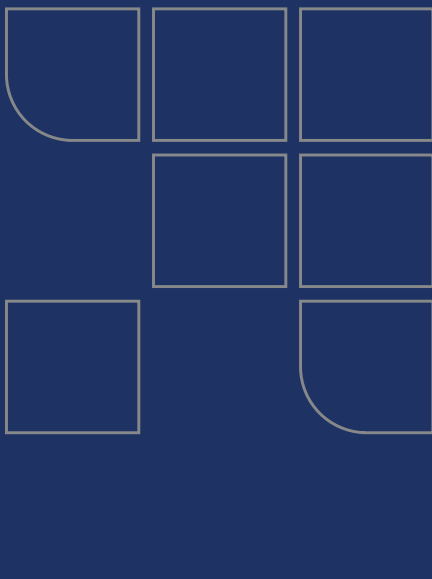


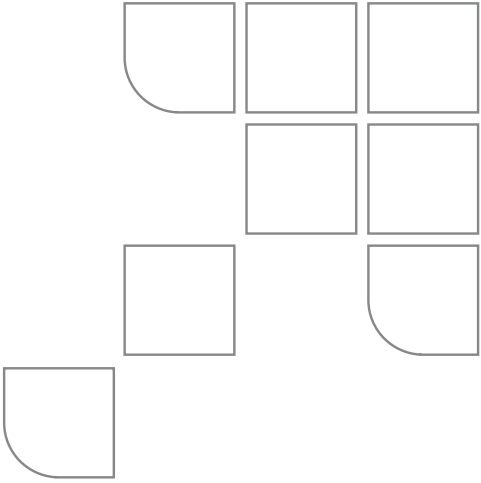


EPE Special Opportunities

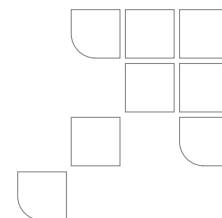
Interim Report | **July 2021**

Interim Report & Unaudited Financial Statements  
for the six months ended 31 July 2021

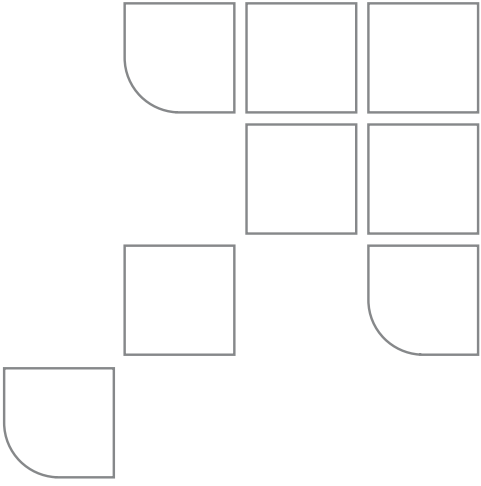




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ESO portfolio asset: The Rayware Group

## Interim Review

# Chairman's Statement

The Company achieved a strong performance in the six months ended 31 July 2021. Overall progress has been made across the portfolio against the backdrop of headwinds caused by the ongoing COVID-19 pandemic. The Board was pleased to announce the Company's investment in Hamsard 3634 Limited, trading as The Rayware Group ("Rayware") in July 2021. The Board and Investment Advisor continue to monitor the improving outlook for the UK economy as social restrictions are relaxed and the vaccination programme nears completion.

The Net Asset Value ("NAV") per share of the Company as at 31 July 2021 was 542.30 pence per share, representing an increase of 23.9 per cent. on the NAV per share of 437.63 pence as at 31 January 2021. The share price of the Company as at 31 July 2021 was 393.00 pence, representing an increase of 45.0 per cent. on the share price of 271.00 pence as at 31 January 2021.

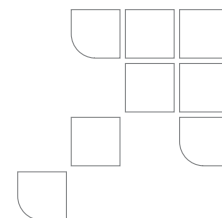
Luceco plc's share price performed strongly, achieving a 49.2 per cent. increase in the six months ended 31 July 2021, with the share price as at 31 July 2021 being 388.00 pence. The business announced strong trading for the six months ended 30 June 2021, achieving profit growth underpinned by market share gains through the COVID period and the defence of margins against inflationary pressures. The business announced full year guidance ahead of market expectations, forecasting sales of at least £220.0 million and operating profit of at least £39.0 million. In June 2021, ESO sold 4.5 million shares in Luceco plc, returning £15.0 million in cash, whilst retaining a 22.1 per cent. holding in the business.

Whittard of Chelsea ("Whittard") continued to face disruption to trading as a result of COVID-19. In line with government restrictions, Whittard's retail stores remained closed until April 2021. Subsequent to the reopening of stores, trading was impacted by reduced tourist volumes and social distancing measures. The business' profitability in the period benefitted from further government support and the agreement of bilateral deals with landlords. Whittard made pleasing progress internationally, securing a new franchise partner in South Korea and new marketplace partners in the US and EU.

David Phillips achieved sales growth and sustained profitability in the period, in the context of a difficult macro trading environment. The business secured a healthy pipeline of large-scale projects in the build-to-rent and institutional developer markets. Looking to the medium term, the business is monitoring the impact of inflationary cost pressures and working capital requirements.

Pharmacy2U continued to execute its growth plan, benefiting from the shift to online pharmacy in the COVID-19 period. The business has achieved EBITDA profitability, aided by the operational leverage of increased scale.

In July 2021, the Company acquired a majority interest in Rayware, a wholesaler of six heritage British homeware brands, including the iconic Kilner and Mason Cash marques, as well as Viners, Typhoon, Ravenhead and Price & Kensington. The business develops and distributes a wide product range including jars, mixing bowls, cutlery, glassware and tableware. Rayware has achieved significant growth, driven by strong relationships with its long-standing customer base, and more recently benefitting from structural trends including home cooking, sustainability and premiumisation. The Company intends to support Rayware to achieve its future growth ambitions by supporting international expansion and the development of a digitally-led channel strategy.



The Company has liquidity of £19.7 million<sup>1</sup> as at 31 July 2021. The Company has £3.9 million of outstanding unsecured loan notes repayable in July 2022 and has no other third-party debt outstanding. The Company is considering raising debt financing of up to £25.0 million to provide additional capital for its strong pipeline of potential investments. Such debt financing options include an interest-bearing loan (listed or unlisted), zero dividend preference shares or a term debt facility and would bear market rate financing costs. Other forms of debt finance may also be contemplated.

