

**EPE Special Opportunities Limited  
("ESO" or the "Company")**

**Reports and Accounts for the year ended 31 January 2024**

The Board of EPE Special Opportunities is pleased to announce the Company's Report and Accounts for the year ended 31 January 2024.

**Summary**

- The macro-economic environment has continued to be complex throughout the year ended 31 January 2024, creating headwinds for the Company and its portfolio. Economic uncertainty has underpinned an adverse environment for new investments or disposals within the portfolio at acceptable pricing. As a result, the Board and Investment Advisor have prioritised positioning the portfolio to navigate turbulent market conditions, focussing on operating improvements and liquidity, alongside progressing longer term growth strategies which will allow the Company to capitalise as the trading environment begins to stabilise. The Board and Investment Advisor are encouraged by early signs of stabilisation in key indicators and are cautiously optimistic of further improvement over the coming period.
- The Net Asset Value ("NAV") per share of the Company as at 31 January 2024 was 324 pence, representing a decrease of 1 per cent. on the NAV per share of 328 pence as at 31 January 2023.
- The share price of the Company as at 31 January 2024 was 165 pence, representing a decrease of 3 per cent. on the share price of 170 pence as at 31 January 2023.
- In March 2024, Luceco released its results for the year ended 31 December 2023, announcing trading ahead of market expectations. The group announced sales of £209 million, with Q4 trading 9.5 per cent. ahead of the prior year. The business generated operating profit of £24 million, ahead of expectations. The business achieved strong cash generation driven by higher operating profit and improved working capital efficiency which supported further deleveraging, with net debt of 0.6x LTM EBITDA as at 31 December 2023. An excellent achievement and well below Luceco's target range of 1.0-2.0x net debt to EBITDA.
- Whittard of Chelsea ("Whittard") delivered a strong performance in the period led by growth in its UK retail channel, due to strengthening domestic and tourist footfall, further enhanced by a new pop-up store in London Paddington station over the Christmas period. Whittard has continued to progress its international strategy, with the business entering a strategic partnership with Rayware to develop its overseas presence and with its South Korean franchise partner opening a new store in Samsung Town in April 2023. The business made two senior appointments in January 2024, including a new Chief Financial Officer and Chief Marketing Officer.
- The Rayware Group ("Rayware") has experienced challenging trading conditions throughout the period. Financial performance was impacted by customer destocking, acute supply chain costs, depressed consumer confidence and well publicised inflationary cost pressures. Rayware's capital structure has therefore remained under pressure due to depressed EBITDA, interest exposure and mezzanine finance raised at acquisition. ESO invested £3.35 million in the period to reduce external debt and has a contingent guarantee of £1.75 million outstanding. More positively, in support of the international growth strategy, a new Head of US Sales and Marketing was appointed in June 2023 and a new Head of Export was appointed in February 2024.
- David Phillips has continued to develop its built-to-rent and project-based divisions, delivering year-on-year sales growth. Profitability has improved from better product sourcing, pricing and a focus on recurring sales channels. Efficiency has been further enhanced through prudent actions taken to reduce the cost base.
- Pharmacy2U ("P2U") demonstrated an increased rate of organic growth in its core NHS online prescription division in the period. In October 2023, P2U announced the acquisition of LloydsDirect, the UK's second largest online pharmacy, from McKesson UK. In March 2024, the UK Competition and Markets Authority provided clearance for the transaction.
- Denzel's has focussed on developing its team and infrastructure in the period to support its ambitious growth plans, whilst at the same time achieving strong year-on-year sales growth. The business relaunched its website and has seen a significant increase in online marketing and transactional activity to support its early successes in offline retail channels.
- In January 2024, EPIC Acquisition Corp ("EAC") announced that it will return all residual capital to third parties and wind up. A perfect storm of Ukraine, global divestment from China, economic flux from energy prices, subsequent inflation and inevitable stock market volatility made 2022 and 2023 difficult years with regards to a high conviction, high risk, capital markets product. Over the 24 month investment period, the EAC team reviewed over 250 opportunities, engaged actively with 12 targets and held over 100 investor meetings. Interesting transaction opportunities arose but could not be completed given the lack of appetite for public market transactions during the period. A disappointing end to an interesting investment product and opportunity for ESO. ESO's holding in EAC was realised at par after the year end, while the value realised from EAC Sponsor will be determined following the

completion of the liquidation.

- In July 2023, the Company completed the realisation of its holdings in Atlantic Credit Opportunities Fund and in August 2023 completed the realisation of its holdings in Prelude Structured Alternatives Master Fund LP, both realised at carrying value.
- The Company had cash balances of £15.3 million<sup>1</sup> as at 31 January 2024. The Board continues to focus on maintaining satisfactory liquidity during the ongoing period of market uncertainty. In July 2023, the Company exercised its right to extend the maturity of its £4.0 million unsecured loan notes to 23 July 2024. In July 2023, the Company also repurchased 7.5 million zero dividend preference ("ZDP") shares for a total consideration of £7.9 million. Following this buyback, the Company has 12.5 million ZDP shares remaining in issue, maturing in December 2026. The Company has no other third-party debt outstanding.
- As at 31 January 2024, the Company's unquoted portfolio was valued at a weighted average EBITDA to enterprise value multiple of 7.2x (excluding assets investing for growth) and the portfolio continues with a low level of third party leverage, which is commensurate with current market conditions, with net third party debt at 1.4x EBITDA in aggregate.

Mr Clive Spears, Chairman, commented: "The Company has faced a complicated operating environment in the period, but the Board and Investment Advisor have prudently managed its positioning of the portfolio and the Company with particular focus on maintaining liquidity and structural or operational support as required at company and portfolio level. The Board would like to thank Mr Wilson, who retired in September 2023, for his long period of service and express their gratitude for his dedication and support throughout his appointment to the Company over the last 20 years. The Board would like to express its gratitude to the Investment Advisor and the portfolio management teams for their diligence during another turbulent year which has been particularly demanding to ensure investee companies remain on track. The Board will continue to monitor developments and looks forward to updating shareholders at the half year."

The person responsible for releasing this information on behalf of the Company is Amanda Robinson of Langham Hall Fund Management (Jersey) Limited.

*Note 1: Company liquidity is stated inclusive of cash held by subsidiaries in which the Company is the sole investor*

#### Enquiries:

<b>EPIC Investment Partners LLP</b>	+44 (0) 207 269 8865 Alex Leslie
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Nominated Advisor:	Stuart Skinner
Corporate Broker:	Charles Farquhar

## Chairman's Statement

The macro-economic environment has continued to be complex throughout the year ended 31 January 2024, creating headwinds for the Company and its portfolio. Economic uncertainty has underpinned an adverse environment for new investments or disposals within the portfolio at acceptable pricing. As a result, the Board and Investment Advisor have prioritised positioning the portfolio to navigate turbulent market conditions, focussing on operating improvements and liquidity alongside progressing longer term growth strategies which will allow the Company to capitalise as the trading environment begins to stabilise. The Board and Investment Advisor are encouraged by early signs of stabilisation in key indicators and are cautiously optimistic of further improvement over the coming period.

The Net Asset Value ("NAV") per share\* of the Company as at 31 January 2024 was 324 pence, representing a decrease of 1 per cent. on the NAV per share\* of 328 pence as at 31 January 2023. The share price of the Company as at 31 January 2024 was 165 pence, representing a decrease of 3 per cent. on the share price of 170 pence as at 31 January 2023. The share price of the Company represents a discount\* of 49% to the NAV per share of the Company as at 31 January 2024. The Company seeks to manage the discount to NAV via capital management, including ordinary share buyback programs, as well as achieving further diversification of the investment portfolio and scale in the Company.

The Company has prudently managed its positioning of the portfolio, whilst maintaining momentum within overarching strategic initiatives to drive growth;

- Luceco plc ("Luceco") released its results for the year ended 31 December 2023 announcing sales of £209 million and an operating profit of £24 million, ahead of expectations.
- The Rayware Group ("Rayware") trading was impacted by customer destocking, supply chain, consumer confidence and inflationary pressures. A new Head of US Sales and Marketing was appointed in June 2023 and Head of Export in February 2024.
- Whittard of Chelsea ("Whittard") delivered its highest revenue under EPIC ownership, with notable gains in its UK retail channel. A new CMO and CFO were appointed in January 2024.
- David Phillips has grown sales year-on-year, driven by notable gains across the build-to-rent and project-based divisions.
- Pharmacy2U ("P2U") delivered sustained growth in its core NHS online prescription division. The acquisition of LloydsDirect

promises to materially increase the scale of the platform.

- Denzel's has grown sales year-on-year and built a strong foundation to support its future growth plans. In January 2024, the business appointed an experienced Chairman to the board.
- EPIC Acquisition Corp ("EAC") announced that it will return all residual capital to third parties and wind up. ESO's holding in EAC was realised at par after the year end, while the value realised from EAC Sponsor will be determined following the completion of the liquidation.

The Company successfully completed the following investments and realisations in the period;

- In the year ended 31 January 2024, the Company, through its subsidiary ESO Investments 1 Limited, invested £3.35 million in Rayware, reducing the business' senior debt, and provided a contingent guarantee to Rayware's third party lenders with a balance of £1.75m outstanding as at 31 January 2024, following a £0.75 million drawdown in the period.
- In July 2023, the Company completed the realisation of its holdings in Atlantic Credit Opportunities Fund and in August 2023 completed the realisation of its holdings in Prelude Structured Alternatives Master Fund LP, both realised at carrying value.

The performance of the investment portfolio is a key driver of the Net Asset Value performance of the Company.

The Company had cash balances of £15.3 million\*<sup>1</sup> as at 31 January 2024. Maintaining liquidity has existed as a core focus for the Board, whilst the macroeconomic environment remains turbulent. In July 2023, the Company exercised its right to extend the maturity of its £4.0 million unsecured loan notes to 23 July 2024. In July 2023, the Company also repurchased 7.5 million zero dividend preference ("ZDP") shares for a total consideration of £7.9 million. Following this buyback, the Company has 12.5 million ZDP shares remaining in issue, maturing in December 2026. The Company has no other third-party debt outstanding.

The Board would like to thank Mr Wilson, who retired in September 2023, for his long period of service and express their gratitude for his dedication and support throughout his appointment to the Company over the last 20 years. The Board would like to note its appreciation of the Investment Advisor and the portfolio management teams for their efforts through a complicated period. The Board will monitor the progress of the portfolio over the coming months and looks forward to updating shareholders at the half year.

