the half-year from £180.6m to £197.1m as at 31 December 2021.

It is pleasing to see the continuing reduction of financing costs, with the blended interest rate of debt reducing from 6.3% in June 2013 to 4.5% as at 31 December 2021. In the half-year to 31 December 2021 the finance costs were £4.4m, down 18.5% on the prior half-year's £5.4m.

## ZDP SHARES

On a consolidated basis the ZDP shares increased from £132.1m to £136.9m, up 3.6% mainly as a result of the capitalised interest return in the half-year. 0.8m 2026 ZDP shares were placed out in the half-year, leaving UIL holding 2.3m 2026 ZDP shares and 0.6m 2028 ZDP shares as at 31 December 2021. The blended cost of funding was flat at 4.5% per annum. With four ZDP issues, UIL has spread the redemptions from any one issue.

UIL is taking steps to ensure the 2022 ZDP shares are redeemed later in the year in full and on time.

## DEBT

Bank debt increased to £49.6m as at 31 December 2021 (30 June 2021: £48.5m). This was drawn in Australian Dollars, Euros and

US Dollars. Scotiabank's £50.0m committed senior secured multi-currency revolving facility matures on 30 September 2022.

## REVENUE RETURNS

Revenue income for the half-year reduced to £4.3m from £5.7m in the six months to 31 December 2020, a reduction of 24.6%. This largely reflects the decrease in loans to Somers and Zeta as these were partly repaid and Zeta loans were largely converted into equity in June 2021, which in turn contributed to the reduction of interest income from £2.7m to £1.2m.

Management and administration fees and other expenses were down by 33.3% at £0.8m (31 December 2020: £1.2m). Finance costs were up at £0.6m as at 31 December 2021 from £0.5m as at 31 December 2020.

Revenue profit decreased by 27.5% to £2.9m (31 December 2020: £4.0m) and EPS decreased by 26.6% to 3.40p (31 December 2020: 4.63p) driven mainly by the lower revenue income but improved by a lower average weighted number of ordinary shares in issue following share buybacks.

## CAPITAL RETURNS

Capital total income was at a loss of £35.6m (31 December 2020: gain of £55.3m).

Finance costs reduced by 20.4% to £3.9m (31 December 2020: £4.9m) largely reflecting the lower number of ZDP shares in issue following the 2020 ZDP redemption in October 2020.

The resultant loss for the half-year to 31 December 2021 on the capital return was £39.4m (31 December 2020: gain of £50.4m) and EPS loss was 46.95p (31 December 2020: gain of 58.69p).

## EXPENSE RATIO

The ongoing charges figure, excluding performance fees, was 2.0% as at 31 December 2021 (30 June 2021: 2.3%) and the

ongoing charges figure, including performance fees paid in UIL's platform companies, was 4.2% (30 June 2021: 4.6%). No performance fee was earned at UIL level.

All expenses are borne by the ordinary shareholders.

## INVESTMENT APPROACH

UIL continues to develop its core platform investments, which offer the following benefits:

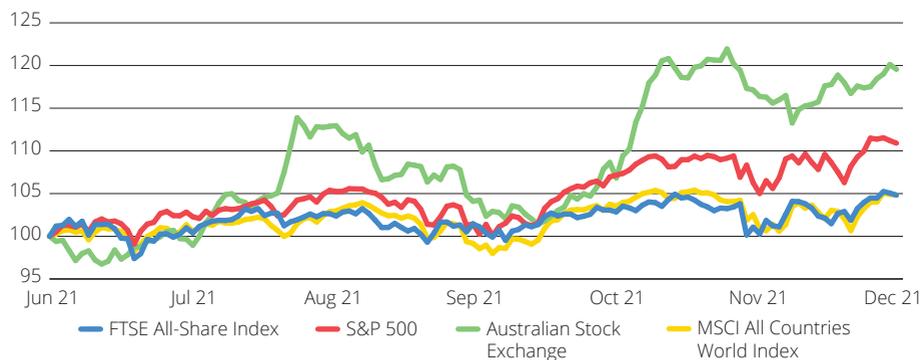
- Focused strategy. Each platform has a dedicated mandate and as such is driven by the objective of finding and making attractive investments within its mandate.
- Dedicated research analysts. The research analysts for each platform are focused on both understanding the existing portfolio businesses and identifying compelling new investments.
- Financial support. Ability to draw on UIL's analytical support and financial backing.
- Deep knowledge. Utilising the Investment Managers' knowledge across many jurisdictions to optimise investment opportunities and undertake corporate finance led transactions.

A key driver in shaping the current portfolio is the Investment Managers' three medium-term core views. First, that the world's financial markets are over indebted; second, that technological change offers strong investment upside; and third, that emerging markets offer better GDP growth opportunities than developed markets.

UIL's Investment Managers' emphasis is on individual stock selection, remaining fully invested and focusing on identifying investments whose valuations do not reflect their true long-term value, while at the same time being a supportive shareholder of investee companies. The Investment Managers are relentless bottom-up investors, drawing on in-depth knowledge and capability.

**INDICES MOVEMENTS\***

from 30 June 2021 to 31 December 2021



\*Rebased to 100 as at 30 June 2021

Source: Bloomberg

**DISRUPTION**

There continues to be significant disruption to business models from blockchain to artificial intelligence through to nanotechnology and financial technology. These disruptions are shortening the product life cycle and enabling rapid change to products and processes. ICM is encouraging its investee companies to embrace their opportunities and the consequent journey. UIL is seeking investments that are capital light, have high barriers to entry and business models that are scalable.

**Charles Jillings**

ICM Investment Management Limited  
and ICM Limited  
18 February 2022

**PERFORMANCE SINCE INCEPTION**

ANNUAL COMPOUND NAV  
TOTAL RETURN \*

12.1%

NAV TOTAL RETURN PER  
ORDINARY SHARE \*

714.2%

ANNUAL COMPOUND ORDINARY  
SHARE PRICE TOTAL RETURN \*

11.6%

REVENUE EARNINGS PER  
ORDINARY SHARE

119.51p

DIVIDENDS PER  
ORDINARY SHARE

94.83p

REVENUE RESERVES PER  
ORDINARY SHARE CARRIED  
FORWARD \*

14.34p

\* See Alternative Performance Measures on pages 42 to 44

**HISTORIC TOTAL RETURN NAV AND SHARE PRICE PERFORMANCE\* (pence)**

Since inception to 31 December 2021



\* Rebased to 100 as at 14 August 2003

\*\* Adjusted for the exercise of warrants and convertibles

Source: ICM and Bloomberg

# ZDP SHARES

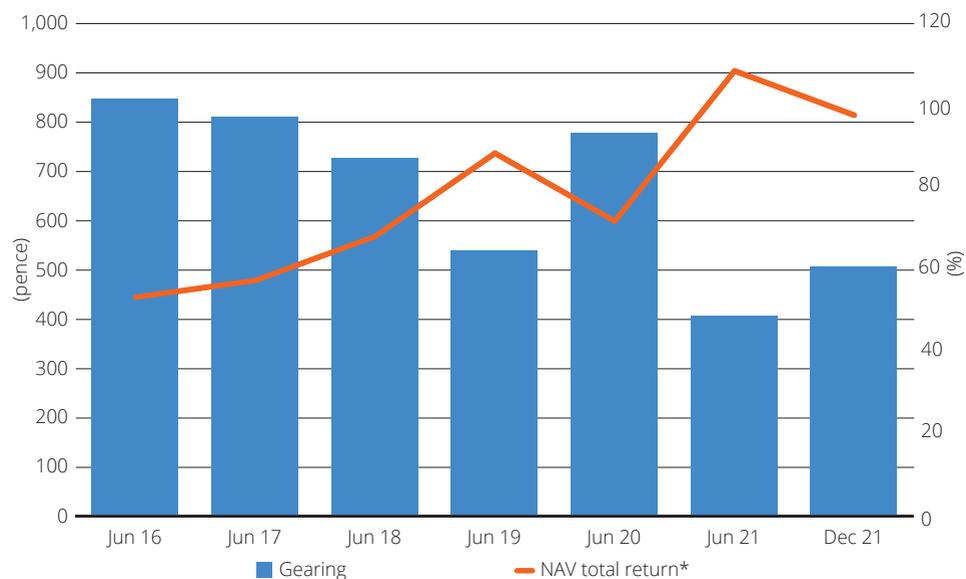
## ZDP SHARES<sup>(1)</sup> – CAPITAL ENTITLEMENT AND SHARE PRICE (PENNY)

	Half-year 31 Dec 2021	Half-year 31 Dec 2020	Annual 30 Jun 2021	% change Jun-Dec 2021
<b>2022 ZDP shares</b>				
Capital entitlement per ZDP share	139.77	131.55	135.56	3.1
ZDP share price	142.50	135.00	139.50	2.2
<b>2024 ZDP shares</b>				
Capital entitlement per ZDP share	121.31	115.81	118.51	2.4
ZDP share price	122.50	116.00	120.50	1.7
<b>2026 ZDP shares</b>				
Capital entitlement per ZDP share	119.69	113.98	116.78	2.5
ZDP share price	117.00	105.00	116.00	0.9
<b>2028 ZDP shares</b>				
Capital entitlement per ZDP share	103.95	n/a	101.06	2.9
ZDP share price	98.50	n/a	100.00	(1.5)

