EPE Special Opportunities

Interim Report | **July 2020**

Interim Report & Unaudited Financial Statements
for the six months ended 31 July 2020

Contents

ESO portfolio asset: Whittard of Chelsea

Interim Review

Chairman's Statement

The performance of the Company for the six months ended 31 July 2020 was encouraging in the context of the generalised disruption caused by COVID-19, with the Company's portfolio demonstrating resilience to acute economic headwinds. The Board, Investment Advisor (the "IA") and the management of the portfolio companies took early and prudent steps to safeguard the financial position of the Company and its investments, and to protect the wellbeing of colleagues across the portfolio. The Board and IA continue to carefully monitor the outlook for the UK economy as the threat of a second wave of COVID-19 infection remains high.

Measures adopted to delay the spread of COVID-19 depressed economic activity in the second quarter of 2020 and, although western European economies are slowly reopening, the outlook remains uncertain in the medium term. The Company maintains strong liquidity of £23.3 million[1] and operates with modest committed outgoings. The Company has £3.9 million of outstanding unsecured loan notes ("ULNs") repayable on 25 July 2022. The Company has no other third party debt outstanding. The Board has reviewed the business continuity plans of the Company's key operational service providers and is satisfied of their resilience, which has been demonstrated by all service providers through the lockdown period.

The IA worked closely with the management of portfolio companies to respond to the lockdown quickly and effectively, taking early and prudent steps to manage their liquidity and financial position. The portfolio has a low level of third party leverage (with net debt at 0.6x last 12 month EBITDA in aggregate) and has strong relationships with all external lenders.

The Net Asset Value ("NAV") per share of the Company as at 31 July 2020 was 303.04 pence per share, representing a decrease of 4.5 per cent. on the NAV per share of 317.18 pence as at 31 January 2020. The share price of the Company as at 31 January 2020 was 175.00 pence, representing a decrease of 12.1 per cent. on the share price of 199.00 pence as at 31 January 2020.

Luceco plc's share price was flat in the period, as the business delivered a steady performance despite adverse circumstances. Luceco plc's share price subsequently increased by c.30 per cent. in August following the release of a trading update announcing performance ahead of market expectations. Luceco plc reported operating profit for the interim period to 30 June 2020 ahead of the same period in 2019 despite reduced sales. Positive cash generation during the period led to a further reduction in the business's net debt to 0.8x last 12 month EBITDA. Luceco plc announced the reinstatement of dividends at the interim stage.

Whittard of Chelsea ("Whittard") faced significant challenges during the period, temporarily closing its retail stores on 21 March 2020 in the interests of employee safety and in line with government advice. The business's ecommerce channel traded ahead of prior years and budget, partially mitigating the impact of the disruption. Whittard initiated a phased reopening of its stores starting from 19 June 2020. The business continues to review its fixed and variable costs and has benefitted from the government schemes regarding furloughing, business rates and other taxation. The business has no third party debt.

David Phillips' performance was encouraging in the period, with the business benefitting from a well-developed sales pipeline at the start of the disruption. In response to the spread of COVID-19 and reduced activity in the UK property sector, the business initially suspended parts of its trading operations. As restrictions eased, these divisions resumed trading and are expected to make up some of their lost sales in the balance of the year. The business continues to review its fixed and variable costs and has benefitted from the government schemes regarding furloughing, business rates and other taxation.

Pharmacy2U performed well over the period as consumers sought online alternatives to physical pharmacies. This shift in consumer behaviour delivered a significant increase in both patient numbers and sales over the period.

The Board continues to review new investment opportunities identified by the IA. The Company's strong cash position and the financial stability of the portfolio means that it is well positioned to take advantage of any such opportunities.

Subsequent to the review period, on 1 September 2020, the Company completed a £1.9 million investment into Atlantic Credit Opportunities Fund ("ACOF"), a commingled distressed credit fund which, subject to regulatory approval, will be managed by a subsidiary of the Investment Advisor, EPIC Private Equity LLP. The Company's investment in ACOF will provide ESO with the opportunity to generate uncorrelated returns through exposure to the significant dislocations in credit markets caused by the COVID-19 pandemic.

I would like to take the opportunity to thank the Investment Advisor, EPIC Private Equity, for their hard work and dedication in guiding the Company through the disruption caused by the COVID-19 pandemic which leaves it well positioned for the future. I would also like to wish all shareholders and stakeholders across the portfolio the best of health.

Clive Spears
Chairman
8 September 2020

[1] Company liquidity is stated inclusive of cash held by associates in which the Company is the sole investor.

Investment Advisor's Report

In the six months ended 31 July 2020 the Investment Advisor's efforts have been focused on mitigating the impact of the economic disruption caused by the COVID-19 pandemic on the Company and its portfolio. Social distancing measures and the resultant recession in the UK and globally continue to depress sales demand across the portfolio. Despite this, the portfolio as a whole has shown pleasing resilience. The IA and the Board are closely monitoring the dynamic situation and are mindful of the risks to the safety of our colleagues and the financial position of the Company and its investments presented by a potential second wave of infections.

The Company was well positioned at the start of the period with strong liquidity and prudent levels of third party leverage. That position has been maintained through the period with net debt in the underlying portfolio at 0.6x last 12 month EBITDA in aggregate. The Company has current cash balances of £23.3 million[1] (as at 31 July 2020) which is available to support the existing portfolio, meet the Company's committed obligations and deploy into sufficiently attractive investment opportunities as they arise.

The Company

The Net Asset Value ("NAV") per share of the Company as at 31 July 2020 was 303.04 pence per share, representing a decrease of 4.5 per cent. on the NAV per share of 317.18 pence as at 31 January 2020. The share price of the Company as at 31 July 2020 was 175.00 pence, representing a decrease of 12.1 per cent. on the share price of 199.00 pence as at 31 January 2020.

The Portfolio

The Company's portfolio is valued at a weighted average enterprise value to EBITDA multiple of 8.9x for mature assets (excluding assets investing for growth). The valuation has been derived by reference to relevant quoted comparables, after the application of an appropriate discount to adjust for the portfolio's scale and unquoted nature (i.e. an illiquidity discount). Given the use of quoted comparables, the valuation reflects the fair value of assets as at the balance sheet date. The IA notes that the fair market value of the portfolio remains exposed to the volatile macro environment.

The share price of Luceco plc as at 31 July 2020 was 140.80 pence, in line with the beginning of period. Luceco plc's share price subsequently increased by c.30 per cent. in August following the release of a trading update announcing performance ahead of market expectations. On 8 September 2020, Luceco released its interim results for the six months ended 30 June 2020. The business delivered an adjusted operating profit of £9.0 million, £1.8 million ahead of the prior year despite a 13.4 per cent. year-on-year reduction in sales due to reduced consumer demand. Notably, Luceco plc generated adjusted free cash flow of £10.2 million in the period (£5.1 million ahead of the prior year), which facilitated a further reduction in net debt to 0.8x last 12 month EBITDA. In addition, dividends were reinstated at the interim stage, including payment of dividends prudently suspended earlier in the year.

Whittard of Chelsea ("Whittard") has experienced unprecedented challenges since the start of the COVID-19 pandemic, with the closure of its UK retail estate resulting in sales for the period below budget and the prior year. The retail closure was partially mitigated by significant outperformance in Whittard's ecommerce platform against budget and the prior year, in line with the accelerated shift of consumer spending to online observed in the wider UK retail sector since the beginning of the pandemic. The business initiated a phased re-opening of its store estate from 19 June 2020. Despite this, sales performance is expected to be impacted throughout the remainder of the year as a result of reduced consumer and tourist footfall. The IA is particularly mindful of the impact any second wave of the virus could have on the seasonal peak, consumer sentiment and government restrictions on physical trading.