Clive Spears  
Chairman  
27 March 2024

\*See Alternative Performance Measures of this Report and Accounts.

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

## Investment Advisor's Report

The macroeconomic backdrop remained volatile, presenting challenges for both the Company and its portfolio. A complex global economic landscape has generated a market environment inconducive to new investments or divestments. As a result, the Board and Investment Advisor have remained focused on providing support to the portfolio and their management teams, ensuring they are well-positioned from a strategic, operational and liquidity standpoint. The Company has taken action to de-risk its capital structure and improved liquidity by electing to extend the maturity of its £4.0 million unsecured loan notes to July 2024. This supported the repurchase of 7.5 million of its ZDP shares, decreasing the redemption amount payable at maturity in December 2026.

The NAV per share\* of the Company as at 31 January 2024 was 324 pence, representing a decrease of 1 per cent. on the NAV per share\* of 328 pence as at 31 January 2023. The share price of the Company as at 31 January 2024 was 165 pence, representing a decrease of 3 per cent. on the share price of 170 pence as at 31 January 2023.

The Company maintains satisfactory liquidity during the ongoing period of market uncertainty. The Company had cash balances of £15.3 million\*<sup>1</sup> as at 31 January 2024, which are available to support the portfolio, meet committed obligations and deploy into attractive investment opportunities. Net third party debt\* in the underlying portfolio stands at 1.4x EBITDA\* in aggregate.

The Company's unquoted private investments portfolio is valued at a weighted average enterprise value to EBITDA multiple\* of 7.2x for mature assets (excluding assets investing for growth). The valuation has been derived by reference to quoted comparables, after the application of a liquidity discount to adjust for the portfolio's scale and unquoted nature. The Investment Advisor notes that the fair market value of the portfolio remains exposed to a volatile macro environment and equity market valuations.

In July 2023, the Company completed the repurchase of 7.5 million of its ZDP shares in the market (or 38 per cent. of the Company's issued ZDP share capital) at a weighted average share price of 105 pence for a total consideration of £7.9 million.

Luceco released its results for the year ended 31 December 2023 in March 2024. The business announced trading ahead of market expectations, with sales of £209 million and Q4 trading 9.5 per cent. ahead of the prior year. The business generated operating profit of £24 million, ahead of expectations. The business achieved strong cash generation driven by higher operating profit and improved working capital efficiency which supported further deleveraging, with net debt\* of 0.6x LTM EBITDA\* as at 31 December 2023. An excellent achievement and well below Luceco's target range of 1.0-2.0x net debt\* to EBITDA\*.

Rayware experienced challenging trading conditions throughout the period. Financial performance was impacted by customer destocking, acute supply chain costs, depressed consumer confidence and well publicised inflationary cost pressures. Rayware's capital structure has therefore remained under pressure due to depressed EBITDA\*, interest exposure and mezzanine finance raised at acquisition. ESO invested £3.35 million in the period to reduce external debt and has a contingent guarantee of £1.75 million outstanding. More positively, in support of the international growth strategy, a new Head of US Sales and Marketing was appointed in June 2023 and a new Head of Export was appointed in February 2024.

Whittard of Chelsea delivered a strong performance in the period led by growth in its UK retail channel, due to strengthening domestic and tourist footfall, further enhanced by a new pop-up store in London Paddington station over the Christmas period. Whittard has continued to progress its international strategy, with the business entering a strategic partnership with Rayware to develop its overseas presence and with its South Korean franchise partner opening a new store in Samsung Town in April 2023. The business made two senior appointments in January 2024, including a new Chief Financial Officer and Chief Marketing Officer.

David Phillips has continued to develop its built-to-rent and project-based divisions, delivering year-on-year sales growth. Profitability has improved from better product sourcing, pricing and a focus on recurring sales channels. Efficiency has been further enhanced through prudent actions taken to reduce the cost base.

Pharmacy2U demonstrated an increased rate of organic growth in its core NHS online prescription division in the period. In October 2023, P2U announced the acquisition of LloydsDirect, the UK's second largest online pharmacy, from McKesson UK. In March 2024, the UK Competition and Markets Authority provided clearance for the transaction.

Denzel's has focussed on developing its team and infrastructure in the period to support its ambitious growth plans, whilst at the same time achieving strong year-on-year sales growth. The business relaunched its website and has seen a significant increase in online marketing and transactional activity to support its early successes in offline retail channels. In January 2024, the business appointed an experienced Chairman to the board.

In January 2024, EPIC Acquisition Corp announced that it will return all residual capital to third parties and wind up. A perfect storm of Ukraine, global divestment from China, economic flux from energy prices, subsequent inflation and inevitable stock market volatility made 2022 and 2023 difficult years with regards to a high conviction, high risk, capital markets product. Over the 24 month investment period, the EAC team reviewed over 250 opportunities, engaged actively with 12 targets and held over 100 investor meetings. Interesting transaction opportunities arose but could not be completed given the lack of appetite for public market transactions during the period. A disappointing end to an interesting investment product and opportunity for ESO. ESO's holding in EAC was realised at par after the year end, while the value realised from EAC Sponsor will be determined following the completion of the liquidation.

The Investment Advisor continues to monitor the Company's credit fund investments. European Capital Private Debt Fund has completed its investment period and is distributing capital to the Company. In July 2023, the Company completed the realisation of its holdings in Atlantic Credit Opportunities Fund and in August 2023 completed the realisation of its holdings in Prelude Structured Alternatives Master Fund LP, both realised at carrying value.

The Investment Advisor would like to convey its thanks to all of the management teams across the portfolio for their continued commitment during a difficult period, and to the Board and the Company's shareholders for their counsel and support.

EPIC Investment Partners LLP  
Investment Advisor to the Company  
27 March 2024

\*See Alternative Performance Measures of this Report and Accounts.

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

## Audit and Risk Committee Report

The Audit and Risk Committee is chaired by David Pirouet and comprises all other Directors. Mr Pirouet was appointed as Chairman of the Committee on 28 June 2019.

The Audit and Risk Committee's main duties are:

- To review and monitor the integrity of the interim and annual financial statements, interim statements, announcements and matters relating to accounting policy, laws and regulations of the Company;
- To evaluate the risks to the quality and effectiveness of the financial reporting process;
- To review the effectiveness and robustness of the internal control systems and the risk management policies and procedures of the Company;
- To review the valuation of portfolio investments;
- To review corporate governance compliance, including the Company's compliance with the QCA Corporate Governance Code and Disclosure Guidance and Transparency Rules ("DTR") reporting requirements;
- To review the nature and scope of the work to be performed by the Auditors, and their independence and objectivity; and
- To make recommendations to the Board as to the appointment and remuneration of the external auditors.

The Audit and Risk Committee has a calendar which sets out its work programme for the year to ensure it covers all areas within its remit appropriately. It met four times during the period under review to carry out its responsibilities and senior representatives of the Investment Advisor attended the meetings as required by the Audit and Risk Committee. In between meetings, the Audit and Risk Committee chairman maintains ongoing dialogue with the Investment Advisor and the lead audit partner via regular calls and physical meetings.

During the past year the Audit and Risk Committee carried out an ongoing review of its own effectiveness. These concluded that the Audit and Risk Committee is satisfactorily fulfilling its terms of reference and is operating effectively. In addition, the Audit and Risk Committee undertook a review of the Company's corporate governance and compliance with the QCA Corporate Governance Code and DTR reporting requirements.

### Significant accounting matters

The primary risk considered by the Audit and Risk Committee during the period under review in relation to the financial statements of the Company is the valuation of unquoted investments.

The Company's accounting policy for valuing investments is set out in notes 3i and 12. The Audit and Risk Committee examined and challenged the valuations prepared by the Investment Advisor, taking into account the latest available information on the Company's investments and the Investment Advisor's knowledge of the underlying portfolio companies through their ongoing monitoring. The Audit and Risk Committee satisfied itself that the valuation of investments had been carried out consistently with prior accounting periods, or that any change in valuation basis was appropriate, and was conducted in accordance with published industry guidelines.

The Auditors explained the results of their review of the procedures undertaken by the Investment Advisor in preparation of valuation recommendations for the Audit and Risk Committee. On the basis of their audit work, no material adjustments were identified by the Auditor.

### External audit

The Audit and Risk Committee reviewed the audit plan and fees presented by the auditors, PricewaterhouseCoopers CI LLP ("PwC"), and considered their report on the financial statements. The fee for the audit of the annual report and financial statements of the Company (and subsidiaries) for the year ended 31 January 2024 is £81,200 (2023: £61,350).

The Audit and Risk Committee reviews the scope and nature of all proposed non-audit services before engagement, with a view to ensuring that none of these services have the potential to impair or appear to impair the independence of their audit role. The Audit and Risk Committee receives an annual assurance from the auditors that their independence is not compromised by the provision of such services, if applicable. During the period under review, the auditors provided non-audit services to the Company in relation to the Interim Review representing total fees of £26,350 (2023: £17,000).

On 22 April 2022, PwC were appointed as auditors to the Company from the 31 July 2023 Interim review and the 31 January 2023 audit. The Audit and Risk Committee regularly considers the need to put the audit out to tender, the auditors' fees and independence, alongside matters raised during each audit.

PwC, being eligible, have expressed their willingness to continue in office for the current financial year.

#### **Other service providers**

The Board will review the performance and services offered by Langham Hall, as fund administrator and EPIC Administration as fund sub-administrator on an ongoing basis. EPIC Administration completed its last triennial agreed upon procedures review during the year ended 31 January 2021. The agreed upon procedures review for 2024 is currently ongoing.

#### **Risk management and internal control**

The Company does not have an internal audit function. The Audit and Risk Committee believes this is appropriate as all of the Company's operational functions are delegated to third party service providers who have their own internal control and risk monitoring arrangements. A report on these arrangements is prepared by each third party service provider and submitted to the Audit and Risk Committee which it reviews on behalf of the Board to support the Directors' responsibility for overall internal control. The Company does not have a whistleblowing policy and procedure in place. The Company delegates this function to the Investment Advisor who is regulated by the FCA and has such policies in place. The Audit and Risk Committee has been informed by the Investment Advisor that these policies meet the industry standard and no whistleblowing took place during the year.