(1) Issued by UIL Finance Limited, a wholly owned subsidiary of UIL

## GEARING/NAV TOTAL RETURN

from 30 June 2016 to 31 December 2021



\*Rebased to 100 as at 14 August 2003

Source: ICM

## TOTAL BORROWINGS

	Jun 2016 £'000s	Jun 2017 £'000s	Jun 2018 £'000s	Jun 2019 £'000s	Jun 2020 £'000s	Jun 2021 £'000s	Dec 2021 £'000s
2016 ZDP	61,327						
2018 ZDP	67,548	72,622	50,858				
2020 ZDP	28,134	48,704	51,940	55,387	59,087		
2022 ZDP	40,352	52,452	55,873	59,499	63,407	48,052	49,609
2024 ZDP			29,408	31,582	33,250	34,996	35,910
2026 ZDP			11,275	13,474	24,791	25,299	26,904
2028 ZDP						23,726	24,470
Total	197,361	173,778	199,354	159,942	180,535	132,073	136,893
Bank and other debt	24,987	47,846	28,495	50,971	54,660	48,548	60,165
Total debt	222,348	221,624	227,849	210,913	235,195	180,621	197,058
Blended interest rate %	6.5	6.2	6.1	5.5	5.2	4.5	4.5

## ZDP SHARES – TIMES COVERED BY UIL'S GROSS ASSETS\*

	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020	Jun 2021	Dec 2021
2016	5.13						
2018	2.68	3.51	6.50				
2020	2.18	2.38	3.71	4.92	4.23		
2022	1.60	1.72	2.44	2.97	2.58	5.41	4.69
2024			1.84	2.42	2.11	3.83	3.42
2026			1.63	2.08	1.81	3.03	2.74
2028						2.50	2.28

\*Gross assets divided by the aggregate redemption liabilities of the ZDP shares and any bank debt or other borrowings ranking in priority to the ZDP shares.

## GEARING METRICS

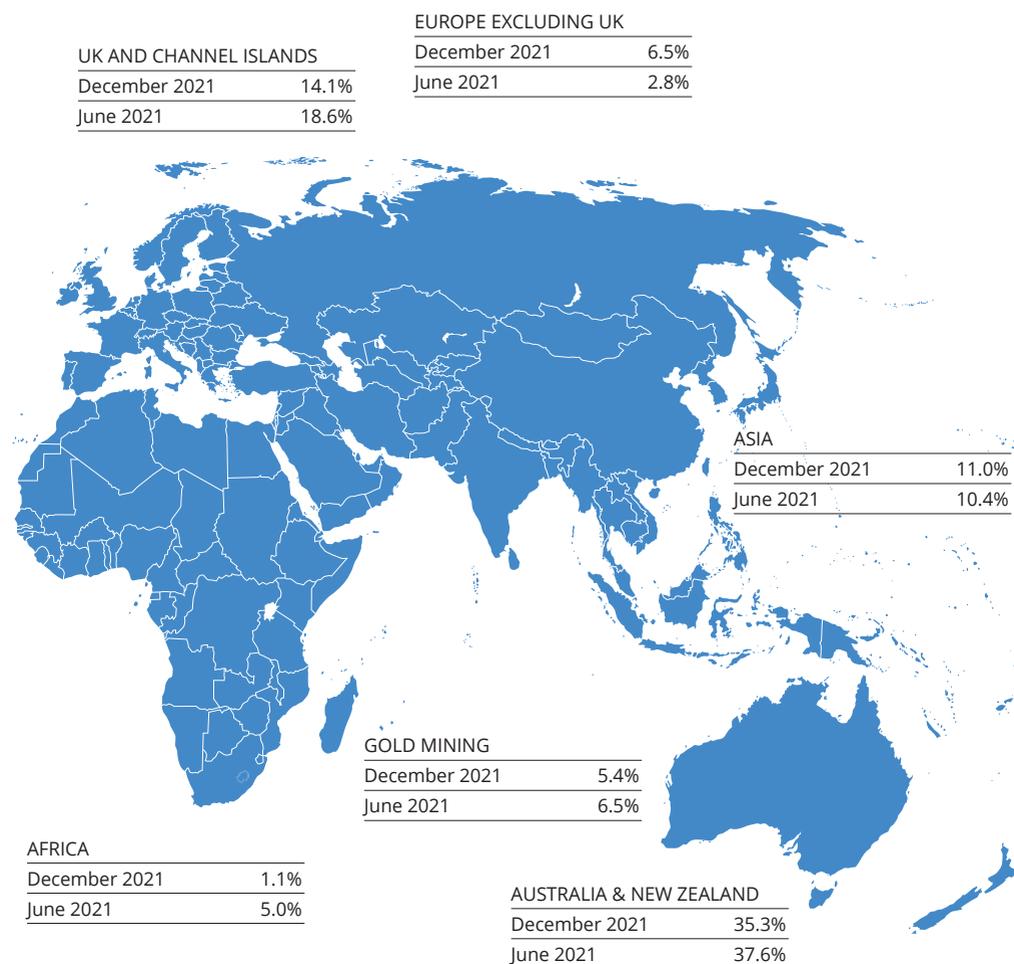
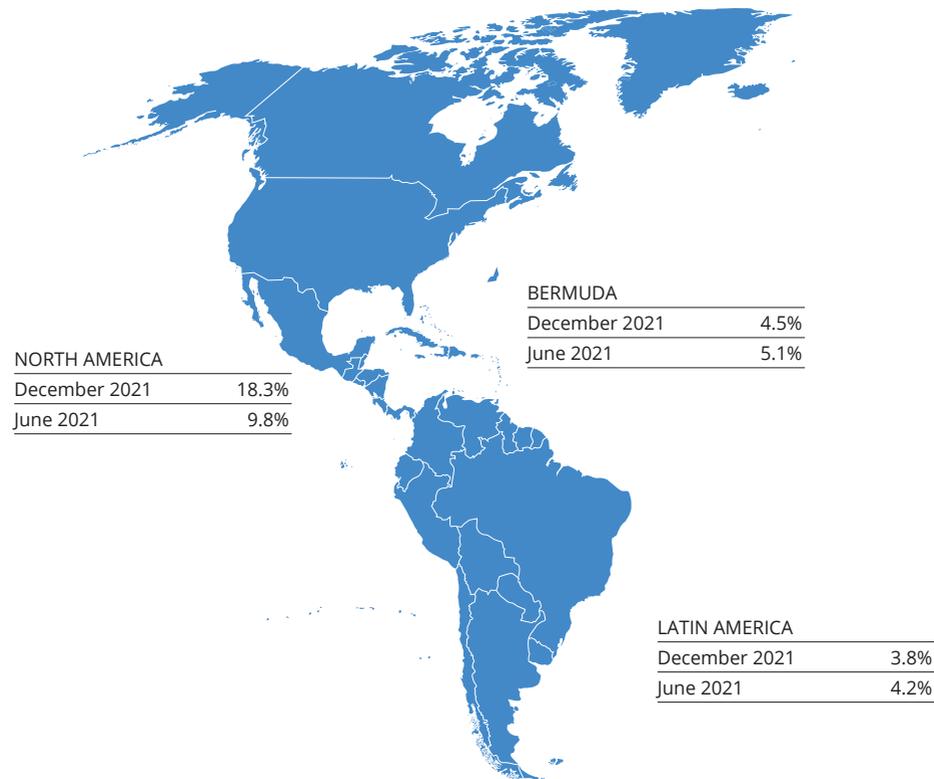
TOTAL ZDP AND BANK DEBT AS AT 31 DECEMBER 2021	GEARING AS AT 31 DECEMBER 2021	TOTAL DEBT INCREASE DURING THE HALF-YEAR	AVERAGE COST OF DEBT FUNDING
<b>£197.1m</b>	<b>60.7%</b>	<b>£16.4m</b>	<b>4.5%</b>

Source: ICM

# GEOGRAPHICAL SPLIT OF INVESTMENTS

(% OF TOTAL INVESTMENTS ON A LOOK-THROUGH BASIS)

We remain bottom up investors looking for compelling long-term value from our investee portfolio companies.



# TEN LARGEST HOLDINGS

1	 <b>SOMERS LIMITED</b>	39.2%	<b>Somers Limited</b>	<b>Financial Services</b>	A financial services investment platform, which primarily invests in the banking, wealth management and asset financing sectors.	<b>202,995</b> Fair value £'000s
2	 <b>ZETA RESOURCES</b>	19.2%	<b>Zeta Resources Limited</b>	<b>Resources</b>	A resources-focused investment platform, which invests in a range of resource entities and base metals exploration and production companies.	<b>99,642</b> Fair value £'000s
3	 <b>UTILICO</b> Emerging Markets Trust plc	14.3%	<b>Utilico Emerging Markets Trust plc</b>	<b>Investment Fund</b>	A UK closed-end investment trust dedicated to investments in infrastructure, utility and related sectors including technology infrastructure in the emerging markets.	<b>74,364</b> Fair value £'000s
6	 <b>Resolute</b>	3.6%	<b>Resolute Mining Limited</b>	<b>Gold Mining</b>	A gold mining and exploration company with operating mines in Africa.	<b>18,808</b> Fair value £'000s
7	 <b>starpharma</b>	1.7%	<b>Starpharma Holdings Limited</b>	<b>Pharmaceuticals</b>	A global biopharmaceutical company, specialising in research, development and commercialisation of dendrimer products for pharmaceutical applications worldwide.	<b>8,858</b> Fair value £'000s
8	 <b>NAUTILUS</b> DATA TECHNOLOGIES	1.4%	<b>Nautilus Data Technologies, Inc</b>	<b>Technology</b>	A US based company developing water cooled data centres and associated patented technologies.	<b>7,383</b> Fair value £'000s

