

JZCAPITAL PARTNERS LIMITED (the “Company” or “JZCP”)

(a closed-end investment company incorporated with limited liability under the laws of Guernsey with registered number 48761)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

LEI: 549300TZCK08Q16HHU44

(Classified Regulated Information, under DTR 6 Annex 1 section 1.1)

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014 WHICH FORMS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (“MAR”).

8 June 2023

JZ Capital Partners, the London listed fund that has investments in US and European micro-cap companies and US real estate, announces its preliminary results for the year ended 28 February 2023.

Financial and Operational Highlights

- NAV per share of \$4.06. The prior year NAV per share as at 28 February 2022, has been restated to \$4.03 per share (\$4.29 per share before restatement).¹
- NAV of \$314.5 million (FYE 28/02/22: \$327.1 million)
- Total realisation and distribution proceeds of \$184.1 million (FYE 28/02/22: \$65.8 million), including the sale of JZCP’s investments in Evriholder (a subsidiary of Deflecto Holdings, LLC), Flow Control and Testing Services, its co-investment in New Vitality, and the partial sale of Industrial Services Solutions.
- The US micro-cap portfolio has overall performed well, while the European portfolio continues to be challenged by the economic effects of the recession in Europe and war in Ukraine. The Company is working towards realisations in both portfolios as market conditions allow.
- The Company has two remaining properties with equity value: Esperante, an office building in West Palm Beach, Florida, and 247 Bedford Avenue, a retail building with Apple as the primary tenant, in Williamsburg, Brooklyn. Due to newly received appraisals, the portfolio experienced a net write-up of 9 cents per share.

[1] The NAV per share at 28 February 2022, as reported in the Annual Report and Financial Statements dated 14 June 2022 was \$4.29. However, due to a prior period restatement this has been subsequently adjusted to \$4.03 (28/02/22). Further details on this can be found in Note 2 to the Financial Statements.

Investment Policy and Liquidity

- The Company remains focused on the implementation of its New Investment Policy. This policy focuses on realising the maximum value from the Company’s investment portfolio and, after repaying its debt obligations, returning capital to shareholders.
- The Company redeemed in full its £38.8 million of Convertible Unsecured Loan Stock (CULS) and £57.6 million of Zero Dividend Preference Shares (ZDPs) on their respective maturity dates.
- The Company also redeemed early and in full the \$31.5 million of Subordinated Notes provided by affiliates of Jay Jordan and David Zalaznick.
- Consequently, the Company’s outstanding debt is limited to its \$45.0 million Senior Credit Facility due 26 January 2027.

David Macfarlane, Chairman of JZCP, said: “Our view of the outlook for the Company remains substantially unchanged to that reported in the Interim Report. We have achieved a number of successful realizations during the period, which has generated substantial liquidity and allowed us to significantly reduce our debt obligations and achieve financial stability.

The Board’s view is that in the current uncertain economic and financial market conditions, it may take more time to deliver on the New Investment Policy than might have been expected a year ago. However, the Company is well-positioned to weather financial pressures from an economic downturn or periods of volatility, which should allow the Investment Adviser the time needed to maximise the value of the portfolio and implement the policy in an orderly manner. The Board expects that in due course a significant amount of capital will be returned to shareholders.”

Market Abuse Regulation:

The information contained within this announcement is inside information as stipulated under MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain. The person responsible for arranging the release of

this announcement on behalf of the Company is David Macfarlane, Chairman.

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Administration Services (Guernsey) Limited

About JZ Capital Partners

JZCP has investments in US and European micro-cap companies, as well as real estate properties in the US.

JZCP's Investment Adviser is Jordan/Zalaznick Advisers, Inc. ("JZAI") which was founded by David Zalaznick and Jay Jordan in 1986. JZAI is supported by teams of investment professionals in New York, Chicago, London and Madrid.

In August 2020, the Company's shareholders approved changes to the Company's investment policy. Under the new policy, the Company will make no further investments except in respect of which it has existing obligations or to continue selectively to support the existing portfolio. The intention is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to shareholders.

JZCP is a Guernsey domiciled closed-ended investment company authorised by the Guernsey Financial Services Commission. JZCP's shares trade on the Specialist Fund Segment of the London Stock Exchange.

For more information please visit www.jzcp.com

Chairman's Statement

The Directors present the results for the Company for the financial year ended 28 February 2023. The NAV per share of the Company has declined from \$4.29 as of 28 February 2022 (as reported in the Annual Report dated 12 June 2023 and before the subsequent prior year reclassification and remeasurement which restated the NAV to \$4.03) to \$4.06 as of 28 February 2023.

This decline results mainly from the write-down of the investment in Toro Finance as well as the write-down attributable to the part sale of ISS, offset by substantial write-ups and realisations above NAV in the portfolio of JZHL Secondary Fund LP (the "Secondary Fund"), in which the Company owns a Special Limited Partnership interest.

Investment Policy and Liquidity

As a result of substantial realisations over the past eighteen months, the financial position of the Company has been stabilised. These realisations included Flow Control and Testing Services (both portfolio companies of the Secondary Fund), Salter Labs, ISS (a part sale) and Evriholder.

On their respective due dates, the Company redeemed in full its £38.8 million of Convertible Unsecured Loan Stock as well as £57.6 million of Zero Dividend Preference Shares; in addition, the Company redeemed early and in full the \$31.5 million of Subordinated Notes provided by affiliates of Jay Jordan and David Zalaznick. Consequently, the Company's outstanding debt is limited to its \$45 million senior credit facility (the "Senior Credit Facility") due 26 January 2027, which may be repaid early without penalty at any time. In addition, the Senior Credit Facility provides for up to an additional \$25 million in first lien delayed draw term loan, none of which has been drawn. The Company's ability to access the delayed draw term loan facility expires on January 26, 2024. As at 31 May 2023, the Company has cash and treasuries of approximately \$99 million.

The Board and the Investment Adviser remain focused on the implementation of the new investment policy (the "New Investment Policy") to realise maximum value from the Company's investments and, after the repayment of all debt, to return capital to shareholders. Under the New Investment Policy, the Company will limit further investment to where it has existing obligations or selectively to support the existing portfolio.

The Board's view is that in the current uncertain economic and financial market conditions, prudence requires a conservative maintenance of maximum liquidity; nevertheless, the Board will keep under close review the timing of the redemption of the Senior Credit Facility.

Over the last two years, the Investment Adviser has achieved several significant realisations in the portfolio; however, the Board believes that in the current climate, it may be difficult to maintain this pace. As we said in the Interim Report, the market conditions for achieving realisations have become more challenging than at this point last year. Furthermore, certain of our remaining portfolio assets require additional time to develop in order to maximize their value. We must also highlight that where the Company is a co-investor, the decision regarding the timing of a realisation does not lie with the Investment Adviser.

As well as keeping under close review the timing of the repayment of the Senior Credit Facility, the Board will likewise closely monitor when it can commence return of capital.

US and European Micro-cap Portfolios

While our US micro-cap portfolio has overall performed well (with material realisations in the US portfolio including Flow Control and Testing Services (both portfolio companies of the Secondary Fund), ISS (a part sale) and Evriholder), our European portfolio continues to be challenged by the economic effects of the recession in Europe and war in Ukraine. The Company continues to work towards realisations in both portfolios as market circumstances allow.

Real Estate portfolio

The Company has two remaining properties with equity value: Esperante, an office building in West Palm Beach, Florida, and 247 Bedford Avenue, a retail building with Apple as the primary tenant, in Williamsburg, Brooklyn.

Due to newly received appraisals at the calendar year-end, the real estate portfolio experienced a net write-up of 9 cents per share.

Restatement to Correct Historical Error in Classification and Associated Measurement of Asset

The Company's investment in Toro Finance has been reclassified to fair value through profit or loss from amortised cost as at 1 March 2021 and 28 February 2022, leading to the loan being remeasured on these dates. Further details on this prior year restatement can be found in Note 2 to the Financial Statements.

Outlook

Our view of the outlook for the Company remains substantially unchanged to that reported in the Interim Report. The Company is committed to delivering on the New Investment Policy. For the reasons mentioned above, it will probably take more time than might have been expected a year ago. The Company is well-positioned to weather potential financial pressures from an economic downturn or period of volatility in the financial markets, which should allow the Investment Adviser the time needed to maximise the value of the portfolio and implement the New Investment Policy in an orderly manner. The Board expects that in due course a significant amount of capital will be returned to shareholders.

David Macfarlane

Chairman

7 June 2023

Investment Adviser's Report

Dear Fellow Shareholders,

We are pleased to report that our Company has achieved some significant milestones recently, most notably the redemption of the Zero Dividend Preference Shares ("ZDPs") at their stated maturity in early October 2022 and the early redemption of the Subordinated Notes in February 2023. JZCP heads into the beginning of its new fiscal year (the year ending February 28, 2024) with a strong and stable balance sheet, which will continue to provide the foundation for completing the build-out of existing assets, realizing investments, paying down debt and returning capital to shareholders.

With regards to our efforts to fortify JZCP's balance sheet over the past two years, we successfully executed the following transactions, among others:

- We agreed to personally provide a \$31.5 million liquidity facility (the "Subordinated Notes") at 6.0% interest to JZCP (i.e., at the same rate as the CULS), which was approved by shareholders.
- JZCP paid off its CULS (£38.8 million) in full and on their stated due date while at the same time maintaining a cash cushion.
- The Company repaid its previous senior credit facility (the "Previous Senior Credit Facility") with clients and funds managed by Cohanzick Management, LLC and CrossingBridge Advisors, LLC in an amount of approximately \$52.9 million, prior to such facility's maturity date of 12 June 2022.
- On 26 January 2022, the Company entered into a new five-year term senior secured loan facility (the "New Senior Credit Facility") with WhiteHorse Capital Management LLC. The New Senior Credit Facility consists of a \$45.0 million first lien term loan (which was drawn at close) and up to an additional \$25.0 million in first lien delayed draw term loan (which remains undrawn and expires on 26 January 2024). The terms of the New Senior Credit Facility represent a substantial improvement to those of the Previous Senior Credit Facility, including a lower interest cost and longer maturity – the New Senior Credit Facility is due on 26 January 2027.
- In June and August 2022, the JZHL Secondary Fund LP (the "Secondary Fund") made two distributions to JZCP, totaling approximately \$97.4 million. Pursuant to the Secondary Fund's waterfall, in which JZCP has a Special LP Interest, the Company expects to receive approximately 37.5% of all further distributions received by the Secondary Fund. As of 28 February 2023, JZCP still has approximately \$80.4 million of remaining value in the Secondary Fund.

- In October 2022, JZCP paid off its ZDPs (£57.6 million) in full and on their stated maturity.
- In February 2023, JZCP redeemed early its Subordinated Notes (\$31.5 million) in full, while maintaining a significant cash cushion.

While our US micro-cap portfolio has overall performed well, our European portfolio continues to be challenged by economic headwinds in Europe and the effects of the war in Ukraine. Notwithstanding these challenges, we continue to pursue several significant realizations in our European portfolio, which will return capital to JZCP.

The Company's two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn, New York (where Apple is the principal tenant), and the Esperante office building in West Palm Beach, Florida. Due to newly received appraisals at year-end, the real estate portfolio experienced a net write-up of 9 cents per share.

As of 28 February 2023, our US micro-cap portfolio consisted of 12 businesses, which includes three 'verticals' and five co-investments, across nine industries. Our European micro-cap portfolio consisted of 17 companies across six industries and seven countries.

Net Asset Value ("NAV")

JZCP's NAV per share decreased 23 cents, or approximately 5.4%, during the twelve-month period.

NAV per Ordinary share as of 1 March 2022 (as reported 12 June 2022)	\$4.29
Restatement of Prior Year NAV	
- European micro-cap	(0.26)
<i>Change in NAV due to capital gains and accrued income</i>	
+ US micro-cap	0.34
- European micro-cap	(0.20)
+ Real estate	0.09
+ Other investments	0.01
+ Interest on cash and treasuries	0.02
+ Foreign exchange effect	0.01
- Finance costs	(0.11)
- Expenses	(0.13)
NAV per Ordinary share as of 28 February 2023	\$4.06

The US micro-cap portfolio continued to perform well during the six-month period, delivering a net increase of 34 cents per share. This was primarily due to net accrued income of 3 cents and write-ups at co-investment Deflecto (30 cents) and the JZHL Secondary Fund portfolio (78 cents). One cent of escrows was received as well.

Offsetting these increases were decreases at the ISS vertical (62 cents), co-investments New Vitality and Orizon (5 cents and 4 cents, respectively) and other US micro-cap portfolio company Avante (7 cents).

Our European portfolio decreased 46 cents during the twelve-month period, due to net write downs at European portfolio companies in our JZI Fund III, L.P. portfolio (18 cents) and the write down of the direct loan to Toro Finance (28 cents).

Due to newly received appraisals at year-end, the real estate portfolio experienced a net write-up of 9 cents per share.

Returns

The chart below summarizes cumulative total shareholder returns and total NAV returns for the most recent one-year, three-year and five-year periods.

	<u>28.2.2023</u>	<u>28.2.2022¹</u>	<u>29.2.2020</u>	<u>28.2.2018</u>
Share price (in GBP)	£1.58	£1.05	£2.58	£4.51
NAV per share (in USD)	\$4.06	\$4.29	\$6.14	\$9.98

NAV to market price discount	53.0%	67.2%	46.3%	37.7%
		<u>1 year</u>	<u>3 year</u>	<u>5 year</u>
		<u>return</u>	<u>return</u>	<u>return</u>
Total Shareholders' return (GBP)		50.0%	(39.0%)	(65.1%)
Total NAV return per share (USD) ¹		(5.4%)	(33.9%)	(59.3%)

¹ The restated NAV per share at 28 February 2022, after a prior period adjustment was \$4.03. The restated Total NAV return per share for the year ended 28 February 2023 is 0.7%.

Portfolio Summary

Our portfolio is well-diversified by asset type and geography, with 29 US and European micro-cap investments across eleven industries. The European portfolio itself is well-diversified geographically across Spain, Italy, Portugal, Luxembourg, Scandinavia and the UK.

Below is a summary of JZCP's assets and liabilities at 28 February 2023 as compared to 28 February 2022 (before restatement of prior year numbers). An explanation of the changes in the portfolio follows:

	28.2.2023	28.2.2022
	US\$'000	US\$'000
US micro-cap portfolio	127,811	284,162
European micro-cap portfolio	71,966	100,350
Real estate portfolio	31,156	23,597
Other investments	25,683	23,533
Total Private Investments	256,616	431,642
Treasury bills	90,600	3,394
Cash and cash equivalents	11,059	43,656
Total Treasuries and Cash	101,659	47,050
Other assets	168	70
Total Assets	358,443	478,762
Senior Credit Facility	43,181	42,573
Zero Dividend Preferred Shares	-	75,038
Subordinated Notes	-	32,293
Other liabilities	764	1,719
Total Liabilities	43,945	151,623
Total Net Assets	314,498	337,139

US Micro-Cap Portfolio

As you know from previous reports, our US portfolio is grouped into industry 'verticals' and co-investments. As of December 4, 2020, certain of our verticals and co-investments are now grouped under JZHL Secondary Fund, LP ("JZHL" or the "Secondary Fund"). JZCP has a continuing interest in the Secondary Fund through a Special LP Interest, which entitles JZCP to certain distributions from the Secondary Fund.

Our 'verticals' strategy focuses on consolidating businesses under industry executives who can add value via organic growth and cross company synergies. Our co-investments strategy allows for greater diversification of our portfolio by investing in larger companies alongside well-known private equity groups.

The US micro-cap portfolio continued to perform well during the six-month period, delivering a net increase of 34 cents per share. This was primarily due to net accrued income of 3 cents and write-ups at co-investment Deflecto (30 cents) and the JZHL Secondary Fund portfolio (78 cents). One cent of escrows was received as well.

Offsetting these increases were decreases at the ISS vertical (62 cents), co-investments New Vitality and Orizon (5 cents and 4 cents,

respectively) and other US micro-cap portfolio company Avante (7 cents).

European Micro-Cap Portfolio

As anticipated in the Investment Adviser's Report as of 31 August 2022, our European portfolio has experienced further net write-downs at year-end, due in large part to the ongoing economic challenges in Europe and the effects of the war in Ukraine. For the twelve-month period, our European portfolio decreased 46 cents, due to net write downs at European portfolio companies in our JZI Fund III, L.P. portfolio (18 cents) and the write down of our direct loan to Toro Finance (28 cents).

JZCP invests in the European micro-cap sector through its approximately 18.8% ownership of JZI Fund III,

L.P. As of 28 February 2023, Fund III held 13 investments: five in Spain, two in Scandinavia, two in Italy, two in the UK and one each in Portugal and Luxembourg. JZCP held direct loans to a further two companies in Spain: Docout and Toro Finance.

Real estate Portfolio

The Company's two remaining real estate assets that have equity value are 247 Bedford Avenue in Brooklyn, New York (where Apple is the principal tenant), and the Esperante office building in West Palm Beach, Florida. Due to newly received appraisals at year-end, the real estate portfolio experienced a net write-up of 9 cents per share.

We look forward to reporting on our progress at both properties in the coming months.

Other investments

Our asset management business in the US, Spruceview Capital Partners, has continued to make encouraging progress since our last report to you. Spruceview addresses the growing demand from corporate pensions, endowments, family offices and foundations for fiduciary management services through an Outsourced Chief Investment Officer ("OCIO") model as well as customized products/solutions per asset class.

During the fiscal year, Spruceview's mandate for a portfolio of private markets investments for a Mexican trust (or "CERPT") was increased by \$255 million, bringing total assets for this mandate to \$1.3 billion. In addition, Spruceview won a \$200 million mandate for a portfolio of private markets investments for a Colombian public pension fund administrator, as well as an expanded advisory mandate for a \$372 million employee savings plan sponsored by a Mexican corporate client. Further, the firm received over \$46 million in additional contributions to the corporate pension plans to which it provides advisory services. Spruceview also received commitments of over \$20 million for a new private markets investments fund targeting growth buyout fund investments in the US, with the potential to receive additional commitments in subsequent closings in the coming months.

Spruceview also maintained a pipeline of potential client opportunities and continued to provide investment management oversight to the pension funds of the Mexican and Canadian subsidiaries of an international packaged foods company, as well as portfolios for family office clients, and a growing series of private market funds.

As previously reported, Richard Sabo, former Chief Investment Officer of Global Pension and Retirement Plans at JPMorgan and a member of that firm's executive committee, is leading a team of 22 investment, business and product development, legal and operations professionals.

Realisations

New Vitality

In July 2022, JZCP received a distribution from the sale of co-investment New Vitality totaling approximately \$7.4 million.

JZHL Secondary Fund LP

In June and August 2022, the Secondary Fund made two distributions to JZCP, totaling approximately \$97.4 million. Pursuant to the Secondary Fund's waterfall, in which JZCP has a Special LP Interest, the Company expects to receive approximately 37.5% of all further distributions received by the Secondary Fund.

ISS (Partial Sale)

In December 2022, JZCP received a distribution from the partial sale of ISS, totaling approximately \$22.5 million; in addition, the Company may receive up to a further approximately \$8.3 million, which will be payable post-closing pursuant to a standard escrow arrangement that is subject to customary final closing adjustments. JZCP continues to maintain an interest in ISS through a new investment vehicle, Industrial Service Solutions WC L.P. ("ISS WC"). The value attributable to JZCP's interest in ISS WC is approximately \$21.1 million as of 28 February 2023.

Evriholder

In January 2023, Deflecto Holdings, LLC ("Deflecto"), one of the Company's US micro-cap co-investments, sold its interest in one of its subsidiaries, Evriholder. This transaction resulted in JZCP receiving a distribution of approximately \$54.3 million. JZCP's continuing interest in Deflecto is valued at \$12.3 million as of 28 February 2023.

Outlook

The past two years have been a major turnaround for JZCP, highlighted by significant realizations in our US portfolio, particularly the Secondary Fund Portfolio. We have now paid off the CULS and ZDPs in full and at their stated maturities; additionally, we recently redeemed early in full the Subordinated Notes. With just \$45.0 million outstanding on the New Senior Facility due 26 January 2027 and more than \$101 million in cash and cash equivalents, the Company has the ability to continue to build-out and maximize the value of its remaining portfolio.

We continue to work diligently on realizations in both our US and European portfolios and will take advantage of market opportunities as conditions permit. In the meantime, we will continue to build our existing portfolio companies which we believe is the most effective way to return significant capital to our ordinary shareholders.

We remain dedicated to maximizing value for our fellow shareholders.

Thank you for your continued support.

Yours faithfully,

Jordan/Zakaznick Advisers, Inc.

7 June 2023

Investment Portfolio

28 February 2023

Cost ¹	Value	Percentage of Portfolio
US\$'000	US\$'000	%

US Micro-cap portfolio

US Micro-cap Fund

JZHL Secondary Fund L.P.²

Invested in six companies in the US micro-cap sector:

<i>Total JZHL Secondary Fund L.P. valuation</i>	34,876	80,403	23.2
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US Micro-cap (Vertical)

INDUSTRIAL SERVICES SOLUTIONS WC, L.P
("ISS")³

Provider of aftermarket maintenance, repair, and field services for critical process equipment throughout the US

<i>Total Industrial Services Solutions valuation</i>	21,139	25,655	7.4
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US Micro-cap (Co-investments)

DEFLECTO Deflecto designs, manufactures and sells innovative plastic products to multiple industry segments	12,174	12,269	3.5
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ORIZON Manufacturer of high precision machine parts and tools for aerospace and defence industries	3,899	3,840	1.1
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<i>Total US Micro-cap (Co-investments)</i>	16,073	16,109	4.6
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US Micro-cap (Other)

AVANTE HEALTH SOLUTIONS Provider of new and professionally refurbished healthcare equipment	8,140	4,644	1.3
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NATIONWIDE	26,324		0.3
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STUDIOS		1,000	
Processor of digital photos for pre-schoolers			
Total US Micro-cap (Other)	34,464	5,644	1.6
Total US Micro-cap portfolio	106,552	127,811	36.8
European Micro-cap portfolio			
EUROMICROCAP FUND 2010, L.P.	1	-	
Invested in European Micro-cap entities			-
JZI FUND III, L.P.			19.2
At 28 February 2023, was invested in thirteen companies in the European micro-cap sector:	62,903	66,786	
Total European Micro-cap (measured at Fair Value)	62,904	66,786	19.2
Debt Investments			
DOCOUT ⁴	2,777	3,695	1.1
Provider of digitalisation, document processing and storage services			
TORO FINANCE	21,619	1,485	0.4
Provides short term receivables finance to the suppliers of major Spanish companies			
XACOM ⁴	2,055	-	
Supplier of telecom products and technologies			-
Debt Investments (Loans to European Micro-cap companies)	26,451	5,180	1.5
Total European Micro-cap portfolio	89,355	71,966	20.7
Real Estate portfolio			
247 BEDFORD AVENUE	17,717	6,298	1.8
Prime retail asset in northern Brooklyn, NY			
ESPERANTE	14,983	24,858	7.2
An iconic building on the downtown, West Palm Beach skyline			
JZCP REALTY	8,409	-	
Other Properties held - no equity value			-
Total Real Estate portfolio	41,109	31,156	9.0
Other investments			
BSM ENGENHARIA	6,115	459	0.1
Brazilian-based provider of supply chain logistics, infrastructure services and equipment rental			
JZ INTERNATIONAL	-	750	0.2
Fund of European LBO investments			
SPRUCEVIEW CAPITAL	33,455	24,474	7.1
Asset management company focusing primarily on managing endowments and pension funds			
Total Other investments	39,570	25,683	7.4

Listed investments

U.S. Treasury Bills - Maturity 2 March 2023	33,161	33,496	9.6
U.S. Treasury Bills - Maturity 16 March 2023	22,277	22,458	6.5
U.S. Treasury Bill - Maturity 18 May 2023	34,594	34,646	10.0
Total Listed investments	90,032	90,600	26.1
Total - portfolio	366,618	347,216	100.0

¹ Original book cost incurred by JZCP adjusted for subsequent transactions.

² Notional cost of the Company's interest in JZHL Secondary Fund being \$34.876 million which is calculated in accordance with IFRS, and represents the fair value of the Company's LP interest on recognition adjusted for subsequent distributions.

³ Co-investment with Fund A, a Related Party (Note 25).

⁴ Classified as loan at amortised cost.

JZHL Secondary Fund LP

In December 2020, the Company completed the sale of its interests in certain US microcap portfolio companies (the "Secondary Sale") to a secondary fund led by Hamilton Lane Advisors, L.L.C. ("Hamilton Lane"), one of the world's largest allocators and managers of private markets capital. The Secondary Sale was structured as a sale to a newly formed fund, JZHL Secondary Fund LP (the "Secondary Fund"), managed by an affiliate of JZAI.