The Board would like to welcome Michael Gray, who joined the Board on 2 September 2021 as a non-executive Director. Mr Gray was at The Royal Bank of Scotland for over 30 years, latterly as Managing Director (Corporate) of RBS International, before retiring in 2015. The Board are confident his experience in private equity and the wider financial services sector will be a valuable addition to the Board.

I would like to express my gratitude to my fellow directors and the Investment Advisor for navigating this turbulent period. I look forward to updating shareholders on further progress made by the Company at the year end.

A handwritten signature in black ink that reads "C. Spears". The signature is written in a cursive style with a period at the end.

**Clive Spears**  
*Chairman*  
6 September 2021

<sup>1</sup> Company liquidity is stated inclusive of cash held by associates in which the Company is the sole investor.

# Investment Advisor's Report

The Company achieved pleasing momentum in the six months ended 31 July 2021, with the portfolio navigating the ongoing challenges of the COVID-19 pandemic. The Investment Advisor was pleased to announce the completion of the Company's investment in Rayware and looks forward to developing the attractive growth avenues available to the business. The Investment Advisor continues to review a healthy pipeline of investment opportunities in which to deploy further capital. The Investment Advisor and the Board will endeavour to build on the encouraging performance of the last six months and look forward to updating shareholders at the year end.

## *The Company*

The Net Asset Value ("NAV") per share of the Company as at 31 July 2021 was 542.30 pence per share, representing an increase of 23.9 per cent. on the NAV per share of 437.63 pence as at 31 January 2021. The share price of the Company as at 31 July 2021 was 393.00 pence, representing an increase of 45.0 per cent. on the share price of 271.00 pence as at 31 January 2021.

The Company maintains strong liquidity and prudent levels of third-party leverage. The Company has cash balances of £19.7 million<sup>1</sup> as at 31 July 2021, which are available to support the existing portfolio, meet committed obligations and to deploy into attractive investment opportunities. Net debt in the underlying portfolio stands at 0.6x EBITDA in aggregate. In June 2021, the Company partially sold down its stake in Luceco plc, returning £15.0 million cash to ESO to maintain liquidity and finance new acquisitions.

## *The Portfolio*

The Company's unquoted portfolio is valued at a weighted average enterprise value to EBITDA multiple of 6.4x 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/actuals generally, the valuation reflects the fair value of assets as at the balance sheet date. The Investment Advisor notes that the fair market value of the portfolio remains exposed to a volatile macro environment and consequent equity valuations.

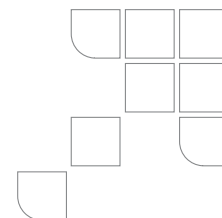
The share price of Luceco plc as at 31 July 2021 was 388.00 pence, representing an increase of 49.2 per cent. vs. 31 January 2021. On 16 July 2021, Luceco released a trading update for the six months ended 30 June 2021,

announcing trading ahead of expectations, with sales of £108.0 million, a 51.0 per cent. increase vs. 2020 and 31.0 per cent. vs. 2019. In addition, the business achieved gross margin of 38.5 per cent. (a 0.1 per cent. increase vs. 2020) and operating profit of £19.0 million (a 115.9 per cent. increase vs. 2020), with profitability successfully defended against inflationary cost pressures. The business announced a full year forecast of at least £220.0 million sales and at least £39.0 million operating profit, ahead of market expectations. In June 2021, ESO sold down 11.2 per cent. of its investment in Luceco plc in the market, providing £15.0 million in funds for new investments.

Whittard of Chelsea ("Whittard") continued to experience challenging trading conditions as a result of the COVID-19 pandemic. Trading was impacted by the closure of the UK retail estate for much of the period, as well as social distancing restrictions subsequent to the reopening of stores. Whittard's online channel continued to perform well, maintaining the increased scale attained in the prior year. In the medium term, reduced tourist volumes are expected to continue to provide a headwind to trading performance. The business continued to make pleasing progress in developing its international presence, securing a new franchise partner in South Korea, and new marketplace partners in the US and EU.

David Phillips continued its positive trajectory in the period despite difficult trading conditions, with sales growth supported by resilience in the Company's high growth business lines, residential projects and fitted. Looking forward, the Investment Advisor and the management team are focused on ensuring successful execution through this high growth period, against a complex background of high input costs, tightness in operational capacity and structural working capital cycle shifts. The Investment Advisor is encouraged by the fact that the business realised considerable structural





improvements through both the initial turnaround phase and through the COVID-19 crisis which should allow the Company to operate efficiently at this higher trading level.

Pharmacy2U continued to grow both sales and registered patients in the period, building on the significant gains made in the prior year. Pharmacy2U has achieved EBITDA profitability, benefitting from the business' significantly increased scale.

In July 2021, the Company acquired a majority interest in Rayware, a wholesaler of six heritage British homeware brands, including the iconic Kilner and Mason Cash marques, as well as Viners, Typhoon, Ravenhead and Price & Kensington. The business develops and distributes a wide product range including jars, mixing bowls, cutlery, glassware and tableware. The business has performed strongly over the recent period, growing sales and gaining market share by maintaining uninterrupted supply to customers through the period of COVID-19 disruption and benefitting from long term market drivers. Looking to the future, the business has a number of attractive growth avenues available, with the Investment Advisor seeking to support the development of an omni-channel strategy across domestic and international markets.

The Investment Advisor continues to monitor the Company's credit fund investments. European Capital Private Debt Fund has completed the deployment of the Company's committed capital in the fund and continues to distribute capital to the Company. Both Atlantic Credit Opportunities Fund and Prelude have achieved strong performance in the period, ahead of the high yield market and hedge fund peers, delivering an 18.4 per cent. return and 17.5 per cent. return respectively in the six months ended 30 June 2021.

The Investment Advisor would like to extend its gratitude to the management and employees of the portfolio for their continuing hard work and welcome the team at Rayware. The Investment Advisor would like to thank the Board and the Company's shareholders for their continued support.

**EPIC Investment Partners LLP**  
*Investment Advisor to the Company*

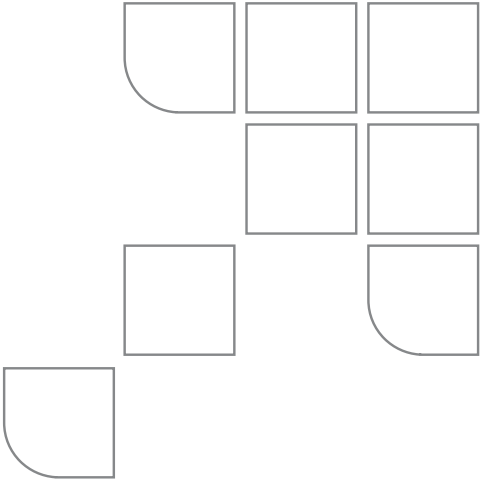
6 September 2021

As at 31 July 2021

NAV per share	542.30 pence
Share price	393.00 pence
Portfolio returns	5.4x MM / 27.6% IRR
Mature unquoted asset valuation <sup>2</sup>	6.4x EV/EBITDA
Portfolio leverage	0.6x Net Third Party Debt/EBITDA

<sup>1</sup> Company liquidity is stated inclusive of cash held by associates in which the Company is the sole investor.