4	 <b>ICM MOBILITY GROUP</b>	8.7%	<b>ICM Mobility Group Limited</b>	<b>Technology</b>	A UK holding company focused on the mobility sector for private and public transport, and invests in businesses shaping the digital transformation of the mobility sector.	<b>44,967</b> Fair value £'000s
5	 <b>ALLECTUS CAPITAL</b>	4.7%	<b>Allectus Capital Limited</b>	<b>Technology</b>	A technology investment platform with a value-focused portfolio of listed and unlisted technology companies.	<b>24,367</b> Fair value £'000s
9	 <b>Sindoh</b>	1.2%	<b>Sindoh Co Limited</b>	<b>Manufacturing</b>	A South Korean company producing multi-function printers, fax machines, thermal paper and 3D printers.	<b>6,232</b> Fair value £'000s
10	 <b>Novareum</b> BLOCKCHAIN ASSET FUND	1.2%	<b>Novareum Blockchain Asset Fund Limited</b>	<b>Blockchain</b>	An open-ended Alternative Investment Fund investing in a diversified portfolio of blockchain assets, such as cryptocurrencies, platform protocols and application tokens.	<b>6,091</b> Fair value £'000s

## TEN LARGEST HOLDINGS

**493,708**  
Fair value £'000s

**95.2%**  
of total investment

## OTHER INVESTMENTS

**24,618**  
Fair value £'000s

**4.8%**  
of total investment

## TOTAL INVESTMENTS

**518,326**  
Fair value £'000s

## TEN LARGEST HOLDINGS (continued)



**Somers** reported net profit for the year ended 30 September 2021 of USD 197.8m (30 September 2020: USD 69.0m). Its shareholders' equity was USD 617.8m as at 30 September 2021 (30 September 2020: USD 422.1m) and its NAV per share was USD 27.70 as at 30 September 2021 (30 September 2020: USD 19.78). This growth resulted from valuation increases at Resimac and Waverton Investment Management Limited ("Waverton") along with more modest gains in other investments including The Market Herald, AssetCo and West Hamilton Holdings Limited. Marginally offsetting this was a valuation decrease at PCF Bank. Somers received dividend income of USD 16.0m during the year (2020: USD 8.5m) of which USD 12.0m was received from Resimac and USD 2.4m was received from Waverton. Subsequent to Somers' year end, its NAV per share reduced to USD 27.01 as at 31 December 2021 following a reduction in Resimac's share price. Somers paid dividends of USD 0.82 during the year and total borrowings of USD 77.1m, which remained at similar levels to last year.

Somers' largest investment, Resimac, reported assets under management ("AUM") of over AUD 16.0bn, and announced that it anticipates profit after tax for the six months to 31 December 2021 to be in line with or higher than the prior comparative period. Home loan settlements for the July to October 2021 period were AUD 2.5bn, up 72% on the prior comparative period but charges are elevated owing to a competitive market. Somers' majority owned wealth manager, Waverton, reported funds under management and administration during the period of approximately £12.8bn. In January 2022, Somers' holding, Thorn Group Limited, announced that it had completed the sale of its Radio Rentals consumer finance business and announced a special dividend of AUD 0.07 per share.



**Zeta's** strongest performing investment during the period was Western Australian nickel company Panoramic. Panoramic's share price rose 89.3% during the period, as Panoramic successfully restarted its Savannah mine, making its first shipment of nickel-copper-cobalt to China in December.

During the period, Zeta's net assets grew 12.0% from AUD 285.5m to AUD 319.9m. The net assets per share rose 12.1% to AUD 0.57. At the end of December 2021 Zeta's top five commodity exposures were copper, bauxite, nickel, gold and graphite.

During the six-month period, commodity prices rose with the gold price up 3.3% to USD 1,829/oz and the Brent crude oil price rose 3.5% to USD 77.78 per barrel.



**UEM** invests predominantly in infrastructure and utility assets in emerging markets. Emerging markets ("EM") weakened in the six months to 31 December 2021 with the MSCI Emerging Markets Total Return Index (GBP adjusted) falling by 7.5%. UEM's NAV declined by 2.5% on a total return basis and dividends per share increased 3.9% to 4.00p per share in the period.

There were contrasting performances of EM indices in the six months to December, with the India Sensex up 11.0%, the Brazil Bovespa falling 17.3% and the Hong Kong Hang Seng dropping 18.8%. The weak performance in China reflected concerns over government interference in the education and technology sectors, power cuts due to coal supply shortages and a debt crisis in real estate behemoth Evergrande. In Brazil, markets were impacted by doubts over fiscal discipline and resurging inflation exacerbated by

higher power prices due to the worst drought in almost 100 years. To combat inflation, the Brazilian Central Bank has more than doubled interest rates in the past six months, with the SELIC rate hitting 9.25% by the end of December 2021. Meanwhile, Indian markets hit record highs, benefitting from a combination of a stable political backdrop and improving economic data.



**ICM Mobility** is an unlisted investment company focused on the mobility sector, covering private and public transport. ICM Mobility invests in and partners with companies shaping the digital transformation of the mobility sector, from planning journeys and issuing smart tickets to streamlining electronic payments and providing insights.

As at 31 December 2021, ICM Mobility had a number of investments including Vix Tech Pte Limited (a multi-modal automated fare collection platform that unifies account-based, closed loop and open payments into a single solution that is easy to deploy, operate and manage); Kuba Pte Limited (a modern, efficient and scalable ticketing solution provider offering a ticketing service which can be customised to any transportation system); Snapper Services Limited (provides service based solutions designed to improve the customer experience and flexibility of transport ticketing systems); Littlepay (offers a mass transit transaction payment solution for transit operators, authorities and agencies) and Unwire (aggregates transit services and enables users to seamlessly plan, book and pay for their multimodal journeys).



**Allectus** invests in growth-stage companies developing potentially disruptive technologies. Its

key verticals comprise of fintech, AI, digital health and deep tech. Allectus also maintains a selective approach to high conviction opportunities in early-stage technology, which leverage its global relationships and synergies with other portfolio companies in the ICM Group.

Allectus made several new investments during the period, which included Bobidi (US company helping build and refine AI models), AsiaVerify (Singapore company focused on business verification) and Envision (Australian oncology diagnostics company developing novel biomarkers and tests for cancer). In November 2021 one of Allectus' investee companies, Hoolah, was acquired for shares by Shopback (Singapore company offering a cashback and reward program across Asia and Australia). This transaction saw Allectus' equity position converted to Shopback equity, as well as the repayment of the Allectus debt position in Hoolah.

Allectus continues to expand its deep tech, fintech and digital health mandates; sectors which have strong tailwinds and multi-year growth catalysts. Throughout 2021, there was an expansion of valuation multiples in the technology sector and increased competition in early/mid-stage investment rounds, hence Allectus' management focused on identifying undervalued companies with product-market fit and strong go-to-market strategy.



**Resolute's** gold production in the six months to 31 December 2021 was 163,118oz, down 7.9% on the same period in the prior year. This was due primarily to lower ore grades and unplanned maintenance in the Syama mine in Mali.

Production in the sulphide processing plant at Syama was affected by unplanned maintenance on the crushing and milling circuits, power

## TEN LARGEST HOLDINGS (continued)

outages, and a 7-day planned shutdown in October. However, December production was the highest monthly output for 2021 at both the sulphide and oxide processing plants for Syama, as well as the Mako mine in Senegal.

For the year to 31 December 2022, Resolute has forecast production of 345,000oz at an all-in sustaining cost of approximately USD 1,425/oz. In USD terms, the price of gold rose 3.2% during the period under review, ending the period at USD 1,820/oz. As at 31 December 2021, cash and bullion on hand was USD 88.6m, while net debt was USD 228.8m.



SHARE PRICE  
**10.1%** ↓

**Starpharma** has two main areas of focus: Antiviral and Dendrimer Drug Delivery (“DEP”). The antiviral portfolio consists of SPL7013, which is used in Vivagel, a treatment of bacterial vaginosis; and Viraleze, a nasal spray which has demonstrated significant antiviral activity against SARS-CoV-2 with 99.9% effectiveness in laboratory studies against the alpha, beta, gamma and delta variants. Viraleze is registered for sale in Europe, India and Vietnam while Vivagel is registered in over 45 countries. Starpharma’s portfolio of DEP therapies is being used to improve current pharmaceuticals, by reducing toxicities and enhancing their performance. DEP drugs are being developed both internally and through partnered programs, with an emphasis on anti-cancer therapies.

For the year ending 31 December 2021, Starpharma reported revenues of AUD 5.6m, excluding the AUD 7.7m tax incentive announced in January 2022. Revenues were higher last year due to the inclusion of a AUD 3.0m payment from AstraZeneca plc. Starpharma’s cash balance as at 31 December 2021 was AUD 51.3m. The net cash-burn for the calendar year was AUD 22.3m and Starpharma raised net proceeds of AUD 46.9m of equity in 2Q21.



NEW ENTRY

**Nautilus** is a private US based company developing water cooled data centres and associated patented technologies. UIL invested in Nautilus through a convertible note.

Water-cooled data centres have the potential to operate more efficiently, both in terms of energy usage and physical space usage, than air-conditioned equivalents.

Nautilus will need to close a major deal in the coming months to prove the commercial viability of its technology and attract further funding. Nautilus is in discussions with a number of leading technology companies and data centre operators to take capacity in its first data centre in California and to build new water-cooled data centres globally.



SHARE PRICE  
**3.8%** ↓

**Sindoh** is a leading original design manufacturer of multifunction printers where it designs and manufactures products for global printing companies including Ricoh, Konica Minolta and Xerox. Sindoh also manufactures and sells its own branded 3D printers, multifunction printers and printing supplies.