The US microcap assets (detailed below) were sold to the Secondary Fund at their agreed valuation. In return, the Company received cash consideration and a special limited partner interest in the Secondary Fund entitling the Company to certain distributions from the Secondary Fund.

The Company's limited partner interest in the Secondary Fund's year-end valuation is \$80.4 million and is valued by considering the valuation of the underlying investments and the order of returning capital to investors being:

- i) First, 100 per cent. is distributed to Hamilton Lane and various members of the Fund's management team (the "Secondary Investors") pro rata in accordance with their respective contributions until each Other Investor has received distributions equal to its total aggregate contributions to the Secondary Fund (amounting in total to US\$90 million plus any further contributions made thereafter, expected to be in the aggregate of up to an additional US\$20 million);
- ii) Second, 100 per cent. to the Secondary Investors pro rata in accordance with their respective contributions until each other investor has realised the greater of a 15 per cent. net internal rate of return on its total aggregate contributions or an amount equal to 140 per cent. of its total aggregate contributions.
- iii) Third, 95 per cent. to the Company (in its capacity as the special limited partner of the Secondary Fund) and 5 per cent. to the Secondary Investors until the Company has received distributions equal to US\$67.6 million; and
- iv) Fourth, 62.5 per cent. to the Secondary Investors (pro rata in accordance with their respective contributions)

In April 2022, JZHL realised its investment in Flow Control, LLC receiving proceeds of \$77.7 million. The sale of Flow Control resulted in the Secondary Investors receiving a distribution from the Secondary Fund, together with other distributions so far made and received, totalling approximately \$97.1 million for the benefit of the Secondary Investors.

In June 2022, JZHL realised a portion of its investment in Testing Services Holdings receiving proceeds of \$182.8 million. As a result, the Company received a distribution from the Secondary Fund of approximately \$96.2 million as a result of its Special LP Interest and in accordance with the distribution waterfall as described above.

JZCP's valuation of special interest in JZHL Secondary Fund

	JZHL Cost¹	JZHL
	As at	Valuation
	28.2.2023	As at 28.2.2023
	\$'000s	\$'000s
ACW Flex Pack, LLC	13,955	13,905
Flow Control, LLC	-	45

Safety Solutions Holdings	-	8,477
Felix Storch	24,500	126,000
Peaceable Street Capital	34,321	36,541
Tierpoint	29,632	29,632
	102,408	214,600
Less interest of other secondary investments		(134,197)
JZCP's interest in JZHL Secondary Fund		80,403

¹The cost of JZHL's investments represent the agreed transfer value from JZCP to JZHL plus additional contributions from secondary investors less distributions made.

JZHL Secondary Fund LP includes investments in the following companies:

ACW Flex Pack,

Flex Pack is a provider of a variety of custom flexible packaging solutions to converters and end-users. Further information can be found at www.flex-pack.com

Felix Storch

Felix Storch is a leading provider of specialty refrigeration and custom appliances to residential small kitchen, professional, life sciences, food service and hospitality markets. Felix Storch is a second generation family business, founded in 1969 and based in The Bronx, NY. Felix Storch's products now include a wide range of major appliances sold both nationally and internationally.

Further information can be found at www.felixstorchinc.com

Peaceable Street Capital

Peaceable is a specialty finance platform focused on making structured investments in small and mid-sized income producing commercial real estate. The company is built on a foundation of know-how, creatively structuring preferred equity to provide senior equity in complex situations. With extensive investment experience throughout the United States and Canada, Peaceable's underwriting and decision making process is designed to deliver creative, flexible and dependable solutions quickly. Peaceable focuses on a diverse portfolio of property types including multi-family, office, self-storage, industrial, retail, RV parks, mobile home parks, parking health care and hotels.

Further information can be found at www.peaceablestreet.com

Safety Solutions Holdings

Safety Solutions Holdings offers a complete range of safety products, including gas detection, safety equipment, respiratory, fall protection, lighting, calibration gas, noise and sound, particle counters, personal protection equipment, hi-visibility apparel, and compressors and vacuum pumps.

Further information can be found at safetyolutionsholdings.com

Tierpoint

TierPoint is incorporated in Delaware and is a leading provider of information technology and data centre services, including colocation, cloud computing, disaster recovery and managed IT services. TierPoint's hybrid IT solutions help clients increase business agility, drive performance and manage risk. TierPoint operates via a network of 43 data centres in 20 markets across the United States.

Further information can be found at www.tierpoint.com

Summary of JZCP's investment in JZI Fund III's Investment Portfolio at 28 February 2023

		JZCP Cost (EURO)¹	JZCP Value (EURO)¹	JZCP Value (USD)
	Country	As at 28.2.2023 €'000s	As at 28.2.2023 €'000s	As at 28.2.2023 \$'000s
ALIANZAS EN ACEROS Steel service center	Spain	4,425	3,508	3,720
BLUESITES	Portugal	3,643	6,581	6,979

Build-up in cell tower land leases				
COLLINGWOOD Niche UK motor insurer	UK	3,015	2,700	2,863
ERSI Reinforced steel modules	Lux	8,448	1,725	1,829
FACTOR ENERGIA Electricity supplier	Spain	3,653	9,394	9,962
FINCONTINUO Niche consumer lender	Italy	4,810	938	994
GUANCHE Build-up of petrol stations	Spain	5,082	5,475	5,806
KARIUM Personal care consumer brands	UK	4,321	9,525	10,101
LUXIDA Build-up in electricity distribution	Spain	3,315	4,969	5,270
MY LENDER Niche consumer lender	Finland	4,870	198	210
S.A.C Operational van leasing	Denmark	3,392	9,000	9,545
TREEE e-waste recycling	Italy	5,070	4,463	4,733
UFASA Niche consumer lender	Spain	5,294	6,952	7,373
Other net Liabilities				(2,599)
Total valuation				66,786

¹Represents JZCP's 18.75% of Fund III's investment portfolio.

JZCP's Top Ten Investments

		Value	Percentage of
	<u>Portfolio</u>	<u>US\$'000</u>	<u>Portfolio</u>
1. Felix Storch ¹	U.S. micro-cap	47,250	18.3%
2. Industrial Services Solutions WC, L.P ("ISS")	U.S. micro-cap	25,655	9.9%
3. Esperante	Real estate	24,858	9.6%
4. Spruceview Capital Management, LLC	Other	24,474	9.5%
5. Peaceable Street Capital ¹	U.S. micro-cap	13,703	5.3%
6. Deflecto, LLC	U.S. micro-cap	12,269	4.7%
7. Tierpoint ¹	U.S. micro-cap	11,112	4.3%
8. Karium ²	Euro micro-cap	10,101	3.9%
9. Factor Energia ²	Euro micro-cap	9,962	3.8%
	Euro micro-cap	9,945	3.8%

¹ JZCP value calculated net of JZHL secondary investors valuation.

² Represents JZCP's 18.75% of Fund III's investment portfolio.

Board of Directors

David Macfarlane (Chairman)¹

Mr Macfarlane was appointed to the Board of JZCP in 2008 as Chairman and a non-executive Director. Until 2002, he was a Senior Corporate Partner at Ashurst. He was a non-executive director of the Platinum Investment Trust Plc from 2002 until January 2007.

James Jordan

Mr Jordan is a private investor who was appointed to the Board of JZCP in 2008. He is a director of the First Eagle family of mutual funds. Until 30 June 2005, he was the managing director of Arnhold and S. Bleichroeder Advisers, LLC, a privately owned investment bank and asset management firm; and until 25 July 2013, he was a non-executive director of Leucadia National Corporation.

Sharon Parr²

Mrs Parr was appointed to the Board of JZCP in June 2018. She has over 35 years in the finance industry and spent a significant portion of her professional career with Deloitte and Touche in a number of different countries. After a number of years in the audit department, on relocating to Guernsey in 1999 she transferred into their fiduciary and fund management business and, after completing a management buyout and subsequently selling to Barclays Wealth in 2007, she ultimately retired from her role there as Global Head of Wealth Structuring in 2011. Ms Parr holds a number of Non-Executive Directorships across the financial services sector including in other listed funds. Ms Parr is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Society of Trust and Estate Practitioners, and is a resident of Guernsey.

Ashley Paxton

Mr Paxton was appointed to the Board in August 2020. He has more than 25 years of funds and financial services industry experience, with a demonstrable track record in advising closed-ended London listed boards and their audit committees on IPOs, capital market transactions, audit and other corporate governance matters. He was previously C.I. Head of Advisory for KPMG in the Channel Islands, a position he held from 2008 through to his retirement from the firm in 2019. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a resident of Guernsey. Amongst other appointments he is Chairman of the Youth Commission for Guernsey & Alderney, a locally based charity whose vision is that all children and young people in the Guernsey Bailiwick are ambitious to reach their full potential.

¹ Chairman of the nominations committee of which all Directors are members.

² Chairman of the audit committee of which all Directors are members.

Report of the Directors

The Directors present their annual report together with the audited financial statements of JZ Capital Partners ("JZCP" or the "Company") for the year ended 28 February 2023.

Principal Activities

JZ Capital Partners Limited is a closed-ended investment company with limited liability which was incorporated in Guernsey on 14 April 2008 under the Companies (Guernsey) Law, 1994 and is subject to the Companies (Guernsey) Law, 2008. The Company's Capital consists of Ordinary shares which are traded on the London Stock Exchange's Specialist Fund Segment.

The Company's second lien loan notes (the "Subordinated Notes"), ZDP shares and Convertible Unsecured Loan Stock ("CULS") were redeemed on 15 February 2023, 3 October 2022 and 30 July 2021 respectively. The Company's debt now consists of a Senior Credit Facility.

The Company's Investment Policy has been to target predominantly private investments, seeking to back exceptional management teams to deliver on attractive investment propositions. In executing its strategy, the Company takes a long term view.

The Company focused on investing in the following areas, and is now focused on supporting these investments:

- (i) small or micro-cap buyouts in the form of debt and equity and preferred stock in both the US and Europe; and
- (ii) US real estate.

The Company's shareholders agreed changes to the Company's investment policy on 12 August 2020. In line with the new investment policy, the Company will make no further investments except in respect of which it has existing obligations or to the extent that investment is required to support existing investments. The intention is to realise the maximum value of its investments and, after repayment of all debt, to return capital to shareholders.

Business Review

The total comprehensive profit attributable to Ordinary shareholders for the year ended 28 February 2023 was \$2,646,000 (year ended 28 February 2022: \$3,113,000). The net asset value ("NAV") of the Company at the year end was \$314,498,000 (28 February 2022: \$311,852,000) equal to \$4.06 (28 February 2022: \$4.03) per Ordinary share.

A review of the Company's activities and performance is detailed in the Chairman's Statement and the Investment Adviser's Report. The valuations of the unlisted investments are detailed in the Investment Portfolio.

Restatement to Correct Historical Error in Classification and Associated Measurement of Asset

An investment in a direct loan to a European micro-cap company has been revalued to reflect the contractual terms of the loan in place as at 1 March 2021 and 28 February 2022. The investment has been reclassified from a Loan at Amortised Cost to an Investment at Fair Value Through Profit or Loss. Further details and the balances changed by the restatement are detailed in Note 2 to the Financial Statements.

Principal Risks and Uncertainties

The Company's Board believes the principal risks and uncertainties that relate to an investment in JZCP are as follows:

Portfolio Liquidity

The Company invests predominantly in unquoted companies and real estate. Therefore, this potential illiquidity means there can be no assurance investments will be realised at their latest valuation or on the timing of such realisations. The Board considers this illiquidity when planning to meet its future obligations, whether committed investments or the repayment of the Senior Credit Facility. On a quarterly basis, the Board reviews a working capital model produced by the Investment Adviser which highlights the Company's projected liquidity and financial commitments.

Investment Performance and Impact on NAV

The Company is reliant on the Investment Adviser to support the Company's investment portfolio by executing suitable investment decisions. The Investment Adviser provides the Board with an explanation of all investment decisions and also provides quarterly investment reports and valuation proposals of investee companies. The Board reviews investment performance quarterly and investment decisions are checked to ensure they are consistent with the agreed investment strategy.

Financing in the Real Estate Portfolio

The cost of servicing debt in the underlying real estate structures may impact the net valuation of the real estate portfolio and subsequently the Company's NAV. Gearing in the underlying real estate structures will increase any losses arising from a downturn in property valuations. The Board assess the risk that debt facilities may be withdrawn due to default or reasons beyond the Company's control.

Operational and Personnel

Although the Company has no direct employees, the Company considers what dependence there is on key individuals within the Investment Adviser and service providers that are key to the Company meeting its operational and control requirements.

Macroeconomic Risks and Impact on NAV

The Company's performance, and underlying NAV, is influenced by economic factors that affect the demand for products or services supplied by investee companies and the valuation of Real Estate interests held. Economic factors will also influence the Company's ability to invest and realise investments and the level of realised returns. Approximately 21% (28 February 2022: 24%) of the Company's investments are denominated in non-US dollar currencies, primarily the euro and also sterling. Fluctuations to these exchange rates will affect the NAV of the Company.

Uncertainties in today's world that influence economic factors include:

(i) COVID-19

Whilst the Company's portfolio has performed robustly throughout the pandemic, the Board acknowledge world economies face lasting challenges as they continue to emerge from the pandemic and learn to live with the virus.

(ii) War in Ukraine and resulting energy crisis

The Board strongly condemns the actions of the Russian government and the devastating events that have unfolded since Russia's unprovoked invasion of Ukraine.

JZCP's investments are predominantly focused in the U.S. and Western Europe, and as such, the portfolio has no direct exposure to the affected regions. However, certain portfolio companies have exposure to the rising energy costs resulting from the conflict. The Board continue to receive reports from the Investment Adviser on the impact of these increased costs. The Board is not aware that the Company has any Russian investors.

(iii) Climate Change

JZCP does not have a sustainability-driven investment strategy, nor is its intention to do so, but the Board believes that considering the principle of

being environmentally responsible is important in realising the maximum value of the Company's investments.

JZCP only invests where it has existing obligations or to continue selectively to support the existing portfolio. JZAI where possible plans to use its influence as an investor to ensure investee businesses and funds have a cautious and responsible approach to environmental management of their business operations. JZCP invests across a wide range of businesses but has limited exposure to those that create high levels of emissions.

The Board considers the impact of climate change on the firm's business strategy and risk profile and, where appropriate will make timely climate change related disclosures. Regular updates, given by the Investment Adviser on portfolio companies and properties will include potential risk factors pertaining to climate change and how/if these risks are to be mitigated. The Board receive a report from the Investment Adviser categorising the Company's investments according to their level of exposure to climate-related risks. These climate-related risks can be categorised as either physical (impact of extreme weather, rising sea levels) or transitional (impact of the transition to a lower-carbon economy).

The Board also has regard to the impact of the Company's own operations on the environment and other stakeholders. There are expectations that portfolio companies operate in a manner that contributes to sustainability by considering the social, environmental, and economic impacts of doing business. The Board requests the Investment Adviser report on any circumstances where expected standards are not met.

The Board has assessed the impact of climate change and has judged that the Company's immediate exposure to the associated risks are low and therefore there is no material impact on the fair value of investments and the financial performance reported in these Financial Statements.

Share Price Trading at Discount to NAV

JZCP's share price is subject to market sentiment and will also reflect any periods of illiquidity when it may be difficult for shareholders to realise shares without having a negative impact on share price. The Directors review the share price in relation to Net Asset Value on a regular basis and determine whether to take any action to manage the discount. The Directors, with the support of the Investment Adviser, work with brokers to maintain interest in the Company's shares through market contact and research reports.

The Board considers the principal risks and uncertainties above are broadly consistent with those reported at the prior year end, but wishes to note the following:

- The Company's exposure to liquidity risk has decreased during the year as debt obligations were repaid on their maturity date; and
- The effect of the war in Ukraine on market conditions means that there are challenges to completing corporate transactions within the European micro-cap portfolio and planned realisations may be delayed.
- In May 2023, the World Health Organization declared that COVID-19 no longer represented a "global health emergency".

Going Concern

A fundamental principle of the preparation of financial statements in accordance with IFRS is the judgement that an entity will continue in existence as a going concern for a period of at least 12 months from signing of the Annual Report, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

In reaching its conclusion, the Board has considered the risks that could impact the Company's liquidity over the period from 7 June 2023 to 30 June 2024 (the "Going Concern period").

Recent events impacting liquidity:

- realisation proceeds during the financial year in excess of \$184 million;
- the redemption and cancellation of the Company's ZDP shares; and
- the early redemption of the Company's Subordinated Notes.

The Company's outstanding debt is now limited to its \$45 million Senior Credit Facility due 26 January 2027, which may be repaid early without penalty at any time. In addition, the Senior Credit Facility provides for up to an additional

\$25 million in first lien delayed draw term loan, none of which has been drawn.

The below table shows the Company's net liquidity position at the year end and the previous three year ends:

	<u>28.2.2023</u>	<u>28.2.2022</u>	<u>28.2.2021</u>	<u>29.2.2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Senior Credit Facility ¹	(45,000)	(45,000)	(68,694)	(150,362)
ZDP Shares	-	(77,281)	(80,527)	(73,569)
Subordinated Notes	-	(32,293)	-	-
CULS	-	-	(54,332)	(49,637)

Total debt	(45,000)	(154,574)	(203,553)	(273,568)
Cash and Treasury Bills	101,659	47,050	63,178	56,298
Net liquidity position	56,659	(107,524)	(140,375)	(217,270)

¹Principal amount of \$45 million, due on 26 January 2027, excludes any accrued interest due on maturity.

The below table details the proceeds from the Company's realisations during the last three fiscal years:

	Year End 28.2.2023 \$ million			Year End 28.2.2022 \$ million			Year End 28.2.2021 \$ million		
JZHL Secondary Fund	U.S.	97.4	Salter Labs	U.S.	41.1	Secondary Sale	U.S.	87.7	
Deflecto	U.S.	54.3	George Industries	U.S.	9.5	Real estate		13.6	
ISS	U.S.	22.5	Orangewood Fund	U.S.	6.2	ABTA	U.S.	9.4	
New Vitality	U.S.	7.4	Igloo	U.S.	3.8	Eliantus	Euro	9.4	
Other		2.5	Vitalyst	U.S.	1.9	K2 Towers II	Euro	9.2	
			EMC 2010	Euro	2.2	Other	U.S.	9.0	
			Fund III	Euro	1.1	Cerpi	Other	1.2	
		184.1			65.8			139.5	

The Board takes account of the levels of realisation proceeds historically generated by the Company's micro-cap portfolios as well as the accuracy of previous forecasts to assess the predicted accuracy of forecasts presented. The Company continues to work on the realisation of various investments within a timeframe that will enable the Company to maximise the value of its investment portfolio.

The Board is encouraged by the Company's ability to deliver realisations and the subsequent improved liquidity position, having net liquidity of approximately \$56 million at the year end.

The Board has analysed the projected cash outflows over the going concern period and concluded they will be paid from the Company's cash reserves (including maturing treasury bills).

Going Concern Conclusion

After careful consideration and based on the reasons outlined above, the Board is satisfied, as at the date of the signing of the Annual Report and Financial Statements, that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period from 7 June 2023 to 30 June 2024.

Viability Statement

In accordance with the UK Corporate Governance Code (the "UK Code"), the Board has assessed the expectations that the Company will be able to continue in operation and meet ongoing debt obligations. In order to make the assessment and as noted above, the Board has carried out a robust review of the principal risks and uncertainties, to which the Company is exposed and that potentially threaten future performance and liquidity. It has assessed the Company's current position and prospects as detailed in the Chairman's Statement and Investment Adviser's Report. The period covered by the viability statement is the next three financial years to 28 February 2026.

The Board has continued to use the period of three years that has been used historically to assess viability. This period is considered appropriate as the actions will be directed at achieving liquidity from sales of investments at a level that will reasonably ensure the longer-term viability of the operations of the Company. The three year period is also considered consistent with the Company's investment policy to make no further investments except in respect of which it has existing obligations and to continue selectively to support the existing portfolio. The Board will continue to review the period of assessment on an annual basis and may in future adjust if considered appropriate.

In reaching its conclusion on the Company's viability, the Directors have considered the following:

(i) Stability in Company's Balance Sheet

In order to stabilise the Company's balance sheet, the Board is focused on repaying debt. Investment is being curtailed to commitments and what is necessary to maximise the value of the existing portfolio. No repayment of capital will be made to shareholders until debt obligations have been met.

During the prior year, the Company successfully restructured its senior debt facility. The terms of the new facility included an extended maturity date to 2027 and allowed for the repayment of the Company's ZDP Shares and Subordinated Notes assuming the required asset ratio together with other covenants were maintained.

During the year to 28 February 2023, the Company made the following significant debt repayments:

Zero Dividend Preference (2022) Shares

On their maturity date of 3 October 2022, the Company redeemed and cancelled its ZDP shares. The ZDP shares had a redemption value of £57,597,000 (\$64,296,000 using the exchange rate on the redemption date).

Subordinated Notes

On 14 February 2023, the Company undertook an early voluntary redemption in full of its \$31.5 million Subordinated Notes.

As highlighted in the Company's going concern assessment the Company has greatly improved liquidity and is in a position to meet its financial obligations in both the near and medium term as it looks to maximise and realise the value of remaining investments.

(ii) Financing obligations

Senior Credit Facility

The new senior credit facility has a maturity date of 27 January 2027, the principal balance outstanding at 28 February 2023 was \$45.0 million. It is expected the extended credit facility will be repaid from the cash held or future proceeds from realisations and/or refinancing of investments.

Commitments

At 28 February 2023, JZCP had financial commitments of \$7.1 million (28 February 2022: \$16.2 million) outstanding in relation to fund investments.

(iii) Investment performance and portfolio liquidity

The Board reviews, on a quarterly basis, the valuation and prospects of all underlying investee companies. The Board is generally satisfied with the performance of the micro-cap portfolios and believe the historic realisation of investments at or above NAV provide support to the level of the current valuations and the Company will continue to explore suitable realisation opportunities. JZCP's micro-cap portfolio has averaged annual realisations of approximately \$130 million over the five years ending 28 February 2023.

(iv) Loan covenants

A covenant on the senior debt facility states the fair value of collateral must be no less than 4x the loan value (which equates to approximately \$180 million at the year end) and the Company is also required to hold a minimum cash balance of \$12.5 million. At 28 February 2023, investments and cash valued at \$352.0 million were held as collateral on the senior debt facility. The collateral value used in the asset coverage ratio of \$252.1 million is after adjustments to the collateral value including a ceiling value on any one investment. The Board are confident the loan covenants will not be breached.

(v) Mitigation of other risks as outlined in the Principal Risks and Uncertainties.

Viability Conclusion

In concluding on the viability of the Company, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period ending 28 February 2026, being the period of the assessment. The Board considers the going concern assumptions and conclusion set out above to be relevant.

Ongoing Charges

Ongoing charges for the years ended 28 February 2023 and 28 February 2022 have been prepared consistently with the methodology used in the previous year. The ongoing charges ratio represents annualised recurring operational expenses as a percentage of the average net asset value. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs but are amended if this method is not considered an accurate prediction of future expenses. The Ongoing charges for the year ended 28 February 2023 were 2.56% (28 February 2022: 3.31%).

Directors

The Directors listed below, who served on the Board during the year and are all deemed independent and non-executive, were in office at the end of the year and subsequent to the date of this report. The biographical details of the Directors are shown on Director's Report.

David Macfarlane (Chairman)

James Jordan

Sharon Parr

Ashley Paxton

Dividends

No dividends were paid or proposed for the years ended 28 February 2023 and 28 February 2022.

Annual General Meeting

The Company's Annual General Meeting is due to be held on 11 July 2023.

Substantial Shareholders

As at 7 June 2023, the Company has been notified in accordance with the Disclosure Guidance and Transparency Rules of the following interests of 5% or more of the total Ordinary share capital of the Company. The number and percentage of Ordinary shares relate to the number informed by shareholders on the relevant notification rather than the current share register. The number and percentage of Ordinary shares set out below for each substantial shareholder will therefore not take account of any Ordinary shares bought or sold by them or the effect of any share buy backs undertaken by the Company on their shareholdings, in each case, not so notified as required by, or in accordance with, the Disclosure Guidance and Transparency Rules. For the avoidance of doubt, the number and percentage of Ordinary shares set out below should not therefore be used for the purposes determining if the Company is or is to become a controlled foreign corporation within the meaning of The United States Internal Revenue Code of 1986, as amended (further information on the Company's controlled foreign corporation status can be found under the section Useful Information for Shareholders). Shareholders and prospective shareholders must consult their own tax advisers concerning US tax laws.