## **Corporate Governance Statement**

The Board of EPE Special Opportunities is pleased to update shareholders of the Company's compliance with the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The Company is committed to the highest standards of corporate governance, ethical practices and regulatory compliance. The Board believe that these standards are vital to generate long-term, sustainable value for the Company's shareholders. In particular the Board is concerned that the Company is governed in a manner to allow efficient and effective decision making, with robust risk management procedures.

As an investment vehicle, the Company is reliant upon its service providers for many of its operations. The Board maintains ongoing and rigorous review of these providers. Specifically the Board reviews the governance and compliance of these entities to ensure they meet the high standards of the Company.

The Board is dedicated to upholding these high standards and will look to strengthen the Company's governance on an ongoing basis.

The Company's compliance with the QCA Code is included in this report and on the Company's website ([www.epespecialopportunities.com](http://www.epespecialopportunities.com)). The Board deems the QCA Code sufficient and any additional listing rules and DTR disclosures are covered in this Corporate Governance report. The Company will provide annual updates on changes to compliance with the QCA Code.

The Quoted Companies Alliance has announced that a revised version of the QCA Code will apply to accounting periods commencing on or after 1 April 2024. The Company will update its corporate governance disclosures to reflect the revised code in the Report and Accounts released in the relevant future accounting period.

The FCA also progresses on changing the UK Listing Rules. The key changes include creating a single segment for listed equity securities, replacing the current premium and standard distinctions and placing additional obligations on standard listed issuers, including related party transactions as well as bringing them within scope of the UK Governance Code. The Board will monitor and make an assessment of how these changes impact the Company.

The Board has reviewed the analysis below and confirms in its view that the Company has complied with the applicable requirements of the 2018 QCA Code.

Clive Spears  
Chairman  
27 March 2024

## **Report of the Directors**

#### **Principal activity and incorporation**

EPE Special Opportunities Limited (the "Company") was incorporated in the Isle of Man as a company limited by shares under the Laws with registered number 108834C on 25 July 2003. On 23 July 2012, the Company 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'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 Company's Unsecured Loan Notes ("ULN") are quoted on the Aquis Stock Exchange.

The Company's Zero Dividend Preference Shares ("ZDP") are admitted to trade on the main market of the London Stock Exchange (standard listed). It was identified that the 31 January 2023 accounts did not fully include certain disclosures and requirements necessitated by the main market listing of the ZDP shares. Detailed review has been performed by management to consider obligations and reporting requirements in accordance with the Listing Rules and DTR for the standard listed segment (shares) on the London Stock Exchange. The format of the annual report has been updated to include the required disclosures.

The principal activity of the Company and its subsidiaries holding vehicles (together the "Subsidiaries") is to provide long-term return on equity for its shareholders by investing between £2m and £30m in small and medium sized companies. The Company targets growth capital and buy-out opportunities, special situations and distressed transactions, deploying capital where it believes the potential for shareholder value creation to be compelling. The Company has the flexibility to invest in public as well as private companies and is also able to invest in Special Purpose Acquisition Companies ("SPACs") and third party funds. The Company will consider most industry sectors including business services, consumer and retail, financial services and the industrials sector. The portfolio is likely to be concentrated, numbering between two and ten assets at any one time, which allows the Company to allocate the necessary 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 Company's period of ownership.

The Subsidiary investment holding vehicles are not consolidated in the group's financial statements in accordance with IFRS 10. The Company also controls an employee benefit trust ("EBT") established to operate the incentive share plan and share based

Company also controls an employee benefit trust ("EBT") established to operate the jointly owned share plan and share based payment scheme for the Company's Directors and certain employees of the Investment Advisor. The financial statements presented in this Report and Accounts are the consolidated financial statements of the Company and the EBT subsidiary. The Company and the EBT subsidiary are collectively referred to as the "Group" hereinafter.

#### Registered office

The Company's registered office is:

Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

#### Place of business

Prior to 15 May 2023, the Company operated out of and was controlled from:

Liberation House, Castle Street, St Helier, Jersey JE1 2LH.

On 15 May 2023, the Company's place of business was amended to:

Gaspe House, 66-72 Esplanade, St Helier, Jersey, Channel Islands, JE1 2LH.

#### Results of the financial year

Results for the year are set out in the Consolidated Statement of Comprehensive Income and in the Consolidated Statement of Changes in Equity.

#### Dividends

The Board does not recommend a dividend in relation to the current year (2023: nil) (see note 10 for further details).

#### Corporate governance principles

Please refer to the Corporate Governance Statement of this Report & Accounts. The Directors, place a high degree of importance on ensuring that the Company maintains high standards of Corporate Governance and have therefore adopted the Quoted Companies Alliance 2018 Corporate Governance Code (the "QCA Code").

The Board holds at least four meetings annually and has established an Audit and Risk Committee. The Investment Committee was agreed to be disbanded by the Board, given that the Subsidiary investment holding vehicles have their own Boards and governance structure in place. The Subsidiary investment holding vehicles' Boards review and approve the direct investments, and as such a separate Investment Committee at the Company level is not required. The Board does not intend to establish remuneration and nomination committees given the current composition of the Board and the nature of the Company's operations. The Board reviews annually the remuneration of the Directors and agrees on the level of Directors' fees.

#### Composition of the Board

The Board currently comprises four non-executive directors, all of whom are independent. Clive Spears is Chairman of the Board, David Pirouet is Chairman of the Audit and Risk Committee.

Nicholas Wilson stepped down from the Board on 30 September 2023.

#### Audit and Risk Committee

The Audit and Risk Committee comprises David Pirouet (Chairman of the Committee) and all other Directors. The Audit and Risk Committee provides a forum through which the Company's external auditors report to the Board.

The Audit and Risk Committee meets twice a year, at a minimum, and is responsible for considering the appointment and fee of the external auditors and for agreeing the scope of the audit and reviewing its findings. It is responsible for monitoring compliance with accounting and legal requirements, ensuring that an effective system of internal controls is maintained and for reviewing the annual and interim financial statements of the Company before their submission for approval by the Board. The Audit and Risk Committee has adopted and complied with the extended terms of reference implemented on the Company's readmission to AIM in August 2010, as reviewed by the Board from time to time.

The Board is satisfied that the Audit and Risk Committee contains members with sufficient recent and relevant financial experience.

#### Principal risks and uncertainties

The Group has a robust approach to risk management that involves ongoing risk assessments, communication with our Board of Directors and Investment Advisor, and the development and implementation of a risk management framework along with reports, policies and procedures. We continue to monitor relevant emerging risks and consider the market and macro impacts on our key risks.

Risk	Description	Mitigation
<b>Performance Risk</b>	In the event the Company's investment portfolio underperforms the market, the Company may underperform vs. the market and peer benchmarks.	<p>The Board independently reviews any investment recommendation made by the Investment Advisor in light of the investment objectives of the Company and the expectations of shareholders.</p> <p>The Investment Advisor maintains board representation on all majority owned portfolio investments and maintains ongoing discussions with management and other key stakeholders in investments to ensure that there are controls in place to ensure the success of the investment.</p>
<b>Portfolio Concentration Risk</b>	The Company's investment policy is to hold a concentrated portfolio of 2-10 assets. In a concentrated portfolio, if the valuation of any asset decreases it may have a material impact on the Company's NAV.	The Directors and Investment Advisor keep the portfolio under review and focus closely on those holdings which represent the largest proportion of total value.
<b>Liquidity</b>	Liquidity risk is the risk that	The Board and Investment Advisor closely monitors cash flow

<b>Management</b>	the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.	forecasts in conjunction with liability maturity. Liquidity forecasts are carefully considered before capital deployment decisions are made.
<b>Credit Risk</b>	Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company. The Company, through its interests in subsidiaries, has advanced loans to a number of private companies which exposes the Company to credit risk. The loans are advanced to unquoted private companies, which have no credit risk rating.	Loan investments are entered into as part of the investment strategy of the Company and its subsidiaries, and credit risk is managed by taking security where available (typically a floating charge) and the Investment Advisor taking an active role in the management of the borrowing companies. In addition to the repayment of loans advanced, the Company and subsidiaries will often arrange additional preference share structures and take significant equity stakes so as to create shareholder value. It is the performance of the combination of all securities including third party debt that determines the Company's view of each investment.
<b>Operational Risk</b>	The Company outsources investment advisory and administrative functions to service providers. Inadequate or failed internal processes could lead to operational performance risk and regulatory risk.	The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers. The Directors' assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular discussions with the service providers as well as site visits to their offices. The Company also undertakes periodic third-party reviews of service providers' activities.

#### Significant holdings

Significant shareholdings are analysed in the unaudited schedule of shareholders holding over 3% of issued shares. The Directors are not aware of any other holdings greater than 3 per cent. of issued shares.

#### Directors

The Directors of the Company holding office during the financial year and to date are:

Mr. C.L. Spears (Chairman)  
Mr. N.V. Wilson (resigned on 30 September 2023)  
Ms. H. Bestwick  
Mr. D.R. Pirouet  
Mr. M.M Gray

#### Related Party Transactions

Details in respect of the Group's related party transactions during the period are included in note 22 to the financial statements.

#### Staff and Secretary

At 31 January 2024 the Group employed no staff (2023: none).

#### Independent Auditors

The current year is the second year in which PricewaterhouseCoopers CI LLP are undertaking the audit for the Group. PricewaterhouseCoopers CI LLP have indicated willingness to continue in office.