Sindoh’s revenue in the three months to 30 September 2021 increased by 7.8% from a Covid-impacted low base in the previous corresponding period but fell by 4.2% from the previous fiscal quarter due to the temporary supply chain disruptions delaying production. The cost benefits from the restructuring initiatives in 2020 helped Sindoh’s profits margins to recover to pre-Covid levels. Sindoh expects revenues to also recover to pre-Covid levels this year driven by the backlog of orders and increasing demand for office printing

products as the world transitions to living with Covid.

Sales have been slow for Sindoh’s industrial sized 3D printers introduced in early 2021 due to the international travel restrictions making sales and marketing difficult. However, the recent easing in travel restrictions has allowed Sindoh to attend the FORMNEXT additive manufacturing expo in Frankfurt in November to showcase its new 3D printers, with sales expected to pick up this year.

Sindoh remains significantly undervalued with its net cash balance more than double its market capitalisation.



NEW ENTRY

**Novareum** is domiciled in the Cayman Islands. AKJ Investment Management Limited is its UK regulated investment management company.

The objective of Novareum is to deliver capital appreciation and maximise absolute returns by investing in a diversified portfolio of blockchain assets, such as cryptocurrencies, platform protocols and application tokens. This is achieved by conducting detailed, fundamental research across the rapidly growing blockchain universe in order to identify and build a diversified portfolio of blockchain projects with superior growth and return prospects. Blockchain technology has the potential to evolve into a common global standard that supports a more efficient and trusted exchange of value and information between countries, corporations and individuals. In doing so, it can become the backbone of the next generation internet.

Novareum was launched in July 2021 with USD 7.0m of AUM. As at 31 December 2021, reported AUM had risen to over USD 16.0m. In the period since its inception to 31 December 2021, Novareum’s NAV increased by 63.3%, significantly outperforming the return on

Bitcoin which rose 39.7% over the same period. This outperformance was due to a number of cryptocurrency projects held in the fund which performed very well during the period, most notably Solana which increased over 600% and Terra which increased over 400%.

## OUR INVESTMENT APPROACH



ICM Mobility Group Limited

ICM is a long-term investor and generally operates focused portfolios with narrow investment remits. ICM has several dedicated research teams who have deep knowledge and understanding in their specific sectors, which improves the ability to source and make compelling investments. ICM has approximately USD 2.8bn of assets directly under management and is responsible indirectly for a further USD 24.1bn of assets in subsidiary investments.

ICM looks to exploit market and pricing opportunities and concentrates on absolute performance. The investments are not market index driven and the investment portfolio comprises a series of bottom-up decisions. ICM typically does not participate in either an IPO or an auction unless there is compelling value.

ICM also looks for disruption and the opportunities it can unlock in both existing and new business models in areas such as blockchain through to digital finance and through technological shifts in all business sectors.

UIL seeks to leverage ICM's investment abilities to both identify and make investments across a range of industries. New investments usually

offer an attractive valuation with strong risk/return expectations at the time of investment

When reviewing investment opportunities, as part of the investment process ICM will look to understand the material environmental, social and governance ("ESG") factors. ICM incorporates ESG factors into the investment process in three key ways.

- **Understanding:** in-depth analysis of the key issues that face potential and current holdings, as well as a deep understanding of the industry in which they operate.
- **Integration:** incorporate the output of the 'Understanding' component detailed above into the full company analysis to ensure a clear and complete picture of the investment opportunity is obtained.
- **Engagement:** engage with investee companies on the key issues on a regular basis both virtually and where possible on location, to discuss and identify any gaps in their ESG policy to further develop and improve their ESG disclosure and implementation.

## HALF-YEARLY FINANCIAL REPORT AND RESPONSIBILITY STATEMENT

The Chairman's Statement on pages 2 to 4 and the Investment Managers' Report starting on page 6 give details of the important events which have occurred during the period and their impact on the financial statements.

### PRINCIPAL RISKS AND UNCERTAINTIES

Most of UIL's principal risks and uncertainties are market related and are similar to those of other investment companies investing mainly in listed equities in developed countries.

The principal risks and uncertainties were described in more detail under the heading "Principal Risks and Risk Mitigation" within the Strategic Report section of the annual report and accounts for the year ended 30 June 2021 and have not changed materially since the date of that report.

The principal risks faced by UIL include not achieving long-term total returns for its shareholders, adverse market conditions leading to a fall in NAV, loss of key management, its shares trading at a discount to NAV, losses due to inadequate controls of third-party service providers, gearing risk and regulatory risk. In addition, the emergence and spread of Covid-19 continues to be an ongoing risk facing UIL and its portfolio.

The annual report and accounts is available on the Company's website, [www.uil.limited](http://www.uil.limited)

### RELATED PARTY TRANSACTIONS

Details of related party transactions in the six months to 31 December 2021 are set out in note 13 to the accounts.

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- The condensed set of financial statements contained within the report for the six months to 31 December 2021 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Group;
- The half-yearly financial report, together with the Chairman's Statement and Investment Managers' Report, includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements as required by DTR 4.2.7R;
- The Directors' statement of principal risks and uncertainties above is a fair review of the principal risks and uncertainties for the remainder of the year as required by DTR 4.2.7R; and
- The half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year as required by DTR 4.2.8R.

On behalf of the Board  
**Peter Burrows**  
Chairman  
18 February 2022

# CONDENSED GROUP INCOME STATEMENT (UNAUDITED)

Notes	Six months to 31 December 2021			
	Revenue return £'000s	Capital return £'000s	Total return £'000s	
	(Losses)/gains on investments	-	(35,029)	(35,029)
	(Losses)/gains on derivative financial instruments	-	(310)	(310)
	Foreign exchange (losses)/gains	-	(236)	(236)
	Investment and other income	4,329	-	4,329
	<b>Total income/(loss)</b>	<b>4,329</b>	<b>(35,575)</b>	<b>(31,246)</b>
2	Management and administration fees	(468)	-	(468)
	Other expenses	(381)	(3)	(384)
	Profit/(loss) before finance costs and taxation	3,480	(35,578)	(32,098)
	Finance costs	(557)	(3,870)	(4,427)
	<b>Profit/(loss) before taxation</b>	<b>2,923</b>	<b>(39,448)</b>	<b>(36,525)</b>
3	Taxation	(66)	-	(66)
	<b>Profit/(loss) for the period</b>	<b>2,857</b>	<b>(39,448)</b>	<b>(36,591)</b>
4	<b>Earnings per ordinary share - pence</b>	<b>3.40</b>	<b>(46.95)</b>	<b>(43.55)</b>

Six months to 31 December 2020			Year to 30 June 2021		
Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
-	49,675	49,675	-	112,465	112,465
-	3,746	3,746	-	6,319	6,319
-	1,880	1,880	-	3,904	3,904
5,681	-	5,681	11,555	-	11,555
5,681	55,301	60,982	11,555	122,688	134,243
(565)	-	(565)	(982)	-	(982)
(605)	(2)	(607)	(1,069)	(5)	(1,074)
4,511	55,299	59,810	9,504	122,683	132,187
(534)	(4,866)	(5,400)	(994)	(8,601)	(9,595)
3,977	50,433	54,410	8,510	114,082	122,592
(1)	-	(1)	-	-	-
3,976	50,433	54,409	8,510	114,082	122,592
4.63	58.69	63.32	9.98	133.81	143.79

The Group does not have any income or expense that is not included in the profit/(loss) for the period and therefore the profit/(loss) for the period is also the total comprehensive income/(loss) for the period, as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company. There are no minority interests.

# CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
<b>for the six months to 31 December 2021</b>							
Balance at 30 June 2021	8,430	6,986	233,866	32,069	69,883	12,547	363,781
9,10 Transfer of reserves	-	32,069	-	(32,069)	-	-	-
(Loss)/profit for the period	-	-	-	-	(39,448)	2,857	(36,591)
5 Ordinary dividends paid	-	-	-	-	-	(3,360)	(3,360)
8,9 Shares purchased by the Company	(34)	(900)	-	-	-	-	(934)
<b>Balance at 31 December 2021</b>	<b>8,396</b>	<b>38,155</b>	<b>233,866</b>	<b>-</b>	<b>30,435</b>	<b>12,044</b>	<b>322,896</b>
<b>for the six months to 31 December 2020</b>							
Balance at 30 June 2020	8,594	10,445	233,866	32,069	(44,199)	10,850	251,625
Profit for the period	-	-	-	-	50,433	3,976	54,409
5 Ordinary dividends paid	-	-	-	-	-	(3,438)	(3,438)
Shares purchased by the Company	(23)	(415)	-	-	-	-	(438)
Balance at 31 December 2020	8,571	10,030	233,866	32,069	6,234	11,388	302,158
<b>for the year to 30 June 2021</b>							
Balance as at 30 June 2020	8,594	10,445	233,866	32,069	(44,199)	10,850	251,625
Profit for the year	-	-	-	-	114,082	8,510	122,592
5 Ordinary dividends paid	-	-	-	-	-	(6,813)	(6,813)
Shares purchased by the Company	(164)	(3,459)	-	-	-	-	(3,623)
Balance at 30 June 2021	8,430	6,986	233,866	32,069	69,883	12,547	363,781