	Ordinary shares	% of Ordinary shares
Edgewater Growth Capital Partners L.P.	18,335,944	23.7%
David W. Zalaznick	10,550,294	13.6%
John W. Jordan II & Affiliates	10,550,294	13.6%
Jefferies Financial Group	8,021,552	10.4%
Arnhold, LLC	4,573,007	5.9%
Almitas Capital LLC	4,504,586	5.8%
Finepoint Capital L.P.	4,413,067	5.7%

The percentage of Ordinary shares shown above represents the ownership of voting rights at the date of this report, before weighting for votes on Directors.

It is the responsibility of the shareholders to notify the Company of any change to their shareholdings when it reaches 5% of shares in issue and any subsequent change when the shareholding increases or decreases by a further 5% (up to 30% of shares in issue i.e. 10%, 15%, 20%, 25% and 30%) and thereafter 50% and 75%.

Share Capital, Purchase of Own Shares and Convertible Unsecured Loan Stock "CULS"

The beneficial interests of the Directors in the Ordinary shares of the Company are shown below:

	Number of Ordinary shares at 1 March 2022	Purchased in year	Sold in year	Number of Ordinary shares at 28 February 2023
David Macfarlane	71,550	-	-	71,550
James Jordan	39,124	-	-	39,124
Sharon Parr	10,000	-	-	10,000
Ashley Paxton	12,250	-	-	12,250

132,924	-	-	132,924
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The beneficial interests of the Directors in the ZDP shares of the Company are shown below:

	Number of ZDP shares at 1 March 2022	Purchased in year	Redeemed in year	Number of ZDP shares at 28 February 2023
David Macfarlane	-	-	-	-
James Jordan	-	-	-	-
Sharon Parr	-	-	-	-
Ashley Paxton	-	-	-	-
	4,250	-	(4,250)	-
	4,250	-	(4,250)	-

There have been no changes in the Directors' interests of Ordinary shares between 28 February 2023 and the date of this report.

Details of the ZDP shares and the Ordinary shares can be found in Notes 16 and 20.

Engaging with Stakeholders

In line with best practice, the Board is required to ensure effective engagement with, and participation from, its shareholders and stakeholders. The Board should also understand the views of the Company's key stakeholders and describe in the annual report how their interests and the matters set out in Section 172 of the Companies Act 2006 have been considered in board discussions and decision-making.

The Board identifies its key stakeholders as the following:

- Shareholders and prospective investors;
- JZAI, the Investment Adviser of its portfolio investments and other service providers. The Company has no employees.

Engaging with Shareholders

The Board believes that the maintenance of good relations with both institutional and retail shareholders is important for the prospects of the Company. It therefore seeks active engagement with investors, bearing in mind the duties regarding equal treatment of shareholders and the dissemination of inside information. The Board receives feedback on shareholder views from its Corporate Broker and Investment Adviser, and is circulated with Broker reports on the Company.

The Board considers that the Annual General Meeting, a meeting for all shareholders, is the key point in the year when the Board of Directors accounts to all shareholders for the performance of the Company. The Board encourages shareholders to attend the Annual General Meeting where Directors will be present and available to engage with shareholders.

The Board believes that the Company policy of reporting to shareholders as soon as possible after the Company's year end and the holding of the Annual General Meeting at the earliest opportunity is valuable.

The Company, provides an Interim Report and Accounts in accordance with IAS 34 and will aim to issue monthly NAV announcements within 21 day of the month end, these announcements will be posted on JZCP's website at the same time, or soon thereafter. A monthly factsheet is also posted on the Company's website.

Engaging with Service Providers

The Board is in regular communication with the Investment Adviser to discuss the Company's strategy as well as being kept up to date with portfolio matters.

A Management Engagement Committee, was established in 2018, to review the performance and contractual arrangements of the Company's service providers. The Board looks to engage with service providers and encourage communication of any concerns of matters arising and deal with them appropriately.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. Guernsey Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year.

In preparing Financial Statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- confirm that there is no relevant audit information of which the Company's Auditor is unaware; and
- confirm that they have taken all reasonable steps which they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008 and International Financial Reporting Standards as adopted by the European Union ("IFRS"). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility Statement of the Directors in respect of the Financial Statements

The Directors confirm that to the best of their knowledge:

- the Financial Statements have been prepared in accordance with IFRS and give a true and fair view of the assets, liabilities and financial position, and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and position of the Company together with the description of the principal risks and uncertainties that the Company faces, as required by the Disclosure Guidance and Transparency Rules of the UK Listing Authority; and
- the Directors confirm that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance and strategy.

Directors' Statement

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board of Directors and signed on behalf of the Board on 7 June 2023.

David Macfarlane

Sharon Parr

Chairman

Director

Corporate Governance

Introduction

As a Guernsey incorporated company with a UK listing, JZCP's governance policies and procedures are based on the principles of the UK Corporate Governance Code (the "UK Code") as required under the Disclosure Guidance and Transparency Rules. The UK Code is available on the Financial Reporting Council's website, www.frc.org.uk. The Company is subject to the GFSC Code, which applies to all companies registered as collective investment schemes in Guernsey. The GFSC has also confirmed that companies that report against the UK Code are deemed to meet the GFSC Code. Up to 29 February 2020, the Company reported against the AIC Code of Corporate Governance (the "AIC Code"), which addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies. The Company resigned its membership from the AIC in 2020.

Throughout the accounting period the Company has complied with the recommendations of the UK Code and thus the relevant provisions of the UK Corporate Governance Code, except as set out below.

- the tenure of the Chairman.

- the Chairman serving as a member of the Audit Committee.

The Board considers the following UK Code provisions are not relevant to the position of JZ Capital Partners Limited, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

- the role of the chief executive;
- executive directors remuneration; and
- appointment of a senior independent director.

There have been no other instances of non-compliance, other than those noted above.

Guernsey Code of Corporate Governance

The Guernsey Financial Services Commission's (the "GFSC") "Finance Sector Code of Corporate Governance" (the "Guernsey Code") came into effect on 1 January 2012 and was subsequently amended on 18 February 2016. The introduction to the Guernsey Code states that companies which report against the UK Corporate Governance Code or the AIC's Code of Corporate Governance are deemed to meet the Guernsey Code.

The Board

Corporate Governance of JZCP is monitored by the Board which at the end of the year comprised four Directors, all of whom are non-executive. Biographical details of the Board members at the date of signing these Financial Statements are shown on Board of Directors section and their interests in the shares of JZCP are shown in the Report of the Directors. The Directors' biographies highlight their wide range of relevant financial and sector experience.

Directors' Independence

The Board continually considers the independence of the Directors, including in light of the circumstances which are set out in the UK Code as likely to impair a director's independence.

There are no circumstances that exist, including those under the UK Code, which the Board considers likely to impair the independence of any of the Directors.

Two Board members (David Macfarlane and James Jordan) have, however, served on the Board for a period of longer than nine years which is one of those circumstances set out in the UK Code. The conclusion the Board has reached is that despite having served on the Board for more than nine years, this has not impacted the independence of such Directors. However, the Board will continue to assess on an annual basis how length of service could impair judgement and decision making both on the basis of an individual Director and the Board as a whole.

Previously, each Director having served longer than nine years was subject to annual re-election and each Director having served less than nine years was subject to re-election at the third annual general meeting after appointment or (as the case may be) the general meeting at which he or she was last appointed. In line with best practice, all Directors are now subject to annual re-election.

Further details on the Board's processes and criteria for the appointment of directors can be found under the section of this Annual Report detailing the work of the Nomination Committee.

Succession Planning

The Board acknowledges that the Board and its Committees should have a combination of skills, experience and knowledge and that membership should be regularly refreshed. The Board annually evaluates its composition, diversity and how effectively each member contributes and how they work together to achieve objectives. Further details on the evaluation of the Board and its Committees can be found below in this section of the Annual Report.

Chairman Tenure

The UK Code, states the Chairman should not remain in post beyond nine years from the date of their first appointment to the Board. However, to facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time.

The Board's policy on the Chairman's tenure is that continuity and experience are considered to add significantly to the strength of the Board and as such these attributes need to be weighed against any advantages that a new appointment may bring. Therefore, no limit on the overall length of service of the Chairman is imposed.

The Chairman has served on the Board since the Company's inception (April 2008) and the Board therefore acknowledges that succession to the role needs to be anticipated in line with effective succession planning. A substantial refreshment of the board was planned to take place in 2021, including the appointment of a new Chairman. However, in the light of the events which saw a material decline in the Company's Net Asset Value, it was decided the Chairman would continue to oversee the stabilisation of the Company and implementation of the investment policy introduced in 2020. The Chairman will therefore continue to seek re-election to the Board annually.

Proceedings of the Board

The Board has overall responsibility for the Company's activities and the determination of its investment policy and strategy. The Company has entered into an investment advisory and management agreement with its Investment Adviser, JZAI, pursuant to which, subject to the overall supervision of the Directors, the Investment Adviser acts as the investment manager to the Company and manages the investment and reinvestment of the assets of the Company in pursuit of the investment objective of the Company and in accordance with the investment policies and investment guidelines from time to time of the Company and any investment limits and restrictions notified by the Directors (following consultation with the Investment Adviser). Within its strategic responsibilities, the Board regularly considers corporate strategy as well as dividend policy, the policy on share buy backs and corporate governance issues.

The Directors meet at least quarterly to direct and supervise the Company's affairs. This includes reviewing the investment strategy, risk profile, gearing strategy and performance of the Company and the performance of the Company's functionaries, and monitoring compliance with the Company's objectives.

In usual circumstances, the Directors visit the Investment Adviser at least annually for a comprehensive review of the portfolio, its valuation methodology and general strategy. The Directors deem it appropriate to review the valuations of the investment portfolio on a quarterly basis. The schedule of Board and Committee meetings is shown on Corporate Governance section.

Continuing terms of Investment Adviser agreement

In the opinion of the Directors, the continuing appointment of the Investment Adviser on the terms agreed continues to be in the interests of Shareholders. In reaching its conclusion the Board considers the Investment Adviser's performance, expertise and ability in effectively assisting the management of portfolio companies.

Supply of information

The Chairman ensures that all Directors are properly briefed on issues arising at, and when necessary in advance of, Board meetings. The Company's advisers provide the Board with appropriate and timely information in order that the Board may reach proper decisions. Directors can, if necessary, obtain independent professional advice at the Company's expense.

Directors' training

The Board is provided with information concerning changes to the regulatory or statutory regimes as they may affect the Company, and the Directors are offered the opportunity to attend courses or seminars on such changes, or other relevant matters. An induction programme is available for any new Director appointments. The induction programme offers training about the Company, its managers, their legal responsibilities and investment company industry matters.

Chairman and Senior Independent Director

The Chairman is a non-executive Director, together with the rest of the Board. There is no executive Director position within the Company. Day-to-day management of the Company's affairs has been delegated to third party service providers. Currently there is no appointment of a Senior Independent Director.

Board diversity

The Board has also given careful consideration to the recommendations of the Davies Review and the findings of the Hampton-Alexander Review on the evolving gender diversity debate. The Board continues to review its composition in terms of diversity, appropriate range of skills and experience and the Board is committed to ensuring that diversity is considered when appointments to the Board are under consideration – as indeed has always been its practice.

The Board's evaluation

The Board, Audit Committee, and Nomination Committee undertake an evaluation of their own performance and that of individual Directors on an annual basis. In order to review their effectiveness, the Board and its Committees carry out a process of formal self-appraisal. The Board and Committees consider how they function as a whole and also review the individual performance of its members. This process is conducted by the Chairman reviewing each member's performance, contribution and their commitment to the Company. The Board, as a whole, reviews the performance of the Chairman. Each Board member is also required to submit details of training they have undertaken on an annual basis. Currently, no third party evaluation of the Directors effectiveness is undertaken. The results of the evaluation process concluded the Board was functioning effectively and the Board and its committees provided a suitable mix of skills and experience.

Board Committees

In accordance with the UK Code, the Board has established a number of Committees (see below), in each case with formally delegated duties and responsibilities within written terms of reference. The identity of each of the Chairmen of the committees referred to below is reviewed on an annual basis. The Board, consisting of all non-executive Directors, has decided that the entire Board should fulfil the role of the Audit and Nomination Committees. The terms of reference of the committees are kept under review and can be viewed on the Company's website www.jzcp.com

Nomination Committee

In accordance with the Code, the Company has established a Nomination Committee. The Nomination Committee leads the process for all board appointments, oversees the development of and reports on, amongst other things, its approach to a diverse pipeline for succession.

The Nomination Committee takes into consideration the Code's rules on independence of the Board in relation to the Company, its senior management and major shareholders. The Nomination Committee is chaired by David Macfarlane, and each of the other Directors is also a member. The members of the committee are independent of the Investment Adviser. The Nomination Committee has responsibility for considering the size, structure and composition of the Board, retirements and appointments of additional and replacement Directors and making appropriate recommendations to the Board.

Due to the nature of the Company being a listed investment company investing in private equity with an international shareholder base, the Company needs Directors with a broad range of financial experience. For this reason, Directors use external consultants as well as using their own contacts to identify suitable candidates.

The final decision with regard to appointments always rests with the Board and all such appointments are subject to confirmation by shareholders.

Audit Committee

The Audit Committee is chaired by Sharon Parr and all other Directors are members. Contrary to the recommendations of the UK Code, the Board considers it is appropriate for the Company's Chairman to serve as a member of the Audit Committee due to his considered independence and the skills/experience contributed. The Board also notes the AIC Code, previously followed by the Company, permits a chairman to be a member of an audit committee if independent on appointment. Members of the Committee are independent of the Company's external auditors and the Investment Adviser. All members have the necessary financial and sector experience to contribute effectively to the Committee. The Audit Committee meets at least twice a year and meets the external auditors at least twice a year. The Audit Committee is responsible for overseeing the Company's relationship with the external auditors, including making recommendations to the Board on the appointment of the external auditors and their remuneration. The Committee also considers the nature, scope and results of the auditors' work and reviews, and develops and implements policies on the supply of any non-audit services that are to be provided by the external auditors.

Post year end, the Audit Committee has re-considered whether the Company is able to continue as a going concern for the period ending 31 May 2024 and whether it considers it appropriate to adopt the going concern basis of accounting in preparing them, and identify any material uncertainties to the company's ability to continue to do so. Also, the Audit Committee, has considered the Company's current position and principal risks, and assessed the prospects of the Company, over the viability period of three years to 28 February 2026.

The activities and responsibilities of the Audit Committee are further described on the Audit Committee Report and the recommendations to the Board made by the Audit Committee, regarding the going concern and viability of the Company are detailed in the Report of the Directors.

Management Engagement Committee

The Management Engagement Committee is chaired by David Macfarlane and comprises the entire Board. Responsibilities include reviewing the performance and contractual arrangements of the Company's service providers.

Remuneration Committee

The Disclosure Committee is constituted of two Directors and two representatives of the Investment Adviser. Its purpose is to monitor and review the Company's obligation to inform the market in respect of matters and events, to ensure compliance with the Market Abuse Regulations.

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Board and Committee meeting attendance

The number of formal meetings of the Board and its committees held during the fiscal year and the attendance of individual Directors at these meetings was as follows:

Number of meetings

	Management					
	Board Main	AGM	AdHoc Meetings	Audit Committee	Disclosure Committee	Engagement Committee
Total number of meetings	4	1	5	5	2	1
David Macfarlane	4	1	5	5	2	1
James Jordan	3	1	4	3	N/A	1
Sharon Parr	4	1	5	5	2	1
Ashley Paxton	4	1	5	5	N/A	1

The main Board meetings are held to agree the Company's valuation of its investments, agree the Company's financial statements and discuss and agree other strategic issues. Other meetings are held when required to agree board decisions on ad-hoc issues.

Internal Controls

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

These controls aim to ensure that assets of the Company are safeguarded, proper accounting records are maintained and the financial information for publication is reliable. The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the Company. This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements and is reviewed by the Board and is in accordance with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The Board has evaluated the systems of internal controls of the Company. In particular, it has prepared a process for identifying and evaluating the principal risks affecting the Company and the policies by which these risks are managed.

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

Formal contractual agreements have been put in place between the Company and providers of these services

Even though the Board has delegated responsibility, it retains accountability for these functions and is responsible for the systems of internal control. At each quarterly board meeting, compliance reports are provided by the Administrator, Company Secretary and Investment Adviser. The Board also receives confirmation from the Administrator of its accreditation under its Service Organisation Controls 1 report.

The Company's risk exposure and the effectiveness of its risk management and internal control systems are reviewed by the Audit Committee at its quarterly meetings and annually by the Board.

The Board believes that the Company has adequate and effective systems in place to identify, mitigate and manage the risks to which it is exposed.

Whistle Blowing Policy

The Directors are non-executive and the Company does not have employees, hence no whistle blowing policy is required. However, the Directors have satisfied themselves that the Company's service providers have appropriate whistle blowing policies and procedures and have received confirmation from the service providers that nothing has arisen under those policies and procedures which should be brought to the attention of the Board.

UK Criminal Finances Act 2017

In respect of the UK Criminal Finances Act 2017 which has introduced a new Corporate Criminal Offence of 'failing to take reasonable steps to prevent the facilitation of tax evasion', the Board confirms that it is committed to zero tolerance towards the criminal facilitation of tax evasion.

The Board also keeps under review developments involving other social and environmental issues, such as Modern Slavery and General Data Protection Regulation, and will report on those to the extent they are considered relevant to the Company's operations.

International Tax Reporting

For purposes of the US Foreign Account Tax Compliance Act ("FATCA"), the Company registered with the US Internal Revenue Services ("IRS") as a Guernsey reporting Foreign Financial Institution ("FFI"), received a Global Intermediary Identification Number CAVBUD.999999.SL.831, and can be found on the IRS FFI list.

The Common Reporting Standard ("CRS") is a global standard for the automatic exchange of financial account information developed by the Organisation for Economic Co-operation and Development ("OECD"), which has been adopted by Guernsey and which came into effect on 1 January 2016. The CRS replaced the intergovernmental agreement between the UK and Guernsey to improve international tax compliance that had previously applied.

The Board will take necessary actions to ensure that the Company is compliant with Guernsey regulations and guidance in this regard.

Directors' Remuneration Report

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

Remuneration Policy

The Directors do not consider it necessary for the Company to establish a separate Remuneration Committee. All of the matters recommended by the Code that would be delegated to such a committee are considered by the Board as a whole.

It is the responsibility of the Board to determine and approve the Directors' fees, following a recommendation from the Chairman who will have given the matter proper consideration, having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Chairman's remuneration is decided separately and is approved by the Board.

The Company's Articles state that Directors' remuneration payable in any accounting year shall not exceed in the aggregate an annual sum of \$650,000. Each Director is also entitled to reimbursement of their reasonable expenses. There are no commission or profit sharing arrangements between the Company and the Directors. Similarly, none of the Directors is entitled to pension, retirement or similar benefits. No element of the Directors' remuneration is performance related.

The remuneration policy set out above is the one applied for the year ended 28 February 2023 and is not expected to change in the foreseeable future.

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

Remuneration for Services to the Company as Non-Executive Directors

	Year Ended	Year Ended
	28 February 2023	28 February 2022
	US\$	US\$
David Macfarlane (Chairman)	120,000	120,000
James Jordan	50,000	50,000
Sharon Parr	70,000	70,000
Ashley Paxton	50,000	50,000
	290,000	290,000

Fees payable to the Chairman and Directors are \$120,000 per annum and \$50,000 per annum respectively. The Chairman of the Audit Committee will receive an additional amount of \$20,000 per annum.

No Director has a service contract with the Company, nor are any such contracts proposed.

Directors' Term of Appointment

In line with the UK Code of Corporate Governance, all Directors seeking re-election to the Board will do so on an annual basis regardless of their tenure not yet exceeding nine years.

The Directors were appointed as non-executive Directors by letters issued in April 2008, June 2018 and August 2020 which state that their appointment and any subsequent termination or retirement shall be subject to three-months' notice from either party in accordance with the Articles. Each Director's appointment letter provides that, upon the termination of his/her appointment, that he/she must resign in writing and all records remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for six months or more; (c) unanimous written request of the other directors; and (d) an ordinary resolution of the Company.

Signed on behalf of the Board of Directors on 7 June 2023 by:

David Macfarlane	Sharon Parr
Chairman	Director

Audit Committee Report

Dear Shareholder,

Below, we present the Audit Committee's Report, setting out the responsibilities of the Audit Committee and its key activities during the year ended 28 February 2023. The Audit Committee has reviewed the Company's financial reporting, the independence and effectiveness of the external auditor and the internal control and risk management systems of the Company's service providers. In order to assist the Audit Committee in discharging these responsibilities, regular reports are received and reviewed from the Investment Manager, Administrator and external auditor.

A member of the Audit Committee will continue to be available at each Annual General Meeting to respond to any shareholder questions on the activities of the Audit Committee.

Responsibilities

The terms of reference of the Audit Committee include the requirement to:

- monitor the integrity of the published Financial Statements of the Company;
- review and report to the Board on the significant issues and judgements made in the preparation of the Company's published Financial Statements, (having regard to matters communicated by the external Auditors) and other financial information;
- monitor and review the quality and effectiveness of the external Auditors and their independence;
- consider and make recommendations to the Board on the appointment, reappointment, replacement and remuneration of the Company's external Auditor;
- advise the Board that the annual report and accounts, taken as a whole, is fair, balanced and understandable;
- review and consider the Company's Principal risks and uncertainties;
- consider the long-term viability of the Company;
- review the Company's procedures for prevention, detection and reporting of fraud, bribery and corruption; and
- monitor and review the internal control and risk management systems of the service providers.

The Audit Committee's full terms of reference can be viewed on the Company's website www.jzcp.com

Key Activities of the Audit Committee

The following sections discuss the assessments made by the Audit Committee during the year:

Financial Reporting:

The Audit Committee's review of the Annual Financial Statements focused on the following significant areas:

- Assessment of Going Concern and Viability

The Audit Committee has considered the ability of the Company to continue as a going concern over the period ending 30 June 2024. After careful consideration the Committee have recommended to the Board that it is satisfied that it is appropriate to adopt the going concern basis in preparing these Financial Statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period. The reasons for reaching this judgement are detailed in the Report of the Directors.

For the viability assessment, the Audit Committee has assessed the expectations that the Company will be able to continue in operation and meet ongoing debt obligations over the period ending 28 February 2026. In making its recommendation to the Board the Committee has carried out a robust review of the Company's principal risks and uncertainties to which the Company is exposed and that potentially threaten future performance and liquidity and has assessed the Company's current position and prospects as detailed in the Chairman's Statement and Investment Adviser's Report.

The key factors considered by the Committee are detailed in the Report of the Director.

The Committee has concluded it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment. The committee consider the going concern assumptions and conclusion set out above to be relevant.

The Audit Committee was also satisfied that the disclosures in the basis of preparation note and the viability statement, relating to the going concern assessment of the Company, were appropriately clear and transparent.

- Valuation of Unquoted Investment Fair Values including the impact on management fees

The fair value of the Company's unquoted securities at 28 February 2023, which are valued using techniques detailed in Note 5 of the financial statements, was \$252,921,000 accounting for 72.8% of the Company's investment portfolio. The Committee has concentrated on ensuring the Investment Adviser has applied appropriate valuation methodologies to these investments in producing the net asset value of the Company.

Members of the Audit Committee discuss the valuation process with the Investment Adviser on a quarterly basis. The Audit Committee gains comfort in the valuations produced by reviewing the methodologies used and challenging the recommendations of the Investment Adviser. The Audit Committee are thus satisfied that the valuation techniques are appropriate and represent fair value.

The valuation of the unquoted investments is the key driver of the Company's gross asset value and the basis of the management fees payable to the Investment Adviser and therefore the management fees payable could potentially be misstated if there were to be an error in the calculation of the gross assets. The Audit Committee is satisfied that there is a robust procedure around the production and authorisation of the Company's NAV

calculations and therefore management fees have been correctly calculated as stated in the Annual Report and Financial Statements.

- **Impairment of Direct Loans Measured at Amortised Cost**

Risk that the carrying value of the direct loans might be misstated due to application of inappropriate methodologies, inputs and/or judgemental factors determining the expected credit loss in accordance with IFRS 9 - "Financial Instruments".

- **Restatement to Correct Historical Error in Classification and Associated Measurement of Asset**

The Audit Committee has considered the impact of Toro Finance being reclassified from amortised cost to fair value through profit and loss and revalued at 1 March 2021 and 28 February 2022 and is satisfied that the disclosures given in Note 2 to the financial statements are appropriate.

Risk Management:

The Audit Committee continued to consider the process for managing the risk of the Company and its service providers. Risk management procedures for the Company, as detailed in the Company's risk assessment matrix, were reviewed and approved by the Audit Committee. New risks are added to the matrix when deemed appropriate.

Fraud, Bribery and Corruption:

The Audit Committee continues to monitor the fraud, bribery and corruption policies of the Company. The Board receives a confirmation from all service providers of any instances of fraud, bribery or corruption.