David Phillips' performance was encouraging in the period, with the business benefitting from a well-developed sales pipeline at the start of the disruption. The historic focus of management and the IA on improving the financial resilience and operational flexibility of the business during the turnaround phase meant that David

Phillips was well positioned for the macro disruption caused by COVID-19. In response to the resultant reduction in activity in the UK property sector, the business initially suspended parts of its trading operations and benefitted from available government support (including the Coronavirus Job Retention Scheme). As restrictions eased, these divisions resumed trading and are expected to make up some of their lost sales in the balance of the year. The IA and the management team are closely monitoring the property market to be able to respond to systemic market changes brought about by the COVID-19 crisis. The IA believes the business is well placed to take advantage of these trends given its diversified customer base which encompasses both private landlords and the institutional residential property market.

Pharmacy2U performed well over the period. As the UK's leading online pharmacy, the business has benefitted from the need for online alternatives to physical pharmacies, which has delivered a significant increase in both patient numbers and sales since social distancing measures were implemented. Development of a new distribution facility in Leicestershire is expected to underpin the next stage of growth.

The IA continues to monitor the Company's investment in European Capital Private Debt Fund, which has completed the deployment of the Company's committed capital in the fund and has begun to distribute capital to the Company.

The IA continues to review opportunities to deploy capital into new investments, with the challenging macro environment generating an increase in the number of well-priced opportunities. This trend is expected to continue in the coming months as government support is unwound, precipitating requirements for external funding.

Subsequent to the review period, on 1 September 2020, the Company completed a £1.9 million investment into Atlantic Credit Opportunities Fund ("ACOF"), a commingled distressed credit fund which, subject to regulatory approval, will be managed by a subsidiary of the Investment Advisor, EPIC Private Equity LLP. The Company's investment in ACOF will provide ESO with the opportunity to generate uncorrelated returns through exposure to the significant dislocations in credit markets caused by the COVID-19 pandemic.

The IA would like to express gratitude to the management and employees of the portfolio companies for their hard work, dedication and responsiveness during this unprecedented period. The IA is also grateful for the continued support and counsel of the Board and the Company's shareholders.

EPIC Private Equity LLP
Investment Advisor to the Company

8 September 2020

As at 31 July 2020

NAV per share	**303.04 pence**
Share price	**175.00 pence**
Portfolio returns	**6.0x MM / 24.7% IRR**
Mature asset valuation[2]	**8.9x EV/EBITDA**
Portfolio leverage	**0.6x Net Third Party Debt/EBITDA**

[1] Company liquidity is stated inclusive of cash held by associates in which the Company is the sole investor.

[2] EV/EBITDA multiple for mature assets excludes Pharmacy2U, as the asset is at a pre-profitability growth stage.

ESO portfolio asset: Luceco

Introduction to EPE Special Opportunities

EPE Special Opportunities

EPE Special Opportunities ("ESO" or the "Company") is a private equity investment company established in 2003.

The Company's shares trade on the AIM market of the London Stock Exchange with the ticker "ESO".

The Company's primary objective is to provide long-term return on equity for its shareholders by investing in small and medium sized companies in the UK.

The Company targets growth and buy-out opportunities, special situations and distressed transactions, deploying capital where it believes the potential for shareholder value creation to be compelling.

The Investment Advisor to the Company is EPIC Private Equity LLP ("EPE").

EPE Special Opportunities

Investment highlights since inception include:

6.0x Portfolio current money multiple	24.7% Portfolio current IRR	67.6% Premium to NAV on last three exits	483.3% 10 year share price growth

Recent developments:

- December 2017: ESO acquires David Phillips, a market-leading business-to-business provider of furniture and furnishing services to the UK property sector.
- March 2018: Pharmacy2U raises £40.0 million new growth capital from G Square Capital. The Company sells down 50 per cent. of its investment in Pharmacy2U, achieving a 2.0x MM realised return.
- August 2018: ESO acquires £2.0 million shares in Luceco plc in the market.
- September 2018: Migration of the Company to Bermuda.
- September 2018: Process Components sold to Schenck Process, returning £18.2 million since acquisition in March 2005, representing a 4.5x Money Multiple and 20.7 per cent. IRR.
- May 2019: ESO acquires the carried interest accrual in ESO Investments 1 LP, which held ESO's indirect interests in Luceco, Whittard of Chelsea and Pharmacy2U.
- September 2020: ESO invests £1.9 million in Atlantic Credit Opportunities Fund, a commingled distressed credit fund.

EPIC Private Equity LLP – Investment Advisor

EPIC Private Equity LLP ("EPE" or the "Investment Advisor") was founded in June 2001 and is an independent investment manager wholly owned by its partners.

Since inception, EPE has made 35 investments into small and medium sized companies in the UK and was appointed Investment Advisor to the Company in September 2003.

EPE manages the Company's investments in accordance with guidelines determined by the Board and the Company's constitutional framework. The governance structure is subject to annual review by the Board.

In addition to investment management, EPE has a complementary business line, Advisory, which provides independent corporate finance advice.

EPIC Private Equity LLP

Market-leading track record	35 investments across a broad range of sectors and situations. EPE has returned 2.7x money multiple and 16.0 per cent. IRR on its investments to 31 July 2020.
Highly aligned and stable team	Committed and stable partnership, with average tenure in excess of 10 years. The EPE team is the largest investor in ESO, representing in aggregate c.40 per cent. of the share register.
Extensive industry network	Longstanding relationships in the UK market provide EPE with access to c.300 deals per annum. EPE leverages its network of operating partners to drive portfolio value creation.
Listed market experience	EPE has a successful track record of advising listed vehicles spanning more than 18 years. In addition to ESO, EPE has previously advised EPIC plc and EPIC Brand Investments plc and listed Luceco plc.
Complementary business lines	The cross-disciplinary expertise of EPE's Advisory division allows EPE to access off-market investment opportunities and deploy specialist knowledge.

Why lower mid-market private equity?

Large market of companies

A greater universe of potential transactions allows EPE to be more selective, applying a higher investment threshold and greater pricing discipline.

Low competition for transactions

Diminished investor engagement and buy-side competition in the lower mid-market is a structural driver for attractive valuations and leads to a higher likelihood of successful completions.

Funding gap

The difficulty experienced by lower mid-market companies in accessing bank or alternative financing solutions often drives stakeholders to seek equity funding in order to achieve the company's growth or liquidity objectives.

Shareholders seeking liquidity

The lower mid-market is characterised by owner managers. Many of these owners seek funding partners to achieve their personal growth and liquidity objectives.

Growth and operational improvements

Strong potential to create value either via top line growth, operational improvements or through acquisitions. Private equity investors bring critical development capital and leverage cross-sector expertise to produce transformational change.

These factors create an attractive investment universe, with favourable entry pricing and the potential for meaningful future value creation.

Why EPE Special Opportunities?

Market-leading returns	The Company has continued to deliver market leading returns with a share price increase of 483.3 per cent. over the last 10 years. Current portfolio returns are 6.0x MM and 24.7 per cent. IRR to 31 July 2020.
Access to high quality portfolio	The Company offers investors access to a conservatively valued, high growth portfolio. Mature assets (exluding assets investing for growth) are valued at 8.9x EBITDA. The combined sales of the portfolio have grown at a CAGR* of 11.2 per cent. over the last 3 years.
Established deal pipeline	EPE consistently targets proprietary deal opportunities. Deals are also sourced from a network of industry contacts including operating partners and corporate finance advisors. EPE reviews c.300 deals per annum in the UK lower mid-market.
Long term capital vehicle	The Company's quoted structure allows investments to develop over the long term, benefiting from the ability to implement transformational initiatives and compound returns over periods in excess of standard private equity hold periods (typically 3-5 years).
Manager alignment	EPE is a focussed and independent manager with substantial investment in the Company. The EPE team own c.40 per cent. of ESO, creating significant alignment with investors and a focus on long-term sustainable shareholder returns.

* Compound annual growth rate

Biographies of the Directors

Clive Spears

Clive Spears retired from the Royal Bank of Scotland International Limited in December 2003 as Deputy Director of Jersey after 32 years of service. His main activities prior to retirement included Product Development, Corporate Finance, Trust and Offshore Company Services and he was Head of Joint Venture Fund Administration with Rawlinson & Hunter. Mr Spears is an Associate of the Chartered Institute of Bankers and a Member of the Chartered Institute for Securities & Investment. He has accumulated a well spread portfolio of directorships centring on private equity, infrastructure and corporate debt. His current appointments include Chairman of Nordic Capital Limited and director of Invesco Enhanced Income Limited.