On behalf of the Board

Heather Bestwick  
Director  
27 March 2024

### Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Directors are required to prepare financial statements for each financial year. The Group is required to prepare the financial statement in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (hereinafter "IFRS Accounting Standards") and applicable legal and regulatory requirements of Bermuda Companies Act 1981.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. In preparing the Group's financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;

- state whether they have been prepared in accordance with IFRS Accounting Standards; and
- assess the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Bermuda Companies Act 1981. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the annual financial statements since they were initially presented on the website. Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirm that, to the best of their knowledge:

- The financial statements, prepared in accordance with IFRS Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Investment Advisor's report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This annual report was approved by the Board and the above Director's Responsibility Statement was signed on behalf of the Board by:

Heather Bestwick  
Director  
27 March 2024

## Consolidated Statement of Comprehensive Income

For the year ended 31 January 2024

Note		31 January 2024 Total £	31 January 2023 Total £
	<b>Income</b>		
4	Interest income	366,660	79,899
11	Net fair value movement on investments*	3,384,604	(39,438,551)
	<b>Total income / (loss)</b>	<b>3,751,264</b>	<b>(39,358,652)</b>
	<b>Expenses</b>		
5	Investment advisor's fees	(1,832,745)	(1,755,442)
6	Directors' fees	(162,474)	(172,000)
7	Share based payment expense	(339,593)	(555,225)
8	Other expenses	(635,675)	(557,416)
	<b>Total expense</b>	<b>(2,970,487)</b>	<b>(3,040,083)</b>
	<b>Profit / (loss) before finance costs and tax</b>	<b>780,777</b>	<b>(42,398,735)</b>
	<b>Finance charges</b>		
15	Interest on unsecured loan note instruments	(309,049)	(309,382)
15	Zero dividend preference shares finance charge	(868,190)	(1,128,093)
	<b>Loss for the year before taxation</b>	<b>(396,462)</b>	<b>(43,836,210)</b>
9	<b>Taxation</b>	-	-
	<b>Loss for the year</b>	<b>(396,462)</b>	<b>(43,836,210)</b>
	Other comprehensive income	-	-
	<b>Total comprehensive loss</b>	<b>(396,462)</b>	<b>(43,836,210)</b>
17	<b>Basic loss per ordinary share (pence)</b>	<b>(1.39)</b>	<b>(147.95)</b>
17	<b>Diluted loss per ordinary share (pence)</b>	<b>(1.33)</b>	<b>(141.77)</b>

\* The net fair value movements on investments is allocated to the capital reserve and all other income and expenses are allocated to the revenue reserve in the Consolidated Statement of Changes in Equity. All items derive from continuing activities.

## Consolidated Statement of Assets and Liabilities

At 31 January 2024



Note	31 January 2024		31 January 2023	
		£		£
	<b>Non-current assets</b>			
11	Investments at fair value through profit or loss	95,459,612	100,412,977	
		<b>95,459,612</b>	<b>100,412,977</b>	
	<b>Current assets</b>			
11	Investments at fair value through profit or loss	5,262,427	-	
13	Cash and cash equivalents	14,462,495	22,226,008	
	Trade and other receivables and prepayments	73,646	87,899	
		<b>19,798,568</b>	<b>22,313,907</b>	
	<b>Current liabilities</b>			
14	Trade and other payables	(676,284)	(596,790)	
15	Unsecured loan note instruments	(3,987,729)	(3,987,729)	
		<b>(4,664,013)</b>	<b>(4,584,519)</b>	
	<b>Net current assets</b>	<b>15,134,555</b>	<b>17,729,388</b>	
	<b>Non-current liabilities</b>			
15	Zero dividend preference shares	(13,714,191)	(20,721,001)	
		<b>(13,714,191)</b>	<b>(20,721,001)</b>	
	<b>Net assets</b>	<b>96,879,976</b>	<b>97,421,364</b>	
	<b>Equity</b>			
16	Share capital	1,730,828	1,730,828	
16	Share premium	13,619,627	13,619,627	
24	Capital reserve	100,523,993	97,139,389	
24	Revenue reserve and other equity	(18,994,472)	(15,068,480)	
	<b>Total equity</b>	<b>96,879,976</b>	<b>97,421,364</b>	
18	<b>Net asset value per share (pence)</b>	<b>324.26</b>	<b>328.41</b>	

The financial statements were approved by the Board of Directors on 27 March 2024 and signed on its behalf by:

Clive Spears  
Director

David Pirouet  
Director

## Consolidated Statement of Changes in Equity

For the year ended 31 January 2024

Year ended 31 January 2024						
Note	Share capital	Share premium	Capital reserve	Revenue reserve and other equity	Total	
	£	£	£	£	£	
	<b>Balance at 1 February 2023</b>	1,730,828	13,619,627	97,139,389	(15,068,480)	97,421,364
	Total comprehensive loss for the year	-	-	3,384,604	(3,781,066)	(396,462)
	<b>Contributions by and distributions to owners</b>					
7	Share-based payment charge	-	-	-	339,593	339,593
	Share ownership scheme participation	-	-	-	41,401	41,401
16	Share acquisition for JOSP scheme	-	-	-	(525,920)	(525,920)
	<b>Total transactions with owners</b>	-	-	-	<b>(144,926)</b>	<b>(144,926)</b>
	<b>Balance at 31 January 2024</b>	<b>1,730,828</b>	<b>13,619,627</b>	<b>100,523,993</b>	<b>(18,994,472)</b>	<b>96,879,976</b>

Note	Year ended 31 January 2023					
	Share capital	Share premium	Capital reserve	Revenue reserve and other equity	Total	
	£	£	£	£	£	
	Balance at 1 February 2022	1,730,828	13,619,627	136,577,940	(8,303,418)	143,624,977
	Total comprehensive loss for the year	-	-	(39,438,551)	(4,397,659)	(43,836,210)
	Contributions by and distributions to					

Contributions by shareholders to owners

7	Share-based payment charge	-	-	-	555,225	555,225
	Share ownership scheme participation	-	-	-	149,568	149,568
16	Purchase of shares	-	-	-	(2,587,375)	(2,587,375)
16	Share acquisition for JOSP scheme	-	-	-	(484,821)	(484,821)
	<b>Total transactions with owners</b>	-	-	-	<b>(2,367,403)</b>	<b>(2,367,403)</b>
	<b>Balance at 31 January 2023</b>	<b>1,730,828</b>	<b>13,619,627</b>	<b>97,139,389</b>	<b>(15,068,480)</b>	<b>97,421,364</b>

## Consolidated Statement of Cash Flows

For the year ended 31 January 2024

Note		31 January 2024 £	31 January 2023 £
	<b>Operating activities</b>		
	Interest income received	366,660	79,899
	Expenses paid	(2,535,853)	(2,853,467)
11	Purchase of investments	(3,350,000)	(3,174,948)
11	Proceeds from investments	6,425,542	3,848,880
19	<b>Net cash generated from / (used in) operating activities</b>	<b>906,349</b>	<b>(2,099,636)</b>
	<b>Financing activities</b>		
15	Unsecured loan note interest paid	(309,049)	(299,080)
	Purchase of shares	(525,920)	(3,072,196)
15	Buyback of zero dividend preference shares	(7,875,000)	-
	Share ownership scheme participation	41,401	149,568
	<b>Net cash used in financing activities</b>	<b>(8,668,568)</b>	<b>(3,221,708)</b>
	<b>Decrease in cash and cash equivalents</b>	<b>(7,762,219)</b>	<b>(5,321,344)</b>
	Effect of exchange rate fluctuations on cash and cash equivalents	(1,294)	2,310
	<b>Cash and cash equivalents at start of year</b>	<b>22,226,008</b>	<b>27,545,042</b>
13	<b>Cash and cash equivalents at end of year</b>	<b>14,462,495</b>	<b>22,226,008</b>

### Reconciliation of net debt

Cash and cash equivalents	On 31 January 2023 £	Cash flows £	Other non-cash charge £	On 31 January 2024 £
Cash at bank	22,226,008	(7,762,219)	(1,294)	14,462,495
Unsecured loan note instruments	(3,987,729)	309,049	(309,049)	(3,987,729)
Zero dividend preference shares	(20,721,001)	7,875,000	(868,190)	(13,714,191)
<b>Net debt</b>	<b>(2,482,722)</b>	<b>421,830</b>	<b>(1,178,533)</b>	<b>(3,239,425)</b>

## Notes to the Consolidated Financial Statements

For the year ended 31 January 2024

### 1 General information

On 25 July 2003, the Company was incorporated with limited liability in the Isle of Man. On 23 July 2012, the Company then re-registered in the Isle of Man in order to bring the Company within 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 Company's zero dividend preference shares are admitted to trade on the main market of the London Stock Exchange (standard listed). The Company's unsecured loan notes are quoted on the Aquis Stock Exchange.

The Company's portfolio investments are held in two majority owned subsidiary entities, ESO Investments 1 Limited and ESO Investments 2 Limited and one wholly owned subsidiary entity, ESO Alternative Investments LP (together the "Subsidiaries"). ESO Investments 1 Limited and ESO Investments 2 Limited operate out of Jersey and ESO Alternative Investments LP operates out of the United Kingdom.

Direct interests in the individual portfolio investments are held by the following Subsidiaries;

- ESO Investment 1 Limited: Rayware, Whittard, David Phillips and Denzel's
- ESO Investments 2 Limited: Luceco and Pharmacy2U
- ESO Alternative Investments LP: European Capital Private Debt Fund LP, Atlantic Credit Opportunities DAC, EPIC Acquisition Corp and EAC Sponsor Limited

The above Subsidiaries are subsidiary holding vehicles and are not consolidated in accordance with IFRS 10 as detailed in Notes 3a and 3b.

The Company also controls the EPIC Private Equity Employee Benefit Trust (referred herein as the "EBT subsidiary"), an employee benefit trust, which financial position and results are consolidated in these financial statements (refer to Notes 3a and 7 for details). These financial statements are consolidated financial statements of the Company and the EBT subsidiary. The Company and the EBT subsidiary are collectively referred to as the "Group" hereinafter.

The Group's primary objective is to provide long-term return on equity for its shareholders by investing between £2m and £30m in small and medium sized companies.

The Group targets growth capital and buy-out opportunities, special situations and distressed transactions, deploying capital where it believes the potential for shareholder value creation to be compelling. ESO has the flexibility to invest in public as well as private companies and is also able to invest in Special Purpose Acquisition Companies ("SPACs") and third party funds.

ESO will consider most industry sectors including business services, consumer and retail, financial services and the industrials sector.

The portfolio is likely to be concentrated, numbering between two and ten assets at any one time, which allows the Group to allocate the necessary 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 Group's period of ownership.

The Group has no employees.

The following significant changes occurred during the year ended 31 January 2024:

- In July 2023, the Company completed the realisation of its holdings in Atlantic Credit Opportunities Fund and in August 2023 completed the realisation of its holdings in Prelude Structured Alternatives Master Fund LP, with both realised at carrying value.
- In January 2024, EPIC Acquisition Corp. announced that it will return all residual capital to third parties and wind up. The valuation methodology for EPIC Acquisition Corp. and EAC Sponsor Limited was amended to a liquidation valuation, implying a reduction in the aggregate value of the holdings. As a result, the designation of the level of fair value hierarchy of EPIC Acquisition Corp was amended to Level 3 from Level 2 as at 31 January 2023 (see note 12).
- In July 2023, the Company completed the buyback of 7.5 million zero dividend preference shares ("ZDP"). Following this buyback, the Company has 12.5 million ZDP shares remaining in issue, maturing in December 2026 for a value of £7,875,000 (see note 15).
- The movement in the value of investments and fair value movement are deemed as significant changes during the period (see note 12).