In a press release dated 21 March 2022, the Company announced that it had come to the Board's attention that allegations of fraudulent conduct had been made against two individuals who were members of the management team that manages JZCP's investments in European micro-cap companies. A claim, which is still ongoing, has been made in respect thereof in the New York State Supreme Court. The claimants are a fund in which JZCP has only an approximate 1% interest (carried at approximately \$0.75 million) as well as a fund in which JZCP has no interest. Following the announcement, the Company undertook a subsequent review and concluded the alleged fraudulent conduct did not impact the Company's investments held through JZI Fund III.

In a press release dated 3 January 2023, the Company announced that it had come to the Board's attention that two separate claims alleging criminal complaints had been filed on behalf of certain private entities in the Spanish courts against a number of entities, including the Company, the Company's Investment Adviser and a number of their respective related entities. Subsequently, the company has been able to confirm that (i) the investigation was never formally opened against the Company, which remained outside the perimeter of the procedure by decision of the Judge since its very beginning, and (ii) in any case, said procedure was provisionally closed by the Judge in charge of the investigation upon not finding through the initial evidence taken any indication of a crime.

The External Auditor

Ernst & Young LLP have acted as external auditor since the Company's inception in April 2008. This is the fifth year of Andrew Dann's anticipated five year tenure as audit partner. A full tender process was undertaken during December 2018 and January 2019 resulting in Ernst & Young LLP being reappointed.

Independence, objectivity and fees

The independence and objectivity of the external auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services.

In line with the historic policies, the Audit Committee does not consider that the provision of non-audit services, to have been a threat to the objectivity and independence of the external auditor. However, following the introduction of the UK FRC Revised Ethical Standard (effective on 15 March 2020), the Audit Committee has introduced a general prohibition on the external auditor providing non-audit services to the Company. This general prohibition will not extend to an interim review report providing the fee for such interim review is subject to a 70% fee cap when compared to the audit fee. PFIC services which had previously been provided by affiliates of Ernst & Young LLP up to the year ended 29 February 2020, are now provided by PricewaterhouseCoopers LLP.

The following table summarises the remuneration paid and payable by the Company to Ernst & Young LLP and to other Ernst & Young LLP member firms for audit and other services during the years ended 28 February 2023 and 28 February 2022.

	\$ Equivalent		\$ Equivalent
Year ended	Year ended	Year ended	Year ended
28.2.2023	28.2.2023	28.2.2022	28.2.2022

*Ernst & Young
LLP*

- Annual audit	£222,000	\$268,000	£256,000	\$343,000
- Auditor's interim review	£55,000	\$68,000	£53,000	\$71,000

Performance and effectiveness:

During the year, when considering the effectiveness of the external auditor, the Audit Committee has taken into account the following factors:

- ? the audit plan presented to them before each audit;
- ? the post audit report including variations from the original plan;
- ? changes in audit personnel;
- ? the external auditor's own internal procedures to identify threats to independence; and
- ? feedback received from both the Investment Adviser and Administrator.

The Audit Committee reviewed and challenged the audit plan and the post audit report of the external auditor and concluded that audit risks had been sufficiently identified and were sufficiently addressed. The Audit Committee considered reports from the external auditor on their procedures to identify threats to independence and concluded that the procedures were sufficient to identify potential threats to independence.

There were no significant adverse findings from this evaluation.

The Audit Committee has examined the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor and considers Ernst & Young LLP, as external auditor, to be independent of the Company.

Audit Quality Review

Post year end, the Financial Reporting Council (FRC)'s Audit Quality Review (AQR) team concluded and reported to the Audit Committee the results of their inspection and assessment of the quality of the audit work performed by the Company's Auditors on the prior year's financial statements ended 28 February 2022.

The Audit Committee has discussed the findings and the actions to be taken with both the FRC and Ernst & Young LLP.

Further information and scope of the work performed by the FRC'S AQR team can be found at [Audit Quality Review | Financial Reporting Council \(frc.org.uk\)](#)

Internal control and risk management systems:

Additional work performed by the Audit Committee in the areas of internal control and risk management are disclosed in the 'Internal Controls' section under 'Corporate Governance'.

The Audit Committee has also reviewed the need for an internal audit function. The Audit Committee has decided that the systems and procedures employed by the Investment Adviser and the Administrator, including the Administrator's internal audit function, provide sufficient assurance that a sound system of internal control, which safeguards the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

In finalising the Annual Report and Accounts for recommendation to the Board for approval, the Audit Committee has also recommended to the Board that the Annual Report and Accounts should be considered fair, balanced and understandable.

Sharon Parr

Chairman, Audit Committee

7 June 2023

Independent Auditor's Report

To The Members of JZ Capital Partners Limited

Opinion

We have audited the financial statements of JZ Capital Partners Limited (the "Company") for the year ended 28 February 2023 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS").

In our opinion, the financial statements:

- ? give a true and fair view of the state of the Company's affairs as at 28 February 2023 and of its profit for the year then ended;
- ? have been properly prepared in accordance with IFRS; and
- ? have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

Going Concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- The audit engagement partner directed and supervised the audit procedures on going concern;
- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including cash flow forecasts and covenant calculation prepared by the Investment Adviser, Jordan/Zalaznick Advisers, Inc ("JZAI") for the going concern period which covers a year from the date of the signing of the audit opinion;
- We have tested the factors and assumptions used to model the cashflow forecast and covenant calculation and tested the arithmetical accuracy of the models including reperforming the covenant tests;
- We obtained the agreements and enquired of management to understand the Senior Credit Facility and associated agreement amendments, including the nature of facilities, repayment terms and covenants;
- We performed a reverse-stress test for covenant compliance to assess the likelihood of a reduction in fair value and/ or cash balance, triggering a covenant breach;
- We challenged the appropriateness of management's forecasts by assessing historical forecasting accuracy, challenging management's consideration of downside sensitivity analysis and applied further stress testing to understand the sensitivity of the assessment to the timing and quantum of asset realisations;
- We assessed whether available funds are sufficient to cover unfunded commitments made to underlying investments and other ongoing commitments including Investment Adviser and other expenses;
- We held discussions with the Investment Adviser and the Audit Committee in relation to the status of the asset realisations; and

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Misstatement of unquoted investment fair values, including the impact on management fees (2023: \$253 million; 2022 (Restated): \$412 million)</p> <p>Refer to the Audit Committee Report; Accounting policies; and Note 5 of the financial statements</p> <p>74% (2022: 99%) of the carrying value of investments relates to the Company's holdings in unquoted investments, which are valued using different valuation techniques, as described in Note 5 to the financial statements.</p> <p>The valuation of the unquoted investments is the key driver of the Company's net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.</p> <p>The valuation is subjective, with a high level of judgement and estimation linked to the determination of the values with limited market information available, as a result of the low level of liquidity in the private equity and real estate markets at the year-end.</p> <p>The Investment Advisory fees are calculated based on NAV, which is driven by investment valuation and is therefore related to this key audit matter.</p>	<p>Our audit procedures consisted of:</p> <p><i>Private Equities</i></p> <p>Updating and confirming our understanding of the Company's processes and methodologies, including the use of industry specific measures, and policies for valuing private equity investments held by the Company;</p> <p>Attending fair value discussions in relation to 28 February 2023 valuations. These included the Investment Adviser, EY core audit team and EY valuation specialists;</p> <p>Obtaining and inspecting the valuation decks and supporting data for the private equity investments, to assess whether the data used is appropriate and relevant, and discussing these with the Investment Adviser to evaluate whether the fair value of the Company's private equity investments are reasonably stated, challenging the assumptions made by the Investment Adviser and Board of Directors of the Company;</p> <p>For a sample of significant private equity investments selected based on their size/value and complexity, we engaged EY Kyiv and EY London. It was considered appropriate for EY Kyiv to review both US and European assets as the estimation process is common across both geographies and EY London to review the debt investments.</p> <p>We engaged the above as valuation specialist to:</p> <p>use their knowledge of the market to assess and corroborate the Investment Adviser's and the Company's specialist's market related judgements and valuation inputs (in relation to the US and European private equity investments discount rates and EBITDA multiples while in relation to debt investments the probability weighted scenario approach) by reference to comparable transactions, and independently compiled databases/indices; assist us to determine whether the methodologies used to value private equity investments assets were consistent with methods usually used by market participants;</p> <p>perform procedures to assess whether, in light of market data, the fair values of certain recently acquired private equity investments continue to approximate to</p>	<p>We have no matters to report to the Audit Committee in this regard.</p>

As a result, there is a risk of an inappropriate valuation model being applied, together with the risk of inappropriate inputs to the model/calculation being selected including the possible impact on the management fees.

their consideration paid.

Vouching valuation inputs that do not require specialist knowledge to independent sources and testing the arithmetical accuracy of the Company's calculations for a sample of significant private equity investments selected based on their size/value and complexity; Agreeing the valuation per the financial statements back to the models per the valuation decks, relating to private equity investments, prepared by the Investment Adviser and agreeing the proposed values per the valuation decks to the investment portfolio report prepared by the Administrator;

Reviewing the waterfall calculations on the flow of valuation through the SPV structures to the Company and reviewing the inputs to, and arithmetic accuracy of, the valuation calculations/waterfall;

Performing back testing on the Level 3 investment sensitivity disclosures to understand the drivers of movements in fair value;

Performing back testing to compare realisation proceeds during the period to the previously reported fair values for those disposed assets;

Identifying the significant unobservable inputs to valuations and reviewing and assessing the reasonableness of the sensitivity workings and disclosures, comparing the Investment Adviser's position with EY's range of acceptable inputs;

Challenging management on the appropriateness of their chosen comparable public companies used to compute multiples as well as corroborating those multiples with independent data;

Reporting to the Audit Committee on the investment valuations against EY's ranges and commenting on any specific movements of valuation marks in those ranges vs prior periods;

Real Estate Investments

Obtaining and inspecting the independent appraisals and supporting data regarding the real estate assets, to assess whether the data used is appropriate and relevant, and discussing these with the Investment Adviser to evaluate whether the fair value of the Company's real estate investments are reasonably stated, challenging the assumptions made by the Investment Adviser and Board of Directors of the Company;

We engaged with EY New York and Miami to:

use their knowledge of the market to assess and corroborate the Investment Adviser's and the Company's specialist's market related judgements and valuation

inputs in relation to real estate assets discount rates, rental per square foot, selling price per square foot by reference to comparable transactions, and independently compiled databases/indices; assist us to determine whether the methodologies used to value real estate assets were consistent with methods usually used by market participants; perform procedures to assess whether, in light of market data, the fair values of certain recently acquired real estate assets continue to approximate to their consideration paid; and assist us in determining whether the Company's specialist, for the real estate assets, was appropriately qualified and independent; Agreeing the valuation per the financial statements back to the models per the independent appraisal reports, prepared by the Company's specialist; For all unquoted investments, we re-perform the management fee calculations for arithmetical accuracy and consistency with the terms of the investment advisory agreement.

Impairment of direct loans measured at amortised cost (2023: \$3.7 million; 2022 (Restated) \$3.9 million)

Refer to the Audit Committee Report; Accounting policies; and Note 7 of the financial statements

There is a risk that the carrying value of the direct loans might be misstated due to methodologies, inputs, and/or judgmental factors determining the expected credit loss in accordance with IFRS 9.

Our audit procedures consisted of:
Obtaining copies of the signed loan agreements including any changes to the terms and conditions of the loans;
Re-performing the amortised cost calculations for mathematical accuracy and consistency with the terms of the loan agreements;
Obtaining the expected credit loss calculation from the Investment Advisor for each material loan and determining that the estimate and judgements applied by management specific to each loan were in accordance with IFRS 9;
Inquiring and challenging management's valuations of the investments held by the holding companies, which are the counterparties to the direct loans;
Reviewing the possible default scenarios and credit risk of each loan separately and applying probabilities of default to assess the expected credit loss over the next 12 months;
Assessing the reasonableness of the effective interest rate calculations used to recognise lifetime expected losses, with interest revenue based on the net amount;
Assessing the impact the potential material uncertainties in respect of going concern might have on the valuation of the expected credit loss; and
Reviewing to ensure that the presentation and disclosure requirements of IFRS 9 are adequate in the financial statements.

From our audit procedures, we noted one direct loan was incorrectly classified at amortised cost. This has been reclassified to fair value through profit or loss and correctly presented in the restated financial statements by management. We believe the disclosure in Note 2 of the financial statements appropriately describes the error.

We have no other matters to report to the Audit Committee in this regard.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in

forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be \$3.16 million (2022: \$3.41 million), which is 1% (2022: 1%) of Total Equity. We believe that Total Equity provides a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We believe that Total Equity provides us with the best measure of planning materiality as the Company's primary performance measures for internal and external reporting are based on Total Equity.

During the course of our audit, we reassessed initial materiality and updated its calculation to align with the year-end Total Equity figure.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% (2022: 50%) of our planning materiality, namely \$1.58m (2022: \$1.70m). We have set performance materiality at this percentage to ensure that the total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of \$0.15m (2022: \$0.17m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

?proper accounting records have not been kept by the Company; or

?the financial statements are not in agreement with the Company's accounting records and returns; or

?we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

?Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified;

?Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate;

?Directors' statement on fair, balanced and understandable;

?Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;

?The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

?The section describing the work of the audit committee.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and the Investment Adviser. Our approach was as follows:

?We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies (Guernsey) Law, 2008, as amended, the 2018 UK Corporate Governance Code and the listing requirements of London Stock Exchange and the Disclosure Guidance and Transparency Rules of the UK Listing Authority;

?We understood how the Company is complying with those frameworks by making enquiries of the Investment Adviser and those charged with governance regarding:

- their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements;
- the Company's methods of enforcing and monitoring non-compliance with such policies;
- management's process for identifying and responding to fraud risks, including programs and controls the Company has established to address risks identified by the entity, or that otherwise prevent, deter and detect fraud; and
- how management monitors those programs and controls;

?Administration and maintenance of the Company's books and records is performed by Northern Trust International Fund Administration Services (Guernsey) Limited which is a regulated firm, independent of the Investment Adviser. We corroborated our enquiries through our review of Board minutes and any correspondence received from regulatory bodies. We also obtained their SOC1 controls report and reviewed it for findings relevant to the Company. We noted no contradictory evidence during these procedures;

?We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by:

- obtaining an understanding of entity-level controls and considering the influence of the control environment;
- obtaining management's assessment of fraud risks including an understanding of the nature, extent and frequency of such assessment documented in the Board's risk matrix;
- making inquiries with those charged with governance as to how they exercise oversight of management's processes for identifying and responding to fraud risks and the controls established by management to mitigate specifically those risks the entity has identified, or that otherwise

help to prevent, deter and detect fraud;

- making inquiries with management and those charged with governance regarding how they identify related parties including circumstances related to the existence of a related party with dominant influence; and
- making inquiries with management and those charged with governance regarding their knowledge of any actual or suspected fraud or allegations of fraudulent financial reporting affecting the Company.

?Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved a review of Board minutes and inquiries of the Investment Adviser and those charged with governance including:

- Through discussion, gaining an understanding of how those charged with governance, the Investment Adviser and Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
- Inspecting the relevant policies, processes and procedures to further our understanding;
- Reviewing Board minutes and internal compliance reporting;
- Inspecting correspondence with regulators; and
- Obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

?Following the recommendation from the audit committee, we were appointed by the Company to audit the financial statements for the year ending 28 February 2009 and subsequent financial periods. We signed an engagement letter on 27 April 2008..

?The period of total uninterrupted engagement including previous renewals and reappointments is 15 years, covering the years ended 28 February 2009 to 28 February 2023.

?The audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Andrew Jonathan Dann, FCA

for and on behalf of Ernst & Young LLP

Guernsey, Channel Islands

7 June 2023

1. The maintenance and integrity of the JZ Capital Partners Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

2. Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor's Report To The Directors of JZ Capital Partners For Audit Conducted In Accordance With Auditing Standards Generally Accepted In The United States¹

Opinion

We have audited the financial statements of JZ Capital Partners Limited (the "Company"), which comprise the Statements of Financial Position as of February 28, 2023 and 2022, and the related Statements of Comprehensive Income, Changes in Equity and Cash Flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restatement of 2022 and 2021 Financial Statements

As discussed in Note 2 to the financial statements, the financial statements as of February 28, 2022 and March 1, 2021 and for the year ended February 28, 2022 have been restated to correct misstatements in an investment which has been reclassified to fair value through profit or loss from amortised cost and subsequently remeasured. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst & Young LLP

Guernsey, Channel Islands

7 June 2023

¹In order to comply with the U.S. Securities and Exchange Commission's custody rule, an audit opinion was requested, by the Company's Investment Adviser, which satisfies the requirements of auditing standards generally accepted in the United States.

Statement of Comprehensive Income

For the Year Ended 28 February 2023

		Year Ended 28 February 2023 US\$'000	Year Ended 28 February 2022 (Restated) US\$'000
	Notes		
Income and investment and other gains			
Investment income	2,8	12,542	15,333
Bank and deposit interest		275	174
Realisations from investments held in escrow accounts	29	1,189	597
Net foreign currency exchange gains	2,9	9,845	2,075
Net gain on investments at fair value through profit or loss	2,6	-	15,972
		23,851	34,151
Expenses and losses			
Net loss on investments at fair value through profit or loss	6	(2,045)	-
Expected credit losses	2,7	(462)	(3,840)
Investment Adviser's base fee	11	(7,033)	(7,414)
Administrative expenses	11	(2,583)	(3,457)
Directors' remuneration	11	(290)	(290)
Loss on financial liabilities at fair value through profit or loss	18	-	(1,869)
		(12,413)	(16,870)
Operating profit		11,438	17,281
Other income	12	398	-
Finance costs	10	(9,030)	(13,094)
Profit before taxation		2,806	4,187
Withholding taxes	12	(160)	-
Profit for the year		2,646	4,187
Other comprehensive loss that will not be reclassified to the Income Statement			
Other comprehensive loss that will not be reclassified to the Income Statement			
Loss on financial liabilities due to change in credit risk	18	-	(1,074)

Total comprehensive profit for the year		2,646	3,113
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Weighted average number of Ordinary shares in issue during the year	26	77,477,214	77,475,932
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Basic and diluted (loss)/earnings per Ordinary share	26	3.42c	5.40c
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All of the profits and losses presented in this statement are from continuing operations. The accompanying notes form an integral part of these Financial Statements.

The accompanying notes form an integral part of these Financial Statements.

Prior year balances have been restated to present an investment which has been reclassified to fair value through profit or loss from amortised cost as at 28 February 2022 and 1 March 2021, leading to the loan being remeasured on these dates (see Note 2 to the Financial Statements).

Statement of Financial Position

As at 28 February 2023

		28 February 2023	28 February 2022	1 March 2021
	Notes	US\$'000	(Restated) US\$'000	(Restated) US\$'000
Assets				
Investments at fair value through profit or loss	2,13	343,521	415,836	439,050
Loans at amortised cost	2,13	3,695	3,913	7,142
Other receivables	14	168	70	22
Cash at bank		11,059	43,656	59,784
Total Assets		358,443	463,475	505,998
Liabilities				
Senior Credit Facility	15	43,181	42,573	68,694
Zero Dividend Preference (2022) Shares	16	-	75,038	74,303
Subordinated Notes	17	-	32,293	-
Investment Adviser's base fee	11	-	276	573
Other payables	19	764	1,443	1,284
Converted Unsecured Loan Stock		-	-	52,430
Total Liabilities		43,945	151,623	197,284
Equity				
Share capital	20	216,650	216,650	216,625
Other reserve	22	353,528	353,528	354,602
Retained deficit	2,22	(255,680)	(258,326)	(262,513)
Total Equity		314,498	311,852	308,714

Total Liabilities and Equity		358,443	463,475	505,998
Number of Ordinary shares in issue at year end	20	77,477,214	77,477,214	77,477,214
Basic and Diluted NAV per Ordinary share	2,28	\$4.06	\$4.03	\$3.98

These Audited Financial Statements were approved by the Board of Directors and authorised for issuance on 7 June 2023. They were signed on its behalf by:

David Macfarlane	Sharon Parr
Chairman	Director

The accompanying notes form an integral part of these Financial Statements.

Prior year balances have been restated to present an investment which has been reclassified to fair value through profit or loss from amortised cost as at 28 February 2022 and 1 March 2021, leading to the loan being remeasured on these dates (see Note 2 to the Financial Statements).

Statement of Changes in Equity

For the Year Ended 28 February 2023

		Share Capital	Other Reserve	Retained Deficit	Total
	Notes	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 March 2022		216,650	353,528	(258,326)	311,852
Loss for the year		-	-	2,646	2,646
Balance at 28 February 2023		216,650	353,528	(255,680)	314,498

Restated comparative for the Year ended 28 February 2022

		Share Capital	Other Reserve	Retained Deficit	Total
		US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 March 2021		216,625	354,602	(241,668)	329,559
Restatement to Correct Historical Error	2	-	-	(20,845)	(20,845)
Profit for the year (restated)	2	-	-	4,187	4,187
Loss on financial liabilities due to change in credit risk	18	-	(1,074)	-	(1,074)
Issue of Ordinary shares	20	25	-	-	25
Balance at 28 February 2022 (Restated)		216,650	353,528	(258,326)	311,852

The accompanying notes form an integral part of these Financial Statements.

Prior year balances have been restated to present an investment which has been reclassified to fair value through profit or loss from amortised cost as at 28 February 2022 and 1 March 2021, leading to the loan being remeasured on these dates (see Note 2 to the Financial Statements).

Statement of Cash Flows

For the Year Ended 28 February 2023

	28 February 2023 US\$'000	28 February 2022 US\$'000
Cash flows from operating activities		
Cash inflows		
Realisation of investments	182,540	65,799
Maturity of treasuries	123,357	3,395
Escrow receipts received	1,189	597
Income distributions received from investments	372	520
Bank Interest received	275	174
Cash outflows		
Direct investments and capital calls	(10,870)	(13,008)
Purchase of treasuries	(213,164)	(3,395)
Investment Adviser's base fee paid	(7,374)	(7,711)
Other operating expenses paid	(3,187)	(3,637)
Net cash inflow from operating activities	73,138	42,734
Cash flows from financing activities		
Repayment of ZDP shares	(64,296)	-
(Repayment)/Advance of Subordinated Notes	(31,500)	31,500
Advance of Senior Credit Facility	-	16,000
Repayment of Senior Credit Facility	-	(40,585)
Repayment of Convertible Unsecured Loan Stock	-	(54,401)
Finance costs paid:		
• Senior Credit Facility	(4,555)	(8,379)
• Subordinated Notes	(2,593)	(315)
• Convertible Unsecured Loan Stock	-	(2,677)
Net cash outflow from financing activities	(102,944)	(58,857)
Decrease in cash and cash equivalents	(29,806)	(16,123)
Reconciliation of Net Cash Flow to Movements in Cash and Cash Equivalents		
Cash at bank at beginning of year	43,656	59,784
Decrease in cash and cash equivalents as above	(29,806)	(16,123)
Foreign exchange movements on cash at bank	(2,791)	(5)
Cash at bank at year end	11,059	43,656

There is no impact on the prior year cash flow balances due to the restatement as detailed in Note 2 to the Financial Statements.

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements

1. General Information

JZ Capital Partners Limited ("JZCP" or the "Company") is a Guernsey domiciled closed-ended investment company which was incorporated in Guernsey on 14 April 2008 under the Companies (Guernsey) Law, 1994. The Company is now subject to the Companies (Guernsey) Law, 2008. The Company is classified as an authorised fund under the Protection of Investors (Bailiwick of Guernsey) Law 2020. As at 28 February 2023, the Company's capital consisted of Ordinary shares. In October 2022, the Company redeemed and cancelled its Zero Dividend Preference ("ZDP") shares. The Company's shares trade on the London Stock Exchange's Specialist Fund Segment ("SFS").

The Company's debt structure consists of a Senior Credit Facility. In February 2023, the Company redeemed its subordinated, second lien loan notes (the "Subordinated Notes").

The Company's new investment policy, adopted in August 2020, is for the Company to make no further investments outside of its existing obligations or to the extent that investment may be made to support selected existing portfolio investments. The intention is to realise the maximum value of the Company's investments and, after repayment of all debt, to return capital to shareholders. The Company's previous Investment Policy was to target predominantly private investments and back management teams to deliver on attractive investment propositions. In executing this strategy, the Company took a long term view. The Company looked to invest directly in its target investments and was able to invest globally but with a particular focus on opportunities in the United States and Europe.

The Company is currently mainly focused on supporting its investments in the following areas:

small or micro-cap buyouts in the form of debt and equity and preferred stock in both the US and Europe; and

US real estate.

The Company has no direct employees. For its services, the Investment Adviser receives a management fee as described in Note 11. The Company has no ownership interest in the Investment Adviser. During the period under review, the Company was administered by Northern Trust International Fund Administration Services (Guernsey) Limited.