Heather Bestwick

Heather Bestwick has been a financial services professional for over 25 years, onshore in the City of London and offshore in the Cayman Islands and Jersey. She qualified as an English solicitor, specialising in ship finance, with City firm Norton Rose, and worked in their London and Greek offices for 8 years. Ms Bestwick subsequently practised and became a partner with global offshore law firm Walkers in the Cayman Islands, and Managing Partner of the Jersey office. Ms Bestwick sits on the boards of the manager of the Deutsche Bank dbX hedge fund platform and Rathbone Investment Management International Limited.

Nicholas Wilson

Nicholas Wilson has over 40 years of experience in hedge funds, derivatives and global asset management. He has run offshore branch operations for Mees Pierson Derivatives Limited, ADM Investor Services International Limited and several other London based financial services companies. He is Chairman of Gulf Investment Fund plc, a premium listed company, and, until recently, was chairman of Alternative Investment Strategies Limited. He is a resident of the Isle of Man.

David Pirouet

David Pirouet joined PricewaterhouseCoopers Channel Islands LLP in 1980, retiring in 2009 after being an Audit and Assurance Partner for over 20 years. During his 29 years at the firm Mr Pirouet specialised in the financial services sector, in particular in the alternative investment management area and also led the business's Hedge Fund and business recovery practices for over four years. Mr Pirouet currently holds a number of non-executive positions across private equity, infrastructure and corporate debt. Mr Pirouet's appointments currently include non-executive Director and Chair of the Audit and Risk committee for GCP Infrastructure Investments (FTSE 250 listed company).

Robert Quayle

Robert Quayle qualified as an English solicitor at Linklaters & Paines in 1974 after reading law at Selwyn College, Cambridge. He subsequently practiced in London and the Isle of Man as a partner in Travers Smith Braithwaite. He served as Clerk of Tynwald (the Isle of Man's parliament) for periods totalling 12 years and holds a number of public and private appointments, and is active in the voluntary sector. Mr Quayle is a director of a number of companies in the financial services and distribution sectors.

Biographies of the Investment Advisor

Giles Brand

Giles Brand is a Partner and the founder of EPE. He is currently Non-executive Chairman of Whittard of Chelsea and Luceco plc, and a Non-Executive Director of The Reader Organisation, a not-for-profit educational charity. Before joining EPE, Giles was a founding Director of EPIC Investment Partners, a fund management business which at sale had US$5bn under management. Prior to this, Giles worked in Mergers and Acquisitions at Baring Brothers in Paris and London. Giles read History at Bristol University.

Hiren Patel

Hiren Patel is the Managing Director of EPE Administration and is a Partner and the Finance Director and Compliance Officer of EPE. He has worked in the investment management industry for the past twenty years. Before joining EPE Administration, Hiren was Finance Director of EPIC Investment Partners. Prior to this, Hiren was employed at Groupama Asset Management where he was the Group Financial Controller.

Robert Fulford

Robert Fulford is an Investment Director at EPE. He previously worked at Barclaycard Consumer Europe before joining EPE. Whilst at Barclaycard, Robert was the Senior Manager for Strategic Insight and was responsible for identifying, analysing and responding to competitive forces. Prior to Barclaycard, Robert spent four years as a strategy consultant at Oliver Wyman Financial Services, where he worked with a range of major retail banking and institutional clients in the UK, mainland Europe, Middle East and Africa. At EPE, Robert manages the investments in Whittard of Chelsea and David Phillips. Robert read Engineering at Cambridge University.

James Henderson

James Henderson is an Investment Director at EPE. He previously worked in the Investment Banking division of Deutsche Bank before joining EPE. Whilst at Deutsche Bank he worked on a number of M&A transactions and IPOs in the energy, property, retail and gaming sectors, as well as providing corporate broking advice to mandated clients. At EPE, James manages the investment in Pharmacy2U. James read Modern History at Oxford University and Medicine at Nottingham University.

Alex Leslie

Alex Leslie is an Investment Director at EPE. He previously worked in Healthcare Investment Banking at Piper Jaffray before joining EPE. Whilst at Piper Jaffray he worked on a number of M&A transactions and equity fundraisings within the Biotechnology, Specialty Pharmaceutical and Medical Technology sectors. At EPE, Alex manages the investment in Luceco plc. Alex read Human Biological and Social Sciences at the University of Oxford and obtained an MPhil in Management from the Judge Business School at the University of Cambridge.

Ian Williams

Ian Williams is an Investment Director at EPE. He was previously a Partner at Lyceum Capital Partners LLP, responsible for deal origination and engagement, with a primary focus on the business services and software sectors, as well as financial services, education and health sectors. Prior to Lyceum, Ian was a Director at Arbuthnot Securities, involved in transactions including IPOs, secondary fund raisings and M&A, focusing on the support services, healthcare, transport & IT sectors. Ian read Politics and Economics at the University of Bristol.

ESO portfolio asset: Luceco

Investment Strategy and Portfolio Review

Investment Strategy

The Company aims to generate long-term returns on equity for its shareholders by investing in a portfolio of private equity assets.

Approach

Given its attractive fundamentals, the Investment Advisor believes there is a strong case to invest in the UK lower mid-market. Proprietary deal sourcing is complemented by active engagement within the wider corporate advisory community to communicate the Company's clearly defined investment strategy.

The portfolio is likely to be concentrated, numbering between two and 10 assets at any one time, which allows EPE to allocate the resource to form genuinely engaged and supportive partnerships with management teams. This active approach facilitates the delivery of truly transformational initiatives in underlying investments during the period of ownership.

The Company aims to invest in businesses exhibiting inter alia the following characteristics:

- Attractive entry pricing
- High quality management teams with established track records
- Defensible competitive position
- Opportunity for strong revenue growth, either by market expansion or increased market share
- Opportunity for strong cash generation

Investment Criteria

Size	The Company seeks to invest up to £30 million per transaction. For investments larger than £30 million, the Company may seek co-investment from third parties.
Sector	The Company will consider most sectors, but has particular expertise in consumer, retail, financial services, manufacturing and the wider services sector (including education, healthcare and social housing).
Control	The Company aims to take controlling equity positions, but may also consider minority stakes where the investment case is compelling and shareholder protections are robust.
Deal Type	The Company targets growth, buyout, special situations and private investment in public equities ("PIPE") investments. Given EPE's listed market experience, the Company may also partner with outstanding management teams on the listing and management of special purpose acquisition vehicles. The Company may occasionally invest in third-party funds.
Geography	The Company primarily seeks to invest in UK focused assets as well as those with significant overseas operations; for example, Luceco plc within the current portfolio.

Portfolio

The current portfolio consists of four private equity assets and one third party fund investment.

Luceco plc
Supplier of wiring accessories and LED lighting

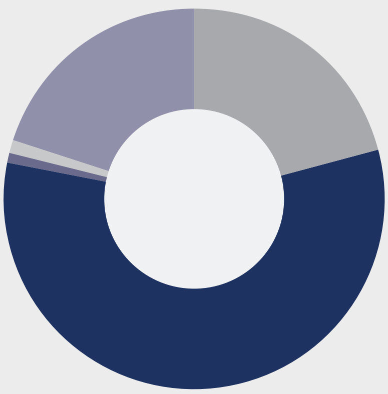
Whittard of Chelsea
Speciality tea, coffee and hot chocolate brand

David Phillips
Furniture provider to the UK property sector

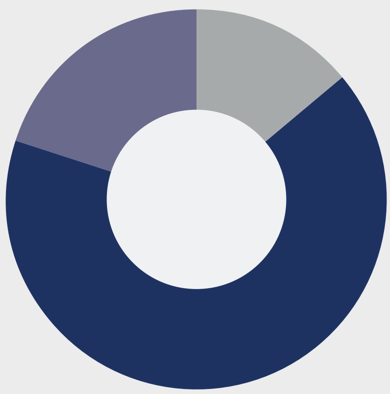
Pharmacy2U
Leading online pharmacy in the UK

Third Party Fund Investments
European Capital Private Debt Fund LP

Sector Diversification



Instrument Diversification



Luceco plc

Leading supplier of LED lighting and electrical accessories

Key facts

Location:	**UK / China**
Sector:	**Wiring Accessories & LED**
Type of deal:	**Buyout**
Equity holding:	**27.4%**
Financial year:	**December**
Latest sales:	**£172.0m (2019)**

Description

Luceco plc is a manufacturer and distributor of electrical accessories and LED lighting products to the UK and, increasingly, international markets. The business is headquartered in the UK and has a Chinese manufacturing facility and several international sales offices.