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





ESO portfolio asset: Whittard of Chelsea

## Introduction to EPE Special Opportunities

# EPE Special Opportunities

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

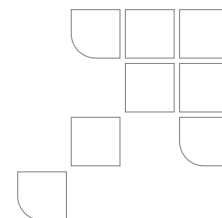
The Company’s shares trade on the AIM market of the London Stock Exchange with the ticker “ESO”.

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 Investment Partners LLP (“EPIC”).





Investment highlights since inception include:

**5.4x**

Portfolio current  
money multiple

**27.6%**

Portfolio  
current IRR

**67.6%**

Premium to NAV  
on last three exits

**25.7%**

10 year  
annualised return

Recent developments:

- 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.
- September 2020: ESO invests £1.9 million in Atlantic Credit Opportunities Fund, a credit opportunities hedge fund.
- November 2020: ESO invests \$2.5 million in a segregated account of Prelude Structured Alternatives Master Fund LP, a multi-manager hedge fund platform.
- November 2020: ESO realises £10.0 million from the sale of shares in Luceco plc and retains a 24.9 per cent. holding.
- June 2021: ESO realises £15.0 million from the sale of shares in Luceco plc and retains a 22.1 per cent. holding.
- July 2021: ESO acquires a majority interest in The Rayware Group, a wholesaler of six heritage British homeware brands.

# EPIC Investment Partners LLP – Investment Advisor

EPIC Investment Partners LLP (“EPIC” or the “Investment Advisor”) was founded in June 2001 and is an independent investment manager wholly owned by its partners.

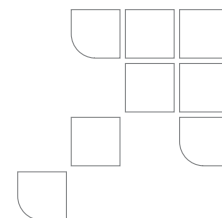
Since inception, EPIC has made 36 investments into small and medium sized companies in the UK and was appointed Investment Advisor to the Company in September 2003.

EPIC 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, EPIC has a complementary business line, Advisory, which provides independent corporate finance advice.



EPIC Investment Partners LLP



### Market-leading track record

36 investments across a broad range of sectors and situations. EPIC has returned 3.1x money multiple and 17.8 per cent. IRR on its investments to 31 July 2021.

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### Highly aligned and stable team

Committed and stable partnership, with average tenure in excess of 10 years. The EPIC team is the largest investor in ESO.

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### Extensive industry network

Longstanding relationships in the UK market provide EPIC with access to c.300 deals per annum. EPIC leverages its network of operating partners to drive portfolio value creation.

---

### Listed market experience

EPIC has a successful track record of advising listed vehicles spanning more than 19 years. In addition to ESO, EPIC has previously advised EPIC plc and EPIC Brand Investments plc and listed Luceco plc.

---

### Complementary business lines

The cross-disciplinary expertise of EPIC's Advisory division allows EPIC 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 EPIC 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.

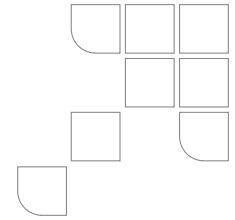
## Growth and operational improvements

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 25.7 per cent. annualised return over the last 10 years. Current portfolio returns are 5.4x MM and 27.6 per cent. IRR to 31 July 2021.

## Access to high quality portfolio

The Company offers investors access to a conservatively valued, high growth portfolio. Mature unquoted assets (excluding assets investing for growth) are valued at 6.4x EBITDA. The combined sales of the portfolio have grown at a CAGR\* of 8.8 per cent. over the last 3 years.

## Established deal pipeline

EPIC consistently targets proprietary deal opportunities. Deals are also sourced from a network of industry contacts including operating partners and corporate finance advisors. EPIC 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

EPIC is a focussed and independent manager with substantial investment in the Company. The EPIC team is the largest investor in 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 – Chairman

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 directorships of a series of ICG plc sponsored funds and funds managed by Kreos Fund Management.

## 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 Deutsche International Corporate Services Limited 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.

## David Pirouet – Chair of the Audit & Risk Committee

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 was previously non-executive Director and Chair of the Audit and Risk committee for GCP Infrastructure Investments (FTSE 250 listed company) until he retired in February 2021.

## Michael Gray

Michael Gray joined The Royal Bank of Scotland in 1983, retiring in 2015 after being Managing Director (Corporate) of RBS International for 10 years. During his 32 years at the firm Michael covered a broad spectrum of financial services including corporate and commercial banking, funds, trusts and real estate. Mr Gray currently holds a number of non-executive positions across private equity, infrastructure and fund management. Michael's appointments currently include non-executive directorships of Triton Investment Management (a Swedish private equity group), GCP Infrastructure Investments (a FTSE 250 listed company), J-Star Jersey Company Limited (a Japanese private equity group), Foresight 4 VCT plc (a listed venture capital fund), Jersey Finance Limited (a Jersey finance not-for-profit), JTC plc (a FTSE 250 listed trust and corporate services company) and TEAM plc (a listed wealth management company).

# Biographies of the Investment Advisor

## Giles Brand

Giles Brand is a Managing Partner and the founder of EPIC. He is currently Non-executive Chairman of Whittard of Chelsea and Luceco plc. Before joining EPIC, 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.

## Robert Fulford

Robert Fulford is a Managing Director at EPIC. He previously worked at Barclaycard Consumer Europe before joining EPIC. 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 EPIC, Robert manages the investments in Whittard of Chelsea, David Phillips and Rayware. Robert read Engineering at Cambridge University.

## Alex Leslie

Alex Leslie is a Managing Director at EPIC. He previously worked in Healthcare Investment Banking at Piper Jaffray before joining EPIC. 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 EPIC, Alex manages the investment in Luceco plc and Rayware. 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.