2. Basis of Accounting and Significant Accounting Policies

Basis of preparation

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") together with applicable legal and regulatory requirements of Guernsey Law, and the SFS.

The Financial Statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value through profit or loss ("FVTPL").

The Financial Statements are presented in US Dollars and all values are presented to the nearest thousand dollars (\$000), except where otherwise indicated. The functional currency of the Company as determined in accordance with IFRS is the US Dollar because this is the currency that best reflects the economic substance of the underlying events and circumstances of the Company.

The Company presents its Statement of Cash Flows statement on a direct-basis.

The Company's Statement of Financial Position's is presented in order of liquidity, which provides information in a format that is deemed relevant to the Company.

New and amended standards and interpretations

There were no new standards or amendments to existing standard and interpretations, effective for annual periods beginning on or after 1 January 2022, that had significant effect on the Company's Financial Statements. The new standards or amendments to existing standards and interpretations, effective from 1 March 2022, did not have a material impact of the Company's Financial Statements. The Company has assessed the impact of standards issued but not yet applicable, and has concluded that they will not have a material impact on the Financial Statements.

Changes in accounting policy and disclosure

The accounting policies adopted in the preparation of these Audited Annual Financial Statements have been consistently applied during the year and are consistent with those of the previous year, unless otherwise stated.

Climate Change

The Board has assessed the impact of climate change on the financial performance of the Company reported within these Financial Statements.

Restatement to Correct Historical Error in Classification and Associated Measurement of Asset

An investment in a direct loan to a European micro-cap company has been reclassified to fair value through profit or loss from amortised cost as at

28 February 2022 and 1 March 2021 to reflect its contractual terms, leading to the loan being remeasured on these dates. The reclassification is required as the contractual terms of the loan do not give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount of the loan outstanding and are therefore not consistent with an amortised cost classification. The affected financial statement line items for the prior periods have been restated, as follows:

Impact on the statement of financial position

	28.2.2022 ¹	Reclass- ification ²	Remeasure- ment ²	28.2.2022 (restated)	1.3.2021 ¹	Reclass- ification	Remeasure- ment	1.3.2021 (restated)
Assets	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	411,568	24,680	(20,412)	415,836	433,224	26,671	(20,845)	439,050
Loans at amortised cost	28,593	(24,680)	-	3,913	33,813	(26,671)	-	7,142

¹The value of the assets as recorded in the prior year financial statements before restatement.

²Assumes the reclassification and remeasurement occurred on 28 February 2022 rather than 1 March 2021.

NAV per share as at 28.2.2022 of \$4.29 per share has been restated to \$4.03 (28.2.2021: \$4.25 per share restated to \$3.98)

Impact on statement of comprehensive income

	28.2.2022 US\$ '000
Investment income	(1,437)
Net foreign currency exchange gains	1,991
Net gain on investments at fair value through profit or loss	(1,558)
Expected credit losses	1,437
Net impact on profit for the year	433

28.2.2022

0.56c

Impact on basic and diluted earnings per share ("EPS") (Increase/(decrease) in EPS)

Basic and diluted earnings per Ordinary share (cents per share)

Significant Accounting Policies

Financial instruments

In accordance with IFRS 9 - "Financial Instruments", the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at FVTPL on the basis of both:

- ? The entity's business model for managing the financial assets; and
- ? The contractual cash flow characteristics of the financial asset.

i) Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the

principal amount outstanding. The Company includes in this category loans at amortised cost, short-term non-financing receivables and other receivables.

ii) Financial assets measured at FVTPL

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ii a) Classification

Financial assets classified at FVTPL are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's investment strategy as documented in its prospectus.

The Company includes in this category:

- Investments in the equity and preferred stock of micro cap, real estate and other investments;
- Investment in subsidiaries: In accordance with the exception under IFRS 10 - "Consolidated Financial Statements", the Company does not consolidate subsidiaries in the financial statements unless the subsidiary is not itself an investment entity and its main purpose and activities are providing services that relate to the Company's investment activities. The Company has no consolidated subsidiaries;
- Investment in associates: In accordance with the exemption in IAS 28 - "Investments in Associates and Joint Ventures", the Company meets the criteria of an investment entity and does not account for its investments in associates using the equity method but measures its investments in associates at FVTPL; and
- Investments in debt instruments which include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

ii b) Measurement

Investments made by the Company are measured initially and subsequently at fair value, with changes in fair value taken to the Statement of Comprehensive Income. Transaction costs are expensed in the year in which they arise for those financial instruments classified at FVTPL.

ii c) Fair value estimate

The fair value of financial assets traded in active markets (such as publicly traded securities) is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the Company is the bid price.

Unquoted preferred shares, micro cap loans, unquoted equities and equity related securities investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last twelve months' earnings before interest, tax, depreciation and amortisation ("EBITDA"). In determining the multiple, the Directors consider inter alia, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and where appropriate, multiples of comparable publicly traded companies. In accordance with the International Private Equity and Venture Capital Association ("IPEVCA") valuation guidelines, a marketability discount is applied which reflects the discount that in the opinion of the Directors, market participants would apply in a transaction in the investment in question.

The valuation techniques to derive the fair value of real estate interests and other investments are detailed in Note 5.

iii) Other receivables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their carrying value as reduced by appropriate allowances for expected credit losses.

iv) Cash and cash equivalents

Cash and cash equivalents comprise bank balances and cash held by the Company, including short-term bank deposits with a maturity of three months or less. Cash also includes amounts held in interest-bearing overnight accounts.

Financial liabilities

For financial liabilities designated as FVTPL using the fair value option ("FVO"), the amount of change in the fair value of such financial liabilities that is attributable to changes in the Company's credit risk must be presented in Other Comprehensive Income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities are recorded at the amount of proceeds received, net of issue costs.

Financial liabilities may be designated at fair value through profit or loss rather than stated at amortised cost, when the Board have considered the appropriate accounting treatment for the specific liability. As at 28 February 2023, the Company had no financial liabilities designated as FVTPL.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category the Senior Credit Facility and other short-term payables. Zero Dividend Preference ("ZDP") shares and Subordinated Notes which were repaid during the year were also included in this category.

a) Senior Credit Facility

The loan is recorded at amortised cost using the effective interest rate method.

b) Other payables

Other payables (include the accrual of Investment Adviser's fees) are classified as financial liabilities at amortised cost. Other payables are not interest-bearing and are stated at their nominal value.

c) Zero Dividend Preference ("ZDP") Shares

ZDP shares met the definition of a financial liability in accordance with IAS 32 - "Financial Instruments: Presentation", as the shares were redeemable at a fixed date and holders were entitled to a fixed return. ZDP shares were recorded at amortised cost using the effective interest rate method.

d) Subordinated Notes

Subordinated Notes were recorded at amortised cost using the effective interest rate method.

Equity

Equity is classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity is recorded at the amount of proceeds received, net of issue costs. Ordinary Shares are classified as equity in accordance with IAS 32 – "Financial Instruments: Presentation" as these instruments include no contractual obligation to deliver cash.

Interest revenue

Interest revenues are recognised in the Statement of Comprehensive Income for all interest-bearing financial instruments using the effective interest method.

Dividend income

Dividend income is recognised when the Company's right to receive payment is established. When there is reasonable doubt that income due to be received will actually be received, such income is not accrued until it is clear that its receipt is probable. Where, following an accrual of income, receipt becomes doubtful, the accrual is either fully or partly written off until the reasonable doubt is removed.

Expenses

All expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

Finance costs

Finance costs are interest expenses in respect of the ZDP shares, Senior credit facility and Subordinated Notes, and are recognised in the Statement of Comprehensive Income using the effective interest rate method.

Escrow accounts

Where investments are disposed of, the consideration given may include contractual terms requiring that a percentage of the consideration is held in an escrow account pending resolution of any indemnifiable claims that may arise and as such the value of these escrow amounts is not immediately known. The Company has historically and will continue to record gains realised on investments held in escrow in the Statement of Comprehensive Income following confirmation that any such indemnifiable claims have been resolved and none is expected in the future. However, following the partial sale of the Company's interest in Industrial Services Solutions (ISS), the Board determined due to the high likelihood that a portion of the total escrow would be released imminently, it would be included within the year end valuation of Industrial Service Solutions WC, L.P. rather than as an contingent asset (see Note 29).

Taxation

The Company has been granted Guernsey tax exempt status in accordance with The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended). However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income in the Statement of Comprehensive Income.

3. Estimates and Judgements

The preparation of the Company's financial statements requires management to make estimates, judgements, and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The following are the key judgements and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estimates

Fair Value of Investments at Fair Value Through Profit or Loss

Certain investments are classified as FVTPL, and valued accordingly, as disclosed in Note 2. The key source of estimation uncertainty is on the valuation of unquoted equities, equity-related securities and real estate investments.

In reaching its valuation of the unquoted equities, equity-related securities and real estate investments, the key estimates management has to make are those relating to the multiples, discount factors and real estate valuation factors (Note 5) used in the valuation models.

Expected Credit Losses ("ECL")

Certain financial assets are classified as Loans at Amortised cost, and valued accordingly as disclosed in Note 2. The key source of estimation uncertainty is on the various default scenarios for prescribed future periods and the probability of each scenario occurring which are considered when estimating the ECLs.

Judgements

Assessment as an Investment Entity

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

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

Having considered the Company's investor profile, investment policy and methodology of valuing investments, management have judged the Company meets the criteria of an investment entity. The Company has clearly defined exit strategies for each of its investment classes, these strategies are again consistent with an investment entity.

The Board has also concluded that the Company meets the additional characteristics of an investment entity stated under IFRS 10, in that it has more than one investment, the investments are predominantly in the form of equities and similar securities, it has more than one investor and it has investors that are not related parties of the Company.

Investment in Associates

An associate is an entity over which the Company has significant influence. An entity is regarded as a subsidiary only if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Company's activities. The Directors have determined that although the Company has over 50% economic interest in EuroMicrocap Fund 2010, L.P. and JZI Fund III GP, L.P. (JZCP holds indirectly a 18.75% partnership interest in JZI Fund III, L.P. through its interest in JZI Fund III GP, L.P.), it does not have the power to govern the financial and operating policies of the entities, but does have significant influence over the strategic, operating and financial policies. The Company also has significant influence over the strategic, operating and financial policies of Spruceview Capital Partners, LLC and JZHL Secondary Fund.

As the Company is an investment company, it measures its investments in associates at fair value.

Climate Change

The Board has assessed the impact of climate change and has judged that the Company's immediate exposure to the associated risks are low and therefore there is no material impact on the fair value of investments and the financial performance reported in these Financial Statements.

Going Concern

A fundamental principle of the preparation of financial statements in accordance with IFRS is the judgement that an entity will continue in existence as a going concern for a period of at least 12 months from signing of the Annual Report, which contemplates continuity of operations and the realisation of assets and settlement of liabilities occurring in the ordinary course of business.

In reaching its conclusion, the Board has considered the risks that could impact the Company's liquidity over the period from 7 June 2023 to 30 June 2024 (the "Going Concern Period").

Recent events impacting liquidity

- realisation proceeds during the financial year in excess of \$180 million;
- the redemption and cancellation of the Company's ZDP shares; and
- the early redemption of the Company's Subordinated Notes.

The Company's outstanding debt is now limited to its \$45 million Senior Credit Facility due 26 January 2027, which may be repaid early without penalty at any time. In addition, the Senior Credit Facility provides for up to an additional \$25 million in first lien delayed draw term loan, none of which has been drawn.

The below table shows the Company's net liquidity position at the year end and the previous three year ends:

	<u>28.2.2023</u>	<u>28.2.2022</u>	<u>28.2.2021</u>	<u>29.2.2020</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Senior Credit Facility ¹	(45,000)	(45,000)	(68,694)	(150,362)
ZDP Shares	-	(77,281)	(80,527)	(73,569)
Subordinated Notes	-	(32,293)	-	-
CULS	-	-	(54,332)	(49,637)
Total debt	(45,000)	(154,574)	(203,553)	(273,568)
Cash and Treasury Bills	101,659	47,050	63,178	56,298
Net liquidity position	56,659	(107,524)	(140,375)	(217,270)

The below table details the proceeds from the Company's realisations during the last three fiscal years.

Year End 28.2.2023			Year End 28.2.2022			Year End 28.2.2021		
\$ million			\$ million			\$ million		
JZHL Secondary Fund	U.S.	97.4	Salter Labs	U.S.	41.1	Secondary Sale	U.S.	87.7
Deflecto	U.S.	54.3	George Industries	U.S.	9.5	Real estate		13.6
ISS	U.S.	22.5	Orangewood Fund	U.S.	6.2	ABTA	U.S.	9.4
New Vitality	U.S.	7.4	Igloo	U.S.	3.8	Eliantus	Euro	9.4
Other		2.5	Vitalyst	U.S.	1.9	K2 Towers II	Euro	9.2
			EMC 2010	Euro	2.2	Other	U.S.	9.0
			Fund III	Euro	1.1	Cerpi	Other	1.2
		184.1			65.8			139.5

The Board takes account of the levels of realisation proceeds historically generated by the Company's micro-cap portfolios as well as the accuracy of previous forecasts to assess the predicted accuracy of forecasts presented. The Company continues to work on the realisation of various investments within a timeframe that will enable the Company to maximise the value of its investment portfolio.

The Board is encouraged by the Company's ability to deliver realisations and the subsequent improved liquidity position, having net liquidity of approximately \$56 million at the year end.

The Board has analysed the projected cash outflows over the going concern period and concluded they will be paid from the Company's cash reserves (including treasury bills).

Going Concern Conclusion

After careful consideration and based on the reasons outlined above, the Board is satisfied, as at the date of the signing of the Annual Report and Financial Statements, that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period from 7 June 2023 to 30 June 2024.

4. Segment Information

The Investment Manager is responsible for allocating resources available to the Company in accordance with the overall business strategies as set out in the Investment Guidelines of the Company. The Company is organised into the following segments:

- Portfolio of US micro-cap investments

- Portfolio of European micro-cap investments
- Portfolio of Real estate investments
- Portfolio of Other investments - (not falling into above categories)

The investment objective of each segment is to achieve consistent medium-term returns from the investments in each segment while safeguarding capital by investing in a diversified portfolio. Investments in treasury bills are not considered as part of the investment strategy and are therefore excluded from this segmental analysis.

Segmental Profit/(Loss)

For the year ended 28 February 2023

	US	European	Real	Other	
	Micro-Cap	Micro-Cap	Estate	Investments	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Interest revenue	10,336	462	-	-	10,798
Other portfolio income	532	-	-	-	532
Total segmental income	10,868	462	-	-	11,330
Net gain/(loss) on investments at FVTPL	14,626	(20,596)	6,734	1,050	1,814
Expected credit losses	-	(462)	-	-	(462)
Realisations from investments held in Escrow	1,189	-	-	-	1,189
Other income	398	-	-	-	398
Withholding tax	(160)	-	-	-	(160)
Investment Adviser's base fee	(3,582)	(1,466)	(366)	(356)	(5,770)
Total segmental operating profit/(loss)	23,339	(22,062)	6,368	694	8,339

For the year ended 28 February 2022
(restated¹)

	US	European	Real	Other	
	Micro-Cap	Micro-Cap	Estate	Investments	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Interest revenue	13,667	1,146	-	-	14,813
Other portfolio income	520	-	-	-	520
Total segmental income	14,187	1,146	-	-	15,333
Net gain/(loss) on investments at FVTPL	28,723	(12,958)	221	(14)	15,972
Expected credit losses	-	(3,840)	-	-	(3,840)
Realisations from investments held in Escrow	597	-	-	-	597
Investment Adviser's base fee	(4,106)	(1,742)	(317)	(348)	(6,513)
Total segmental operating profit/(loss)	39,401	(17,394)	(96)	(362)	21,549

Certain income and expenditure is not considered part of the performance of an individual segment. This includes net foreign exchange gain/(loss), gain/(loss) on financial liabilities at fair value through profit or loss, interest on cash, finance costs, and expenses other than the Investment Adviser fees which can be allocated to an individual segment.

The following table provides a reconciliation between total segmental operating profit and profit for the year.

	28.2.2023	28.2.2022 ¹
		(restated)
	US\$ '000	US\$ '000
Total Segmental Operating Profit	8,339	21,549
Net foreign exchange gain	9,845	2,075
Fees payable to Investment Adviser based on non-segmental assets	(1,263)	(901)
Expenses not attributable to segments	(2,873)	(3,747)

Interest on cash	275	174
Realised currency loss on UK gilts	(3,859)	-
Interest on Treasury bills and UK gilts	1,212	-
Loss on financial liabilities at fair value through profit or loss	-	(1,869)
Finance costs	(9,030)	(13,094)
Profit for the year	2,646	4,187

¹ See Note 2

The following table provides a reconciliation between total segmental income and total income which comprises the Company's income from investments and bank deposits.

	28.2.2023	28.2.2022 (restated¹)
	US\$ '000	US\$ '000
Total segmental income	11,330	15,333
Non-segmental income		
Interest on treasury bills and UK gilts	1,212	-
Bank and deposit interest	275	174
Total income	12,817	15,507

Segmental Net Assets

The Company's segmental net assets at the year end are as follows:

At 28 February 2023	US	European	Real	Other	
	Micro-Cap	Micro-Cap	Estate	Investments	Total
Segmental assets	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	127,811	68,271	31,156	25,683	252,921
Loans at amortised cost	-	3,695	-	-	3,695
Prepaid expenses	29	12	3	3	47
Total segmental assets	127,840	71,978	31,159	25,686	256,663
Segmental liabilities	-	-	-	-	-
Total segmental net assets	127,840	71,978	31,159	25,686	256,663
At 28 February 2022 (restated ¹)	US	European	Real	Other	
	Micro-Cap	Micro-Cap	Estate	Investments	Total
Segmental assets	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	284,162	81,150	23,597	23,533	412,442
Loans at amortised cost	-	3,913	-	-	3,913
Total segmental assets	284,162	85,063	23,597	23,533	416,355
Segmental liabilities					
Payables and accrued expenses	(551)	(72)	(11)	(14)	(648)
Total segmental liabilities	(551)	(72)	(11)	(14)	(648)
Total segmental net assets	283,611	84,991	23,586	23,519	415,707

Treasury Bills, Cash at bank and cash equivalents and prepayments are not considered to be part of individual segment assets. Certain liabilities are not considered to be part of the net assets of an individual segment. These include custodian and administration fees payable, directors' fees payable and other payables and accrued expenses.

The following table provides a reconciliation between total segmental assets/liabilities and total assets/liabilities.

	28.2.2023	28.2.2022 (restated ¹)
	US\$ '000	US\$ '000
Total Segmental Assets	256,663	416,355
Non Segmental Assets		
Cash at bank	11,059	43,656
Treasury bills	90,600	3,394
Other receivables	121	70
Total Assets	358,443	463,475
Total Segmental Liabilities	-	(648)
Non Segmental Liabilities		
Senior Credit Facility	(43,181)	(42,573)
Subordinated Notes	-	(32,293)
Zero Dividend Preference (2022) Shares	-	(75,038)
Other payables	(764)	(1,071)
Total Liabilities	(43,945)	(151,623)
Total Net Assets	314,498	311,852

¹ See Note 2

5. Fair Value of Financial Instruments

The Company classifies fair value measurements of its financial instruments at FVTPL using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The financial assets valued at FVTPL are analysed in a fair value hierarchy based on the following levels:

Level 1

Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2

Those involving inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). For example, investments which are valued based on quotes from brokers (intermediary market participants) are generally indicative of Level 2 when the quotes are executable and do not contain any waiver notices indicating that they are not necessarily tradeable. Another example would be when assets/liabilities with quoted prices, that would normally meet the criteria of Level 1, do not meet the definition of being traded on an active market.

Level 3

Those involving inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). Investments in JZCP's portfolio valued using unobservable inputs such as multiples, capitalisation rates, discount rates fall within Level 3.

Differentiating between Level 2 and Level 3 fair value measurements i.e., assessing whether inputs are observable and whether the unobservable inputs are significant, may require judgement and a careful analysis of the inputs used to measure fair value including consideration of factors specific to the asset or liability.

The following table shows the financial instruments at FVTPL by fair value hierarchy category:

Financial assets at 28 February 2023

	Level 1	Level 2	Level 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
US micro-cap	-	-	127,811	127,811
European micro-cap	-	-	68,271	68,271
Real estate	-	-	31,156	31,156
Other investments	-	-	25,683	25,683
Listed investments	90,600	-	-	90,600
	90,600	-	252,921	343,521

Financial assets at 28 February 2022 (restated see Note 2)

	Level 1	Level 2	Level 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
US micro-cap	-	-	284,162	284,162
European micro-cap	-	-	81,150	81,150
Real estate	-	-	23,597	23,597
Other investments	-	-	23,533	23,533
Listed investments	3,394	-	-	3,394
	3,394	-	412,442	415,836

Valuation techniques

In valuing investments in accordance with IFRS, the Board follows the principles as detailed in the IPEVCA guidelines.

When fair values of listed equity and debt securities at the reporting date are based on quoted market prices or binding dealer price quotations (bid prices for long positions), without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

Investments for which there are no active markets are valued according to one of the following methods:

Real estate

JZCP makes its real estate investments through a wholly-owned subsidiary, which in turn owns interests in various residential, commercial, and development real estate properties. The net asset value of the subsidiary is used for the measurement of fair value. The underlying fair value of JZCP's Real Estate holdings, however, is represented by the properties themselves. The Company's Investment Adviser and Board review the fair value methods and measurement of the underlying properties on a quarterly basis. Where available, the Company will use third party appraisals on the subject property, to assist the fair value measurement of the underlying property. Third-party appraisals are prepared in accordance with the Appraisal and Valuation Standards (6th edition) issued by the Royal Institution of Chartered

Surveyors. Fair value techniques used in the underlying valuations are:

- Use of comparable market values per square foot of properties in recent transactions in the vicinity in which the property is located, and in similar condition, of the relevant property, multiplied by the property's square footage.
- Discounted Cash Flow ("DCF") analysis, using the relevant rental stream, less expenses, for future periods, discounted at a Market Capitalisation ("MC") rate, or interest rate.
- Relevant rental stream less expenses divided by the market capitalization rate; this method approximates the enterprise value construct used for non-real estate assets.
- Income capital approach using the relevant sell out analysis, less expenses and costs.

For each of the above techniques third party debt is deducted to arrive at fair value.

The valuations obtained in relation to the real estate portfolio are dated 31 December 2022. Subsequent discussions with appraisers indicate there would be no significant change in property values between 31 December 2022 and 28 February 2023. Due to the inherent uncertainties of real estate valuation, the values reflected in the financial statements may differ significantly from the values that would be determined by negotiation between parties in a sales transaction and those differences could be material.

Unquoted preferred shares, unquoted equities and equity related securities

Unquoted equities and equity related securities investments are classified in the Statement of Financial Position as Investments at fair value through profit or loss. These investments are typically valued by reference to their enterprise value, which is generally calculated by applying an appropriate multiple to the last twelve months' earnings before interest, tax, depreciation and amortisation ("EBITDA"). In determining the multiple, the Board consider inter alia, where practical, the multiples used in recent transactions in comparable unquoted companies, previous valuation multiples used and where appropriate, multiples of comparable publicly traded companies. In accordance with IPEVCA guidelines, a marketability discount is applied which reflects the discount that in the opinion of the Board, market participants would apply in a transaction in the investment in question. The increase of the fair value of the aggregate investment is reflected through the unquoted equity component of the investment and a decrease in the fair value is reflected across all financial instruments invested in an underlying company.

In respect of unquoted preferred shares the Company values these investments at fair value by reference to the attributable enterprise value as the exit strategy in respect to these investments would be a one tranche disposal together with the equity component. The fair value of the investment is determined by reference to the attributable enterprise value reduced by senior debt and marketability discount.

Micro-cap loans

Investments in micro-cap debt are valued at fair value by reference to the attributable enterprise value when the Company also holds an equity

position in the investee company.

When the Company invests in micro-cap loans and does not hold an equity position in the underlying investee company these loans are valued at amortised cost in accordance with IFRS 9 (Note 2). The carrying value at amortised cost is considered to approximate to fair value.

Other Investments

Other investments at year end, comprise of mainly the Company's investment in the asset management business-Spruceview Capital Partners ("Spruceview"). Spruceview is valued using a valuation model which considers a forward looking revenue approach which the Board considers to be consistent with the valuation methods used by peer companies.