Background

Luceco plc is a manufacturer of wiring accessories, predominantly switches and sockets, under the British General and Masterplug brands. Luceco also supplies to the LED lighting market under the Luceco and Kingfisher brands. In 2007, the business established a Chinese manufacturing facility which has been subsequently expanded twice. The facility has provided Luceco plc with supply chain flexibility and margin efficiencies. In October 2016, Luceco plc was admitted to trading on the Main Market of the London Stock Exchange.

Recent Developments

On 8 September 2020, Luceco released its interim results for the six months ended 30 June 2020. The business announced that revenue in the period was 13.4 per cent, lower than the prior year but outperforming the wider UK market and with demand steadily improving as the period progressed. The business achieved adjusted operating profit of £9.0 million, £1.8 million greater than the prior year, driven by gross margin improvements and careful control of overheads. The business announced strong cash conversion, with adjusted free cash flow doubling compared to the prior year, sufficient to reduce net debt to 0.8x last 12 month EBITDA. In addition, the business announced the reinstatement of dividends at the interim stage, including payment of dividends prudently suspended earlier in the year.

Whittard of Chelsea

Speciality tea, coffee and hot chocolate brand

Key facts

Location:	**Oxfordshire**
Sector:	**Consumer**
Type of deal:	**Turnaround**
Equity holding*:	**85.3%**
Financial year:	**December**
Latest sales:	**£42.4m (2019)**

Description

Whittard of Chelsea ("Whittard") is a British heritage brand supplying a range of premium teas, coffees and hot chocolate to a global consumer market. The business operates an established omni-channel platform spanning retail (47 UK stores), e-commerce (UK site with global distribution), China (Tmall e-commerce platform and developing physical strategy), wholesale and franchise.

Background

Founded by Walter Whittard in 1886, Whittard has accumulated over 130 years of specialist expertise, establishing strong brand recognition and a loyal customer base. Since the acquisition in 2008, EPE and management have led the successful turnaround of Whittard by restructuring its operations, developing a scalable omni-channel platform and investing in the brand to establish a premium positioning appropriate to the brand's heritage.

Recent Developments

Whittard experienced unprecedented challenges to trading during the period. Whittard's UK retail portfolio was closed on 21 March 2020, in line with government advice. The business has subsequently initiated a phased re-opening of its store estate, commencing 19 June 2020. The impact on sales performance in the period was partially mitigated by significant outperformance in the business' e-commerce platform.

Outlook

Retail trading is expected to be impacted in the medium term by decreased UK and international consumer footfall. The business is realigning its cost base and operations in line with expected levels of trading. The business has no external debt facilities and has taken appropriate actions to preserve liquidity. Over the long term, Whittard's strong brand and omni-channel platform is well positioned to take advantage of international growth opportunities, benefitting from the macro consumer trends for premiumisation and health and wellness and the appetite internationally for heritage British brands.

* On a non-diluted basis

David Phillips

Leading furniture provider to the UK property sector

Key facts

Location:	**London**
Sector:	**Property Services**
Type of deal:	**Turnaround**
Equity holding*:	**40.0%**
Financial year:	**March**
Latest sales:	**£40.4m (2020)**

Description

David Phillips provides furniture and furnishing services to the UK property sector, supplying owners, managers, agents and developers in the residential, build-to-rent, student accommodation and social housing sectors.

Background

The business was established in 1999 as a London-focused furniture supplier and has since expanded through acquisitions, increasing its geographic reach and product offering to become a market leader.

Recent Developments

David Phillips' performance was pleasing despite the lockdown, as it entered the period of disruption with a developed and committed sales pipeline. The efforts of the business' management during the turnaround of David Phillips were focused on improving the financial resilience and operational flexibility of the business, which positioned the business well for the macro disruption. In response to the spread of COVID-19 and reduced activity in the UK property sector, the business moth-balled parts of its trading operations and benefitted from available government support (including the job retention scheme).

Outlook

All business divisions have resumed trading as restrictions have eased and the business is expecting to partially catch-up a portion of the sales lost in Q2 2020 over the remainder of the year. The IA and the management team are closely monitoring the property market to be able to respond to the systematic market changes brought about by the COVID-19 pandemic. The IA believes the business is well placed to take advantage of these trends with a diversified customer base across both the individual and institutional residential property market. Over the long term, significant growth opportunities have been identified, both to consolidate the UK market it currently services and to widen its offering to new markets.

* On a non-diluted basis

Pharmacy2U

Leading online pharmacy in the UK

Key facts

Location:	**West Yorkshire**
Sector:	**Healthcare**
Type of deal:	**Growth**
Equity holding*:	**1.8%**
Financial year:	**March**
Latest sales:	**£60.7m (2019)**

Description

Pharmacy2U is focussed on delivering repeat NHS prescriptions to patients in the community. Repeat prescriptions comprise c.80 per cent. of the c.£10 billion NHS community prescription market. Pharmacy2U benefits from highly attractive customer dynamics, with low churn rates following patient acquisition and significant lifetime value. Pharmacy2U operates from a facility in Leeds which employs automated dispensing systems and has substantial capacity to support growth.

Background

Pharmacy2U created the concept of online pharmacy and, in conjunction with the NHS, developed the Electronic Prescription Service technology. The technology allows for prescriptions to be electronically signed by doctors and medicines to be delivered direct to the home.

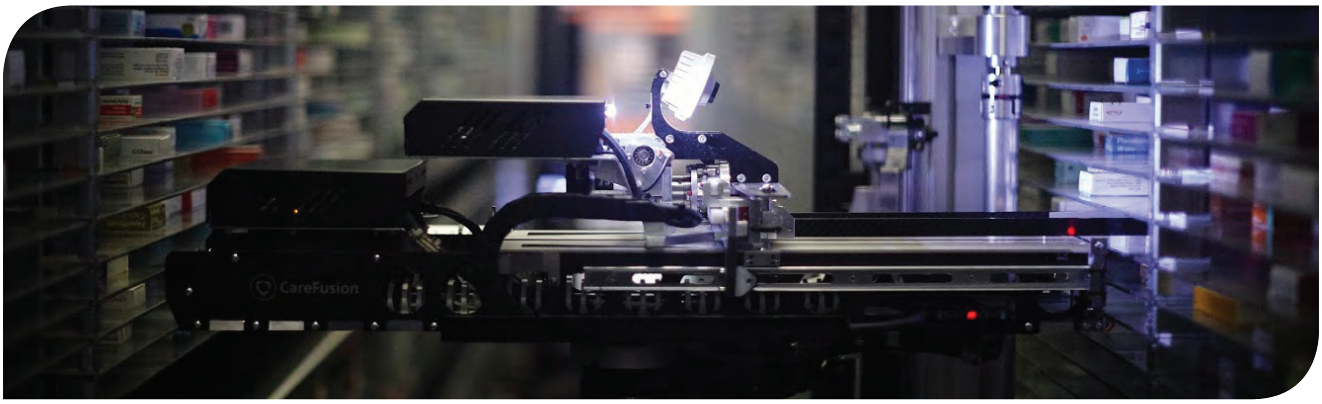
Recent developments

Pharmacy2U has performed well over the period. As the UK's leading online pharmacy, the business has benefitted from a national shift to online fulfilment solutions, delivering a significant increase in both patient numbers and sales over the period.