## Hiren Patel

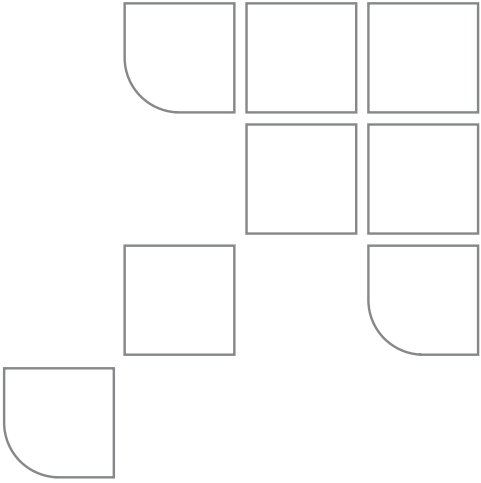
Hiren Patel is a Managing Partner of EPIC. Hiren is responsible for EPIC's Markets and Administration business lines, as well as the group's financial, operational and compliance functions. Hiren has worked in the investment management industry for the past twenty years. Before joining EPIC, Hiren was Group Financial Controller at Groupama Asset Management.

## James Henderson

James Henderson is a Managing Director at EPIC. He previously worked in the Investment Banking division of Deutsche Bank before joining EPIC. 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 EPIC, James manages the investment in Pharmacy2U. James read Modern History at Oxford University and Medicine at Nottingham University.

## Ian Williams

Ian Williams is a Managing Director at EPIC. 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

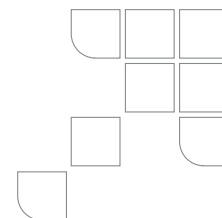
Given its attractive fundamentals, the Investment Advisor believes there is a strong case to invest in the UK lower mid-market. Proprietary deal sourcing is complemented by active engagement within the wider corporate advisory community to communicate the Company's clearly defined investment strategy.

The portfolio is likely to be concentrated, numbering between two and 10 assets at any one time, which allows EPIC 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 EPIC’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 three credit fund investments.



## Luceco plc

Supplier of wiring accessories and LED lighting



## The Rayware Group

Wholesaler of six heritage British homeware brands



## Whittard of Chelsea

Speciality tea, coffee and hot chocolate brand



## David Phillips

Furniture provider to the UK property sector

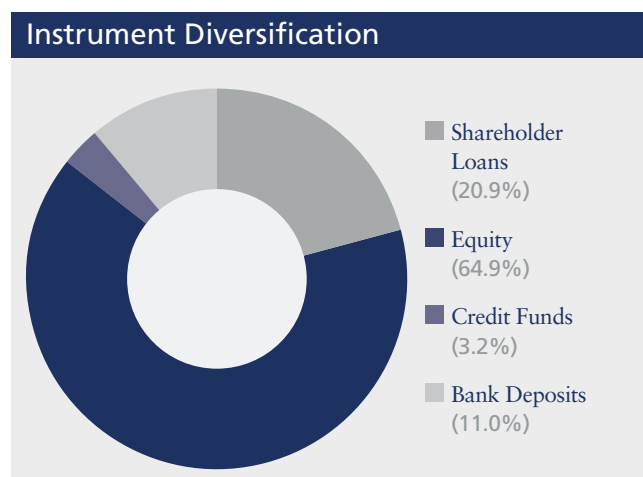
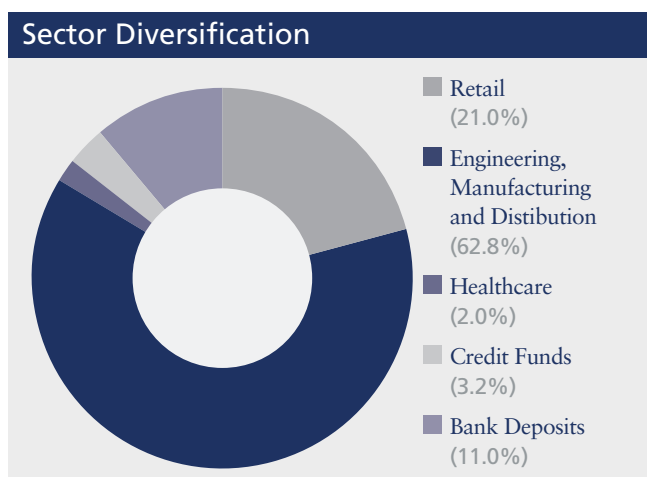


## Pharmacy2U

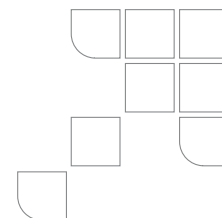
Leading online pharmacy in the UK

## Credit Fund Investments

European Capital Private Debt Fund LP, Atlantic Credit Opportunities Fund and Prelude Structured Alternatives Master Fund LP







## Leading supplier of LED lighting and electrical accessories



### Key facts

Location:	<b>UK / China</b>
Sector:	<b>Wiring Accessories &amp; LED</b>
Type of deal:	<b>Buyout</b>
Equity holding:	<b>22.1%</b>
Financial year:	<b>December</b>
Latest sales:	<b>£176.2m (2020)</b>

### 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 16 July 2021, Luceco released a trading update for the six months ended 30 June 2021, announcing trading ahead of expectations, with sales of £108.0 million, a 51.0% increase vs. 2020 and 31.0% vs. 2019. In addition, the business achieved gross margin of 38.5% (a 0.1 per cent. increase vs. 2020) and operating profit of £19.0 million (a 115.9% increase vs. 2020), with profitability successfully defended against inflationary cost pressures. The business announced a full year forecast of at least £220.0 million sales and at least £39.0 million operating profit, ahead of market expectations.



# The Rayware Group

Wholesaler of six heritage British homeware brands



## Key facts

Location:	<b>Liverpool</b>
Sector:	<b>Consumer</b>
Type of deal:	<b>Buyout</b>
Equity holding:	<b>74.0%</b>
Financial year:	<b>December</b>
Latest sales:	<b>£35.6m (2020)</b>

## Description

The Rayware Group (“Rayware”) is a wholesaler of six heritage British homeware brands, including the iconic Kilner and Mason Cash marques, as well as Viners, Typhoon, Ravenhead and Price & Kensington. The business develops and distributes a wide product range including jars, mixing bowls, cutlery, glassware and tableware.

## Background

The business was established in 1975 and has grown through acquisitions, building a portfolio of heritage British homeware brands.

## Recent Developments

In July 2021, ESO acquired a majority interest in Rayware.

The business achieved significant growth, driven by strong relationships with its long-standing customer base, and more recently benefitting from structural trends including home cooking, sustainability and premiumisation. The business gained market share by maintaining uninterrupted supply to customers through the period of COVID-19 disruption.