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Notes	31 Dec 2021 £'000s	31 Dec 2020 £'000s	30 Jun 2021 £'000s
<b>Non-current assets</b>			
6 Investments	518,326	468,885	540,074
<b>Current assets</b>			
Other receivables	575	1,631	1,411
6 Derivative financial instruments	874	1,184	1,047
Cash and cash equivalents	1,070	971	3,324
	<b>2,519</b>	<b>3,786</b>	<b>5,782</b>
<b>Current liabilities</b>			
7 Loans	(49,623)	(43,817)	(48,548)
Other payables	(11,070)	(691)	(827)
6 Derivative financial instruments	(363)	(1,265)	(627)
Zero dividend preference shares	(49,609)	–	–
	<b>(110,665)</b>	<b>(45,773)</b>	<b>(50,002)</b>
<b>Net current liabilities</b>	<b>(108,146)</b>	<b>(41,987)</b>	<b>(44,220)</b>
<b>Total assets less current liabilities</b>	<b>410,180</b>	<b>426,898</b>	<b>495,854</b>
<b>Non-current liabilities</b>			
Zero dividend preference shares	(87,284)	(124,740)	(132,073)
<b>Net assets</b>	<b>322,896</b>	<b>302,158</b>	<b>363,781</b>
<b>Equity attributable to equity holders</b>			
8 Ordinary share capital	8,396	8,571	8,430
9 Share premium account	38,155	10,030	6,986
Special reserve	233,866	233,866	233,866
10 Non-distributable reserve	–	32,069	32,069
Capital reserves	30,435	6,234	69,883
Revenue reserve	12,044	11,388	12,547
<b>Total attributable to equity holders</b>	<b>322,896</b>	<b>302,158</b>	<b>363,781</b>
11 <b>Net asset value per ordinary share</b>			
Basic – pence	384.57	352.55	431.51

## CONDENSED GROUP STATEMENT OF CASH FLOWS (UNAUDITED)

	Six months to 31 Dec 2021 £'000s	Six months to 31 Dec 2020 £'000s	Year to 30 Jun 2021 £'000s
<b>Operating activities:</b>			
(Loss)/profit before taxation	(36,525)	54,410	122,592
Adjust for non-cash flow items:			
Losses/(gains) on investments	35,029	(49,675)	(112,465)
Losses/(gains) on derivative financial instruments	310	(3,746)	(6,319)
Foreign exchange losses/(gains)	236	(1,880)	(3,904)
Non-cash flows on income	(2,969)	(3,673)	(8,167)
Decrease in accrued income	383	190	526
(Increase)/decrease in other debtors	(39)	2,083	2,134
Decrease in creditors	(29)	(43)	(177)
ZDP shares finance costs	3,870	4,866	8,601
Tax on overseas income	66	(1)	–
<b>Cash flows from operating activities</b>	<b>332</b>	<b>2,531</b>	<b>2,821</b>
<b>Investing activities:</b>			
Purchases of investments	(30,699)	(17,581)	(52,154)
Sales of investments	20,690	90,716	121,274
Settlement of derivatives	(401)	(1,453)	619
<b>Cash flows from investing activities</b>	<b>(10,410)</b>	<b>71,682</b>	<b>69,739</b>
<b>Cash flows before financing activities</b>	<b>(10,078)</b>	<b>74,213</b>	<b>72,560</b>
<b>Financing activities:</b>			
Equity dividends paid	(3,360)	(3,438)	(6,813)
Movements on loans	1,074	(6,615)	(606)
Cash flows from issue of ZDP shares	950	–	4,114
Cash flows from redemption of ZDP shares	–	(60,661)	(61,177)
Cost of shares purchased for cancellation	(934)	(438)	(3,623)
<b>Cash flows from financing activities</b>	<b>(2,270)</b>	<b>(71,152)</b>	<b>(68,105)</b>
Net (decrease)/increase in cash and cash equivalents	(12,348)	3,061	4,455
Cash and cash equivalents at the beginning of the period	3,111	(3,256)	(3,256)
Effect of movement in foreign exchange	(235)	1,166	1,912
<b>Cash and cash equivalents at the end of the period</b>	<b>(9,472)</b>	<b>971</b>	<b>3,111</b>
<b>Comprised of:</b>			
Cash	1,070	971	3,324
Bank overdraft	(10,542)	–	(213)
<b>Total</b>	<b>(9,472)</b>	<b>971</b>	<b>3,111</b>

# NOTES TO THE ACCOUNTS (UNAUDITED)

## 1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda, traded on the Specialist Fund Segment of the London Stock Exchange Main Market and listed on the Bermuda Stock Exchange.

The Group accounts comprise the results of the Company and UIL Finance Limited.

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The annual financial statements of the Group for the year ended 30 June 2022 will be prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 June 2021 which were prepared in accordance with IFRSs as adopted by the EU.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the Directors in applying the Group's accounting policies and key sources of uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2021.

The unaudited condensed Group accounts do not include all of the information required for full annual accounts and should be read in conjunction with the consolidated accounts of the Group for the year ended 30 June 2021, which were prepared under full IFRS requirements.

## 2. MANAGEMENT AND ADMINISTRATION FEES

The Company has appointed ICM Investment Management Limited ("ICMIM") as its Alternative Investment Fund Manager and joint portfolio manager with ICM Limited ("ICM"), for which they are entitled to a management fee and a performance fee. The aggregate fees payable by the Company are apportioned between the joint portfolio managers as agreed by them.

The relationship between ICMIM and ICM is compliant with the requirements of the UK version of the EU Alternative Investment Fund Managers Directive as it forms part of UK domestic law by virtue of the European Union (withdrawal) Act 2018, as amended and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority.

The annual management fee is 0.5% per annum based on total assets less current liabilities (excluding borrowings and excluding the value of all holdings in companies managed or advised by the Investment Managers or any of their subsidiaries from which they receive a management fee), calculated and payable quarterly in arrears. The agreement with ICM and ICMIM may be terminated upon one year's notice given by the Company or by ICM and ICMIM, acting together.

In addition, the Investment Managers are entitled to a capped performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's NAV attributable to holders of ordinary shares outperforms the higher of (i) 5.0%, and (ii) the post-tax yield on the FTSE Actuaries Government Securities UK Gilts 5 to 10 years' index, plus inflation (on the RPIX basis) (the "Reference Rate"). The opening equity funds for calculation of the performance fee are the higher of (i) the equity funds on the last day of a calculation period in respect of which a performance fee was last paid, adjusted for capital events and dividends paid since that date (the "high watermark"); and (ii) the equity funds on the last day of the previous calculation period increased by the Reference Rate during the

calculation period and adjusted for capital events and dividends paid since the previous calculation date. In a period where the Investment Managers or any of their associates receive a performance fee from any ICM managed investment in which UIL is an investor, the performance fee payable by UIL will be reduced by a proportion corresponding to UIL's percentage holding in that investment applied to the underlying investment performance fee, subject to the provision that the UIL performance fee cannot be a negative figure. In calculating any performance fee payable, a cap of 2.5% of closing NAV (adjusted for capital events and dividends paid) will be applied following any of the above adjustments and any excess over this cap shall be written off. A performance fee was last paid in respect of the year to 30 June 2019. As at that date the equity shareholders' funds were £326.3m. As at 30 June 2021, the attributable shareholders' funds were above the high watermark. However, after adjusting for the allocated share of performance fees (paid and accrued) from ICM managed investments in which UIL is an investor, no performance fee was accrued.

In the period to 31 December 2021, UIL's NAV return is below the required 5% return to entitle the Investment Managers to a performance fee and therefore no performance fee has been accrued.

## 4. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share from continuing operations is based on the following data:

	Six months to 31 Dec 2021 £'000s	Six months to 31 Dec 2020 £'000s	Year to 30 Jun 2021 £'000s
Revenue	2,857	3,976	8,510
Capital	(39,448)	50,433	114,082
<b>Total</b>	<b>(36,591)</b>	54,409	122,592
	Number	Number	Number
Weighted average number of shares in issue during the period for earnings per share calculations	84,015,278	85,920,863	85,255,099
Revenue return per ordinary share	3.40	4.63	9.98
Capital return per ordinary share	(46.95)	58.69	133.81
<b>Total return per ordinary share</b>	<b>(43.55)</b>	63.32	143.79

The final amount payable is dependent upon the performance of the Company, adjusted for the allocated share of any performance fees from ICM managed investments in which UIL is an investor, in the year to 30 June 2022.

ICM also provides company secretarial services to the Company, with the Company paying 45% of the incurred costs associated with this post.

JP Morgan Chase Bank N.A. – London Branch has been appointed Administrator and ICMIM has appointed Waverton Investment Management Limited to provide certain support services (including middle office, market dealing and information technology support services). The Company or the Administrator may terminate the agreement with the Administrator upon six months' notice in writing.

## 3. TAXATION

The revenue taxation charge of £66,000 (31 December 2020: £1,000 and 30 June 2021: £nil) relates to overseas taxation suffered on interest income. Except as stated above, profits of the Company and subsidiaries for the period are not subject to any taxation within their countries of residence.

## 5. DIVIDENDS

	Record date	Payment date	Six months to 31 Dec 2021 £'000s	Six months to 31 Dec 2020 £'000s	Year to 30 Jun 2021 £'000s	31 Dec 2020 Total £'000s
2020 Fourth quarterly interim of 2.000p	04-Sep-20	25-Sep-20	-	1,719	1,719	
2021 First quarterly interim of 2.000p	04-Dec-20	21-Dec-20	-	1,719	1,719	
2021 Second quarterly interim of 2.000p	05-Mar-21	31-Mar-21	-	-	1,689	
2021 Third quarterly interim of 2.000p	04-Jun-21	28-Jun-21	-	-	1,686	
2021 Fourth quarterly interim of 2.000p	03-Sep-21	30-Sep-21	1,680	-	-	
2022 First quarterly interim of 2.000p	03-Dec-21	23-Dec-21	1,680	-	-	
			<b>3,360</b>	3,438	6,813	

The Directors have declared a second quarterly dividend in respect of the year ending 30 June 2022 of 2.00p per ordinary share payable on 31 March 2022 to shareholders on the register at close of business on 4 March 2022. The total cost of this dividend, which has not been accrued in the results for the six months to 31 December 2021, is £1,677,000 based on 83,866,218 ordinary shares in issue at the date of this half-yearly report.