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

The significant unobservable inputs used in fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity as at 28 February 2023 and 28 February 2022 are shown below:

	Value 28.2.2023 US\$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used	Effect on Fair Value US\$'000
US micro-cap investments	127,811	EBITDA Multiple	Average EBITDA Multiple of Peers	7.0x - 13.5x (8.3x)	-0.5x /+0.5x	(10,326) 10,092
			Discount to Average Multiple	5% - 35% (14.3%)	+5%/-5%	(12,303) 11,955
European micro- cap investments ¹	66,786	EBITDA Multiple	Average EBITDA Multiple of Peers	5.0x - 15.7x (8.6x)	-0.5x /+0.5x	(4,693) 4,705
			Discount to Average Multiple	4% - 61% (26%)	+5%/-5%	(3,542) 3,554
Real estate ^{2,3}	31,156	Cap Rate/ Income Approach	Capitalisation Rate	5.25%-5.75% (5.65%)	+50bps/ -50bps	(6,918) 8,061
Other investments ⁴	24,474	Forward looking Revenue Approach	Revenue Multiple	\$9.5 million - 5.3x -	10%/+10% 10%/+10%	(1,722) 2,613 (1,722) 2,613
	Value 28.2.2022 US\$'000	Valuation Technique	Unobservable input	Range (weighted average)	Sensitivity used	Effect on Fair Value US\$'000
US micro-cap investments	284,162	EBITDA Multiple	Average EBITDA Multiple of Peers	7.0x - 13.5x (9.0x)	-0.5x /+0.5x	(23,876) 23,998
			Discount to Average Multiple	5% - 30% (14.7%)	+5%/-5%	(32,217) 31,887
			Average EBITDA			

European micro-cap investments ¹	76,286	EBITDA Multiple	Multiple of Peers	5.5x - 14.2x (9.4x)	-0.5x (5,293) /+0.5x	5,293
			Discount to Average			
			Multiple	2% - 50% (23%)	+5%/-5% (4,533)	4,533
Real estate ^{2,3}	23,597	Cap Rate/Income Approach	Capitalisation Rate	5.25%-5.75% (5.56%)	+50bps/-50bps (5,338)	6,552
Other investments ⁴	22,324	Forward looking	Revenue	\$8.3 million	- (2,187)	1,824
		Revenue Approach	Multiple	5.3x	- (2,206)	1,809
					10%/+10%	

¹ Excludes the Company's investment in Toro Finance.

² The Fair Value of JZCP's investment in financial interests in Real Estate is measured as JZCP's percentage interest in the value of the underlying properties.

³ Sensitivity is applied to the property value and then the debt associated to the property is deducted before the impact to JZCP's equity value is calculated. Due to gearing levels in the property structures an increase in the sensitivity of measurement metrics at property level will result in a relatively greater impact at JZCP's equity level.

⁴ JZCP's investment in Spruceview.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting year.

Year ended 28 February 2023	US	European	Real	Other	
	Micro-Cap	Micro-Cap	Estate	Investments	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 March 2022	284,162	81,150	23,597	23,533	412,442
Investments in year including capital calls	317	8,628	825	1,100	10,870
Payment In Kind ("PIK")	11,810	-	-	-	11,810
Proceeds from investments realised	(181,629)	(911)	-	-	(182,540)
Net gains/(losses) on investments	14,626	(20,596)	6,734	1,050	1,814
Movement in accrued interest	(1,475)	-	-	-	(1,475)
At 28 February 2023	127,811	68,271	31,156	25,683	252,921

Year ended 28 February 2022 (restated ¹)	US	European	Real	Other	
	Micro-Cap	Micro-Cap	Estate	Investments	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
At 1 March 2021	299,339	89,794	23,376	23,147	435,656
Investments in year including capital calls	4,898	7,647	-	400	12,945
Payment In Kind ("PIK")			-	-	14,190

	14,190	-			
Proceeds from investments realised	(62,466)	(3,333)	-	-	(65,799)
Net gains/(losses) on investments	28,723	(12,958)	221	(14)	15,972
Movement in accrued interest	(522)	-	-	-	(522)
At 28 February 2022	284,162	81,150	23,597	23,533	412,442

6. Net (Loss)/Gain on Investments at Fair Value Through Profit or Loss

	Year Ended 28.2.2023 US\$ '000	Year Ended 28.2.2022 (restated ¹) US\$ '000
<i>Net (loss)/gain on investments held in investment portfolio at year end</i>		
Net movement in unrealised gain/(loss) positions during the year	34,171	69,684
Reversal of net unrealised loss in prior years on investments now realised	(75,905)	(54,048)
Net unrealised (loss)/gain on investments held at the year end	(41,734)	15,636
<i>Gains/(loss) on investments realised in the year</i>		
Proceeds from investments realised	327,036	65,799
Cost of investments realised	(363,252)	(119,511)
Net realised loss	(36,216)	(53,712)
Reversal of net unrealised loss in prior years on investments now realised	75,905	54,048
Total gain on investments realised during the year	39,689	336
Net (loss)/gain on investments during the year	(2,045)	15,972

¹ See Note 2

7. Expected Credit Losses

	Year Ended 28.2.2023 US\$ '000	Year Ended 28.2.2022 (restated ¹) US\$ '000
Impairments on loans during the year	462	3,840

ECLs are recognised in three stages. Stage one being for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). Stage two being for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). Stage three being credit exposures which are considered credit-impaired, interest revenue is calculated based on the amortised cost (i.e. the gross

carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets. Please refer to Note 23 Financial Risk Management Objectives and Policies/Credit Risk for further information on the Company's ECLs.

	Year Ended 28.2.2023	Year Ended 28.2.2022
	US\$ '000	US\$ '000
Impairment on loans classified as Stage 1	462	455
Impairment on loans classified as Stage 3	-	3,385
Total impairment on loans during the year	462	3,840

8. Investment Income

	Year Ended 28.2.2023	Year Ended 28.2.2022 (restated¹)
	US\$ '000	US\$ '000
Interest revenue calculated using the effective interest method	462	1,146
Other interest and similar income	12,080	14,187
	12,542	15,333

Income for the year ended 28 February 2023

	Preferred Dividends US\$ '000	Preferred Dividends US\$ '000	Loan note PIK US\$ '000	Other Income US\$ '000	Total US\$ '000
US micro-cap portfolio	532	10,336	-	-	10,868
European micro-cap portfolio	-	-	462	-	462
Treasury bills and UK gilts	-	-	-	1,212	1,212
	532	10,336	462	1,212	12,542

Income for the year ended 28 February 2022 (restated)

	Preferred Dividends US\$ '000	Preferred Dividends US\$ '000	Loan note PIK US\$ '000	Other Income US\$ '000	Total US\$ '000
US micro-cap portfolio	520	13,667	-	-	14,187
European micro-cap portfolio	-	-	1,146	-	1,146
	520	13,667	1,146	-	15,333

9. Net Foreign Currency Exchange Gains

	Year Ended 28.2.2023	Year Ended 28.2.2022 (restated ¹)
	US\$ '000	US\$ '000
Foreign exchange gain on translation of ZDP Shares	12,809	3,072
Foreign exchange loss on translation of cash held for redemption of ZDP Shares	(2,755)	-
Foreign exchange loss on translation of loans at amortised cost	(219)	(535)
Other net foreign exchange gains/(losses)	10	(462)
	9,845	2,075

¹ See Note 2

10. Finance Costs

	Year Ended 28.2.2023	Year Ended 28.2.2022
	US\$ '000	US\$ '000
<i>Interest expense calculated using the effective interest method</i>		
Senior Credit Facility (Note 15)	5,163	6,843
ZDP Shares (Note 16)	2,067	3,807
Subordinated Notes (Note 17)	1,800	1,108
	9,030	11,758
<i>Other interest and similar expense</i>		
CULS finance costs paid (Note 18)	-	1,336
	9,030	13,094

11. Expenses

	Year Ended 28.2.2023	Year Ended 28.2.2022
	US\$ '000	US\$ '000
Investment Adviser's base fee	7,033	7,414
Directors' remuneration	290	290
	7,323	7,704
Administrative expenses:		
Legal fees	1,091	1,675
Other professional fees	289	432
Accounting, secretarial and administration fees	350	350
Auditors' remuneration	269	350
Auditors' remuneration - non-audit fees	68	71
Directors' insurance	403	226
Custodian fees	32	24
Other expenses	81	329
	2,583	3,457
Total expenses	9,906	11,161

Directors' Remuneration

For the year ended 28 February 2023 total Directors' fees included in the Statement of Comprehensive Income were

\$290,000 (year ended 28 February 2022: \$290,000), of this amount \$47,000 was outstanding at the year end (28 February 2022: \$47,000). The Directors' remuneration report in the annual report provides further details of the remuneration paid.

Investment Advisory and Performance fees

The Company entered into the amended and restated investment advisory and management agreement with Jordan/Zalaznick Advisers, Inc. (the "Investment Adviser") on 23 December 2010 (the "Advisory Agreement").

Pursuant to the Advisory Agreement, the Investment Adviser is entitled to a base management fee and to an incentive fee. The base management fee is an amount equal to 1.5 per cent. per annum of the average total assets under management of the Company less excluded assets as defined under the terms of the Advisory Agreement.

The base management fee is payable quarterly in arrears; the agreement provides that payments in advance on account of the base management fee will be made.

For the year ended 28 February 2023, total investment advisory and management expenses, based on the average total assets of the Company, were included in the Statement of Comprehensive Income of \$7,033,000 (year ended 28 February 2022: \$7,414,000). At 28 February 2023, an amount \$65,000 was prepaid to the Investment Adviser (28

February 2022: \$276,000 was due and payable at the year end).

The incentive fee has two parts. The first part is calculated by reference to the net investment income of the Company ("Income Incentive fee") and the second part of the incentive fee is calculated by reference to the net realised capital gains ("Capital Gains Incentive Fee", or "CGIF").

In December 2019 following significant losses reported in the Company's real estate portfolio, the Investment Adviser agreed to waive fees payable by the Company of \$14.5 million relating to realised gains in the year ended 28 February 2019. Further fees payable for realised gains in the year ended 29 February 2020 of \$10.1 million were also waived. No further incentive fees will be paid to the Investment Adviser until the Company and Investment Adviser have mutually agreed to reinstate such payments.

The Advisory Agreement may be terminated by the Company or the Investment Adviser upon not less than two and one-half years' (i.e. 913 days') prior notice (or such lesser period as may be agreed by the Company and Investment Adviser).

Administration Fees

Northern Trust International Fund Administration Services (Guernsey) Limited was appointed as Administrator to the Company on 1 September 2012. The Administrator is entitled to an annual fee of \$350,000 (28 February 2022: \$350,000) payable quarterly in arrears. Fees payable to the Administrator are subject to an annual fee review. As from 1 March 2023, the Administrator's fees have been increased to \$370,000 per annum.

Custodian Fees

HSBC Bank (USA) N.A. (the "Custodian") was appointed on 12 May 2008 under a custodian agreement. The Custodian is entitled to receive an annual fee of \$2,000 and a transaction fee of \$50 per transaction. For the year ended 28 February 2023, total Custodian expenses of \$32,000 (28 February 2022: \$24,000) were included in the Statement of Comprehensive Income of which \$10,000 (28 February 2022: \$10,000) was outstanding at the year end.

Auditors' Remuneration

During the year ended 28 February 2023, the Company incurred fees for audit services of \$269,000 (28 February 2022: \$350,000).

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Non-audit Fees Paid to Ernst & Young		
Interim Review - £53,000 (2022: £53,000)	68	71
Total non-audit fees	68	71

12. Taxation

As at 31 December 2022, the Company had been granted Guernsey tax exempt status in accordance with The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 (as amended). Regarding the Company's tax exempt status for 2023, an application has been made and the company is awaiting confirmation.

During the year ended 28 February 2023, the Company reversed a provision for potential withholding tax of \$398,000. The provision related to dividend income from an investment realised in 2015 and is shown as Other income in the Statement of Comprehensive Income. The Company had tax withheld of \$160,000 on a dividend received during the year.

13. Investments Including Loans at Amortised Cost

	Category of financial instruments			
	Listed	Unlisted	Unlisted	Carrying Value
	FVTPL	FVTPL	Loans	Total
	28.2.2023	28.2.2023	28.2.2023	28.2.2023
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Book cost at 1 March 2022	3,395	472,983	12,828	489,206
Investments in year including capital calls	213,164	32,009	-	245,173
Payment in kind ("PIK") ¹	-	11,810	455	12,265
Proceeds from investments matured/realised	(123,357)	(203,679)	-	(327,036)
Interest received on maturity	689	-	-	689
Realised currency loss	(3,859)	-	-	(3,859)
Net realised loss	-	(32,357)	-	(32,357)
Book cost at 28 February 2023	90,032	280,766	13,283	384,081
Unrealised net investment and foreign exchange loss	-	(28,372)	(895)	(29,267)
Impairment on loans at amortised cost	-	-	(8,775)	(8,775)
Accrued interest	568	527	82	1,177
Carrying value at 28 February 2023	90,600	252,921	3,695	347,216

¹The cost of PIK investments is deemed to be interest not received in cash but settled by the issue of further securities when that interest has been recognised in the Statement of Comprehensive Income.

Comparative reconciliation for the year ended 28 February 2022 (restated¹)

	Category of financial instruments			
	Listed	Unlisted	Unlisted	Carrying Value
	FVTPL	FVTPL	Loans	Total
	28.2.2022	28.2.2022	28.2.2022	28.2.2022
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Book cost at 1 March 2021	3,393	565,359	45,837	614,589
Investments in year including capital calls	3,395	12,945	-	16,340
Payment in kind ("PIK") ¹	-	14,190	1,422	15,612
Proceeds from realisation and repayment of investments	(3,395)	(65,799)	-	(69,194)
Interest received on maturity	2	-	-	2
Net realised loss	-	(53,712)	-	(53,712)
Realised impairment loss	-	-	(31,757)	(31,757)
Realised currency loss	-	-	(2,674)	(2,674)
Book cost at 28 February 2022	3,395	472,983	12,828	489,206
Unrealised net investment and foreign exchange loss	-	(62,543)	(678)	(63,221)
Impairment on loans at amortised cost	-	-	(8,313)	(8,313)
Accrued interest	(1)	2,002	76	2,077

Carrying value at 28 February 2022	3,394	412,442	3,913	419,749
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¹The cost of PIK investments is deemed to be interest not received in cash but settled by the issue of further securities when that interest has been recognised in the Statement of Comprehensive Income.

Loans at amortised cost

Loans to European micro-cap companies are classified and measured as Loans at amortised cost under IFRS 9.

The repayment of the loans will occur when the underlying investee company issuing the debt redeems on ownership change or due date.

Interest on the loans accrues at the following rates:

	As At 28 February 2023			As At 28 February 2022 (restated ²)		
	8%	10%	Total	8%	10%	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loans at amortised cost	1,447	2,248	3,695	1,677	2,236	3,913

The Company has not recognised interest on the loans classified as being credit impaired (Stage 3 see Note 7). Maturity dates are as follows:

				As At 28 February 2023	As At 28 February 2022 (restated ²)
\$'000	\$'000	\$'000	\$'000		
3,695	3,695	3,913	3,913		

0-6 months Total 7-12 months Total

Loans at amortised cost

During the year, a loan with a carrying value of \$1.485 million (28 February 2022: \$24.680 million) became past due and the maturity date of a loan with a carrying value of \$3.695 million (28 February 2022: \$3.913 million) was extended from 31 December 2022 to 30 June 2023.

² See Note 2

Investment in Associates

An associate is an entity over which the Company has significant influence. An entity is regarded as a subsidiary only if the Company has control over its strategic, operating and financial policies and intends to hold the investment on a long-term basis for the purpose of securing a contribution to the Company's activities. The Company meets the definition of an investment entity and therefore measures its associates at fair value through profit or loss in accordance with IFRS 10.

Carrying Value of Investments in Associates

Entity		% Interest	28.2.2023 US\$'000	28.2.2022 US\$'000
JZI Fund III GP, L.P. (has 25% partnership interest in JZI Fund III, L.P.) ¹	Cayman	75%	66,786	76,286
JZHL Secondary Fund L.P.	Delaware	n/a	80,403	117,339
Spruceview Capital Partners, LLC	Delaware	33.75%	24,474	22,324
EuroMicrocap Fund 2010, L.P.	Cayman	75%	-	596
			171,663	216,545

¹JZCP holds indirectly a 18.75% partnership interest in JZI Fund III, L.P.

The principal activity of all the JZI Fund III, JZHL Secondary Fund and EuroMicrocap Fund 2010, L.P. is the acquisition of micro-cap

companies. The principal activity of Spruceview Capital Partners, LLC is that of an asset management company. There are no significant restrictions on the ability of associates to transfer funds to the Company in the form of dividends or repayment of loans or advances.

The Company's maximum exposure to losses from the associates (shown below) equates to the carrying value plus outstanding commitments:

Entity	28.2.2023 US\$'000	28.2.2022 US\$'000
JZI Fund III GP, L.P.	73,850	91,974
JZHL Secondary Fund L.P.	80,403	117,339
Spruceview Capital Partners, LLC	24,474	22,824
EuroMicrocap Fund 2010, L.P.	-	596
	178,727	232,733

Investment in Subsidiaries

The principal place of business for subsidiaries is the USA. The Company meets the definition of an Investment Entity in accordance with IFRS 10. Therefore, it does not consolidate its subsidiaries but rather recognises them as investments at fair value through profit or loss.

Entity	Place of incorporation	% Interest	28.2.2023 US\$'000	28.2.2022 US\$'000
JZCP Realty, Ltd	Cayman	100%	31,156	23,597
Investments in subsidiaries at fair value			31,156	23,597

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company. The Company has no contractual commitments to provide any financial or other support to its unconsolidated subsidiaries.

JZCP Realty Ltd has a 100% interest in JZ REIT Esperante Corp (Maryland incorporated) and JZ RS Onshore Blocker, LLC (Delaware incorporated).

14. Other Receivables

	28.2.2023 US\$ '000	28.2.2022 US\$ '000
Prepayments	168	70
	168	70

15. Senior Credit Facility

On 26 January 2022, JZCP entered into an agreement with WhiteHorse Capital Management, LLC (the "New Senior Lender") providing for a new five year term senior secured loan facility (the "Senior Credit Facility"). The Senior Credit Facility matures on 26 January 2027 and replaced the Company's Previous Senior Secured Loan Facility with clients and funds advised and sub-advised by Cohanzick Management, LLC and CrossingBridge Advisors, LLC (the "Previous Senior Lenders").

The Senior Credit Facility consists of a \$45.0 million first lien term loan (the "Closing Date Term Loan"), fully funded as of the closing date (being 26 January 2022), and up to \$25.0 million in first lien delayed draw term loans (the "DDT Loans"), which remain undrawn as of the closing date and the year end. The Company can draw down the DDT Loans from time to time in its discretion in the 24 month period following the closing date. Use of proceeds from the DDT Loans are limited to finance (i) Permitted Investments or (ii) for any other purpose consented to in writing by the Administrative Agent.

Customary fees and expenses were payable upon the drawing of the Closing Date Term Loan. The proceeds of the Closing Date Term Loan, together with cash at hand, were used by the Company to repay the Previous Senior Credit Facility of approximately \$52.9 million due 12 June 2022 and for the payment of fees and expenses related to the Senior Credit Facility.

The interest rate charged under the Senior Credit Facility at the year end is the LIBOR/SOFR¹ Rate plus 7.002 per cent., or if the Company elects for a portion of the interest to be paid in kind, the LIBOR/SOFR Rate plus 9.00 per cent., of which 4.00 per cent. would be charged as payment-in kind (PIK) interest. The Closing Date Term Loan was subject to a prepayment penalty if repaid before yielding an aggregate 15 per cent. Post year end, the aggregate yield exceeded 15 per cent and therefore the Closing Date Term is no longer subject to a prepayment penalty.

During the year, no election was made for a portion of the interest to be paid in kind. The average interest rate paid by the Company was 9.73% being the applicable LIBOR/SOFR rate plus 7.0 per cent. The rate payable at the year end was 11.82 per cent (28 February 2022: 8.00 per cent).

The Senior Credit Facility Agreement includes covenants from the Company customary for an agreement of this nature, including (a) maintaining a

minimum asset coverage ratio (calculated by reference to eligible assets, subject to customary ineligibility criteria and concentration limits, plus unrestricted cash) of not less than 4.00 to 1.00, and (b) ensuring the Company retains an aggregate amount of unrestricted cash and cash equivalents of not less than \$12.5 million. At 28 February 2023, investments and cash valued at \$352.0 million were held as collateral on the senior debt facility. The collateral value used in the asset coverage ratio of \$252.1 million is after adjustments to the collateral value including a ceiling value on any one investment. The Senior Credit Facility allowed for the repayment of the Company's other debt obligations assuming the above covenants were not breached as a result of repayment.

¹Post year end, the Secured Overnight Financing Rate (SOFR) replaced LIBOR as the benchmark interest rate for the Senior Credit Facility.

²There is an interest rate floor that stipulates LIBOR/SOFR will not be lower than 1%. In this agreement, the presence of the floor does not significantly alter the amortised cost of the instrument and is considered to be clearly and closely related to the facility, therefore separation is not required and the loan is valued at amortised cost using the effective interest rate method.

Senior Credit Facility

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Principal - drawdown 26 January 2022	-	45,000
Issue costs	-	(2,787)
Amortised cost - 26 January 2022	-	42,213
Amortised cost - 1 March 2022	42,573	-
Finance costs charged to Statement of Comprehensive Income	5,163	360
Interest and finance costs paid	(4,555)	-
Amortised cost at year end	43,181	42,573

Previous Senior Credit Facility

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Amortised cost (Dollar drawdown) - 1 March	-	68,694
Loan advance	-	16,000
Loan repayments	-	(85,585)
Finance costs charged to Statement of Comprehensive Income	-	6,483
Interest and finance costs paid	-	(5,592)
Amortised cost at year end	-	-

The carrying value of the Senior Credit Facility and Previous Senior Credit Facility at the prior year end approximated fair value.

16. Zero Dividend Preference ("ZDP") Shares

On 3 October 2022, the Company redeemed and cancelled its ZDP shares on their maturity date. The ZDP shares had a gross redemption yield of 4.75% and a total redemption value of £57,597,000 (\$64,296,000 using the exchange rate on the redemption date).

ZDP (2022) Shares	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Amortised cost at 1 March	75,038	74,303
Finance costs allocated to Statement of Comprehensive Income	2,067	3,807
Unrealised currency gain to the Company on translation during the year	(12,809)	(3,072)
Redemption	(64,296)	-
Amortised cost at year end	-	75,038
Total number of ZDP (2022) shares in issue	-	11,907,720

17. Subordinated Notes

During the prior year, the Company entered into a note purchase agreement with David Zalaznick and John (Jay) Jordan, the founders and principals of the Company's investment adviser, Jordan/Zalaznick Advisers, Inc. ("JZAI"), pursuant to which they purchased on 31 July 2021,

directly or through their affiliates, subordinated, second lien loan notes totalling \$31.5 million, with a maturity date of 11 September 2022 (the "Subordinated notes"). In August 2022, the Company announced the extension of the maturity date of the Subordinated Notes through to 30 September 2023. On 14 February 2023, the Company undertook an early voluntary redemption in full of the Subordinated Notes.

The interest rate on the Loan notes was 6 per cent. per annum payable semi-annually, in arrears, on each of 31 March and 30 September of each year and on redemption.

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Subordinated Notes issued	-	31,500
Amortised cost at 1 March	32,293	-
Finance costs charged to Statement of Comprehensive Income	1,800	1,108
Interest and finance costs paid	(2,593)	(315)
Redemption	(31,500)	-
Amortised cost at year end	-	32,293

18. **Convertible Unsecured Loan
Stock ("CULS")**

On 30 July 2021, JZCP redeemed 3,884,279 £10 CULS and converted on request 1,835 £10 CULS into 3,039 Ordinary Shares, at the agreed conversion price. CULS bore interest on their nominal amount at the rate of 6.00 per cent. per annum, payable semi-annually in arrears.

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Fair Value of CULS at 1 March	-	52,430
Interest expense	-	1,336
Coupon paid	-	(2,679)
Unrealised movement in value of CULS due to change in Company's Credit Risk	-	1,074
Unrealised movement in fair value of CULS	-	2,170
Unrealised currency gain on translation during the year	-	(301)
Loss on financial liabilities at fair value through profit or loss	-	1,869
Redemption of CULS	-	(54,005)
Conversion of CULS into Ordinary Shares	-	(25)
Fair Value of CULS based on offer price	-	-

19. **Other Payables**

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Legal fee provision	200	505
Audit fees	268	325

Other expenses	249	168
Directors' remuneration	47	47
Provision for tax on dividends received not withheld at source	-	398
	764	1,443

20. Share Capital

Authorised Capital

Unlimited number of ordinary shares of no par value.

Ordinary shares - Issued Capital

	28.2.2023	28.2.2022
	Number of shares	Number of shares
Balance at 1 March	77,477,214	77,474,175
Ordinary shares issued during the year	-	3,039
Total Ordinary shares in issue	77,477,214	77,477,214

On 2 August 2021, the Company issued 3,039 Ordinary shares resulting from the conversion of 1,835 CULS. The conversion price was £6.0373 per Ordinary Share, resulting in a credit to the Share capital account of £18,000 (\$25,000).