## Outlook

The Investment Advisor and the management team are focused on achieving future growth ambitions by supporting international expansion and the development of a digitally-led channel strategy. Over the long term, there is the opportunity to build on the business’ omni-channel platform and further consolidate the branded homeware market via acquisitions.



# Whittard of Chelsea

Speciality tea, coffee and hot chocolate brand



## Key facts

Location:	<b>Oxfordshire</b>
Sector:	<b>Consumer</b>
Type of deal:	<b>Turnaround</b>
Equity holding*:	<b>85.3%</b>
Financial year:	<b>December</b>
Latest sales:	<b>£34.0m (2020)</b>

## 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 (44 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, EPIC 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 of Chelsea (“Whittard”) continued to experience challenging trading conditions as a result of the COVID-19 pandemic. Trading was impacted by the closure of the UK retail estate for much of the period, as well as social distancing restrictions subsequent to the reopening of stores. Whittard’s online channel continued to perform well, maintaining the increased scale attained in the prior year. The business continued to make pleasing progress in developing its international presence, securing a new franchise partner in South Korea, and new marketplace partners in the US and EU.

## Outlook

Retail trading is expected to be impacted in the medium term by decreased UK and international consumer footfall. 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: **36.8%**

Financial year: **March**

Latest sales: **£39.9m (2021)**

## 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 achieved sales growth and sustained profitability in the period, in the context of a difficult macro trading environment. The business secured a healthy pipeline of large-scale projects in the build-to-rent and institutional developer markets.

## Outlook

The Investment Advisor and the management team are focused on ensuring successful execution through this high growth period, against a complex background of high input costs, tightness in operational capacity and structural working capital cycle shifts. The Investment Advisor is encouraged by the fact that the business realised considerable structural improvements through both the initial turnaround phase and through the COVID-19 crisis which should allow the Company to operate efficiently at this higher trading level. 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.



# Pharmacy2U

Leading online pharmacy in the UK



## Key facts

Location:	<b>West Yorkshire</b>
Sector:	<b>Healthcare</b>
Type of deal:	<b>Growth</b>
Equity holding*:	<b>1.8%</b>
Financial year:	<b>March</b>
Latest sales:	<b>£78.3m (2020)</b>

## 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 facilities in Leeds and Leicestershire which employ automated dispensing systems and have 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

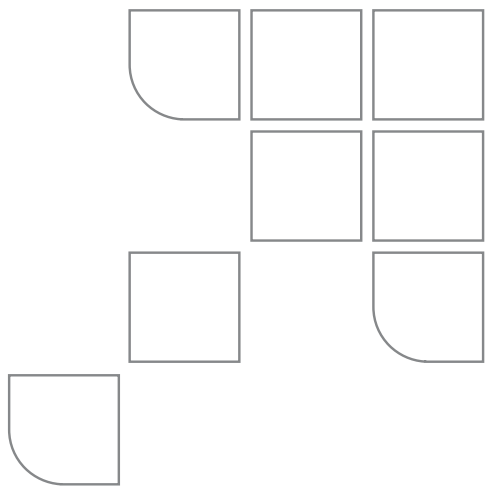
Pharmacy2U continued to grow both sales and registered patients in the period, building on the significant gains made in the prior year. Pharmacy2U has achieved EBITDA profitability, benefitting from the business' significantly increased scale.

## Outlook

Pharmacy2U remains focussed on consolidating its position as the UK's leading online pharmacy by acquiring patients with NHS repeat prescription requirements. The business' 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

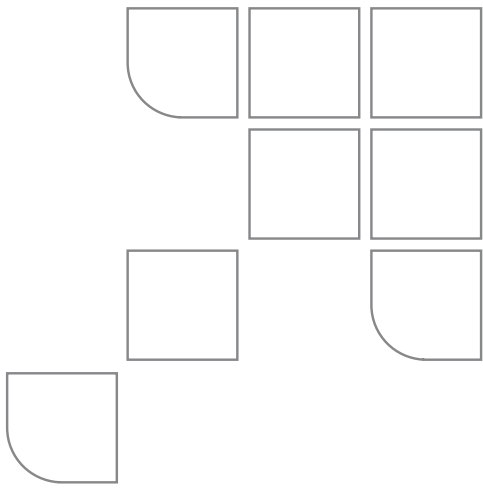






ESO portfolio company: David Phillips

## Financial Statements





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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 2021 which comprises the 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 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting 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. The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34.

## 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

6 September 2021

# Statement of Comprehensive Income

For the six months ended 31 July 2021

Note	1 Feb 2021 to 31 Jul 2021			1 Feb 2020 to 31 Jul 2020	1 Feb 2020 to 31 Jan 2021
	Revenue (unaudited) £	Capital (unaudited) £	Total (unaudited) £	Total (unaudited) £	Total (audited) £
	<b>Income</b>				
	514	–	514	1,398	4,089
	–	36,734,638	36,734,638	(2,439,705)	42,012,143
	<b>514</b>	<b>36,734,638</b>	<b>36,735,152</b>	<b>(2,438,307)</b>	<b>42,016,232</b>
	<b>Expenses</b>				
5	(1,028,984)	–	(1,028,984)	(937,976)	(1,937,207)
14	(74,498)	–	(74,498)	(77,000)	(154,000)
6	(396,520)	–	(396,520)	(217,715)	(682,525)
7	(765,619)	–	(765,619)	(342,047)	(669,769)
	<b>(2,265,621)</b>	<b>–</b>	<b>(2,265,621)</b>	<b>(1,574,738)</b>	<b>(3,443,501)</b>
	<b>(2,265,107)</b>	<b>36,734,638</b>	<b>34,469,531</b>	<b>(4,013,045)</b>	<b>38,572,731</b>
	<b>Finance charges</b>				
13	(159,843)	–	(159,843)	(159,842)	(319,685)
	<b>(2,424,950)</b>	<b>36,734,638</b>	<b>34,309,688</b>	<b>(4,172,887)</b>	<b>38,253,046</b>
	<b>Taxation</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>(2,424,950)</b>	<b>36,734,638</b>	<b>34,309,688</b>	<b>(4,172,887)</b>	<b>38,253,046</b>
	<b>Other comprehensive income</b>				
	–	–	–	–	–
	<b>(2,424,950)</b>	<b>36,734,638</b>	<b>34,309,688</b>	<b>(4,172,887)</b>	<b>38,253,046</b>
11	<b>Basic earnings/(loss) per ordinary share (pence)</b>	<b>114.26</b>	<b>106.72</b>	<b>(12.69)</b>	<b>116.69</b>
11	<b>Diluted earnings/(loss) per ordinary share (pence)</b>	<b>114.26</b>	<b>106.72</b>	<b>(12.69)</b>	<b>116.69</b>