## 6. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The tables below set out the fair value measurements hierarchy at the relevant period end.

These fair value measurements are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – valued by reference to valuation techniques using other observable inputs not included within Level 1.

Level 3 – valued by reference to valuation techniques using unobservable inputs.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	31 Dec 2021 Total £'000s
<b>Financial assets held at fair value through profit or loss</b>				
Investments	120,041	86,762	311,523	518,326
Derivative financial instruments – forward foreign currency contracts	-	874	-	874
<b>Financial liabilities held at fair value through profit or loss</b>				
Derivative financial instruments – forward foreign currency contracts	-	363	-	363

During the period, holdings of value £78,050,000 were transferred from level 1 to level 2 due to the investee company shares having irregular trading in the period. The book cost and fair values were transferred using the 30 June 2021 balances.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	31 Dec 2020 Total £'000s
<b>Financial assets held at fair value through profit or loss</b>				
Investments	140,244	32,987	295,654	468,885
Derivative financial instruments – forward foreign currency contracts	-	1,184	-	1,184
<b>Financial liabilities held at fair value through profit or loss</b>				
Derivative financial instruments – forward foreign currency contracts	-	1,265	-	1,265

During the period, a holding of value £1,101,000 was transferred from level 1 to level 3 due to the investee company delisting, a holding of value £1,265,00 was transferred from level 1 to level 2 due to investee company shares having irregular trading in the period and a holding of value £113,527,665 was transferred from level 2 to level 3 due to the share price being static and shares untraded in the period. The book cost and fair values were transferred using the 30 June 2020 balances.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	30 Jun 2021 Total £'000s
<b>Financial assets held at fair value through profit or loss</b>				
Investments	217,210	-	322,864	540,074
Derivative financial instruments – forward foreign currency contracts	-	1,047	-	1,047
<b>Financial liabilities held at fair value through profit or loss</b>				
Derivative financial instruments – forward foreign currency contracts	-	627	-	627

In the year to 30 June 2021, holdings with value of £20,820,000 were transferred from level 2 to level 1, holdings with value of £113,528,000 were transferred from level 2 to level 3 and a holding with value of £1,101,000 was transferred from level 1 to level 3. Transfers were due to the changes in liquidity, availability of observable market data and delisting of investee companies. The book cost and fair value were transferred using the 30 June 2020 balances.

## NOTES TO THE ACCOUNTS (UNAUDITED) (continued)

A reconciliation of fair value measurements in level 3 is set out in the following table:

	Six months to 31 Dec 2021 £'000s	Six months to 31 Dec 2020 £'000s	Year to 30 June 2021 £'000s
Investments brought forward			
Cost	219,605	216,524	216,524
Gains/(losses)	103,259	(38,867)	(38,867)
Valuation	322,864	177,657	177,657
Transfer from level 1 to 3	-	114,629	114,629
Purchases	28,597	51,033	107,934
Sales	(21,445)	(82,189)	(164,077)
(Losses)/gains on investments	(18,493)	34,524	86,721
Valuation carried forward	311,523	295,654	322,864
Analysed			
Cost	221,091	266,558	219,605
Gains	90,432	29,096	103,259
Valuation carried forward	311,523	295,654	322,864

UIL has lent to Zeta, a subsidiary of UIL, shares in Resolute Mining Limited with a value of £8.3m as at 31 December 2021. These shares are security for loans taken out by Zeta.

### 7. BANK LOANS

The Company has a committed loan facility of £50,000,000 from Scotiabank expiring on 30 September 2022. Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment and the loan covenants, are typical of those normally

found in facilities of this nature. Scotiabank has a floating charge over the assets of the Company in respect of amounts owing under the loan facility. As at 31 December 2021 £49,623,000 (31 December 2020: £43,817,000 and 30 June 2021: £48,548,000) was drawn down.

### 8. ORDINARY SHARE CAPITAL

Equity share capital:	Number	£'000s
Ordinary shares of 10p each with voting rights		
Authorised	250,000,000	25,000
	<b>Total shares in issue</b>	<b>Total shares in issue</b>
	<b>Number</b>	<b>£'000s</b>
Balance at 30 June 2021	84,303,283	8,430
Purchased for cancellation	(340,565)	(34)
Balance as at 31 December 2021	83,962,718	8,396

Since the end of the period under review, 96,500 ordinary shares have been purchased for cancellation at a cost of £237,000.

### 9. SHARE PREMIUM ACCOUNT

	31 Dec 2021 £'000s	31 Dec 2020 £'000s	30 Jun 2021 £'000s
Balance brought forward	6,986	10,445	10,445
Purchase of ordinary shares	(900)	(415)	(3,459)
Transfer from Non-distributable Reserve (see note 10)	32,069	-	-
Balance carried forward	38,155	10,030	6,986

### 10. NON-DISTRIBUTABLE RESERVE

	31 Dec 2021 £'000s	31 Dec 2020 £'000s	30 Jun 2021 £'000s
Balance brought forward	32,069	32,069	32,069
Transfer to Share Premium Account	(32,069)	-	-
Balance carried forward	-	32,069	32,069

The Non-distributable Reserve was created when the warrants issued in 2007 were exercised, following the recommendation by the SORP in issue at that time. The current SORP no longer requires this accounting treatment and the reserve has therefore been transferred back to the Share Premium Account. There is no impact to distributable reserves under Bermuda Law as a result of this transfer.

### 11. NET ASSET VALUE PER SHARE

Net asset value per ordinary share is based on net assets at the period end of £322,896,000. (31 December 2020: £302,158,000 and 30 June

2021: £363,781,000) and on 83,962,718 ordinary shares in issue at the period end (31 December 2020: 85,706,314 and 30 June 2021: 84,303,283).

### 12. OPERATING SEGMENTS

The Directors are of the opinion that the Group's activities comprise a single operating segment, namely that of investing in equity, debt and

derivative securities to maximise shareholder returns.

### 13. RELATED PARTY TRANSACTIONS

The following transactions were carried out during the half-year to 31 December 2021 between the Company and its related parties above:

#### Subsidiaries of UIL UIL Finance Limited

Loans from UIL Finance Limited to UIL of £136.3m as at 30 June 2021 increased by £3.9m,

to £140.2m as at 31 December 2021. The loans are repayable on any ZDP share repayment date.

**Allectus Capital Limited ("Allectus")** - Pursuant to a loan agreement dated 1 September 2016 under which UIL agreed to loan monies to Allectus, UIL advanced to Allectus a loan of USD 5.8m and Allectus repaid USD 3.3m. The loan is interest free and is converted into equity on an annual basis at 30 June each year.

**Coldharbour Technology Limited ("Coldharbour")** - Coldharbour appointed liquidators in January 2022. To effect a solvent liquidation process, UIL signed a deed of release which forgave the loan in its entirety (GBP 1.1m) with zero value from principal or interest recovered.

**Elevate Platform Limited ("Elevate")** - Pursuant to a loan agreement dated 1 January 2019 under which UIL agreed to loan monies to Elevate, UIL advanced to Elevate GBP 0.3m and GBP 0.9m of the loan was capitalised. As at 31 December 2021, the balance of the loan was GBP 1.4m. The loan does not bear interest and is repayable on 31 December 2023.

**Newtel Holdings Limited ("Newtel")** - UIL advanced GBP 0.1m to Newtel as part of its working capital loan to Newtel. As at 31 December 2021 the loan balance was GBP 5.4m and is repayable on demand.

**Novareum Blockchain Asset Fund Ltd ("Novareum")** - During the period UIL purchased 50,000 units for a total cost of GBP 3.6m. As at 31 December 2021, UIL holding represented 50.63% of Novareum's units in issue and had a fair value of GBP 6.1m.

**Zeta Resources Limited ("Zeta")** - Pursuant to loan agreements dated 1 September 2016 (AUD loan) and 1 May 2018 (CAD loan), under which UIL agreed to loan monies to Zeta, UIL advanced to Zeta loans of AUD 2.3m and CAD 2.8m and received from Zeta repayments of AUD 7.1m and CAD nil, and capitalised interest of AUD 1.7m and

CAD 0.7m. As at 31 December 2021, the balance of the loans and interest outstanding was AUD 19.0m and CAD 16.5m. The AUD loan bears interest at an annual rate of 7.5% and the CAD loan bears interest at an annual rate of 7.25%. The loans are repayable on not less than 12 months' notice.

**Associated undertakings:**  
**Carebook Technologies Inc ("Carebook")** - Pursuant to a loan agreement dated 21 December 2021, under which UIL has agreed to loan monies to Carebook, UIL advanced to Carebook a loan of CAD 0.5m. UIL received interest of CAD nil. As at 31 December 2021, the balance of the loan and interest outstanding was CAD 0.5m. The loan bears interest at an annual rate of 10.0% and is repayable by 21 December 2026.

**ICM Mobility Group Limited ("ICM Mobility")** - Pursuant to a loan agreement dated 1 June 2021, under which UIL has agreed to loan monies to ICM Mobility, UIL advanced to ICM Mobility a loan of GBP 1.3m. In November 2021, UIL assigned a loan amount of GBP 254k (AUD 472k) due by **Littlepay Pty Limited ("Littlepay")** to ICM Mobility. As at 31 December 2021, the balance of the loan outstanding was GBP 1.6m. The loan does not bear interest and any outstanding loan is settled in full by way of capitalisation every six months on or before 31 December and 30 June each year.

**Littlepay** - UIL received loan repayments from Littlepay of AUD 100k per month for four months (July to October) and in November 2021, the loan balance of AUD 472k was assigned to ICM Mobility. The loan was interest free.