The financial information is derived from the Group's consolidated financial statements for the year ended 31 January 2024. The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 January 2023 and 31 January 2024 but is derived from those accounts. The Auditors have reported on the statutory accounts and their report was unqualified and did not draw attention to any matters by way of emphasis. The full text of the auditors' report can be found in the Company's full 2024 Report and Accounts on pages 48 to 53.

The 2024 Report and Accounts will be published on the Company's website at <https://www.epespecialopportunities.com/> as soon as practicable. They will also be submitted to the National Storage Mechanism where they will be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

## **2 Basis of preparation**

### **a. Statement of compliance**

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and applicable legal and regulatory requirements of Bermuda Companies Act 1981. The following accounting policies have been adopted and applied consistently. The financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### **b. Basis of measurement**

The financial statements have been prepared on the historical cost convention except for financial instruments at fair value through profit or loss which are measured at fair value (note 12). The following are amendments that the Group has decided not to adopt early:

- **Standards and amendments to existing standards effective 1 January 2023**

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Group.

- **New standards, amendments and interpretations effective after 1 January 2023 and have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Group.

**c. Functional and presentation currency**

These financial statements are presented in Sterling, which is the Group's functional and presentation currency. All financial information presented in Sterling has been rounded to the nearest pound.

'Functional currency' is the currency of the primary economic environment in which the Group operates. The expenses (including investment advisory and administration fees) and investments are denominated and paid in Sterling. Accordingly, management has determined that the functional currency of the Group is Sterling.

A foreign currency transaction is recorded initially at the rate of exchange at the date of the transaction. Assets and liabilities are translated from foreign currency to the functional currency at the closing rate at the end of the reporting period. The resulting gains or losses are included in the Consolidated Statement of Comprehensive Income.

**d. Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS Accounting Standard requires the Directors and the Investment Advisor to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The Directors have, to the best of their ability, provided as true and fair a view as is possible. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates and assumptions made by Directors and the Investment Advisor in the application of IFRS Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the year relate to the determination of fair value of financial instruments with significant unobservable inputs (see note 12).

The critical judgements made by the Directors and the Investment Advisor in preparing these financial statements are:

- Classification of the zero dividend preference share as a non-current liability in the Consolidated Statement of Assets and Liabilities. The zero dividend preference shares meet the definition of a non-current liability as detailed in note 3(i). Please refer to note 15 for further details.
- Categorisation of ESO Alternative Investments LP, ESO Investments 1 Limited and ESO Investments 2 Limited as Subsidiaries. The Company is deemed to have control over these Subsidiaries. Please refer to note 3(a) for details.

**e. Unconsolidated structured entities**

The Company invests in portfolio investments through its Subsidiaries. See note 3(a) for an explanation of why these entities are considered controlled subsidiary investments. The purpose of the Subsidiaries is to hold investments. The Subsidiaries meet the definition of unconsolidated structured entities under IFRS 12. There are letters of support in place between the Company and ESO Investments 1 Limited and ESO Investments 2 Limited for the payment of expenses. ESO Alternative Investments LP pays its own expenses.

The total fair value of the Subsidiaries, and the amount recognised in the Company's financial statements (as investments at fair value) is £100,722,039 (2023: £100,412,977).

In respect of ESO Alternative Investments LP, the Company has 100% beneficial ownership of the entity. In respect of ESO Investments 1 Limited, the Company has 80% beneficial ownership of the entity.

In respect of ESO Investments 2 Limited, the Company has 80% beneficial ownership of the entity.

There are no restrictions on the ability of the above Subsidiaries to transfer funds to the Company in the form of cash dividends or loan repayments.

The Company's maximum exposure to loss from its interest in its Subsidiaries is equal to the total fair value of its investment in its Subsidiaries.

The Company's Subsidiaries invest in quoted and unquoted securities, in line with the Company's investment policy. The value of these investments may be impacted by market price risk arising from uncertainty about the future market value of these holdings as well as the risk of underperformance of the underlying portfolio companies.

The exposure to investments in Subsidiaries measured at fair value is disclosed in the following table :

	31 January 2024	31 January 2023
	£	£
ESO Investments 1 Limited	52,200,243	43,217,307
ESO Investments 2 Limited	42,722,072	44,330,483
ESO Alternative Investments LP	5,799,724	12,865,187
	<b>100,722,039</b>	<b>100,412,977</b>

During the year ended 31 January 2024 total net profit incurred on the fair value movement on investments in Subsidiaries was £3,384,604 (2023: loss of £39,438,551) (as set out in note 11).

#### **f. Going concern**

The Group's management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has adequate resources to continue in business for at least twelve months from the date of approval of financial statements. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### **3 Material accounting policy information**

#### **a. Subsidiaries and consolidation**

The Company has subsidiaries which have been determined to be controlled subsidiary investments. Controlled subsidiary investments are measured at fair value through profit or loss and are not consolidated in accordance with IFRS 10. The fair value of controlled subsidiary investments is determined on a consistent basis to all other investments measured at fair value through profit or loss, and as described in note 3.i.

A controlled subsidiary investment involves holding companies over which the Company has the power to govern the financial and operating policies. These holding companies are subsidiaries that have been incorporated for the purpose of holding underlying investments on behalf of the Company. Such holding companies have no operations other than providing a vehicle for the acquisition, holding and onward sale of certain portfolio investment companies. The holding companies are also reflected at its fair value, with the key fair value driver thereof being the investment in the underlying portfolio company investments that the holding company holds on behalf of the Company. The holding companies require no consolidation, because the holding companies are not deemed to be providing investment related services, as defined by IFRS 10.

Where the Company is deemed to have control over an underlying portfolio company, either directly or indirectly, and whether the control is via voting rights or through the ability to direct the relevant activities in return for access to a significant portion of the variable gains and losses derived from those relevant activities, the Company does not consolidate the underlying portfolio company; instead, the Company reflects its investment at fair value through profit or loss.

The EPIC Private Equity Employee Benefit Trust ("EBT Subsidiary or Trust") is treated as a subsidiary and consolidated in the financial statements. The impact on the financial statements is immaterial. All transactions and balances between the Company and EBT Subsidiary are eliminated on consolidation. Amounts reported in the financial statements have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. Please refer to note 7 for more details.

#### **b. Investment entity**

IFRS 10: "Consolidated Financial Statements", provides an exception to the consolidation requirement for entities that meet the definition of an investment entity.

The Directors believe the Company meets the definition of an investment entity as the following conditions exist:

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

The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

#### **c. Segmental reporting**

The Directors are of the opinion that the Company is engaged in a single segment of business and geographic area, being arranging financing for growth, buyout and special situations investments in the United Kingdom. Information presented to the Board of Directors for the purpose of decision making is based on this single segment. All significant operating decisions are based upon the analysis of the Company's investments as a single operating segment. The financial information from this segment are equivalent to the financial information of the Company as a whole, which are evaluated on a regular basis by the Board of Directors.

#### **d. Income**

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is accounted for when the right to receive such income is established.

#### **e. Expenses**

All expenses are accounted for on an accrual basis.

#### **f. Cash and cash equivalents**

Cash and cash equivalents comprise of current cash deposits with banks only. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

#### **g. Finance charges**

Other finance charges are recognised as an expense.

## **h. Trade and other payables**

Trade and other payables are stated at amortised cost in accordance with IFRS 9.

## **i. Unsecured loan note instruments**

Unsecured loan note instruments are stated at amortised cost in accordance with IFRS 9.

## **j. Financial assets and financial liabilities**

### **A. Classification**

#### **Financial assets**

When the Group first recognises a financial asset, it classifies it based on the business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

- **Amortised cost:** a financial asset is measured at amortised cost if both of the following conditions are met:
  - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- **Fair value through other comprehensive income:** financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Fair value through profit or loss:** any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Group changes its business model for managing financial assets it must reclassify all affected assets

#### **Financial liabilities**

All financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives (other than derivatives that are financial guarantee contracts or are designated and effective hedging instruments), other liabilities held for trading, and liabilities that an entity designates to be measured at fair value through profit or loss.

### **B. Recognition**

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

### **C. Measurement**

Equity and debt investments, including those held by Subsidiaries, are stated at fair value. Loans and Receivables are stated at amortised cost less any impairment losses.

The Investment Advisor determines asset values using the valuation principles of IFRS 13.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at closing price on the relevant exchange at the measurement date.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment. Financial assets that are not carried at fair value through profit and loss are subject to an impairment test. For loans to portfolio companies the impairment test is undertaken as part of the assessment of the fair value of the enterprise value of the related business, as described above. If expected life cannot be determined reliably, then the contractual life is used.

### **D. Impairment**

#### **12-month expected credit losses**

12-month expected credit losses are calculated by multiplying the probability of a default occurring in the next 12 months with the total (lifetime) expected credit losses that would result from that default, regardless of when those losses occur. Therefore, 12-month expected credit losses represent a financial asset's lifetime expected credit losses that are expected to arise from default events that are possible within the 12 month period following origination of an asset, or from each reporting date for those assets in initial recognition stage.

#### **Lifetime expected credit losses**

Lifetime expected credit losses are the present value of expected credit losses that arise if a borrower defaults on its obligation at any point throughout the term of a lender's financial asset (that is, all possible default events during the term of the financial asset are included in the analysis). Lifetime expected credit losses are calculated based on a weighted average of expected credit losses, with the weightings being based on the respective probabilities of default.

#### **E. Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

The Company uses the weighted average method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **k. Share capital**

##### **Ordinary share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

##### **Repurchase of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from revenue reserves.

##### **Capital Reserve and Revenue Reserve and other equity**

The capital reserve comprises net gains and losses on investments. The revenue reserve and other equity comprise other income and expenses plus other items recorded directly in equity (excluding items recorded as share capital / share premium).

#### **l. Jointly owned share plan ("JOSP") and share-based payments**

Directors of the Company and certain employees of the Investment Advisor (together "Participants") receive remuneration in the form of equity-settled share-based payment transactions, through a JOSP Scheme.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is determined based on the share price of the equity instrument at the grant date. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of shares that will eventually vest. The instruments are subject to a three-year service vesting condition from the grant date, and their fair value is recognised as a share-based expense with a corresponding increase in revenue reserves within equity over the vesting period. Contributions received from employees as part of the JOSP arrangement are recognised directly in equity in the line share ownership scheme participation.