The total column of this statement represents the Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are prepared in accordance with the Board of Directors' agreed principles, which are that the net gain/loss on investments is allocated to the capital column and all other income and expenses are allocated to the revenue column. 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 2021

Note	31 July 2021 (unaudited) £	31 January 2021 (audited) £	31 July 2020 (unaudited) £	
<b>Non-current assets</b>				
8	Investments at fair value through profit or loss	159,573,313	117,256,810	82,107,768
		<b>159,573,313</b>	<b>117,256,810</b>	<b>82,107,768</b>
<b>Current assets</b>				
	Cash and cash equivalents	19,669,303	27,854,701	22,150,379
	Trade and other receivables	92,454	197,564	175,798
		<b>19,761,757</b>	<b>28,052,265</b>	<b>22,326,177</b>
<b>Current liabilities</b>				
	Trade and other payables	(1,026,055)	(659,645)	(641,238)
13	Unsecured loan note instruments	(3,967,124)	–	–
		<b>(4,993,179)</b>	<b>(659,645)</b>	<b>(641,238)</b>
	<b>Net current assets</b>	<b>14,768,578</b>	<b>27,392,620</b>	<b>21,684,939</b>
<b>Non-current liabilities</b>				
13	Unsecured loan note instruments	–	(3,956,822)	(3,946,520)
		<b>–</b>	<b>(3,956,822)</b>	<b>(3,946,520)</b>
	<b>Net assets</b>	<b>174,341,891</b>	<b>140,692,608</b>	<b>99,846,187</b>
<b>Equity</b>				
10	Share capital	1,730,828	1,730,828	1,730,828
	Share premium	13,619,627	13,619,627	13,619,627
	Capital reserve	163,032,215	126,297,577	81,845,729
	Revenue reserve	(4,040,779)	(955,424)	2,650,003
	<b>Total equity</b>	<b>174,341,891</b>	<b>140,692,608</b>	<b>99,846,187</b>
12	<b>Net asset value per share (pence)</b>	<b>542.30</b>	<b>437.63</b>	<b>303.04</b>

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

# Statement of Changes in Equity

For the six months ended 31 July 2021

Note	Six months ended 31 July 2021 (unaudited)				
	Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
	1,730,828	13,619,627	126,297,577	(955,424)	140,692,608
	–	–	36,734,638	(2,424,950)	34,309,688
	<b>Contributions by and distributions to owners</b>				
6	–	–	–	396,520	396,620
	–	–	–	(1,056,925)	(1,056,925)
	–	–	–	(660,405)	(660,405)
	1,730,828	13,619,627	163,032,215	(4,040,779)	174,341,891
Note	Year ended 31 January 2021 (audited)				
	Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
	1,726,953	13,489,826	84,285,434	4,755,783	104,257,996
	–	–	42,012,143	(3,759,097)	38,253,046
	<b>Contributions by and distributions to owners</b>				
6	–	–	–	682,525	682,525
	–	–	–	3,943	3,943
	–	–	–	(786,140)	(786,140)
	–	–	–	216,323	216,323
	–	–	–	(2,068,761)	(2,068,761)
	3,875	129,801	–	–	133,676
	3,875	129,801	–	(1,952,110)	(1,818,344)
	1,730,828	13,619,627	126,297,577	(955,424)	140,692,608
Note	Six months ended 31 July 2020 (unaudited)				
	Share capital £	Share premium £	Capital reserve £	Revenue reserve £	Total £
	1,726,953	13,489,826	84,285,343	4,755,783	104,257,996
	–	–	(2,439,705)	(1,733,182)	(4,172,887)
	<b>Contributions by and distributions to owners</b>				
6	–	–	–	217,715	217,715
	–	–	–	(20,497)	(20,497)
	–	–	–	(786,140)	(786,140)
	–	–	–	216,324	216,324
	3,875	129,801	–	–	133,676
	3,875	129,801	–	(372,598)	(238,922)
	1,730,828	13,619,627	81,845,729	2,650,003	99,846,187

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

# Statement of Cash Flows

For the six months ended 31 July 2021

Note	1 Feb 2021 to 31 Jul 2021 (unaudited) £	1 Feb 2020 to 31 Jan 2021 (audited) £	1 Feb 2020 to 31 Jul 2020 (unaudited) £
<b>Operating activities</b>			
	514	4,089	1,398
	(1,495,782)	(2,896,656)	(1,335,075)
	<b>(1,495,268)</b>	<b>(2,892,567)</b>	<b>(1,333,677)</b>
<b>Investing activities</b>			
8 Purchase of investments	(22,520,000)	(5,320,330)	(1,000,000)
8 Proceeds from investments	17,314,775	13,612,853	–
Loan from associates	(278,440)	–	(164,550)
	<b>(5,483,665)</b>	<b>8,292,523</b>	<b>(1,164,550)</b>
<b>Financing activities</b>			
Unsecured loan note interest paid	(149,540)	(299,080)	(149,540)
Purchase of shares	–	(2,854,901)	–
Share acquisition for JSOP scheme	(1,056,925)	–	(786,140)
Share ownership scheme participation	–	3,943	(20,497)
	<b>(1,206,465)</b>	<b>(3,150,038)</b>	<b>(956,177)</b>
	<b>(8,185,398)</b>	<b>2,249,918</b>	<b>(3,454,404)</b>
	27,854,701	25,604,783	25,604,783
	<b>19,669,303</b>	<b>27,854,701</b>	<b>22,150,379</b>

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

# Notes to the Financial Statements

For the six months ended 31 July 2021

## 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 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 2021, comprising 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 2021 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](http://www.epespecialopportunities.com).

The Company's portfolio investments are held in three associates (ESO Investments 1 Limited, ESO Investments 2 Limited and ESO Alternative Investments LP). The remainder of the Company's subsidiary companies and associates are to be dissolved or are in the process of liquidation.

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 2021 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 2021. 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.

The annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards. They were previously prepared in accordance with IFRS as adopted by the EU. This change has no impact on the financial statements.

These interim financial statements were authorised for issue by the Company's Board of Directors on 6 September 2021.

## 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.

# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 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 2021.

## 5 Investment advisory, administration fees and profit share

### Investment advisory fees

#### Company

The investment advisory fee payable to EPIC Investment Partners LLP, previously known as EPIC Private Equity LLP, 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 £1,028,984 (for the period ended 31 July 2020: £937,976; year ended 31 January 2021: £1,937,207). The amount outstanding as at 31 July 2021 was £528,984 (for the period ended 31 July 2020: £500,000; year ended 31 January 2021: £500,000).