Outlook

Pharmacy2U remains focussed on consolidating its position as the UK's leading online pharmacy by acquiring patients with NHS repeat prescription requirements. Development of a new distribution facility in Leicestershire is expected to underpin the next stage of growth.

* Post growth capital investment, in March 2018, March 2019 and March 2020 and on a non-diluted basis



ESO portfolio company: Whittard

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Independent Review Report to EPE Special Opportunities Limited

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 July 2020 which comprises Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 July 2020 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the AIM Rules.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM1 1LA

8 September 2020

Statement of Comprehensive Income

For the six months ended 31 July 2020

Note		1 Feb 2020 to 31 Jul 2020 Revenue (unaudited) £	Capital (unaudited) £	Total (unaudited) £	1 Feb 2019 to 31 Jul 2019 Total (unaudited) £	1 Feb 2019 to 31 Jan 2020 Total (audited)
	Income					
	Interest income	1,398	–	1,398	94,630	101,566
	(Losses)/gains on investments	–	(2,439,705)	(2,439,705)	14,453,782	39,568,491
	Total income/(loss)	**1,398**	**(2,439,705)**	**(2,438,307)**	**14,548,412**	**39,670,057**
	Expenses					
5	Investment advisor's fees	(937,976)	–	(937,976)	(747,247)	(1,642,504)
14	Directors' fees	(77,000)	–	(77,000)	(77,000)	(154,264)
6	Share based payment expense	(217,715)	–	(217,715)	(42,695)	(71,158)
7	Other expenses	(342,047)	–	(342,047)	(905,733)	(1,257,703)
	Total expense	**(1,574,738)**	**–**	**(1,574,738)**	**(1,772,675)**	**(3,125,629)**
	(Loss)/profit before finance costs and tax	**(1,573,340)**	**(2,439,705)**	**(4,013,045)**	**(12,775,737)**	**36,544,428**
	Finance charges					
13	Interest on unsecured loan note instruments	(159,842)	–	(159,842)	(159,842)	(319,685)
	(Loss)/profit for the year before taxation	**(1,733,182)**	**(2,439,705)**	**(4,172,887)**	**12,615,895**	**36,244,743**
	Taxation	**–**	**–**	**–**	**–**	**–**
	(Loss)/profit for the year	**(1,733,182)**	**(2,439,705)**	**(4,172,887)**	**12,615,895**	**36,244,743**
	Other comprehensive income	**–**	**–**	**–**	**–**	**–**
	Total comprehensive (loss)/income	**(1,733,182)**	**(2,439,705)**	**(4,172,887)**	**12,615,895**	**36,244,743**
	Basic (loss)/earnings per ordinary share (pence)	(5.27)	(7.42)	(12.69)	**40.50**	**112.86**
	Diluted (loss)/earnings per ordinary share (pence)	(5.27)	(7.42)	(12.69)	**40.50**	**112.86**

The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the EU. The supplementary revenue return and capital return columns are prepared in accordance with the Board of Directors' agreed principles. All items derive from continuing activities.

The accompanying notes form an integral part of these financial statements

Statement of Financial Position

As at 31 July 2020

Note		31 July 2020 (unaudited) £	31 January 2020 (audited) £	31 July 2019 (unaudited) £
	Non-current assets			
8	Investments at fair value through profit or loss	82,107,768	83,382,923	59,965,060
		82,107,768	**83,382,923**	**59,965,060**
	Current assets			
	Cash and cash equivalents	22,150,379	25,604,783	26,177,016
	Trade and other receivables	175,798	235,211	214,434
		22,326,177	**25,839,994**	**26,391,450**
	Current liabilities			
	Trade and other payables	(641,238)	(1,028,704)	(823,939)
	Net current assets	**21,684,939**	**24,811,290**	**25,567,511**
	Non-current liabilities			
13	Unsecured loan note instruments	(3,946,520)	(3,936,217)	(3,925,914)
		(3,946,520)	**(3,936,217)**	**(3,925,914)**
	Net assets	**99,846,187**	**104,257,996**	**81,606,657**
	Equity			
10	Share capital	1,730,828	1,726,953	1,707,589
	Share premium	13,619,627	13,489,826	13,489,826
	Capital reserve	81,845,729	84,285,434	59,170,725
	Revenue reserve	2,650,003	4,755,783	7,238,517
	Total equity	**99,846,187**	**104,257,996**	**81,606,657**
	Net asset value per share (pence)	**303.04**	**317.18**	**245.54**

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity

For the six months ended 31 July 2020

Note		Six months ended 31 July 2020 (unaudited) Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
	Balance at 1 February 2020	1,726,953	13,489,826	84,285,434	4,755,783	104,257,996
	Total comprehensive loss for the period	–	–	(2,439,705)	(1,733,182)	(4,172,887)
	Contributions by and distributions to owners					
6	Share based payment charge	–	–	–	217,715	217,715
	Share ownership scheme participation	–	–	–	(20,497)	(20,497)
	Provision for future settlement	–	–	–	216,324	216,324
6	Share acquisition for JSOP scheme	–	–	–	(786,140)	(786,140)
	Issue of new shares	3,875	129,801	–	–	133,676
	Total transactions with owners	**3,875**	**129,801**	**–**	**(372,598)**	**(238,922)**
	Balance at 31 July 2020	**1,730,828**	**13,619,627**	**81,845,729**	**2,650,003**	**99,846,187**

Note		Year ended 31 January 2020 (audited) Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
	Balance at 1 February 2019	1,503,286	3,867,209	44,716,943	9,725,035	59,812,473
	Total comprehensive income/(loss) for the year	–	–	39,568,491	(3,343,748)	36,224,743
	Contributions by and distributions to owners					
6	Share based payment charge	–	–	–	71,158	71,158
	Share ownership scheme participation	–	–	–	64,980	64,980
	Provision for future settlement	–	–	–	(350,000)	(350,000)
	Purchase of shares	–	–	–	(1,411,642)	(1,411,642)
	Issue of new shares	223,667	9,622,617	–	–	9,846,284
	Total transactions with owners	**223,667**	**9,622,617**	**–**	**(1,625,504)**	**8,220,780**
	Balance at 31 January 2020	**1,726,953**	**13,489,826**	**84,285,434**	**4,755,783**	**104,257,996**

Note		Six months ended 31 July 2019 (unaudited) Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
	Balance at 1 February 2019	1,503,286	3,867,209	44,716,943	9,725,035	59,812,473
	Total comprehensive income/(loss) for the period	–	–	14,453,782	(1,837,887)	12,615,895
	Contributions by and distributions to owners					
6	Share based payment charge	–	–	–	42,695	42,695
	Cash received from JSOP participants	–	–	–	77,866	77,866
	Purchase of treasury shares	(19,364)	–	–	(769,192)	(788,556)
	Issue of new shares	223,667	9,622,617	–	–	9,846,284
	Total transactions with owners	**204,303**	**9,622,617**	**–**	**(648,631)**	**9,178,289**
	Balance at 31 July 2019	**1,707,589**	**13,489,826**	**59,170,725**	**7,238,517**	**81,606,657**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the six months ended 31 July 2020