The assets (other than investments in the Company's shares), liabilities, income and expenses of the Trust established to operate the JOSP scheme are consolidated in these financial statements. Any expense incurred by the Trust are borne by the Company. The Trust's investment in the Company's shares is deducted from shareholders' funds in the Consolidated Statement of Asset and Liabilities as if they were treasury shares (see note 7).

#### **m. Zero dividend preference shares ("ZDP")**

Under IAS 32 - Financial Instruments: Presentation, the ZDP Shares are classified as financial liabilities and are held at amortised cost. An accrual for the final capital entitlement of the ZDP Shares is included in the Consolidated Statement of Comprehensive Income as a finance cost and is calculated using the effective interest rate method ("EIR"). The costs of issue of the ZDP Shares are amortised over the period to the ZDP Share redemption date.

#### **n. Future changes in accounting policies**

Several new standards and interpretations have been published that are not mandatory for 31 January 2024 reporting periods and earlier application is permitted; however, the Group has not adopted early the new or amended standards in preparing these financial statements.

The Directors do not expect the adoption of the standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

#### **o. Change in categorisation of holding companies**

During the year ended 31 January 2023, the Directors reassessed its categorisation of ESO Alternative Investments LP, ESO Investments 1 Limited and ESO Investments 2 Limited from Associates to Subsidiaries. These entities were set up by the Company as holding vehicles for investments acquired for the benefit of the Company. The holding companies are structured entities and as such voting rights or similar rights are not the dominant factor in decision-making power over them. As a result, the Directors deem the classification of these entities as Subsidiaries to be more appropriate.

#### **4 Interest income**

	2024	2023
	Group	Group
	£	£
Interest earned on cash balances	366,660	79,899
<b>Total</b>	<b>366,660</b>	<b>79,899</b>

#### **5 Investment advisory, administration and performance fees**

## Investment advisory fees

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

The charge for the current year was £1,832,745 (2023: £1,755,442). The amount outstanding as at 31 January 2024 was £484,400 (2023: £487,107) (see note 14).

## Administration fees

EPIC Administration Limited provides accounting and financial administration services to the Group. 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 Group's NAV where the Group'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 Group's NAV above £100 million.

The charge for the current year was £141,330 (2023: £147,043).

Other administration fees during the year were £82,406 (2023: £76,302).

## Performance fees paid by Subsidiaries

The Subsidiaries are stated at fair value. Performance fees are paid to the Investment Advisor based on the performance of the Subsidiaries and deducted in calculating the fair value of Subsidiaries.

### Performance fee 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 above the base value of investment. As at 31 January 2024, £4,983,792 has been accrued in the profit share account of the Investment Advisor in the records of ESO Investments 1 Limited (2023: £nil accrued).

### Performance fee 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 above the base value of investment. As at 31 January 2024, £9,104,320 has been accrued in the profit share account of the Investment Advisor in the records of ESO Investments 2 Limited (2023: £9,112,002 accrued).

## Joint Owned Share Plan ("JOSP") and share-based payments

Directors of the Company and certain employees of the Investment Advisor (together "Participants") receive remuneration in the form of equity-settled share-based payment transactions, through a JOSP Scheme (see note 7).

## 6 Directors' fees

	2024 Company £	2024 Share-based payment £	2023 Company £	2023 Share-based payment £
C.L. Spears (Chairman)	42,000	6,393	42,000	9,388
N.V. Wilson (resigned on 30 September 2023)	22,474	5,972	32,000	9,216
H. Bestwick	32,000	6,393	32,000	9,388
D.R. Pirouet	34,000	8,298	34,000	6,132
M.M. Gray	32,000	4,296	32,000	2,093
<b>Total</b>	<b>162,474</b>	<b>31,352</b>	<b>172,000</b>	<b>36,217</b>

In addition to the fees noted above, C.L. Spears, H. Bestwick and M.M. Gray received during the year;

- £3,750 each as Directors' fees for their directorship of ESO Investments 1 Limited; and
- £3,750 each as Directors' fees for their directorship of ESO Investments 2 Limited.

Aggregate Directors' fees for ESO Investments 1 Limited and ESO Investments 2 Limited for the year ended 31 January 2024 amounted to £22,500 (2023 : £22,500).

Nicholas Wilson resigned on 30 September 2023. The share-based payment expense is calculated as set out in note 7.

## 7 Share-based payment expense

The cost of equity-settled transactions to Participants in the JOSP Scheme are measured at fair value at the grant date. 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 JOSP. The Trust is consolidated in these financial statements in accordance with Note 3a. 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 the rest of the ordinary shares.

The Trust held 1,546,693 (2023: 1,290,202) matching shares at the year-end which have historically not voted (see note 16).



257,061 shares vested to Participants in the year ended 31 January 2024 (2023: 862,290). 305,082 shares were awarded to Participants in the year ended 31 January 2024 (2023: 156,173). The weighted average fair value of the shares awarded during the period is 146.33 pence per share.

The fair value of awards granted under the JOSP is recognised as an employee benefits expense, with a corresponding increase in equity. This has been calculated on the basis of the fair value of the equity instruments, which is the share price of the equity instrument on the AIM market of the London Stock Exchange at the grant date 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 from the Participants. As the Company does not pay dividends, no expected dividends were incorporated into the measurement value. No other features other than the share price of the equity instrument is incorporated into the measurement of the fair value of the awards.

The impact of revision to original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

The total share-based payment expense in the year ended 31 January 2024 was £339,593 (2023: £555,225). Of the total share-based payment expense in the year ended 31 January 2024, £31,352 related to the Directors (2023: £36,217) and the balance related to members, employees and consultants of the Investment Advisor.

## 8 Other expenses

The breakdown of other expenses presented in the Consolidated Statement of Comprehensive Income is as follows:

	31 January 2024	31 January 2023
	Total	Total
	£	£
Administration fees	(223,806)	(223,345)
Directors' and officers' insurance	(27,993)	(27,464)
Professional fees	(145,363)	(94,442)
Board meeting and travel expenses	(1,639)	(1,085)
Auditors' remuneration	(81,200)	(61,350)
Interim review remuneration *	(26,350)	(17,000)
Bank charges	(1,404)	(1,705)
Foreign exchange movement	(1,137)	2,687
Nominated advisor and broker fees	(55,001)	(62,322)
Listing fees	(53,472)	(52,769)
Sundry expenses	(18,310)	(18,621)
<b>Other expenses</b>	<b>(635,675)</b>	<b>(557,416)</b>

\* This relates to the interim review of the half yearly financial report which was performed by the auditors.

## 9 Taxation

The Company is a tax resident of Jersey and is subject to 0 per cent. corporation tax (2023: 0 per cent.).

ESO Alternative Investments LP is transparent for tax purposes.

ESO Investments 1 Limited and ESO Investments 2 Limited are tax resident in Jersey and are subject to 0 per cent. (2023: 0 per cent.) corporation tax.

## 10 Dividends paid and proposed

No dividends were paid or proposed for the year ended 31 January 2024 (2023: £nil).

## 11 Investments at fair value through profit or loss

	31 January 2024	31 January 2023
	£	£
Investments at fair value through profit and loss*	100,722,039	100,412,977
	<b>100,722,039</b>	<b>100,412,977</b>

### Investments roll forward schedule

	31 January 2024	31 January 2023
	£	£
Investments at fair value at 1 February	100,412,977	140,525,060
Purchase of investments	3,350,000	3,174,948
Proceeds from investments	(6,425,542)	(3,848,880)
Net fair value movements	3,384,604	(39,438,551)
Reclassification of debtor balance to investee	-	400
<b>Investments at fair value</b>	<b>100,722,039</b>	<b>100,412,977</b>

\* Comprises Subsidiaries stated at fair value in accordance with accounting policy set out in note 3(a) (ESO Investments 1 Limited, ESO Investments 2 Limited and ESO Alternative Investments LP).

Discussion of the performance of individual investments is presented in the Chairman's Statement and the Investments Advisor's Report.

## 12 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.

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.

The Investment Advisor undertakes the valuation of financial instruments required for financial reporting purposes. Recommended valuations are reviewed and approved by the Investment's Advisor's Valuation Committee for circulation to the Company's Board. The Audit and Risk Committee of the Company's Board meets at least once every six months, in line with the Company's semi-annual reporting periods, to review the recommended valuations and approve final valuations for adoption in the Company's financial statements.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### **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 held via its Subsidiaries are 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 Audit and Risk Committee of the Company's Board 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. Changes in the fair value of financial instruments are recorded in the Consolidated Statement of Comprehensive Income in the line item "Net fair value movement on investments".

#### **Quoted investments**

Quoted investments traded in an active market are classified as Level 1 in the IFRS 13 fair value hierarchy. The investment in Luceco is a Level 1 asset. For Level 1 assets, the holding value is calculated from the closing price on the relevant exchange at the measurement date.

Quoted investments traded in markets that are considered less than active are classified as Level 2 in the IFRS 13 fair value hierarchy. The investment in EPIC Acquisition Corp was considered to be a Level 2 asset in the year ended 31 January 2023. For the year ended 31 January 2024, the investment in EPIC Acquisition Corp is considered to be a Level 3 asset, and therefore no assets are considered to be Level 2.

#### **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 investments in Whittard, David Phillips, Rayware, Denzel's, Pharmacy2U, European Capital Private Debt Fund LP, EPIC Acquisition Corp and EAC Sponsor Limited 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 underperforming assets, net asset or liquidation valuation is considered more applicable, in particular where the business' performance be contingent on shareholder financial support;
- For performing assets, market approach is considered to be the most appropriate with a specific focus on trading comparables, applied on a forward basis. Transaction comparables, applied on a historic basis may also be considered. The financial metric to which the multiple is applied will depend on the stage of the company and the sector in which it operates. Typically, mature companies will be valued on the basis of the basis of an EBITDA multiple, while growth companies will be valued on the basis of a sales multiple;
- For assets managed and valued by third party managers, the valuation methodology of the third party manager is reviewed. If deemed appropriate and consistent with reporting standards, the valuation prepared by the third-party manager will be used.

For the year ended 31 January 2024, a public comparable sales multiple valuation is employed for the investment in Denzel's. The valuation methodology has been amended from investment cost given the elapsed time since investment, with changes in market conditions and trading outlook in the intervening period.

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 considers 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 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.