The Company's shares trade on the London Stock Exchange's Specialist Fund Segment.

The Ordinary shares carry a right to receive the profits of the Company available for distribution by dividend and resolved to be distributed by way of dividend to be made at such time as determined by the Directors.

In addition to receiving the income distributed, the Ordinary shares are entitled to the net assets of the Company on a winding up, after all liabilities have been settled. In addition, holders of Ordinary shares will be entitled on a winding up to receive any accumulated but unpaid revenue reserves of the Company, subject to all creditors having been paid out in full. Any distribution of revenue reserves on a winding up is currently expected to be made by way of a final special dividend prior to the Company's eventual liquidation.

Holders of Ordinary shares have the rights to receive notice of, to attend and to vote at all general meetings of the Company.

Capital raised on issue of new shares and capital repaid on buy back of shares

Subsequent amounts raised by the issue of new shares (net of issue costs) and amounts paid to buy back Ordinary shares, are credited/debited to the share capital account.

Share Capital

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
At beginning of year	216,650	216,625
Issue of Ordinary shares	-	25
At year end	216,650	216,650

21. Capital Management

The Company's capital is represented by the Ordinary shares following the redemption of ZDP shares and CULS.

As a result of the ability to issue, repurchase and resell shares, the capital of the Company can vary. Other than a minimum asset coverage ratio specified under the New Senior Credit Facility and certain typical restrictions in the New Senior Credit Facility with respect to the payments of dividends and issuance of disqualified capital stock (e.g., convertible or redeemable capital stock), the Company is not subject to externally imposed capital requirements and has no restrictions on the issue, repurchase or resale of its shares.

The Company's objectives for managing capital are:

To invest the capital in investments meeting the description, risk exposure and expected return indicated in its prospectus;

· To achieve consistent returns while safeguarding capital by investing in a diversified portfolio;

- To maintain sufficient liquidity to meet the expenses of the Company; and
- To maintain sufficient size to make the operation of the Company cost-efficient.

The Company's current focus is on realising the maximum value of the Company's investments and repaying debt. Once this has been achieved, and after the repayment of all debt, the Company intends to return capital to shareholders and will at this point keep under review opportunities to buy back Ordinary shares. The Company will be seeking shareholder approval for the return of capital to shareholders, should the Company be in a position to do so.

The Company monitors capital by analysing the NAV per share over time and tracking the discount to the Company's share price.

22. Reserves

Summary of reserves attributable to Ordinary shareholders

	28.2.2023	28.2.2022 (restated ¹)
	US\$ '000	US\$ '000
Share capital	216,650	216,650
Other reserve	353,528	353,528
Retained deficit	(255,680)	(258,326)
	314,498	311,852

Other reserve

On formation of the Company, the Royal Court of Guernsey granted that on the admission of the Company's shares to the Official List and to trading on the London Stock Exchange's market, the amount credited to the share premium account of the Company immediately following the admission of such shares be cancelled and any surplus thereby created accrue to the Company's distributable reserves to be used for all purposes permitted by The Companies (Guernsey) Law, 2008, including the purchase of shares and the payment of dividends. This distributable reserve was subsequently renamed 'Other reserve'.

Subject to satisfaction of the solvency test, all of the Company's capital and reserves are distributable in accordance with The Companies (Guernsey) Law, 2008.

Retained deficit

	28.2.2023	28.2.2022 (restated ¹)
	US\$ '000	US\$ '000
At beginning of year	(243,118)	(241,668)
Restatement to Correct Historical Error	-	(5,637)
Profit for the year	2,646	4,187
At year end	(240,472)	(243,118)

¹See Note 2

23. Financial Risk Management Objectives and Policies

Introduction

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

Risk management structure and Risk mitigation

The Company's Investment Adviser is responsible for identifying and controlling risks. The Directors supervise the Investment Adviser and are ultimately responsible for the overall risk management approach within the Company. The Company's prospectus sets out its overall business strategies, its tolerance for risk and its general risk management philosophy. The Company may use derivatives and other instruments for trading purposes and in connection with its risk management activities.

Restatement to Correct Historical Error in Classification and Associated Measurement of Asset

Comparative numbers included in Note 23, have been amended to reflect the prior year reclassification and remeasurement detailed in Note 2.

Market risk

Market risk is defined as "the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in variables such as equity price, interest rate and foreign currency rate".

The Company's investments are subject to normal market fluctuations and there can be no assurance that no depreciation in the value of those investments will occur. There can be no guarantee that any realisation of an investment will be on a basis which necessarily reflects the Company's valuation of that investment for the purposes of calculating the NAV of the Company.

Changes in industry conditions, competition, political and diplomatic events, tax, environmental and other laws and other factors, whether affecting the United States alone or other countries and regions more widely, can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.

The Company's market price risk is managed through diversification of the investment portfolio across various sectors. The Investment Adviser considers each investment purchase to ensure that an acquisition will enable the Company to continue to have an appropriate spread of market risk and that an appropriate risk/reward profile is maintained.

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity investments as a result of changes in the value of individual shares. The equity price risk exposure arose from the Company's investments in equity securities.

The Company does not generally invest in liquid equity investments and the previous portfolio of listed equity investments resulted from the successful flotation of unlisted investments.

For unlisted equity and non-equity shares the market risk is deemed to be inherent in the appropriate valuation methodology (earnings, multiples, capitalisation rates etc). The impact on fair value and subsequent profit or loss, due to movements in these variables, is set out in Note 5.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. It has not been the Company's policy to use derivative instruments to mitigate interest rate risk, as the Investment Adviser believes that the effectiveness of such instruments does not justify the costs involved.

The table below summarises the Company's exposure to interest rate risks (restated):

	Interest Fixed rate	bearing Floating rate	Non interest bearing	Total
	28.2.2023	28.2.2023	28.2.2023	28.2.2023
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	139,493	-	204,028	343,521
Loans at amortised cost	3,695	-	-	3,695
Cash and cash equivalents	-	11,059	-	11,059
Other receivables and prepayments	-	-	168	168
Senior Credit Facility	-	(43,181)	-	(43,181)
Other payables	-	-	(764)	(764)
	143,188	(32,122)	203,432	314,498

The table below summarises the Company's exposure to interest rate risks:

Interest bearing	Non
-------------------------	------------

	Fixed rate	Floating rate	interest bearing	Total
	28.2.2022	28.2.2022	28.2.2022	28.2.2022
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	143,811	-	272,025	415,836
Loans at amortised cost	3,913	-	-	3,913
Cash and cash equivalents	-	43,656	-	43,656
Other receivables and prepayments	-	-	70	70
Senior Credit Facility	-	(42,573)	-	(42,573)
ZDP Shares (2022)	(75,038)	-	-	(75,038)
Subordinated Notes	(32,293)	-	-	(32,293)
Other payables	-	-	(1,719)	(1,719)
	40,393	1,083	270,376	311,852

The following table analyses the Company's exposure in terms of the interest bearing assets and liabilities maturity dates. The Company's assets and liabilities are included at their carrying value.

As at 28 February 2023

	0-3 months	4-12 months	1 - <3 years	3 - <5 years	Past due	No maturity date	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	90,600	-	-	-	2,485	46,408	139,493
Loans at amortised cost	-	-	-	-	3,695	-	3,695
Cash and cash equivalents	11,059	-	-	-	-	-	11,059
Senior Credit Facility	-	-	-	(43,181)	-	-	(43,181)
	101,659	-	-	(43,181)	6,180	46,408	111,066

As at 28 February 2022 (restated)

	0-3 months	4-12 months	1 - <3 years	3 - <5 years	<5 years	No maturity date	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Investments at FVTPL	3,394	4,268	-	-	1,000	141,258	149,920
Loans at amortised cost	-	3,913	-	-	-	-	3,913
Cash and cash equivalents	43,656	-	-	-	-	-	43,656
Senior Credit Facility	-	-	-	(42,573)	-	-	(42,573)

ZDP Shares (2022)	(78,038)	-	-	-	-	(75,038)
Subordinated Notes	(32,293)	-	-	-	-	(32,293)
	47,050	(99,150)	-	(42,573)	1,000	141,258
						47,585

The income receivable by the Company is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. However, whilst the income received from fixed rate securities is unaffected by changes in interest rates, the investments are subject to risk in the movement of fair value. The Investment Adviser considers the risk in the movement of fair value as a result of changes in the market interest rate for fixed rate securities to be insignificant, hence no sensitivity analysis is provided.

Of the cash and cash equivalents held, \$11,059,000 (28 February 2022: \$43,656,000) earns interest at variable rates and the income may rise and fall depending on changes to interest rates.

The Investment Adviser monitors the Company's overall interest sensitivity on a regular basis by reference to the current market rate and the level of the Company's cash balances. The Company has not used derivatives to mitigate the impact of changes in interest rates.

The table below demonstrates the sensitivity of the Company's profit/(loss) for the year to a reasonably possible movement in interest rates. The Company has cash at bank and loans payable for which interest receivable and payable are sensitive to a fluctuation to rates. The below sensitivity analysis assumes year end balances and interest rates are constant through the year.

	Interest Receivable ¹		Interest Payable ²	
	28.2.2023	28.2.2022	28.2.2023	28.2.2022
Change in basis points increase/decrease	US\$ '000	US\$ '000	US\$ '000	US\$ '000
+100/-100	25/(25)	350/(175)	(450)/450	(230)/nil
+300/-300	76/(76)	1,051/(175)	(1,350)/1,350	(1,130)/nil

¹ Sensitivity applied to money market account balance and applying the year end rate of 4.1%

² Sensitivity applied to year end balances at relevant rates being \$45 million at 11.8%

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Changes in exchange rates are considered to impact the fair value of the Company's investments denominated in Euros and Sterling. However, under IFRS the foreign currency risk on these investments is deemed to be part of the market price risk associated with holding such non-monetary investments. As the information relating to the non-monetary investments is significant, the Company also provides the total exposure and sensitivity changes on non-monetary investments. The following tables set out the Company's exposure by currency to foreign currency risk.

Exposure to Non-Monetary Assets (held in foreign currencies)

	Euro	Sterling	Total	Euro	Sterling	Total
	28.2.2023	28.2.2023	28.2.2023	28.2.2022	28.2.2022	28.2.2022
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Loans at amortised cost	3,695	-	3,695	3,913	-	3,913
Cash at bank	216	159	375	507	38	545
Other receivables	-	157	157	-	70	70
<i>Liabilities</i>						

ZDP Shares	-	-	-	(75,038)	(75,038)
Other payables	-	(392)	(392)	(415)	(415)
Net Currency Exposure	3,911	(76)	3,835	4,420	(75,345)
					(70,925)

The sensitivity analysis for monetary and non-monetary net assets calculates the effect of a reasonably possible movement of the currency rate against the US dollar on an increase or decrease in net assets attributable to shareholders with all other variables held constant. An equivalent decrease in each of the aforementioned currencies against the US dollar would have resulted in an equivalent but opposite impact.

Currency	Change in Currency Rate	Effect on net assets attributable to shareholders (relates to monetary financial assets and liabilities)	
		28.2.2023	28.2.2022
		US\$ '000	US\$ '000
Euro	+10%	391	2,910
GBP	+10%	(8)	(7,535)

Exposure to Non-Monetary Assets (held in foreign currencies)

	Euro	Sterling	Total	Euro	Sterling	Total
	28.2.2023	28.2.2023	28.2.2023	28.2.2022	28.2.2022	28.2.2022
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Financial assets at FVTPL	53,822	12,964	66,786	62,287	14,595	76,882
Net Currency Exposure	53,822	12,964	66,786	62,287	14,595	76,882

Currency	Change in Currency Rate	Effect on net assets attributable to shareholders (relates to non-monetary financial assets)	
		28.2.2023	28.2.2022
		US\$ '000	US\$ '000
Euro	+10%	5,382	6,229
GBP	+10%	1,296	1,460

Credit risk

The Company takes on exposures to credit risk, which is the risk that a counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation. These credit exposures exist within debt instruments and cash & cash equivalents. They may arise, for example, from a decline in the financial condition of a counterparty or from entering into derivative contracts under which counterparties have obligations to make payments to the Company. As the Company's credit exposure increases, it could have an adverse effect on the Company's business and profitability if material unexpected credit losses were to occur. In the event of any default on the Company's loan investments by a counterparty, the Company will bear a risk of loss of principal and accrued interest of the investment, which could have a material adverse effect on the Company's income and ability to meet financial obligations.

In accordance with the Company's policy, the Investment Adviser regularly monitors the Company's exposure to credit risk in its investment portfolio, by reviewing the financial statements, budgets and forecasts of underlying investee companies. Agency credit ratings do not apply to the Company's investment in investee company debt. The 'credit quality' of the debt is deemed to be reflected in the fair value valuation of the investee company. The Company's investment in accumulated preferred stock is excluded from the below analysis as the instruments are deemed to be

more closely associated with the investment in the portfolio companies' equity than its debt.

The table below analyses the Company's maximum exposure to credit risk.

	Total	Total
	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
US micro-cap debt	1,000	1,000
European micro-cap debt	5,180	8,181
US Treasury Bills	90,600	3,394
Cash and cash equivalents	11,059	43,656
	107,839	56,231

The following table analyses the concentration of credit risk in the Company's debt portfolio by industrial distribution.

	28.2.2023	28.2.2022
	US\$ '000	US\$ '000
Financial General	24%	46%
Document Processing	60%	43%
House, Leisure & Personal Goods	16%	11%
	100%	100%

Loans at Amortised Cost and Expected Credit Losses ("ECL")

The Company's loans to European micro-cap companies are classified as loans at amortised cost. The credit risk in these investments is deemed to be reflected in the performance and valuation of the investee company. Using IFRS 9's "expected credit loss" model, the Company calculates the allowance for credit losses by considering the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. The IFRS ECL model assumes all loans and receivables carries with it some risk of default, every such asset has an expected loss attached to it from the moment of its origination or acquisition. On assessment of the recoverability of the Xacom loan in the prior year, it was concluded there would not be proceeds from Xacom, to pay any portion of JZCP's loan hence a provision has been made to bring the carrying value to \$nil. The loans to Xacom is recognised at stage three loans and is considered credit-impaired, lifetime expected credit losses are recognised on this loan. Information on the three stages on which ECLs are recognised is provided within Note 7.

	Year ended 28 February 2023				Year ended 28 February 2022 (restated)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ECL at 1 March	1,329	-	6,318	7,647	954	3,177	32,559	36,690
Provision during the year	462	-	-	462	455	3,385	-	3,840
Level transfer	-	-	-	-	-	(6,318)	6,318	-
ECL realised	-	-	-	-	-	-	(31,664)	(31,664)
Foreign exchange movement	(70)	-	(353)	(423)	(80)	(244)	(895)	(1,249)
	1,721	-	5,965	7,686	1,329	-	6,318	7,647

The table below analyses the Company's cash and cash equivalents by rating agency category.

Credit ratings

	Outlook	LT Issuer Default Rating	28.2.2023 \$'000
HSBC Bank USA NA	S&P Stable (2022: Stable)	S&P A+ (2022: A+)	8,320

City National Bank	S&P Stable (2022: Stable)	S&P AA- (2022: AA-)	2,497
Northern Trust (Guernsey) Limited	S&P Stable (2022: Stable)	S&P AA- (2022: AA-)	242
			11,059

Bankruptcy or insolvency of the Banks may cause the Company's rights with respect to these assets to be delayed or limited. The Investment Adviser monitors risk by reviewing the credit rating of the Bank. If credit quality deteriorates, the Investment Adviser may move the holdings to another bank.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected. There has been no change during the year in the Company's processes and arrangements for managing liquidity.

The Company's private investments are predominately private equity, real estate and other unlisted investments. By their nature, these investments will generally be of a long term and illiquid nature and there may be no readily available market for sale of these investments. None of the Company's assets/liabilities are subject to special arrangement due to their illiquid nature.

The Company has capital requirements to repay its Senior Credit Facility in January 2027. At the year end the Company has outstanding investment commitments of \$7,064,000 (28 February 2022: \$16,188,000) see Note 24.

The Company manages liquidity risk and the ability to meet its obligations by monitoring current and expected cash balances from forecasted investment activity.

The table below analyses JZCP's financial liabilities into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. Amounts attributed to the Senior Credit Facility, ZDP Shares and Subordinated Notes include future contractual interest payments. Financial commitments are contractual outflows of cash and are included within the liquidity statement.

At 28 February 2023	Less than 1 year	>1 year – 3 years	>3 years – 5 years	>5 years	No stated maturity
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Senior Credit Facility	5,364	10,728	50,364	-	-
Other payables	764	-	-	-	-
Financial commitments (see note 24)	2,355	4,709	-	-	-
	8,483	15,437	50,364	-	-
At 28 February 2022	Less than 1 year	>1 year – 3 years	>3 years – 5 years	>5 years	No stated maturity
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Senior Credit Facility	3,600	7,200	52,200	-	-
ZDP (2022) Shares	77,281	-	-	-	-
Subordinated Notes	33,075	-	-	-	-
Other payables	1,299	-	-	-	398
Financial commitments (see Note 24)	5,729	10,459	-	-	-
	120,984	17,659	52,200	-	398

24. Commitments

At 28 February 2023 and 28 February 2022, JZCP had the following financial commitments outstanding in relation to fund investments:

	Expected date of Call	28.2.2023 US\$ '000	28.2.2022 US\$ '000
JZI Fund III GP, L.P. €6,661,066 (28.2.2022: €13,967,295)	over 3 years	7,064	15,688
Spruceview Capital Partners, LLC ¹	over 1 year	-	500
		7,064	16,188

¹Following a capital call of \$0.6 million in November 2022, JZCP has the option to increase further commitments to Spruceview up to approximately \$3.5 million.

25. Related Party Transactions

JZAI is a US based company founded by David Zalaznick and John ("Jay") Jordan II, that provides advisory services to the Company in exchange for management fees, paid quarterly. Fees paid by the Company to the Investment Adviser are detailed in Note 10. JZAI and various affiliates provide services to certain JZCP portfolio companies and may receive fees for providing these services pursuant to the Advisory Agreement.

JZCP invests in European micro-cap companies through JZI Fund III, L.P. ("Fund III"). Previously investments were made via the EuroMicrocap Fund 2010, L.P. ("EMC 2010"). Fund III and EMC 2010 are managed by an affiliate of JZAI. At 28 February 2023, JZCP's investment in Fund III was valued at \$67.6 million (28 February 2022: \$76.3 million). JZCP's investment in EMC 2010 was valued at \$nil (28 February 2022: \$0.6 million).

JZCP has invested in Spruceview Capital Partners, LLC on a 50:50 basis with Jay Jordan and David Zalaznick (or their respective affiliates). The total amount committed and funded by JZCP to this investment at 28 February 2023, was \$34.1 million. As approved by a shareholder vote on 12 August 2020, JZCP has the ability to make up to approximately \$4.1 million in further commitments to Spruceview, above the original \$33.5 million committed. Further commitments made would be on the same 50:50 basis with Jay Jordan and David Zalaznick (or their respective affiliates). Following a capital call of \$0.6 million in November 2022, JZCP has the option to increase further commitments to Spruceview up to approximately \$3.5 million.

During the year ended 28 February 2021, the Company sold its interests in certain US microcap portfolio companies (the "Secondary Sale") to a secondary fund led by Hamilton Lane Advisors, L.L.C. The Secondary Sale was structured as a sale and contribution to a newly formed fund, JZHL Secondary Fund LP, managed by an affiliate of JZAI. At 28 February 2023, JZCP's investment in JZHL Secondary Fund LP was valued at \$80.4 million (28 February 2022: \$99.2 million).

JZCP has co-invested with Fund A, Fund A Parallel I, II and III Limited Partnerships in a number of US micro-cap buyouts. These Limited Partnerships are managed by an affiliate of JZAI. JZCP invested in a ratio of 82%/18% with the Fund A entities. At 28 February 2023, these co-investments, with the Fund A entities, were in the following portfolio companies: Industrial Service Solutions WC, L.P., Safety Solutions Holdings, BSM Engenharia and Tierpoint. Pursuant to a merger agreement, dated December 14, 2022, JZCP and all of the Fund A Entities transferred their prior investments in ISS #2, LLC ratably in exchange for cash, a rollover investment (Industrial Service Solutions WC, L.P.) and contingent escrow amounts. JZCP's investments in Safety Solutions Holdings and Tierpoint have subsequently been transferred to JZHL Secondary Fund LP (mentioned above).

During the prior year, the Company entered into a note purchase agreement with David Zalaznick and Jay Jordan, pursuant to which they have purchased directly or through their affiliates, subordinated, second lien Subordinated Notes in the amount of \$31.5 million, with an interest rate of 6 per cent. per annum and maturing on 11 September 2022 (the "Subordinated Notes"). The issuance of the Subordinated Notes was subject to a number of conditions, including shareholder approval. On 26 August 2022, the maturity date of the Subordinated Notes was extended to 30 September 2022 and subsequently after certain criteria were met extended for a further 12 months to 30 September 2023. On 14 February 2023, the Company completed an early voluntary redemption in full of the Subordinated Notes.

Total Directors' remuneration for the year ended 28 February 2023 was \$290,000 (28 February 2022: \$290,000).

26. Controlling Party

The issued shares of the Company are owned by a number of parties, and therefore, in the opinion of the Directors, there is no ultimate controlling party of the Company, as defined by IAS 24 - Related Party Disclosures.

27. Basic and Diluted (Loss)/Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of Ordinary shares outstanding during the year.

For the year ended 28 February 2023, the weighted average number of Ordinary shares outstanding during the year was 77,477,214 (Year ended 28 February 2022: 77,475,932).

The diluted earnings per share is calculated by considering adjustments required to the profit and weighted

average number of shares for the effects of potential dilutive Ordinary shares. Following the redemption of the Company's CULS during the prior year, there are no longer any potential dilutive events to the Ordinary shares.

28. Net Asset Value Per Share

The net asset value per Ordinary share of \$4.06 (28 February 2022: \$4.03, restated from \$4.29 in accordance with information disclosed in Note 2) is based on the net assets at the year end of \$314,498,000 (28 February 2022: \$311,852,000) and on 77,477,214 (28 February 2022: 77,477,214) Ordinary shares, being the number of Ordinary shares in issue at the year end.

29. Contingent Assets

Amounts held in escrow accounts

When investments have been disposed of by the Company, proceeds may reflect contractual terms requiring that a percentage is held in an escrow account pending resolution of any indemnifiable claims that may arise. With the exception of Industrial Services Solutions (ISS) discussed below, the Company has assessed that the likelihood of the recovery of other escrow accounts at 28 February 2023 and 28 February 2022 cannot be determined and has therefore classified these escrow accounts as a contingent asset.

In December 2022, following the partial sale of the Company's interest in Industrial Services Solutions (ISS), approximately \$8.3 million was placed in an escrow account payable to the Company post-closing pursuant to an escrow arrangement that is subject to customary final closing adjustments. Included in this escrow amount was approximately \$5.3 million held back for the scenario of the estimated net working capital on closing exceeding the final agreed amount. The Board determined due to the high likelihood that this portion of the total escrow would be released imminently, it would be included within the year end valuation of Industrial Service Solutions WC, L.P. rather than as an contingent asset. The Company still has the potential to receive further proceeds from the closing of the ISS partial sale once the final working capital of ISS on the closing date has been agreed, as well as the other standard escrows highlighted in below table.

As at 28 February 2023 and 28 February 2022, the Company had the following contingent assets held in escrow accounts which had not been recognised as assets of the Company:

	28.2.2023
	US\$
Unaudited NAV per share - announced 20 March 2023	4.08
Valuation change	(0.02)
Audited NAV per share	4.06

Company	Amount in Escrow	
	28.2.2023	28.2.2022
	US\$'000	US\$'000
Industrial Services Solutions (ISS)	3,044	-
Igloo	49	49
Salter Labs (\$528,000 received)	-	536
Southern Petroleum Laboratories (\$525,000 received)	-	509
JZHL Secondary Fund (being 37.5% of the total amount held in escrow)	-	202
	3,093	1,296

During the year ended 28 February 2023 net proceeds including a minor refund of an escrow receipt, totalled \$1,189,000 (28 February 2022: \$597,000) were realised during the year and recorded in the Statement of Comprehensive Income.