Note		1 Feb 2020 to 31 Jul 2020 (unaudited) £	1 Feb 2019 to 31 Jan 2020 (audited) £	1 Feb 2019 to 31 Jul 2019 (unaudited) £
	Operating activities			
	Interest income received	1,398	17,574	10,639
	Expenses paid	(1,335,075)	(2,718,136)	(1,227,634)
	Net cash used in operating activities	**(1,333,677)**	**(2,700,562)**	**(1,216,995)**
	Investing activities			
	Purchase of investments	(1,000,000)	(700,000)	(700,000)
	Sales of investments	–	942,505	–
	Capital distribution from associates	–	768,650	–
	Loan to associates	(164,550)	(185,683)	(171,374)
	Net cash (used in)/generated from investing activities	**(1,164,550)**	**825,472**	**(871,374)**
	Financing activities			
	Unsecured loan note interest paid	(149,540)	(299,080)	(149,540)
	Purchase of shares	–	(1,411,642)	(788,556)
	Share acquisition for JSOP scheme	(786,140)	–	–
	Share ownership scheme participation	(20,497)	64,980	77,866
	Net cash used in financing activities	**(956,177)**	**(1,645,742)**	**(860,230)**
	Decrease in cash and cash equivalents	(3,454,404)	(3,520,832)	(2,948,599)
	Cash and cash equivalents at start of period/year	25,604,783	29,125,615	29,125,615
	Cash and cash equivalents at end of period/year	**22,150,379**	**25,604,783**	**26,177,016**

The accompanying notes form an integral part of these financial statements

Notes to the Financial Statements

For the six months ended 31 July 2020

1 The Company

The Company was incorporated with limited liability in the Isle of Man on 25 July 2003. The Company then re-registered under the Isle of Man Companies Act 2006, with registration number 008597V. On 11 September 2018, the Company re-registered under the Bermuda Companies Act 1981, with registration number 53954. The Company moved its operations to Jersey with immediate effect on 17 May 2017 and has subsequently operated from Jersey only.

The Company's ordinary shares are quoted on AIM, a market operated by the London Stock Exchange, and the Growth Market of the Aquis Stock Exchange (formerly the NEX Exchange).

The interim financial statements are as at and for the six months ended 31 July 2020 comprise the Company and its associates. The interim financial statements are unaudited.

The financial statements of the Company as at and for the year ended 31 January 2020 are available upon request from the Company's business office at Liberation House, Castle Street, St Helier, Jersey, JE1 2LH and the registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, or at www.epespecialopportunities.com.

At 31 July 2020, the Company has two wholly owned subsidiary companies. EPIC Reconstruction Property Company (IOM) Limited, a company incorporated on 29 October 2005 in the Isle of Man and Corvina Limited, a company incorporated on 16 November 2012 in the Isle of Man.

At 31 July 2020, the Company also had interests in five partnerships and three limited companies that are treated as associates. The partnerships comprise one limited liability partnership and four limited partnerships.

The principal activity of the Company and its associates is to arrange income yielding financing for growth, buyout and special situations and holding the investments and its associates with a view to exiting in due course at a profit.

The Company has no employees.

2 Statement of compliance

These interim financial statements for the six months ended 31 July 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with Company's last annual financial statements as at and for the year ended 31 January 2020. They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

In the Statement of Cash Flows, loans to associates have been presented in investing activities. In the prior period/year financial statements they were presented in operating activities. The comparatives have been revised to correspond with the presentation adopted in the current period. This change in presentation for the comparatives has had no effect on net profit/loss or net assets.

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 September 2020.

3 Significant accounting policies

COVID 19 Impact:

The COVID-19 pandemic has had a significant impact on the valuation multiples, derived from quoted comparables, used in the preparation of the fair market valuation of the Company's unquoted investments. These quoted comparables are subject to both market volatility and uncertainty due to the impact of the pandemic and their trading outlook. The performance and financial position forecasted for the Company's portfolio is subject to the wider market uncertainty caused by the COVID-19 pandemic. These inputs have been used in the preparation of the fair market valuation of the Company's unquoted investments.

4 Financial risk management

The financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 January 2020.

5 Investment advisory, administration fees and profit share

Investment advisory fees

Company

The investment advisory fee payable to EPIC Private Equity LLP ("EPE") is assessed and payable at the end of each fiscal quarter and is calculated as 2 per cent. of the Company's NAV where the Company's NAV is less than £100 million; otherwise the investment advisory fee shall be calculated as the greater of £2.0 million or the sum of 2 per cent. of the Company's NAV comprising Level 3 portfolio assets (i.e. unquoted assets), 1 per cent. of the Company's NAV comprising Level 1 assets (i.e. quoted assets), no fees on assets which are managed or advised by a third party manager, 0.5 per cent. of the Company's net cash (if greater than nil), and 2 per cent. of the Company's net cash (if less than nil) (i.e. reducing fees for net debt positions).

The charge for the current period was £937,976 (for the period ended 31 July 2019: £747,247; year ended 31 January 2020: £1,642,504). The amount outstanding as at 31 July 2020 was £500,000 (for the period ended 31 July 2019: £417,863; year ended 31 January 2020: £500,000).

Administration fees

EPE Administration Limited provides accounting and financial administration services to the company. The fee payable to EPE Administration Limited is assessed and payable at the end of each fiscal quarter and is calculated as 0.15 per cent. of the Company's NAV where the Company's NAV is less than £100 million (subject to a minimum fee of £35,000); otherwise the advisory fee shall be calculated as 0.15 per cent. of £100 million plus a fee of 0.1 per cent. of the excess of the Company's NAV above £100 million.

The charge for the current period was £70,242 (for the period ended 31 July 2019: £57,012; for the year ended 31 January 2020: £125,732).

Other administration fees during the period were £27,441 (for the period ended 31 July 2019: £28,416; for the year ended 31 January 2020: £72,499).

Profit share in ESO Investments 1 Limited

The distribution policy of ESO Investments 1 Limited includes an allocation of profits to the Investment Advisor such that, for each investment where a returns hurdle of 8 per cent. per annum has been achieved, the Investment Advisor is entitled to receive 20 per cent. of the increase in the base value of investment. For the period ended 31 July 2020, £1,633,929 has been credited to the profit share account of the Investment Advisor in the records of ESO Investments 1 Limited.

Profit share in ESO Investments 2 Limited

The distribution policy of ESO Investments 2 Limited includes an allocation of profit to the Investment Advisor such that, for each investment where a returns hurdle of 8 per cent. per annum has been achieved, the Investment Advisor is entitled to receive 20 per cent. of the increase in the base value of investment. For the period ended 31 July 2020, £4,736,542 has been credited to the profit share account of the Investment Advisor in the records of ESO Investments 2 Limited.

6 Share-based payment expense

Certain employees (including Directors) of the Company and the Investment Advisors receive remuneration in the form of equity settled share-based payment transactions, through a Joint Share Ownership Plan ("JSOP").

The cost of equity settled transactions with certain Directors of the Company and other participants (including employees, members and consultants of the Investment Advisor) ("Participants") is measured by reference to the fair value at the date on which they are granted. The fair value is determined based on the share price of the equity instrument at the grant date.

The Trust was created to award shares to Participants as part of the JSOP. Participants are awarded a certain number of shares ("Matching Shares") which are subject to a three-year service vesting condition from the grant date. In order to receive their Matching Share allocation Participants are required to purchase shares in the Company on the open market ("Bought Shares").The Participant will then be entitled to acquire a joint ownership interest in the Matching Shares for the payment of a nominal amount, on the basis of one joint ownership interest in one Matching Share for every Bought Share they acquire in the relevant award period.

The Trust holds the Matching Shares jointly with the Participant until the award vests. These shares carry the same rights as rest of the ordinary shares.

The Trust held 1,419,004 (for the period ended 31 July 2019: 1,035,624; for the year ended 31 Jan 2020: 956,569) matching shares at the period end which have traditionally not voted.

During the period, 462,435 shares were acquired by the Trust for the JSOP scheme (2020: nil). No shares were vested during the period to the JSOP participants (2020: 79,055). No shares were awarded to the JSOP participants in the period (2020: 856,058).

The amount expensed in the income statement has been calculated by reference to the grant date at a fair value of the equity instrument and the estimated number of equity instruments to be issued after the vesting period, less the amount paid for the joint ownership interest in the Matching Shares. The total expense recognised on the share-based payments during the period amounts to £217,715 (for the period ended 31 July 2019: £42,695; for the year ended 31 Jan 2020: £71,158).