#### Administration fees

EPIC Administration Limited, previously known as EPE Administration Limited, provides accounting and financial administration services to the Company. The fee payable to EPIC 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 administration 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 £108,424 (for the period ended 31 July 2020: £70,242; for the year ended 31 January 2021: £163,212).

Other administration fees during the period were £38,272 (for the period ended 31 July 2020: £27,441; for the year ended 31 January 2021: £66,234).

#### 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 2021, £400,872 (for the period ended 31 July 2020: £1,633,929; for the year ended 31 January 2021: £767,311) 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 2021, £26,191,448 (for the period ended 31 July 2020: £4,736,542; for the year ended 31 January 2021: £16,125,708) has been credited to the profit share account of the Investment Advisor in the records of ESO Investments 2 Limited.



# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 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 1,748,193 (for the period ended 31 July 2020: 1,419,004; for the year ended 31 Jan 2021: 1,419,004) matching shares at the period end which have traditionally not voted.

During the period, 329,189 shares were acquired by the Trust for the JSOP scheme (2021: 462,435). No shares were vested during the period to the JSOP participants (2021: nil). 154,110 shares were awarded to the JSOP participants in the period (2021: 271,995).

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 £396,520 (for the period ended 31 July 2020: £217,715; for the year ended 31 Jan 2021: £682,525), of which £320,869 related to expenses incurred during the period ended 31 July 2021 and £75,651 related to expenses incurred in the year ended 31 January 2020. Of the total share-based payment expense during the period ended 31 July 2021, £23,386 related to the Directors (31 Jan 2021: £48,588) and the balance related to members, employees and consultants of the Investment Advisor.

## 7 Other expenses

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

	1 Feb 2021 to 31 Jul 2021 (unaudited) Total £	1 Feb 2020 to 31 Jul 2020 (unaudited) Total £	1 Feb 2020 to 31 Jan 2021 (audited) Total £
Administration fees	(146,696)	(97,683)	(229,446)
Directors’ and officers’ insurance	(11,286)	(11,103)	(22,356)
Professional fees	(478,027)	(136,941)	(221,697)
Board meeting and travel expenses	(155)	(1,981)	(1,981)
Auditors’ remuneration	(24,546)	(36,535)	(55,000)
Bank charges	(751)	(303)	(659)
Irrecoverable VAT	(360)	(450)	(675)
Sundry expenses	(47,241)	(6,224)	(33,111)
Nominated advisor and broker fees	(29,343)	(29,072)	(60,710)
Listing fees	(27,214)	(21,755)	(44,134)
<b>Other expenses</b>	<b>(765,619)</b>	<b>(342,047)</b>	<b>(669,769)</b>

# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 8 Investments at fair value through profit or loss

	31 July 2021 (unaudited) £	31 January 2021 (audited) £	31 July 2020 (unaudited) £
Investments at fair value through profit and loss	159,573,313	117,256,810	82,107,768
	159,573,313	117,256,810	82,107,768

### Investment roll forward schedule

	31 July 2021 (unaudited)	31 January 2021 (audited)	31 July 2020 (unaudited)
Investments at fair value as at 1 February	117,256,810	83,382,923	83,382,923
Purchase of investments	22,520,000	5,320,330	1,000,000
Income from investments	(17,314,775)	(13,612,853)	–
Distributions (non-cash distribution)	–	(66,664)	–
Fair value movements	36,734,638	42,012,143	(2,439,705)
Loan to associates	278,440	220,931	164,550
Reclassification of debtor balance to investee	98,200	–	–
<b>Investments at fair value as at 31 July/31 January</b>	<b>159,573,313</b>	<b>117,256,810</b>	<b>82,107,768</b>

## 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.

# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 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 unquoted fund investments

Private equity investments and fund investments are classified as Level 3 in the IFRS 13 fair value hierarchy. The Company's investments in Whittard, David Phillips, Rayware, Pharmacy2U, Atlantic Credit Opportunities Fund Limited, Prelude and European Capital Private Debt Fund LP 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, in conjunction with cross referencing of the valuation to quoted comparables multiples, as 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.

# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 9 Fair value of financial instruments continued

	Level 1	Level 3	Total
	£	£	£
<b>31 July 2021</b>			
<b>Financial assets at fair value through profit or loss</b>			
Unquoted private equity investments (including debt)	–	41,117,869	41,117,869
Unquoted fund investments	–	5,652,508	5,652,508
Quoted equity investments	112,423,187	–	112,423,187
<b>Investments at fair value through profit or loss</b>	<b>112,423,187</b>	<b>46,770,377</b>	<b>159,193,564</b>
Other asset and liabilities (held at cost)	–	–	379,749
<b>Total</b>	<b>112,423,187</b>	<b>46,770,377</b>	<b>159,573,313</b>
	Level 1	Level 3	Total
	£	£	£
<b>31 January 2021</b>			
<b>Financial assets at fair value through profit or loss</b>			
Unquoted private equity investments (including debt)	–	23,156,643	23,156,643
Unquoted fund investments	–	5,265,686	5,265,686
Quoted equity investments	88,737,691	–	88,737,691
<b>Investments at fair value through profit or loss</b>	<b>88,737,691</b>	<b>28,422,329</b>	<b>117,160,020</b>
Other asset and liabilities (held at cost)	–	–	96,790
<b>Total</b>	<b>88,737,691</b>	<b>28,422,329</b>	<b>117,256,810</b>
	Level 1	Level 3	Total
	£	£	£
<b>31 July 2020</b>			
<b>Financial assets at fair value through profit or loss</b>			
Unquoted private equity investments (including debt)	–	22,179,014	22,179,014
Unquoted fund investments	–	1,393,452	1,393,452
Quoted equity investments	57,306,094	–	57,306,094
<b>Investments at fair value through profit or loss</b>	<b>57,306,094</b>	<b>23,572,466</b>	<b>80,878,560</b>
Other asset and liabilities (held at cost)	–	1,229,208	1,229,208
<b>Total</b>	<b>57,306,094</b>	<b>24,801,674</b>	<b>82,107,768</b>

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.