Year Ended	Year Ended
28.2.2023	28.2.2022

	US\$'000	US\$'000
Escrows at beginning of year	1,296	328
Escrows added on realisation of investments	4,336	1,321
Escrow receipts during the year	(1,189)	(597)
Escrow received by JZHL Secondary Fund and distributed in accordance with Limited Partner agreement.	(1,320)	-
Additional escrows recognised in year not reflected in opening position	(30)	509
Potential escrows at prior year end no longer recorded	-	(265)
Escrows at year end	3,093	1,296

30. Notes to the Statement of Cash Flows

Investment income and interest received during the year	Year Ended 28.2.2023 US\$ '000	Year Ended 28.2.2022 US\$ '000
Dividends on unlisted investments	-	520
Bank interest	275	174
Treasury interest	726	-
	1,001	694

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. The cash flows arising from these activities are shown in the Statement of Cash Flows.

Changes in financing liabilities arising from both cash flow and non-cash flow items

	1.3.2022	Cash flows	Fair Value	Non-cash changes Finance Costs	Foreign Exchange	28.2.2023
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Senior credit facility	42,573	(4,555)	-	5,163	-	43,181
Subordinated Notes	32,293	(34,093)	-	1,800	-	-
Zero Dividend Preference (2022) shares	75,038	(64,296)	-	2,067	(12,809)	-
	149,904	(102,944)	-	9,030	(12,809)	43,181

	1.3.2021	Cash flows	Fair Value	Non-cash changes Finance Costs	Foreign Exchange	28.2.2022
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Senior credit facility	68,694	(32,964)	-	6,843	-	42,573
Zero Dividend Preference (2022) shares	74,303	-	-	3,807	(3,072)	75,038
Subordinated Notes						

	-	31,185	-	1,108	-	32,293
Convertible Unsecured Loan Stock	52,430	(54,030)	565	1,336	(301)	-
	195,427	(55,809)	565	13,094	(3,373)	149,904

31. Dividends Paid and Proposed

No dividends were paid or proposed for the years ended 28 February 2023 and 28 February 2022.

32. IFRS to US GAAP Reconciliation

The Company's Financial Statements are prepared in accordance with IFRS, which in certain respects differ from US GAAP. These differences are not material and therefore no reconciliation between IFRS and US GAAP has been presented. For reference, please see below for a summary of the key judgments and estimates taken into account with regards to the Company as of 28 February 2023, as well as the Shareholders' financial highlights required under US GAAP.

Assessment as an Investment Entity

As stated in Note 2, the Company meets the definition of an investment entity under IFRS 10 and is therefore required to measure its subsidiaries at fair value through profit or loss rather ("FVTPL") than consolidate them. Per US GAAP (Financial Services - Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements or "ASC 946"), the Company meets the definition of an investment company, and as required by ASC 946, JZCP measures its investment in Subsidiaries at FVTPL.

Fair Value Measurement of Investments

The fair value of the underlying investments held by the Company are determined in accordance with US GAAP and IFRS based on valuation techniques and inputs that are observable in the market which market participants have access to and will use to determine the exit price or selling price of the investments.

Consideration of going concern

As described in Note 3, the Board is satisfied, as at the date of the signing of the Annual Report and Financial Statements, that it is appropriate to adopt the going concern basis in preparing the financial statements and they have a reasonable expectation that the Company will continue in existence as a going concern for the period ending 30 June 2024.

Measurement of Liabilities

The Company's Senior Credit Facility and previously the Company's Subordinated Notes and ZDP shares are/were recorded at amortised cost using the effective interest rate method in accordance with US GAAP and IFRS.

The following table presents performance information derived from the Financial Statements.

The Company's Senior Credit Facility and previously the Company's Subordinated Notes and ZDP shares are/were recorded at amortised cost using the effective interest rate method in accordance with US GAAP and IFRS.

The following table presents performance information derived from the Financial Statements.

	28.2.2023	28.2.2022 restated ¹
	US\$	US\$
Net asset value per share at the beginning of the year	4.03	3.98
Performance during the year (per share):		
Net investment income	0.17	0.22
Net realised and unrealised gain	0.11	0.14
Operating expenses	(0.13)	(0.14)
Finance costs	(0.12)	(0.17)
Total return	0.03	0.05

Net asset value per share at the end of the year	4.06	4.03
Total Return	0.66%	0.95%
Net investment income to average net assets excluding incentive fee	3.72%	4.76%
Operating expenses to average net assets	(2.91%)	(3.41%)
Finance costs to average net assets	(2.65%)	(4.00%)

¹ See Note 2

33. Subsequent Events

These financial statements were approved by the Board on 7 June 2023. Subsequent events have been evaluated until this date.

There are no subsequent events to report.

Company Advisers

Investment Adviser

The Investment Adviser to JZ Capital Partners Limited ("JZCP") is Jordan/Zalaznick Advisers, Inc., ("JZAI") a company beneficially owned by John (Jay) W Jordan II and David W Zalaznick. The company offers investment advice to the Board of JZCP. JZAI has offices in New York and Chicago.

Jordan/Zalaznick Advisers, Inc.

9 West 57th Street
New York NY 10019

Registered Office

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

JZ Capital Partners Limited is registered in Guernsey

Number 48761

Administrator, Registrar and Secretary

Northern Trust International Fund Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port

Independent Auditor

Ernst & Young LLP
PO Box 9
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4AF

UK Solicitor

Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London E1 6PW

US Lawyers

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435 South Tryon Street
Charlotte, NC 28202

Mayer Brown LLP

300 South Tryon Street
Suite 1800
Charlotte NC 28202

Winston & Strawn LLP

35 West Wacker Drive
Chicago IL 60601-9703

Guernsey Lawyer

Guernsey GY1 3QL

UK Transfer and Paying Agent

Equiniti Limited

Aspect House

Spencer Road

Lancing

West Sussex BN99 6DA

US Bankers

HSBC Bank USA NA

452 Fifth Avenue

New York NY 10018

(Also provides custodian services to JZ Capital Partners

Limited under the terms of a Custody Agreement).

City National Bank

100 SE 2nd Street, 13th Floor

Miami, FL 33131

Guernsey Banker

Northern Trust (Guernsey) Limited

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Les Banques

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Mourant Ozannes (Guernsey) LLP

Royal Chambers

St Julian's Avenue

St Peter Port

Guernsey GY1 4HP

Financial Adviser and Broker

J.P. Morgan Securities plc

25 Bank Street

London E14 5JP

Useful Information for Shareholders

Listing

JZCP Ordinary shares are listed on the Official List of the Financial Services Authority of the UK, and are admitted to trading on the London Stock Exchange Specialist Fund Segment for listed securities.

On 3 October 2022, the Company redeemed and cancelled its Zero Dividend Preference ("ZDP") shares on their maturity date.

The price of the Ordinary shares are shown in the Financial Times under "Conventional Private Equity" and can also be found at <https://markets.ft.com>

ISIN/SEDOL numbers

	<u>Ticker Symbol</u>	<u>ISIN Code</u>	<u>SEDOL Number</u>
Ordinary shares B403HK5	JZCP	GG00B403HK58	
ZDP (2022) shares BZ0RY03	JZCZ	GG00BZ0RY036	

Key Information Documents

[JZCP produces Key Information Documents to assist investors' understanding of the Company's securities and to enable comparison with other investment products. These documents are found on the Company's website - \[www.jzcp.com/investor-relations/key-information-documents\]\(http://www.jzcp.com/investor-relations/key-information-documents\).](#)

Alternative Performance Measures

In accordance with ESMA Guidelines on Alternative Performance Measures ("APMs") the Board has considered what APMs are included in the annual report and financial statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the Annual Report and Financial Statements, which are unaudited and outside the scope of IFRS, are deemed to be as follows:

Total NAV Return

The Total NAV Return measures how the net asset value ("NAV") per share has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. JZCP quotes NAV total return as a percentage change from the start of the period (one year) and also three-month, three-year, five-year and seven year periods. It assumes that dividends paid to shareholders are reinvested back into the Company therefore future NAV gains are not diminished by the paying of dividends. The Total NAV Return for the year ended 28 February 2023 was 0.7% (2022: 1.1% (restated)), which only reflects the change in NAV (\$) as no dividends were paid during the year.

Total Shareholder Return (Ordinary shares)

A measure showing how the share price has performed over a period of time, taking into account both capital returns and dividends paid to shareholders. JZCP quotes shareholder price total return as a percentage change from the start of the period (one year) and also six-month, three-year, five-year and seven-year periods. It assumes that dividends paid to shareholders are reinvested in the shares at the time the shares are quoted ex dividend. The Shareholder Return for the year ended 28 February 2023 was 50.0%, which only reflects the change in share price (£) as no dividends were paid during the year. The Shareholder Return for the year ended 28 February 2022 was 34.6%.

NAV to market price discount

The NAV per share is the value of all the company's assets, less any liabilities it has, divided by the number of shares. However, because JZCP shares are traded on the London Stock Exchange's Specialist Fund Segment, the share price may be higher or lower than the NAV. The difference is known as a discount or premium. JZCP's discount is calculated by expressing the difference between the period end dollar equivalent share price and the period end NAV per share as a percentage of the NAV per share.

At 28 February 2023, JZCP's Ordinary shares traded at £1.58 (28 February 2022: £1.05) or \$1.91 (28 February 2022: \$1.41) being the dollar equivalent using the year end exchange rate of £1: \$1.21 (28 February 2022 £1: \$1.34). The shares traded at a 53.0% (28 February 2022: 65.0% (restated)) discount to the NAV per share of \$4.06 (2022: \$4.03).

Ongoing Charges calculation

A measure expressing the Ongoing annualised expenses as a percentage of the Company's average annualised net assets over the year 2.56% (2022: 3.31%). Ongoing charges, or annualised recurring operating expenses, are those expenses of a type which are likely to recur in the foreseeable future, and which relate to the operation of the company, excluding financing charges and gains/losses arising on investments.

Ongoing charges are based on costs incurred in the year as being the best estimate of future costs but are amended if this method is not considered an accurate prediction of future expenses. Ongoing expenses for the year are \$8,306,000 (2022: \$10,785,000) comprising of the IA base fee \$5,406,000 (2022: \$7,414,000), Directors' fees \$290,000 (2022: \$290,000) and other fees \$2,610,000 (2022: \$3,081,000). Average net assets for the year are calculated using quarterly NAVs \$344,532,000 (2022: \$323,045,000).

Criminal Facilitation of Tax Evasion

The Board has approved a policy of zero tolerance towards the criminal facilitation of tax evasion, in compliance with the Criminal Finances Act 2017.

Non-Mainstream Pooled Investments

From 1 January 2014, the FCA rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes came into effect. JZCP's Ordinary shares qualify as an 'excluded security' under these rules and will therefore be excluded from the FCA's restrictions which apply to non-mainstream investment products. Therefore Ordinary shares issued by JZ Capital Partners can continue to be recommended by financial advisers as an investment for UK retail investors.

Internet Address

The Company: www.jzcp.com

Financial Diary

Annual General Meeting	25 July 2023
Interim report for the six months ended 31 August 2023	November 2023 (date to be confirmed)
Results for the year ended 28 February 2024	May 2024 (date to be confirmed)

JZCP, will aim to issue monthly NAV announcements within 21 day of the month end, these announcements will be posted on JZCP's website at

the same time, or soon thereafter.

Payment of Dividends

In the event of a cash dividend being paid, the dividend will be sent by cheque to the first-named shareholder on the register of members at their registered address, together with a tax voucher. At shareholders' request, where they have elected to receive dividend proceeds in Sterling, the dividend may instead be paid direct into the shareholder's bank account through the Bankers' Automated Clearing System. Payments will be paid in US dollars unless the shareholder elects to receive the dividend in Sterling. Existing elections can be changed by contacting the Company's Transfer and Paying Agent, Equiniti Limited on +44 (0) 121 415 7047.

Share Dealing

Investors wishing to buy or sell shares in the Company may do so through a stockbroker. Most banks also offer this service.

Foreign Account Tax Compliance Act

The Company is registered (with a Global Intermediary Identification Number CAVBUD.999999.SL.831) under The Foreign Account Tax Compliance Act ("FATCA").

Share Register Enquiries

The Company's UK Transfer and Paying Agent, Equiniti Limited, maintains the share registers. In event of queries regarding your holding, please contact the Registrar on 0871 384 2265, calls to this number cost 8p per minute from a BT landline, other providers' costs may vary. Lines are open 8.30 a.m. to 5.30 p.m., Monday to Friday, If calling from overseas

+44 (0) 121 415 7047 or access their website at www.equiniti.com. Changes of name or address must be notified in writing to the Transfer and Paying Agent.

Nominee Share Code

Where notification has been provided in advance, the Company will arrange for copies of shareholder communications to be provided to the operators of nominee accounts. Nominee investors may attend general meetings and speak at meetings when invited to do so by the Chairman.

Documents Available for Inspection

The following documents will be available at the registered office of the Company during usual business hours on any weekday until the date of the Annual General Meeting and at the place of the meeting for a period of fifteen minutes prior to and during the meeting:

- (a) the Register of Directors' Interests in the stated capital of the Company;
- (b) the Articles of Incorporation of the Company; and
- (c) the terms of appointment of the Directors.

Warning to Shareholders – Boiler Room Scams

In recent years, many companies have become aware that their shareholders have been targeted by unauthorised overseas-based brokers selling what turn out to be non-existent or high risk shares, or expressing a wish to buy their shares. If you are offered, for example, unsolicited investment advice, discounted JZCP shares or a premium price for the JZCP shares you own, you should take these steps before handing over any money:

- Make sure you get the correct name of the person or organisation
- Check that they are properly authorised by the FCA before getting involved by visiting <https://www.fca.org.uk/firms/financial-services-register>
- Report the matter to the FCA by calling 0800 111 6768
- If the calls persist, hang up
- More detailed information on this can be found on the Money Advice Service website www.moneyadviceservice.org.uk

US Investors

General

The Company's Articles contain provisions allowing the Directors to decline to register a person as a holder of any class of ordinary shares or other securities of the Company or to require the transfer of those securities (including by way of a disposal effected by the Company itself) if they believe that the person:

(a) is a "US person" (as defined in Regulation S under the US Securities Act of 1933, as amended) and not a "qualified purchaser" (as defined in the US Investment Company Act of 1940, as amended, and the related rules thereunder);

(b) is a "Benefit Plan Investor" (as described under "Prohibition on Benefit Plan Investors and Restrictions on Non-ERISA Plans" below); or

(c) is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by the person would materially increase the risk that the Company could be or become a "controlled foreign corporation" (as described under "US Tax Matters").

In addition, the Directors may require any holder of any class of ordinary shares or other securities of the Company to show to their satisfaction whether or not the holder is a person described in paragraphs (A), (B) or (C) above.

US Securities Laws

The Company (a) is not subject to the reporting requirements of the US Securities Exchange Act of 1934, as amended (the "Exchange Act"), and does not intend to become subject to such reporting requirements and (b) is not registered as an investment company under the US Investment Company Act of 1940, as amended (the "1940 Act"), and investors in the Company are not entitled to the protections provided by the 1940 Act.

Prohibition on Benefit Plan Investors and Restrictions on Non-ERISA Plans

Investment in the Company by "Benefit Plan Investors" is prohibited so that the assets of the Company will not be deemed to constitute "plan assets" of a "Benefit Plan Investor". The term "Benefit Plan Investor" shall have the meaning contained in 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of the US Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and includes (a) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Part 4 of Title I of ERISA; (b) a "plan" described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (the "Code"), that is subject to Section 4975 of the Code; and (c) an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's or a plan's investment in such entity. For purposes of the foregoing, a "Benefit Plan Investor" does not include a governmental plan (as defined in Section 3(32) of ERISA), a non-US plan (as defined in Section 4(b)(4) of ERISA) or a church plan (as defined in Section 3(33) of ERISA) that has not elected to be subject to ERISA.

Each purchaser and subsequent transferee of any class of ordinary shares (or any other class of equity interest in the Company) will be required to represent, warrant and covenant, or will be deemed to have represented, warranted and covenanted, that it is not, and is not acting on behalf of or with the assets of, a Benefit Plan Investor to acquire such ordinary shares (or any other class of equity interest in the Company).

Under the Articles, the directors have the power to require the sale or transfer of the Company's securities in order to avoid the assets of the Company being treated as "plan assets" for the purposes of ERISA.

The fiduciary provisions of laws applicable to governmental plans, non-US plans or other employee benefit plans or retirement arrangements that are not subject to ERISA (collectively, "Non-ERISA Plans") may impose limitations on investment in the Company. Fiduciaries of Non-ERISA Plans, in consultation with their advisers, should consider, to the extent applicable, the impact of such fiduciary rules and regulations on an investment in the Company.

Among other considerations, the fiduciary of a Non-ERISA Plan should take into account the composition of the Non-ERISA Plan's portfolio with respect to diversification; the cash flow needs of the Non-ERISA Plan and the effects thereon of the illiquidity of the investment; the economic terms of the Non-ERISA Plan's investment in the Company; the Non-ERISA Plan's funding objectives; the tax effects of the investment and the tax and other risks associated with the investment; the fact that the investors in the Company are expected to consist of a diverse group of investors (including taxable, tax-exempt, domestic and foreign entities) and the fact that the management of the Company will not take the particular objectives of any investors or class of investors into account.

Non-ERISA Plan fiduciaries should also take into account the fact that, while the Company's board of directors and its investment adviser will have certain general fiduciary duties to the Company, the board and the investment adviser will not have any direct fiduciary relationship with or duty to any investor, either with respect to its investment in Shares or with respect to the management and investment of the assets of the Company. Similarly, it is intended that the assets of the Company will not be considered plan assets of any Non-ERISA Plan or be subject to any fiduciary or investment restrictions that may exist under laws specifically applicable to such Non-ERISA Plans. Each Non-ERISA Plan will be required to acknowledge and agree in connection with its investment in any securities to the foregoing status of the Company, the board and the investment adviser that there is no rule, regulation or requirement applicable to such investor that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.

Each purchaser or transferee that is a Non-ERISA Plan will be deemed to have represented, warranted and covenanted as follows:

- (a) The Non-ERISA Plan is not a Benefit Plan Investor;
- (b) The decision to commit assets of the Non-ERISA Plan for investment in the Company was made by fiduciaries independent of the Company, the Board, the Investment adviser and any of their respective agents, representatives or affiliates, which fiduciaries (i) are duly authorized to make such investment decision and have not relied on any advice or recommendations of the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates and (ii) in consultation with their advisers, have carefully considered the impact of any applicable federal, state or local law on an investment in the Company;
- (c) The Non-ERISA Plan's investment in the Company will not result in a non-exempt violation of any applicable federal, state or local law;
- (d) None of the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates has exercised any discretionary authority or control with respect to the Non-ERISA Plan's investment in the Company, nor has the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates rendered individualized investment advice to the Non-ERISA Plan based upon the Non-ERISA Plan's investment policies or strategies, overall portfolio composition or diversification with respect to its commitment to invest in the Company and the investment program thereunder; and
- (e) It acknowledges and agrees that it is intended that the Company will not hold plan assets of the Non-ERISA Plan and that none of the Company, the Board, the Investment adviser or any of their respective agents, representatives or affiliates will be acting as a fiduciary to the Non-ERISA Plan under any applicable federal, state or local law governing the Non-ERISA Plan, with respect to either (i) the Non-ERISA Plan's purchase or retention of its investment in the Company or (ii) the management or operation of the business or assets of the Company. It also confirms that there is no rule, regulation, or requirement applicable to such purchaser or transferee that is inconsistent with the foregoing description of the Company, the Board and the Investment Adviser.

US Tax Matters

This discussion does not constitute tax advice and is not intended to be a substitute for tax advice and planning. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

The Board may decline to register a person as, or may require such person to cease to be, a holder of any class of ordinary shares or other equity securities of the Company because of, among other reasons, certain US ownership and transfer restrictions that relate to "controlled foreign corporations" contained in the Articles of the Company. A shareholder of the Company may be subject to forced sale provisions contained in the Articles in which case such shareholder could be forced to dispose of its securities if the Company's directors believe that such shareholder is, or is related to, a citizen or resident of the United States, a US partnership, a US corporation or a certain type of estate or trust and that ownership of any class of ordinary shares or any other equity securities of the Company by such shareholder would materially increase the risk that the Company could be or become a "controlled foreign corporation" within the meaning of the Code (a "CFC"). Shareholders of the Company may also be restricted by such provisions with respect to the persons to whom they are permitted to transfer their securities.

In general, a foreign corporation is treated as a CFC if, on any date of its taxable year, its "10% US Shareholders" collectively own (directly, indirectly or constructively within the meaning of Section 958 of the Code) more than 50% of the total combined voting power or total value of the corporation's stock. For this purpose, a "10% US Shareholder" means any US person who owns (directly, indirectly or constructively within the meaning of Section 958 of the Code) 10% or more of the total combined voting power of all classes of stock of a foreign corporation or 10% or more of the total value of shares of all classes of stock of a foreign corporation. Pursuant to current tax laws regarding constructive ownership of CFC stock, the Company's US subsidiary will be deemed to own all of the stock of the non-US subsidiaries held by the Company for purposes of determining such non-US subsidiaries' CFC status. The Company's treatment as a CFC as well as its non-US subsidiaries' treatment as CFCs could have adverse tax consequences for 10% US Shareholders. A 10% US Shareholder must generally include in its gross income its pro rata share of certain earnings and profits of a CFC. If such 10% US Shareholder sells or exchanges stock of an entity which, during the five-year period ending upon the date of such sale or disposition, was a CFC, then such 10% US Shareholder will be required to treat a portion of the gain recognized upon such sale or exchange as a dividend to the extent of the earnings and profits of the CFC attributable to such stock. In addition, a 10% US Shareholder is subject to an additional taxable income inclusion for its pro-rata amount of "global intangible low-taxed income" ("GILTI"). The includable amount of income is the 10% US Shareholder's share of the excess of the CFC's "net CFC tested income" above a notional 10% annual return on the CFC's aggregate adjusted tax basis in certain tangible depreciable business assets. Corporate 10% US Shareholders are entitled to a deduction equal to 50% of the GILTI amount until December 31, 2025 (and a deduction equal to 37.5% of the GILTI amount thereafter) and may be able to offset a share of such income inclusions with deemed paid foreign tax credits. Any non-corporate 10% US Shareholder may elect to be treated as a corporation for purposes of the subpart F and GILTI rules.

The Company has been advised that it qualified as a "passive foreign investment company" ("PFIC") for the fiscal year ended February 2022. The Company's treatment as a PFIC is likely to have adverse tax consequences for US taxpayers. Previously, for the fiscal year ended February 2021 the Company was advised that it qualified as a PFIC, however, for fiscal year 2020 the Company was determined not to qualify as a PFIC. An analysis for the financial year ended 28 February 2023 will be undertaken this year. An investment in a PFIC will cause US taxpayer to be subject to special tax rules. In general, an entity formed under the laws of a non-US jurisdiction that is classified as a corporation for US federal income tax purposes will be classified as a PFIC if seventy-five percent (75%) or more of its gross income for the taxable year is from passive sources (generally defined to include interest, dividends, rents, royalties and gains from the disposition of passive assets) or fifty percent (50%) or more of the average value of the entity's assets on the last day of each fiscal quarter during a year consist of assets that generate passive income. There are no minimum stock ownership requirements for application of the PFIC rules. Once a corporation is a PFIC with respect to a shareholder, it is generally always treated as a PFIC unless a purging election is made, irrespective of whether the entity ceases to meet the definitional requirements for PFIC classification. Under the PFIC rules, gain attributable to a disposition of the stock of a PFIC, as well as income attributable to certain "excess distributions" with respect to that PFIC stock, is allocated ratably over the shareholder's holding period for the stock. The portion of such gain and excess distribution allocated under such rules to such prior years are subject to tax as ordinary income at the highest rate applicable to such income during each such year during such holding period, and is subject to an interest-like charge on the tax liability attributable to income that is treated as allocated to prior years as if such liability had actually been due in each such prior year.

An investor in a PFIC may generally elect to treat that entity as a qualified electing fund ("QEF") by filing IRS Form 8621. If a QEF election is made with respect to the Company, U.S. holders would generally be required to take into account currently their pro rata share of certain earnings and net capital gain from the Company, in general, without regard to whether the Company makes an actual cash distribution, but would generally not be subject to the tax regime discussed above. The Company shall provide each investor with a PFIC Annual Information Statement with its other tax reporting information for the taxable year upon request. Such statement shall include sufficient information to enable the shareholder to calculate its pro rata share of the PFIC's ordinary earnings and net capital gain for the tax year.

The taxation of a US taxpayer's investment in the Company's securities is highly complex. Prospective holders of the Company's securities must consult their own tax advisers concerning the US federal, state and local income tax and estate tax consequences in their particular situations of the acquisition, ownership and disposition of any of the Company's securities, as well as any consequences under the laws of any other taxing jurisdiction.

U.S. investors can request a PFIC statement from Northern Trust, the Administrator and Secretary of JJCP (contact details above).

Investment Adviser's ADV Form

Shareholders and state securities authorities wishing to view the Investment Adviser's ADV form can do so by following the link below:

<https://adviserinfo.sec.gov/firm/summary/160932>