**Somers Limited ("Somers")** - Somers paid dividends of USD 4.7m to UIL and UIL received 267,767 ordinary shares as part of a dividend reinvestment program. Pursuant to loan agreements dated 1 September 2016 (USD loan), 22 June 2018 (GBP loan) and 5 September 2019 (AUD loan), under which UIL has agreed to loan

monies to Somers, UIL advanced to Somers loans of USD 1.5m, GBP nil and AUD 5.7m and Somers repaid loans of USD 4.5m, GBP 2.2m and AUD 8.9m. UIL received interest of USD 255k, GBP 55k and AUD 83k. As at 31 December 2021, the balance of the loans and interest outstanding was USD 5.9m, GBP nil and AUD nil. The loans bear interest at an annual rate of 6.0% and are repayable on not less than 12 months' notice.

There were no other transactions during the six months with any of UIL's subsidiaries and associated undertakings.

**Key management entities and persons:** ICM and ICMIM are joint portfolio managers of UIL. Other than investment management fees and company secretarial costs as set out in note 2, and reimbursed expenses of £1,000, there were no other transactions with ICM or ICMIM or ICM Corporate Services (Pty) Ltd. As at 31 December 2021, £143,000 remained outstanding to ICM and ICMIM in respect of management and company secretarial fees and £nil in respect of performance fees.

#### 14. FINANCIAL RISK MANAGEMENT – LEVEL 3 FINANCIAL INSTRUMENTS

##### Valuation methodology

The objective of using valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Company uses proprietary valuation models, which are compliant with IPEV guidelines and IFRS 13 and which are usually developed from recognised valuation techniques.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuations. The methodologies used to determine fair value are described in the 2021 annual report. The

Mr Jillings received dividends from UIL of £14,000. There were no other transactions during the six months with Alasdair Younie, Charles Jillings, Duncan Saville and Sandra Pope and UIL.

##### The Board

The fees paid to Directors for the six months to 31 December 2021: Chairman £23,800; Chairman of Audit & Risk Committee £22,750; Directors £17,600. The Board received aggregate remuneration of £99,350 for services as Directors. As at 31 December 2021, £nil remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £59,247. There were no other transactions during the six months with the Board and UIL.

##### Companies controlled by key management persons:

General Provincial Life Pension Fund Limited received dividends of £2,194,000 from UIL, Union Mutual Pension Fund Limited received dividends of £300,000 from UIL and Mitre Investments Limited received dividends of £108,000 from UIL. There were no other transactions between companies controlled by key management and UIL during the six months to 31 December 2021.

level 3 assets comprise of a number of unlisted investments at various stages of development and each has been assessed based on its industry, location and business cycle. The valuation methodologies include net assets, discounted cash flows, cost of recent investment or last funding round, listed peer comparison or peer group multiple or dividend yield, as appropriate. Where applicable, the Directors have considered observable data and events to underpin the valuations. A discount has been applied, where appropriate, to reflect both the unlisted nature of the investments and business risks.

UIL currently has investments in four close-ended investment companies, Allectus, ICM

## NOTES TO THE ACCOUNTS (UNAUDITED) (continued)

Mobility, Novareum and Somers, that are valued using valuation techniques. These closed fund interests are valued on a net assets basis, estimated based on the managers' NAVs. Managers' NAVs use recognised valuation techniques consistent with IFRS and are normally subject to audit. The fund valuations included in these financial statements were based principally on the 31 December 2021 managers' NAVs and these NAVs have been reviewed to ensure that the economic impact of Covid-19 has been considered.

### Sensitivity of level 3 financial investments measured at fair value to changes in key assumptions

Level 3 inputs are sensitive to assumptions made when ascertaining fair value. While the Directors believe that the estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different

measurements of fair value. The sensitivities shown in the table below give an indication of the effect of applying reasonable and possible alternative assumptions.

In assessing the level of reasonably possible outcomes consideration was also given to the impact of Covid-19 on the valuations. Covid-19 created a higher level of uncertainty over the valuation of unlisted investments and the valuation methodologies were enhanced in 2020 to address this issue. Since then, the impact of Covid-19 on the businesses within UIL's investment portfolio has become considerably clearer and better understood, and the Company has been able to revert to a more standard valuation approach in 2021.

The following table shows the sensitivity of the fair value of level 3 financial investments to changes in key assumptions.

Investment	Investment type	Valuation methodology	Risk weighting	Sensitivity +/-	Carrying amount £'000s	Sensitivity £'000s
Somers	Equity	NAV	Low	10%	198,586	19,859
Somers	Loans	Discounted cash flows	Low	10%	4,409	441
ICM Mobility	Equity	NAV	Medium	20%	43,390	8,678
ICM Mobility	Loans	Discounted cash flows	Low	10%	1,577	158
Allectus	Equity	NAV	Low	10%	22,504	2,250
Allectus	Loans	Discounted cash flows	Low	10%	1,863	186
Zeta	Loans	Discounted cash flows	Low	10%	20,109	2,011
Nautilus	Equity	Last funding round	Low	10%	7,383	738
Novareum	Equity	NAV	Low	10%	6,091	609
Other investments	Equity	Various	Medium	20%	2,798	560
Other investments	Loans	Various	Medium	20%	2,813	563
Total					311,523	36,053

## 15. GOING CONCERN

Notwithstanding that the Group has reported net current liabilities of £108,146,000 as at 31 December 2021 (30 June 2021: £44,220,000),

the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Board's going concern assessment has focused on the forecast liquidity of the Group for 12 months from the date of approval of the financial statements. This analysis assumes that the Company will meet some of its short term obligations through the sale of level 1 securities, which represented 23.2% of the Company's total portfolio as at 31 December 2021. As part of this assessment the Board has considered a severe but plausible downside that reflects the impact of Covid-19 and an assessment of the Company's ability to meet its liabilities as they fall due (including the loan liabilities), assuming a significant reduction in asset values and accompanying currency volatility.

The severe but plausible downside assumes a breach of bank loan covenants leading to the repayment of bank loan liabilities and a significant reduction in asset values in line with that

experienced during the emergence of the Covid-19 pandemic in the first quarter of 2020. The Board also considered reverse stress testing to identify the reduction in the valuation of liquid investments that would cause the Group to be unable to meet its net current liabilities, being primarily the bank loan of £49,623,000 and the 2022 ZDP shares of £49,609,000. The Board is confident that the reduction in asset values implied by the reverse stress test is not plausible even in the current volatile environment.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the Board considers it appropriate to continue to adopt the going concern basis in preparing the accounts.

## 16. RESULTS

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditors. The latest published accounts are for the year

ended 30 June 2021; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 30 June 2021 are an extract from those accounts.

## ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority defines an Alternative Performance Measure (“APM”) as being 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 accounting framework. The Group uses the following APMs:

**Discount/Premium** – if the share price is lower than the NAV per ordinary share, the shares are trading at a discount. Shares trading at a price above NAV per ordinary share are said to be at a premium. As at 31 December 2021 the ordinary share price was 250.00p and the NAV per ordinary share was 384.57p, the discount was therefore 35.0%.

**Gearing** – represents the ratio of the borrowings less cash and cash equivalents of the Company to its net assets.

	page	31 Dec 2021 £'000s	31 Dec 2020 £'000s	30 Jun 2021 £'000s
Bank overdraft	31	10,542	–	213
Cash and cash equivalents	30	(1,070)	(971)	(3,324)
Bank loans	30	49,623	43,817	48,548
ZDP shares	30	136,893	124,740	132,073
Total debt		195,988	167,586	177,510
Net assets attributable to equity holders	30	322,896	302,158	363,781
Gearing		60.7%	55.5%	48.8%

**NAV per ordinary share** – the value of the Group’s net assets divided by the number of ordinary shares in issue (see note 11 to the accounts).

**NAV/share price total return** – the return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period to the increase or decrease in the NAV or share price in the period. The dividends are assumed to have been re-invested in the form of net assets or shares, respectively, on the date on which the dividends were paid.

Six months to 31 December 2021	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2021	n/a	431.51	268.00
30 September 2021	2.000	384.48	267.00
23 December 2021	2.000	372.95	245.00
31 December 2021	n/a	384.57	250.00
Total return		(9.9)%	(5.3)%

Six months to 31 December 2020	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2020	n/a	292.79	177.50
27 September 2021	1.875	295.59	160.00
20 December 2021	1.875	325.51	191.50
31 December 2021	n/a	352.55	191.50
Total return		22.0%	10.4%

Year to 30 June 2021	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2020	n/a	292.79	177.50
21 September 2020	2.000	295.59	160.00
21 December 2020	2.000	325.51	191.50
29 March 2021	2.000	331.07	228.00
28 June 2021	2.000	395.11	257.00
30 June 2021	n/a	431.51	268.00
Total return		50.9%	57.0%

**NAV/share price total return since inception** – the return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period and adjusting for the exercise of warrants and Convertible Unsecured Loan Stock (“CULS”) in the period to the increase or decrease in the NAV/share price in the period. The dividends are assumed to have been re-invested in the form of net assets or shares on the date on which the dividends were paid. The adjustment for the exercise of warrants and CULS is made on the date the warrants and CULS were exercised.

	Six months to 31 Dec 2021		Six months to 31 Dec 2020		Year to 30 Jun 2021	
	NAV	Share price	NAV	Share price	NAV	Share price
NAV/share price 14 August 2003 (pence)	99.47	85.67	99.47	85.67	99.47	85.67
Total dividend, warrants and CULS adjustment factor	2.1060	2.5712	2.0610	2.4900	2.0840	2.5314
NAV/share price at period end (pence)	384.57	250.00	352.55	191.50	431.51	268.00
Adjusted NAV/share price at period end (pence)	809.92	642.80	726.61	476.84	899.25	678.42
Total return since inception	714.2%	650.4%	630.5%	456.6%	804.0%	691.9%

**Annual compound NAV/share price total return since inception** – the annual return to shareholders using the same basis as NAV/share price total return since inception.