	31 July 2021 (unaudited)	31 January 2021 (audited)
	£	£
<b>Unquoted investments (including debt)</b>		
Balance as at 1 February	28,422,329	25,405,230
Additional investments	22,520,000	5,339,953
Capital distributions from investments	(306,090)	(223,018)
Change in fair value through profit and loss	(3,865,862)	(2,099,836)
<b>Balance as at 31 July/31 January</b>	<b>46,770,377</b>	<b>28,422,329</b>

# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 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 2021 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 July 2021 £	Significant unobservable inputs
Unquoted private equity investments (including debt)	41,117,869	Sales/EBITDA multiple
Unquoted fund investments	5,652,508	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).
- 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. Adjustments are made to third party valuations where considered necessary to arrive at the Director's estimate of fair value.

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 6.4x (weighted by each asset's total valuation) (2021: 5.8x). 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 £11,074,537 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 £15,776,787 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 1.5x (weighted by each asset's total valuation) (2021: 1.6x). 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 £878,792 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 £878,792 lower. A corresponding increase or decrease in the asset's financial forecasts would have a similar impact on the Company's assets and profit.

# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 10 Share capital

	31 July 2021 (unaudited)		31 January 2021 (audited)		31 July 2020 (unaudited)	
	Number	£	Number	£	Number	£
<b>Authorised share capital</b>						
Ordinary shares of 5p each	45,000,000	2,250,000	45,000,000	2,250,000	45,000,000	2,250,000
<b>Called up, allotted and fully paid</b>						
Ordinary shares of 5p each	34,616,554	1,730,828	34,616,554	1,730,828	34,616,554	1,730,828
Ordinary shares of 5p each held in treasury	(2,467,731)	–	(2,467,731)	–	(1,668,251)	–
	<b>32,148,823</b>	<b>1,730,828</b>	<b>32,148,823</b>	<b>1,730,828</b>	<b>32,948,303</b>	<b>1,730,828</b>

## 11 Basic and diluted loss per share (pence)

Basic profit per share is calculated by dividing the profit of the Company for the period attributable to the ordinary shareholders of £34,309,688 (for the period ended 31 July 2020: loss of (£4,172,887); for the year ended 31 January 2021: profit of £38,253,046) divided by the weighted average number of shares outstanding during the period of 32,148,823 after excluding treasury shares (for the period ended 31 July 2020: 32,885,795; for the year ended 31 January 2021: 32,782,089).

Diluted profit per share is calculated by dividing the profit of the Company for the period attributable to ordinary shareholders of £34,309,688 (for the period ended 31 July 2020: loss of (£4,172,887); for the year ended 31 January 2021: profit of £38,253,046) 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 32,148,823 after excluding treasury shares (for the period ended 31 July 2020: 32,885,795 ; for the year ended 31 January 2021: 32,782,089).

## 12 NAV per share (pence)

The Company's NAV per share of 542.30 pence (for the period ended 31 July 2020: 303.04 pence; for the year ended 31 January 2021: 437.63 pence) is based on the net assets of the Company at the period end of £174,341,891 (for the period ended 31 July 2020: £99,846,187; for the year ended 31 January 2021: £140,692,608) divided by the shares in issue at the end of the period of 32,148,823 after excluding treasury shares (for the period ended 31 July 2020: 32,948,303 ; for the year ended 31 January 2021: 32,148,823).

The Company's diluted NAV per share of 542.30 pence (for the period ended 31 July 2020: 303.04 pence; for the year ended 31 January 2021: 437.63 pence) is based on the net assets of the Company at the period end of £174,341,891 (for the period ended 31 July 2020: £99,846,187; for the year ended 31 January 2021: £140,692,608) divided by the shares in issue at the end of the period, as adjusted for the effects of dilutive potential ordinary shares of 32,148,823 after excluding treasury shares (for the period ended 31 July 2020: 32,948,303; for the year ended 31 January 2021: 32,148,823).

## 13 Unsecured loan note instruments

The Company has issued Unsecured Loan Notes ("ULN") which pay interest at 7.5 per cent. per annum and are redeemable on 23 July 2022 (subject to voluntary early redemption by the Company). At 31 July 2021, £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 2021 was £10,303 (for the period ended 31 July 2020: £10,303; for the year ended 31 Jan 2021: £20,605). The carrying value of the ULNs in issue at the period end was £3,967,124 (for the period ended 31 July 2020: £3,946,520; for the year ended 31 Jan 2021: £3,956,822). The total interest expense on the ULNs for the period is £159,843 (for the period ended 31 July 2020: £159,842; for the year ended 31 Jan 2021: £319,685). This includes the amortisation of the issue costs. The carrying value of ULN is presented under current liabilities in the current period (previously presented under non-current liabilities) as they are redeemable within 12-month period from the Statement of Financial Position date.

# Notes to the Financial Statements (continued)

For the six months ended 31 July 2021

## 14 Related parties

Directors' fees expense during the period amounted to £74,498 (for the period ended 31 July 2020: £77,000; for the year ended 31 January 2021: £154,000) of which £10,333 is accrued as at 31 July 2021 (for the period ended 31 July 2020: £12,833; for the year ended 31 January 2021: £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).

Four of the Directors have interests in the shares of the Company as at 31 July 2021 (31 July 2020: five). Nicholas Wilson holds 131,265 ordinary shares (31 July 2020: 131,265), Clive Spears holds 136,314 ordinary shares (31 July 2020: 133,270), Heather Bestwick holds 22,307 ordinary shares (31 July 2020: 19,263) and David Pirouet holds 14,073 shares (31 July 2020: 11,162). Robert Quayle resigned during the period ended 31 July 2021. During the period of his directorship with the Company, he held 112,577 ordinary shares (31 July 2020: 112,577).

## 15 Subsequent events

On 2 September 2021, Michael Gray was appointed as a Director of the Company.

For your notes



## Company Information

Directors	C.L. Spears ( <i>Chairman</i> ) H. Bestwick D.R. Pirouet R.B.M. Quayle ( <i>resigned in June 2021</i> ) N.V. Wilson M.M. Gray ( <i>appointed in September 2021</i> )	Administrator and Company Address	Langham Hall Fund Management (Jersey) Limited Liberation House Castle Street, St Helier Jersey JE1 2LH
Investment Advisor	EPIC Investment Partners LLP Audrey House 16-20 Ely Place London EC1N 6SN	Nominated Advisor and Broker	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Auditors and Reporting Accountants	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM1 1LA	Registered Agent (Bermuda)	Conyers Dill & Pearman Clarendon House, 2 Church Street Hamilton HM 11 Bermuda
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	Registrar and CREST Providers	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St. Helier JE1 1ES
		Investor Relations	Richard Spiegelberg Cardew Company 5 Chancery Lane London EC4A 1BL

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