7 Other expenses

The breakdown of other expenses presented in the statement of comprehensive income is as follows:

	1 Feb 2020 to 31 Jul 2020 (unaudited) Total £	1 Feb 2019 to 31 Jul 2019 (unaudited) Total £	1 Feb 2019 to 31 Jan 2020 (audited) Total £
Administration fees	(97,683)	(85,428)	(198,231)
Directors' and officers' insurance	(11,103)	(11,496)	(22,665)
Professional fees	(136,941)	(675,530)	(780,440)
Board meeting and travel expenses	(1,981)	(3,102)	(16,425)
Auditors' remuneration	(36,535)	(33,376)	(50,000)
Bank charges	(303)	(566)	(1,095)
Irrecoverable VAT	(450)	(450)	(600)
Sundry expenses	(6,209)	(6,402)	(48,556)
Nominated advisor and broker fees	(29,072)	(26,994)	(55,740)
Listing fees	(21,755)	(60,636)	(81,591)
Net foreign exchange loss	(15)	(1,753)	(2,360)
Other expenses	**(342,047)**	**(905,733)**	**(1,257,703)**

8 Investments at fair value through profit or loss

	31 July 2020 (unaudited) £	31 January 2020 (audited) £	31 July 2019 (unaudited) £
Investments at fair value through profit and loss	82,107,768	83,382,923	59,965,060
	82,107,768	**83,382,923**	**59,965,060**

Investment roll forward schedule

	31 July 2020 (unaudited)	31 January 2020 (audited)	31 July 2019 (unaudited)
Investments at fair value as at 1 February	83,382,923	34,793,620	34,793,620
Purchase of investments	1,000,000	700,000	700,000
Sale of investments	–	(942,505)	–
Distributions	–	(768,650)	–
Buyout of accrued carried interest	–	9,846,284	9,846,284
Fair value movements	(2,439,705)	39,568,491	14,453,782
Loan to associates	164,550	185,683	171,374
Investments at fair value as at 31 July/January	**82,107,768**	**83,382,923**	**59,965,060**

Investment in associates

Investments in associates comprise equity and debt investments in ESO Investments 1 LP, ESO Alternative Investments LP, ESO Investments 1 Limited, ESO Investments 2 Limited, ESO Investments (DP) Limited and ESO Investments (PC) LLP which are stated at fair value through profit and loss. The associates have also accounted for their equity and debt investments at fair value.

9 Fair value of financial instruments

The Company determines the fair value of financial instruments with reference to IPEV guidelines and the valuation principles of IFRS 13 (Fair Value Measurement). The Company measures fair value using the IFRS 13 fair value hierarchy, which reflects the significance and certainty of the inputs used in deriving the fair value of an asset:

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation framework

The Company employs the valuation framework detailed below with respect to the measurement of fair values. A valuation of the Company's investments is prepared by the Investment Advisor with reference to IPEV guidelines and the valuation principles of IFRS 13 (Fair Value Measurement). The Investment Advisor recommends these valuations to the Board of Directors. The Board of Directors considers the valuations recommended by the Investment Advisor, determines any amendments required and thereafter adopts the fair values presented in the Company's financial statements.

9 Fair value of financial instruments (continued)

Quoted equity investments

Quoted investments traded in an active market are classified as Level 1 in the IFRS 13 fair value hierarchy. The Company's investment in Luceco is a Level 1 asset. For Level 1 assets, the Company calculates the holding value from the latest market price (without adjustment).

Unquoted private equity investments and third party fund investments

Private equity investments and third party fund investments are classified as Level 3 in the IFRS 13 fair value hierarchy. The Company's investments in Whittard, David Phillips, Pharmacy2U and European Capital Private Debt Fund are considered to be Level 3 assets. Various valuation techniques may be applied in determining the fair value of investments held as Level 3 in the fair value hierarchy;

- For recently acquired assets, the Company considers the investment cost an applicable fair value for the asset;
- For underperforming assets, the Company considers the net asset or recovery valuation more applicable, in particular where the business' performance be contingent on shareholder financial support;
- For performing assets, the Company considers the market approach to be the most appropriate with a specific focus on trading comparables, applied on a forward basis. The Company will also consider transaction comparables, applied on a historic basis;
- For assets managed and valued by third party managers, the Company reviews the valuation methodology of the third party manager. If deemed appropriate and consistent with the Company's reporting standards, the Company will use the valuation prepared by the third party manager.

The Investment Advisor believe that it is appropriate to apply an illiquidity discount to the multiples of comparable companies when using them to calculate valuations for small, private companies. This discount adjusts for the difference in size between generally larger comparable companies and the smaller assets being valued. The illiquidity discount also incorporates the premium the market gives to comparable companies for being freely traded or listed securities. The Investment Advisor has determined between 15 per cent. and 25 per cent. to be an appropriate illiquidity discount with reference to market data and transaction multiples seen in the market in which the Investment Advisor operates.

Where portfolio investments are held through subsidiary/associate holding companies, the net assets of the holding company are added to the value of the portfolio investment being assessed to derive the fair value of the holding company held by the Company.

Fair value hierarchy – Financial instruments measured at fair value

The table below analyses the underlying investments held by the associates measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. Debt securities are also included, as these are also stated at fair value with the Board assessing the fair value of the total investment, which includes debt and equity. The amounts are based on the values recognised in the statement of financial position of the associates. All fair value measurements below are recurring.

9 Fair value of financial instruments continued

31 July 2020	Level 1 £	Level 3 £	Total £
Financial assets at fair value through profit or loss			
Unquoted private equity investments (including debt)	–	22,179,014	22,179,014
Third party private debt fund investment	–	1,393,452	1,393,452
Quoted private equity investments	57,306,094	–	57,306,094
Investments at fair value through profit or loss	**57,306,094**	**23,572,466**	**80,878,560**
Other asset and liabilities	–	1,229,208	1,229,208
Total investments at fair value through profit or loss	**57,306,094**	**24,801,674**	**82,107,768**

31 January 2020	Level 1 £	Level 3 £	Total £
Financial assets at fair value through profit or loss			
Unquoted private equity investments (including debt)	–	23,892,971	23,892,971
Third party private debt fund investment	–	1,512,259	1,512,259
Quoted private equity investments	57,227,830	–	57,227,830
Investments at fair value through profit or loss	**57,227,830**	**25,405,230**	**82,633,060**
Other asset and liabilities	–	749,863	749,863
Total investments at fair value through profit or loss	**57,227,830**	**26,155,093**	**83,382,923**

The following table, detailing the value of portfolio investments only, shows a reconciliation of the opening balances to the closing balances for fair value measurements in level 3 of the fair value hierarchy for the underlying investments held by the associates.

Unlisted private equity investments (including debt)	31 July 2020 (unaudited) £	31 January 2020 (audited) £
Balance as at 1 February	25,405,230	14,209,340
Additions to investments	1,000,000	700,000
Capital distributions from investments	(207,348)	(247,693)
Change in fair value through profit and loss	(2,625,416)	10,743,583
Balance as at 31 July/31 January	**23,572,466**	**25,405,230**

9 Fair value of financial instruments (continued)

Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 July 2020 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 January 2020 £	Valuation technique
Unquoted private equity investments (including debt)	22,179,014	Sales/EBITDA multiple
Third party private debt fund investment	1,393,452	Reported net asset value

Significant unobservable inputs are developed as follows:

- Trading comparable multiple: valuation multiples used by other market participants when pricing comparable assets. Relevant comparable assets are selected from public companies determined to be proximate to the Company's investment based on similarity of sector, size, geography or other relevant factors. The valuation multiple for a comparable company is determined by calculating the enterprise value of the company implied by its market price as at the reporting date and dividing by the relevant financial metric (sales or EBITDA).
- Recovery valuation: the value estimated to able to be recovered by stakeholders in the event of the trade out of the business. The total amount available to be distributed is determined by calculating the value able to be realised from the liquidation of the business' assets and the sale of any ring fenced divisions.
- Reported net asset value: for assets managed and valued by a third party, the manager provides the Company with periodic valuations of the Company's investment. The Company reviews the valuation methodology of the third party manager. If deemed appropriate and consistent with the Company's reporting standards, the Board will adopt the valuation prepared by the third party manger.