#### **EPIC Acquisition Corp and EAC Sponsor Limited**

EPIC Acquisition Corp ("EAC") is a special purpose acquisition company ("SPAC"). For the year ended 31 January 2024, a liquidation valuation is employed for the holdings in EPIC Acquisition Corp and EAC Sponsor Limited, calculated on the basis of the value of ESO Alternative Investments LP's holding in a liquidation scenario. The investments are considered as Level 3 assets. For the year ended 31 January 2023, EPIC Acquisition Corp was valued on a marked to market basis and considered a Level 2 asset and EAC Sponsor Limited was valued on the basis of a probability weighted range of implied values under potential realisation scenarios and considered a Level 3 asset. The valuation methodology has been amended to a liquidation value to reflect the announcement in January 2024 that EPIC Acquisition Corp. will return all residual capital to third parties and wind up. The liquidation valuation approach implies both assets are considered Level 3 assets.

approach implies both assets are considered Level 3 assets.

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 EPIC Acquisition Corp and EAC Sponsor Limited's assets, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on the investment valuations. The key inputs into the preparation of the valuations of EPIC Acquisition Corp and EAC Sponsor Limited were the distributions available in a liquidation scenario to EAC Sponsor Limited. If these inputs had been taken at the higher end of the range of expected realisations, the value of these assets and profit for the year would have been £33,299 higher. If these inputs had been taken at the lower end of the range, their would be nil change to the value of these assets and profit for the year, given the valuation is prepared on a nil realisation basis. This sensitivity excludes amounts held by EPIC Acquisition Corp. in escrow, which will deliver a fixed distribution in the event of a liquidation scenario.

#### Fair value hierarchy - Financial instruments measured at fair value

The Company's investments in the Subsidiaries at 31 January 2024 are classified as Level 3 (in line with 31 January 2023), given the variation in classification of the underlying assets. The Company values these investments on the basis of the net asset value of these holdings.

The table below analyses the underlying investments held by the Subsidiaries measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The Board assesses the fair value of the total investment, which includes debt and equity.

The tables below show the gross amount and the net amount of all investments held via the Subsidiaries per the fair value hierarchy. The net amount is a result of the application of profit share adjustments relating to the performance fees discussed in Note 5.

	Level 1	Level 3	Total
31 January 2024	£	£	£
<b>Financial assets at fair value through profit or loss</b>			
Unquoted private equity investments (including debt)	-	59,103,536	59,103,536
Fund investments	-	451,348	451,348
Quoted investments*	48,865,293	5,262,427	54,127,720
<b>Investments at fair value through profit or loss</b>	<b>48,865,293</b>	<b>64,817,311</b>	<b>113,682,604</b>
Other asset and liabilities (held at cost)	-	-	1,127,547
Performance fee adjustment	(8,732,750)	(5,355,362)	(14,088,112)
<b>Total</b>	<b>40,132,543</b>	<b>59,461,949</b>	<b>100,722,039</b>

	Level 1	Level 2	Level 3	Total
31 January 2023	£	£	£	£
<b>Financial assets at fair value through profit or loss</b>				
Unquoted private equity investments (including debt)	-	-	47,752,184	47,752,184
Unquoted fund investments	-	-	3,184,749	3,184,749
Quoted investments	50,501,249	5,495,557	-	55,996,806
<b>Investments at fair value through profit or loss</b>	<b>50,501,249</b>	<b>5,495,557</b>	<b>50,936,933</b>	<b>106,933,739</b>
Other asset and liabilities (held at cost)	-	-	-	2,591,240
Performance fee adjustment	(8,743,708)	-	(368,294)	(9,112,002)
<b>Total</b>	<b>41,757,541</b>	<b>5,495,557</b>	<b>50,568,639</b>	<b>100,412,977</b>

\* There has been a change in the designation of the level of fair value hierarchy of EPIC Acquisition Corp from Level 2 to Level 3 during the current year, with the valuation methodology amended to a liquidation value approach.

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 Subsidiaries.

	31 January 2024	31 January 2023
Unquoted investments (including debt)	£	£
Balance as at 1 February	50,568,639	47,886,854
Additional investments	3,350,912	2,086,948
Capital distributions from investments	(2,694,993)	(2,235,136)
Transfer to Level 3 investments	5,495,557	-
Change in fair value through profit & loss	2,741,834	2,829,973
<b>Balance as at 31 January</b>	<b>59,461,949</b>	<b>50,568,639</b>

#### Significant unobservable inputs used in measuring fair value

The table below sets out information about significant unobservable inputs used at 31 January 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Fair value at 31 January 2024	Significant unobservable inputs
	£	
Unquoted private equity investments (including debt)	53,748,174	Sales / EBITDA multiple
Fund investments	5,713,775	Reported net asset value or liquidation 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 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 periodic valuations of the investment. The valuation methodology of the third-party manager is reviewed. If deemed appropriate and consistent with reporting standards, the Board will adopt the valuation prepared by the third-party manager. Adjustments are made to third party valuations where considered necessary to arrive at the Director's estimate of fair value.
- **Investment cost:** for recently acquired assets (typically completed in the last twelve months), the Investment Advisor considers the investment cost an appropriate fair value for the asset. No asset was valued using investment cost as at 31 January 2024.
- **Liquidation value:** for underperforming assets, the Investment Advisor considers the value recovered in the event of a liquidation of the asset an appropriate fair value for the asset.

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 7.2x (weighted by each asset's total valuation) (2023: 6.7x). The key unobservable inputs into the preparation of the valuation of mature Level 3 assets was the EBITDA multiple applied to the asset's financial forecasts. A sensitivity of 25 per cent. has been applied to these multiples, in line with the maximum liquidity discount employed in the valuations. If these inputs had been taken to be 25 per cent. higher, the value of the Level 3 assets and profit for the year would have been £15,161,561 higher. If these inputs had been taken to be 25 per cent. lower, the value of the Level 3 assets and profit for the year would have been £17,786,484 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) (2023: 1.4x). The key unobservable inputs into the preparation of the valuation of growth Level 3 assets were the sales multiple applied to the asset's financial forecasts. A sensitivity of 25 per cent. has been applied to these multiples, in line with the maximum liquidity discount employed in the valuations. If these inputs had been taken to be 25 per cent. higher, the value of the Level 3 assets and profit for the year would have been £860,072 higher. If these inputs had been taken to be 25 per cent. lower, the value of the Level 3 assets and profit for the year would have been £707,743 lower. A corresponding increase or decrease in the asset's financial forecasts would have a similar impact on the Company's assets and profit.

#### Classification of financial assets and liabilities

The table below sets out the classifications of the carrying amounts of the Company's financial assets and liabilities into categories of financial instruments.

#### 31 January 2024

	At fair value £	At amortised cost £	Total £
<b>Financial assets</b>			
Investments at fair value through profit or loss	100,722,039	-	100,722,039
Cash and cash equivalents	-	14,462,495	14,462,495
	<b>100,722,039</b>	<b>14,462,495</b>	<b>115,184,534</b>
<b>Financial liabilities</b>			
Trade and other payables	-	676,284	676,284
Unsecured loan note instruments*	-	3,987,729	3,987,729
Zero dividend preference shares**	-	13,714,191	13,714,191
	-	<b>18,378,204</b>	<b>18,378,204</b>

#### 31 January 2023

	At fair value £	At amortised cost £	Total £
<b>Financial assets</b>			
Investments at fair value through profit or loss	100,412,977	-	100,412,977
Cash and cash equivalents	-	22,226,008	22,226,008
	<b>100,412,977</b>	<b>22,226,008</b>	<b>122,638,985</b>
<b>Financial liabilities</b>			
Trade and other payables	-	596,790	596,790
Unsecured loan note instruments*	-	3,987,729	3,987,729
Zero dividend preference shares**	-	20,721,001	20,721,001
	-	<b>25,305,520</b>	<b>25,305,520</b>

\* The Directors consider that the fair value of the unsecured loan note instruments is the same as its carrying value.

\*\* The Directors consider that the fair value of the zero dividend preference shares is £12,812,500 (2023: £19,100,000) calculated on the basis of the quoted price of the instrument on the London Stock Exchange of 102.50 pence as at 31 January 2024 (2023: 95.50 pence).

#### 13 Cash and cash equivalents

	2024 £	2023 £
Cash and cash equivalents	14,462,495	22,226,008

Current and call accounts	14,462,495	22,226,008
	<b>14,462,495</b>	<b>22,226,008</b>

The current and call accounts have been classified as cash and cash equivalents in the Consolidated Statement of Cash Flows.

#### 14 Trade and other payables

	2024	2023
	£	£
Trade payables	91,297	1,008
Accrued administration fee	36,330	36,533
Accrued audit fee	20,918	9,920
Accrued professional fee	29,272	45,489
Accrued investment advisor fees	484,400	487,107
Accrued Directors' fees	11,667	14,333
Other payables	2,400	2,400
<b>Total</b>	<b>676,284</b>	<b>596,790</b>

#### 15 Liabilities

##### Unsecured Loan Notes ("ULN")

The Company has issued ULN's that are redeemable on 24 July 2024, following the extension of their maturity in July 2023. The Company's ULN's are quoted on the Aquis Stock Exchange. The interest rate for the period up to 23 July 2023 was 7.5 per cent per annum. The interest rate was increased to 8.0 per cent per annum for the period subsequent to 23 July 2023. At 31 January 2024, £3,987,729 (2023: £3,987,729) of ULN's in principal amount were outstanding. Issue costs totalling £144,236 have been offset against the value of the loan note instrument and have been amortised over the period to 24 July 2022. The total issue costs expensed in the year ended 31 January 2024 was £nil (2023: £10,303). The carrying value of the ULN's in issue at the year end was £3,987,729 (2023: £3,987,729). The total interest expense for the ULN's for the year is £309,049 (2023: £309,382). The comparatives for interest expense includes the amortisation of the issue costs. The carrying value of the ULN is presented under current liabilities in the current period as they are redeemable within 12-month period from the Consolidated Statement of Assets and Liabilities date. The ULN has in place Financial Covenants including an Interest Coverage Test (that the ratio of cash and cash equivalents to interest payable is greater than or equal to 6:1) and a Gross Asset Test (that the ratio of gross asset value to financial indebtedness of the Company is greater than or equal to 2:1). The Covenants have been met for the years ended 31 January 2024 and 31 January 2023.