	Six months to 31 Dec 2021		Six months to 31 Dec 2020		Year to 30 Jun 2021	
	NAV	Share price	NAV	Share price	NAV	Share price
Annual compound NAV total return since inception	12.1%	11.6%	12.1%	10.4%	13.1%	12.3%

## ALTERNATIVE PERFORMANCE MEASURES (continued)

**Ongoing charges** – all operating costs expected to be regularly incurred and that are payable by the Group or suffered within underlying investee funds, expressed as a proportion of the average weekly net asset values of the Group (valued in accordance with accounting policies) over the reporting year. The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

	31 Dec 2021 (annualised) £'000s	31 Dec 2020 (annualised) £'000s	30 Jun 2021 £'000s
<b>Ongoing charges calculation (excluding performance fees)</b>			
Management and administration fees	936	1,130	982
Other expenses	768	878	830
Expenses suffered within underlying funds	4,861	3,158	4,784
Total expenses for ongoing charges calculation	6,565	5,166	6,596
Average weekly net asset values of the Group	325,106	262,175	282,613
Ongoing Charges	2.0%	2.0%	2.3%

	31 Dec 2021 (annualised) £'000s	31 Dec 2020 (annualised) £'000s	30 Jun 2021 £'000s
<b>Ongoing charges calculation (including performance fees)</b>			
Management and administration fees	936	1,130	982
Other expenses	768	878	830
Expenses suffered within underlying funds	11,923	5,501	11,184
Total expenses for ongoing charges calculation	13,627	7,509	12,996
Average weekly net asset values of the Group	325,106	262,175	282,613
Ongoing Charges	4.2%	2.9%	4.6%

**Revenue reserves per ordinary share carried forward** – the value of the Group's revenue reserves divided by the number of ordinary shares in issue.

	page	31 Dec 2021	31 Dec 2020	30 Jun 2021
Revenue reserves (£'000s)	30	12,044	11,388	12,547
Number of ordinary shares in issue	36	83,962,718	85,706,314	84,303,283
Revenue reserves per ordinary share carried forward (pence)		14.34	13.29	14.88

## COMPANY INFORMATION

### DIRECTORS

Peter Burrows, AO (Chairman)  
Stuart Bridges  
Alison Hill  
Christopher Samuel  
David Shillson

### REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton  
HM 11, Bermuda

Company Registration Number: 39480  
LEI: 213800CTZ7TEIE7YM468

### AIFM AND JOINT PORTFOLIO MANAGER

ICM Investment Management Limited  
Ridge Court, The Ridge, Epsom, Surrey,  
KT18 7EP  
United Kingdom

Telephone 01372 271486

Authorised and regulated in the UK by  
the Financial Conduct Authority

### JOINT PORTFOLIO MANAGER AND SECRETARY

ICM Limited  
34 Bermudiana Road, Hamilton HM 11  
Bermuda

### ASSISTANT SECRETARY

Conyers Corporate Services (Bermuda) Limited  
Clarendon House, 2 Church Street, Hamilton  
HM 11, Bermuda

### ADMINISTRATOR

JP Morgan Chase Bank N.A. – London Branch  
25 Bank Street, Canary Wharf, London E14 5JP  
United Kingdom

Authorised by the Prudential Regulation Authority and  
regulated by the Financial Conduct Authority and the Prudential  
Regulation Authority

### BROKER

Shore Capital and Corporate Limited  
Cassini House, 57-58 St James's Street, London  
SW1A 1LD  
United Kingdom

Authorised and regulated in the UK by  
the Financial Conduct Authority

### COMPANY BANKER

Scotiabank Europe plc  
201 Bishopsgate, 6th Floor, London EC2M 3NS  
United Kingdom

### LEGAL ADVISOR TO THE COMPANY

(as to English law)

Norton Rose Fulbright LLP  
3 More London Riverside, London SE1 2AQ  
United Kingdom

### LEGAL ADVISOR TO THE COMPANY

(as to Bermuda law)

Conyers Dill & Pearman Limited  
Clarendon House, 2 Church Street, Hamilton  
HM 11, Bermuda

### AUDITOR

KPMG LLP  
15 Canada Square, London E14 5GL  
United Kingdom

Member of the Institute of Chartered Accountants in England  
and Wales

### DEPOSITARY SERVICES PROVIDER

J.P. Morgan Europe Limited  
25 Bank Street, Canary Wharf, London E14 5JP  
United Kingdom

Authorised by the Prudential Regulation Authority and  
regulated by the Financial Conduct Authority and the Prudential  
Regulation Authority

### CUSTODIAN

JPMorgan Chase Bank N.A.  
JPMorgan House, Grenville Street  
St Helier, Jersey JE4 8QH

### REGISTRAR

Computershare Investor Services (Bermuda) Ltd  
5 Reid Street, Hamilton HM 11 Bermuda  
Telephone 0370 707 1196

### REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZY  
United Kingdom

# HISTORICAL PERFORMANCE

	31 Dec 2021	30 Jun 2021	30 Jun 2020	30 Jun 2019	30 Jun 2018	30 Jun 2017	30 Jun 2016	30 Jun 2015	30 Jun 2014	30 Jun 2013 <sup>(1)</sup>
NAV per ordinary share (pence)	384.57	431.51	292.79	369.57	291.79	252.86	241.12	169.00	165.84	148.33
Ordinary share price (pence)	250.00	268.00	177.50	199.00	174.50	164.00	130.75	117.00	128.00	130.00
Discount <sup>(2)</sup> (%)	35.0	37.9	39.4	46.2	40.2	35.1	45.8	30.8	22.8	12.4
<b>Returns and dividends (pence)</b>										
Revenue return per ordinary share	3.40	9.98	9.77	7.63	6.67	6.38	6.23	7.84	7.03	12.06
Capital return per ordinary share	(46.95)	133.81	(81.30)	75.34	38.96	12.46	68.45	2.47	19.85	(63.65)
Total return per ordinary share	(43.55)	143.79	(71.53)	82.97	45.63	18.84	74.68	10.31	26.88	(51.59)
Dividend per ordinary share	4.000	8.000	7.875	7.500	7.500	7.500	7.500	7.500	7.500	10.000 <sup>(3)</sup>
FTSE All-Share total return Index	8,364	7,852	6,465	7,431	7,389	6,777	5,737	5,614	5,471	4,837
<b>ZDP shares <sup>(4)</sup> (pence)</b>										
<b>2020 ZDP shares</b>										
Capital entitlement per ZDP share	n/a	n/a	151.23	141.01	131.52	122.64	114.35	106.61	n/a	n/a
ZDP share price	n/a	n/a	152.00	149.50	142.50	140.38	130.00	122.38	n/a	n/a
<b>2022 ZDP shares</b>										
Capital entitlement per ZDP share	139.77	135.56	127.59	120.03	113.01	106.37	100.12	n/a	n/a	n/a
ZDP share price	142.50	139.50	126.50	132.00	124.50	119.50	104.50	n/a	n/a	n/a
<b>2024 ZDP shares</b>										
Capital entitlement per ZDP share	121.31	118.51	113.13	107.97	103.10	n/a	n/a	n/a	n/a	n/a
ZDP share price	122.50	120.50	105.50	114.00	107.50	n/a	n/a	n/a	n/a	n/a
<b>2026 ZDP shares</b>										
Capital entitlement per ZDP share	119.69	116.78	111.21	105.89	100.87	n/a	n/a	n/a	n/a	n/a
ZDP share price	117.00	116.00	92.25	107.50	102.25	n/a	n/a	n/a	n/a	n/a
<b>2028 ZDP shares</b>										
Capital entitlement per ZDP share	103.95	101.60	n/a							
ZDP share price	98.50	100.00	n/a							
<b>Equity holders funds (£m)</b>										
Gross assets <sup>(5)</sup>	520.0	544.4	483.3	537.2	488.3	449.7	440.7	373.4	399.1	383.0
Bank and other debt	60.2	48.5	50.6	51.0	27.8	47.8	24.7	34.4	22.2	42.5
ZDP shares	136.9	132.1	180.5	159.9	199.4	173.8	197.4	172.4	212.5	193.4
Equity holders' funds	322.9	363.8	251.6	326.3	261.1	228.1	218.6	166.6	164.4	147.1
<b>Revenue account (£m)</b>										
Income	4.3	11.6	12.7	11.2	10.6	10.7	10.5	11.2	10.4	16.2
Costs (management and other expenses)	0.8	2.1	2.6	2.8	2.8	2.9	1.9	1.8	2.1	3.2
Finance costs	0.6	1.0	1.6	1.6	1.6	1.8	1.7	1.1	0.9	0.8
<b>Financial ratios of the Group (%)</b>										
Ongoing charges figure excluding performance fees <sup>(2)</sup>	2.0 <sup>(6)</sup>	2.3	2.1	2.1	2.2	2.1	3.3	2.0	2.2	1.8
Gearing <sup>(2)</sup>	60.7	48.8	93.4	64.6	87.3	97.2	101.6	124.1	144.4	160.4

(1) Restated figures for changes in accounting policies

(2) See Alternative Performance Measures on pages 42 to 44

(3) Includes the special dividend of 2.50p per share

(4) Issued by UIL Finance Limited, a wholly owned subsidiary of UIL Limited

(5) Gross assets less current liabilities excluding loans

(6) For comparative purposes the figures have been annualised