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements of Level 3 assets, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on the Level 3 investment valuations:

- For the Company's investment in mature Level 3 assets, the valuations used in the preparation of the financial statements imply an average EV to EBITDA multiple of 7.8x (weighted by each asset's total valuation) (2020: 5.6x). The key unobservable inputs into the preparation of the valuation of mature Level 3 assets was the EV to EBITDA multiple applied to the asset's financial forecasts. If these inputs had been taken to be 25 per cent. higher, the value of the Level 3 assets and profit for the period would have been £4,374,948 higher. If these inputs had been taken to be 25 per cent. lower, the value of the Level 3 assets and profit for the period would have been £4,374,948 lower. A corresponding increase or decrease in the asset's financial forecasts would have a similar impact on the Company's assets and profit.
- For the Company's investment in growth Level 3 assets, the valuations used in the preparation of the financial statements imply an average EV to sales multiple of 0.5x (weighted by each asset's total valuation) (2020: 0.5x). The key unobservable inputs into the preparation of the valuation of growth Level 3 assets were the EV to sales multiple applied to the asset's financial forecasts. If these inputs had been taken to be 25 per cent. higher, the value of the Level 3 assets and profit for the period would have been £218,529 higher. If these inputs had been taken to be 25 per cent. lower, the value of the Level 3 assets and profit for the period would have been £218,529 lower. A corresponding increase or decrease in the asset's financial forecasts would have a similar impact on the Company's assets and profit.

Financial instruments not measured at fair value

The carrying value of short-term financial assets and financial liabilities (cash, debtors and creditors) approximate their fair value. The carrying value of the convertible and the new loan note instruments are also considered to approximate fair value.

10 Share capital

	31 July 2020 (unaudited)		31 January 2020 (audited)		31 July 2019 (unaudited)	
	Number	£	Number	£	Number	£
Authorised share capital						
Ordinary shares of 5p each	45,000,000	2,250,000	45,000,000	2,250,000	45,000,000	2,250,000
Called up, allotted and fully paid						
Ordinary shares of 5p each	34,616,554	1,730,828	34,539,061	1,726,953	34,539,061	1,726,953
Ordinary shares of 5p each held in treasury	(1,668,251)	–	(1,668,251)	–	(1,303,528)	(19,364)
	32,948,303	1,730,828	32,870,810	1,726,953	33,235,533	1,707,589

11 Basic and diluted loss per share (pence)

Basic loss per share is calculated by dividing the loss of the Company for the period attributable to the ordinary shareholders of (£4,172,887) (for the period ended 31 July 2019: profit of £12,615,895; for the year ended 31 January 2020: profit of £36,224,743) divided by the weighted average number of shares outstanding during the period of 32,885,795 after excluding treasury shares (for the period ended 31 July 2019: 31,149,678; for the year ended 31 January 2020: 32,095,510).

Diluted loss per share is calculated by dividing the loss of the Company for the period attributable to ordinary shareholders of (£4,172,887) (for the period ended 31 July 2019: profit of £12,615,895; for the year ended 31 January 2020: profit of £36,224,743) divided by the weighted average number of ordinary shares outstanding during the period, as adjusted for the effects of all dilutive potential ordinary shares, of 32,885,795 after excluding treasury shares (for the period ended 31 July 2019: 31,149,678; for the year ended 31 January 2020: 32,095,510).

12 NAV per share (pence)

The Company's NAV per share of 303.04 pence (for the period ended 31 July 2019: 245.54 pence; for the year ended 31 January 2020: 317.18 pence) is based on the net assets of the Company at the period end of £99,846,187 (for the period ended 31 July 2019: £81,606,657; for the year ended 31 January 2020: £104,257,996) divided by the shares in issue at the end of the period of 32,948,303 after excluding treasury shares (for the period ended 31 July 2019: 33,235,533; for the year ended 31 January 2020: 32,870,810).

The Company's diluted NAV per share of 303.04 pence (for the period ended 31 July 2019: 245.54 pence; for the year ended 31 January 2020: 317.18 pence) is based on the net assets of the Company at the period end of £99,846,187 (for the period ended 31 July 2019: £81,606,657; for the year ended 31 January 2020: £104,257,996) divided by the shares in issue at the end of the period, as adjusted for the effects of dilutive potential ordinary shares of 32,948,303 after excluding treasury shares (for the period ended 31 July 2019: 33,235,533; for the year ended 31 January 2020: 32,870,810).

13 Non-current liabilities

The Company has issued Unsecured Loan Notes ("ULN") which pay interest at 7.5 per cent. per annum and are redeemable on July 23 July 2022 (subject to voluntary early redemption by the Company). At 31 July 2020, £3,987,729 of ULNs in principal amount were outstanding. Issue costs totalling £144,236 have been offset against the value of the loan note instrument and are being amortised over the life of the instrument. The total issue costs expensed in the period ended 31 July 2020 was £10,303 (for the period ended 31 July 2019: £10,303; for the year ended 31 Jan 2020: £20,605). The carrying value of the ULNs in issue at the period end was £3,946,520 (for the period ended 31 July 2019: £3,925,914; for the year ended 31 Jan 2020: £3,936,217). The total interest expense on the ULNs for the period is £159,842 (for the period ended 31 July 2019: £159,842; for the year ended 31 Jan 2020: £319,685). This includes the amortisation of the issue costs.

14 Related parties

Directors' fees expense during the period amounted to £77,000 (for the period ended 31 July 2019: £77,000; for the year ended 31 January 2020: £154,264) of which £12,833 is accrued as at 31 July 2020 (for the period ended 31 July 2019: £12,834; for the year ended 31 January 2020: £12,833).

Certain Directors of the Company and other participants are incentivised in the form of equity settled share-based payment transactions, through a Joint Share Ownership Plan (see note 6).

Five of the Directors have interests in the shares of the Company as at 31 July 2020 (31 July 2019: four). Nicholas Wilson holds 131,265 ordinary shares (31 July 2019: 125,987), Robert Quayle holds 112,577 ordinary shares (31 July 2019: 107,201), Clive Spears holds 133,270 ordinary shares (31 July 2019: 126,493), Heather Bestwick holds 19,263 ordinary shares (31 July 2019: 13,888) and David Pirouet holds 11,162 shares (31 July 2019: nil).

15 Subsequent events

On 19 August 2020, Luceco, the Company's largest asset, updated the market on its financial position and outlook in a RNS announcement. Luceco announced performance ahead of market expectations, with guidance for full year 2020 Adjusted Operating Profit increased from at least £18 million to at least £23 million.

On 1 September 2020, the Company completed a £1.9 million investment in Atlantic Credit Opportunities Fund ("ACOF"), a commingled distressed credit fund which, subject to regulatory approval, will be managed by a subsidiary of the Investment Advisor. The Company will hold its investment in ACOF through ESO Alternative Investments LP ("ESO AI LP"). ESO AI LP's acquisition will diversify the Company's asset class exposure, in line with the Company's stated investment strategy.

For your notes

Company Information

Directors	C.L. Spears *(Chairman)* H. Bestwick D.R. Pirouet R.B.M. Quayle N.V. Wilson
Investment Advisor	EPIC Private Equity LLP Audrey House 16-20 Ely Place London EC1N 6SN
Auditors and Reporting Accountants	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM1 1LA
Bankers	Barclays Bank plc 1 Churchill Place Canary Wharf London E14 5HP HSBC Bank plc 1st Floor 60 Queen Victoria Street London EC4N 4TR Santander International PO Box 545 19-21 Commercial Street St Helier, Jersey, JE4 8XG
Administrator and Company Address	Langham Hall Fund Management (Jersey) Limited Liberation House Castle Street, St Helier Jersey JE1 2LH
Nominated Advisor and Broker	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Registered Agent (Bermuda)	Conyers Dill & Pearman Clarendon House, 2 Church Street Hamilton HM 11 Bermuda
Registrar and CREST Providers	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier JE1 1ES
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