##### Zero Dividend Preference Shares ("ZDP Shares")

On 17 December 2021 the Company issued 20,000,000 ZDP Shares at a price of £1 per share, raising £20,000,000. The Company's ZDP shares are admitted to trade on the main market of the London Stock Exchange (standard listed). The ZDP Shares will not pay dividends but have a final capital entitlement at maturity on 16 December 2026 of 129.14 pence per ZDP Share. It should be noted that the predetermined capital entitlement of a ZDP Share is not guaranteed and is dependent upon the Company's gross assets being sufficient on 16 December 2026 to meet the final capital entitlement. Under IAS 32 - Financial Instruments: Presentation, the ZDP Shares are classified as financial liabilities and are held at amortised cost. Issue costs totalling £573,796 have been offset against the value of the ZDP Shares and are being amortised over the life of the instrument. In July 2023, the Company completed the repurchase of 7,500,000 ZDP shares, which are held in treasury. Following this buyback, the Company has 12,500,000 ZDP shares remaining in issue. The total issue costs expensed in the year ended 31 January 2024 was £115,359 (2023: £115,359). The carrying value of the ZDP Shares in issue at the year-end was £13,714,191 (2023: £20,721,001). The total finance charge for the ZDP Shares for the year is £868,190 (2023: £1,128,093). This includes the ZDP Share finance charge and the amortisation of the Issue costs.

	31 January 2024	31 January 2023
	£	£
Balance as at 1 February	20,721,001	19,580,190
ZDP non cash charge	945,348	1,140,811
Buyback of ZDP shares	(7,952,158)	-
<b>Total</b>	<b>13,714,191</b>	<b>20,721,001</b>

#### 16 Share capital

	2024	2024	2023	2023
	Number	£	Number	£
<b>Authorised share capital</b>				
Ordinary shares of 5p each	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
Ordinary shares of 5p each held in treasury	(4,739,707)	-	(4,951,575)	-
	<b>29,876,847</b>	<b>1,730,828</b>	<b>29,664,979</b>	<b>1,730,828</b>
<b>Share Premium</b>	-	<b>13,619,627</b>	-	<b>13,619,627</b>

No shares were issued during the year ended 31 January 2024 and year ended 31 January 2023.

During the year ended 31 January 2024, the Company transferred 211,868 out of treasury to the Trust (2023: repurchase of 1,855,000 shares into treasury) with a total value of £350,006 (2023: £2,587,375). These shares are held as treasury shares.

During the year ended 31 January 2024, the Trust purchased 301,684 shares (2023: 280,739 shares) with a total value of £525,920 (2023: £484,821). 257,061 shares vested to Participants in the year ended 31 January 2024 (2023: 862,290). At 31 January 2024 1,546,693 shares were held by the Trust (2023: 1,290,202) (see note 7).

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

Basic loss per share for the year ended 31 January 2024 is 1.39 pence (2023: basic loss per share of 147.95 pence). This is calculated by dividing the loss of the Group for the year attributable to the ordinary shareholders of £306,462 (2023: loss of £43,836,210) divided

by dividing the loss of the Group for the year attributable to the ordinary shareholders of £270,702 (2023: loss of £43,836,210) divided by the weighted average number of shares outstanding, excluding the shares of the EBT subsidiary, during the year of 28,469,486 (2023: 29,628,992 shares). The basic loss per share for the year ended 31 January 2023 has been restated to exclude the shares of the EBT subsidiary from the weighted average number of outstanding shares so that it is consistent with the calculation for the year ended 31 January 2024.

Diluted loss per share for the year ended 31 January 2024 is 1.33 pence (2023: diluted profit per share of 141.77 pence). This is calculated by dividing the loss of the Group for the year attributable to ordinary shareholders of £396,462 (2023: loss of £43,836,210) divided by the weighted average number of shares outstanding, including the shares of the EBT subsidiary, during the year of 29,832,732 (2023: 30,921,130 shares).

## 18 NAV per share (pence)

The Group's NAV per share of 324.26 pence (2023: 328.41 pence) is based on the net assets of the Group at the year-end of £96,879,976 (2023: £97,421,364) divided by the outstanding shares of 29,876,847 (2023: 29,664,979).

The shares of the EBT subsidiary are included in the outstanding shares when calculating the Company's NAV per share to ensure that the NAV per share is stable in the event of share purchases made by the EBT subsidiary or the vesting of shares of the EBT subsidiary.

## 19 Net cash used in operating activities

Reconciliation of profit before finance cost and tax to net cash used in operating activities:

	2024 Group £	2023 Group £
Loss for the year before taxation	(396,462)	(43,836,210)
Adjustments for non-cash income / expense		
Net fair value movement on investments	(3,384,604)	39,438,551
Interest on unsecured loan note instruments	309,049	309,382
Zero dividend preference shares finance charge	868,190	1,128,093
Loss before finance cost	(2,603,827)	(2,960,184)
Adjustments:		
Share-based payment expense	339,593	555,225
Purchase of investments	(3,350,000)	(3,174,948)
Proceeds from investments	6,425,542	3,848,880
	<b>811,308</b>	<b>(1,731,027)</b>
Working capital changes		
Movement in trade and other receivables and prepayments	14,253	6,848
Movement in trade and other payables	79,494	(373,147)
Non-cash items		
Effect of exchange rate fluctuations on cash and cash equivalents	1,294	(2,310)
<b>Net cash generated from / (used in) operating activities</b>	<b>906,349</b>	<b>(2,099,636)</b>

## 20 Financial instruments

The Company's financial instruments comprise:

- Investments in listed and unlisted companies held by Subsidiaries, comprising equity and loans
- Cash and cash equivalents, ZDP shares and unsecured loan note instruments; and
- Accrued interest and trade and other receivables, accrued expenses and trade and other payables.

### Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, market price risk and interest rate risk. None of those risks are hedged. These risks arise through directly held financial instruments and through the indirect exposures created by the underlying financial instruments in the Subsidiaries. These risks are managed by the Directors in conjunction with the Investment Advisor. The Investment Advisor is responsible for day to day management of financial instruments in the Subsidiaries.

### Capital management

The Company's capital comprises share capital, share premium and reserves and is not subject to externally imposed capital requirements.

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's liquid assets comprise cash and cash equivalents and trade and other receivables, which are readily realisable.

### Residual contractual maturities of financial assets

	Less than 1 Month £	1 - 3 Months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	No stated maturity £
<b>31 January 2024</b>						
<b>Financial assets</b>						
Cash and cash equivalents	14,462,495	-	-	-	-	-
<b>Total</b>	<b>14,462,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Less than 1 Month £	1 - 3 Months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	No stated maturity £
<b>31 January 2023</b>						
<b>Financial assets</b>						
Cash and cash equivalents	22,226,008	-	-	-	-	-
<b>Total</b>	<b>22,226,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Residual contractual maturities of financial liabilities

	Less than 1 Month £	1 - 3 Months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	No stated maturity £
<b>31 January 2024</b>						
<b>Financial liabilities</b>						
Trade and other payables	676,284	-	-	-	-	-
Loan note instruments	-	-	3,987,729	-	-	-
Zero dividend preference shares	-	-	-	16,142,500	-	-
<b>Total</b>	<b>676,284</b>	<b>-</b>	<b>3,987,729</b>	<b>16,142,500</b>	<b>-</b>	<b>-</b>

	Less than 1 Month £	1 - 3 Months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	No stated maturity £
<b>31 January 2023</b>						
<b>Financial liabilities</b>						
Trade and other payables	596,790	-	-	-	-	-
Loan note instruments	-	-	3,987,729	-	-	-
Zero dividend preference shares	-	-	-	25,827,284	-	-
<b>Total</b>	<b>596,790</b>	<b>-</b>	<b>3,987,729</b>	<b>25,827,284</b>	<b>-</b>	<b>-</b>

#### Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

The Company, through its interests in Subsidiaries, has advanced loans to a number of private companies which exposes the Company to significant credit risk. The loans are advanced to unquoted private companies, which have no credit risk rating. They are entered into as part of the investment strategy of the Company and its Subsidiaries, and credit risk is managed by taking security where available (typically a floating charge) and the Investment Advisor taking an active role in the management of the borrowing companies.

Although the Investment Advisor looks to set realistic repayment schedules, it does not necessarily view a portfolio company not repaying on time and in full as 'underperforming' and seeks to monitor each portfolio company on a case-by-case basis. However, in all cases the Investment Advisor reserves the right to exercise step in rights. In addition to the repayment of loans advanced, the Company and Subsidiaries will often arrange additional preference share structures and take significant equity stakes so as to create shareholder value. It is the performance of the combination of all securities including third party debt that determines the Company's view of each investment.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following (excluding exposure in the underlying Subsidiaries):

	2024 £	2023 £
Cash and cash equivalents	14,462,495	22,226,008
<b>Total</b>	<b>14,462,495</b>	<b>22,226,008</b>

Cash balances are placed with HSBC Bank plc, Barclays Bank plc and Santander Financial Services plc, all of which have the credit rating of A1 Stable (Moody's).

#### Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to a market price risk via its equity investments held through its interests in Subsidiaries, which are stated at fair value.

#### Market price risk sensitivity

The Company is exposed to market price risk with regard to its underlying equity interests in a number of quoted and unquoted companies which are stated at fair value. Luceco plc was quoted on the Main Market of the London Stock Exchange at 31 January 2024. EPIC Acquisition Corp's shares and warrants were quoted on the Euronext Amsterdam Stock Exchange at 31 January 2024.

If Luceco plc's share price had been 5.0 per cent. higher than actual close of market on 31 January 2024, EPE Special Opportunities Limited's NAV per share would have been 2.0 per cent. (2023: 2.03 per cent.) higher than reported. If Luceco's share price had been 5.0 per cent. lower than actual close of market on 31 January 2024, EPE Special Opportunities Limited's NAV per share would have been 2.0 per cent. (2023: 2.03 per cent.) lower than reported. These movements would have had a corresponding effect on the profit for the year.

A sensitivity is not prepared for EPIC Acquisition Corp. given that the vehicle is in liquidation.

### Interest rate risk

The Company is exposed to interest rate risk through its unsecured loan note instruments and on its cash balances. Most of the loans are at fixed rates. Cash balances earn interest at variable rates. The unsecured loan note instruments carry fixed interest rates.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

31 January 2024	Less than 1 month	1 month to 1 year	1 - 5 years	Over 5 years	Non-interest bearing	Total
Assets	£	£	£	£	£	£
<b>Receivables and cash</b>						
Trade and other receivables	-	-	-	-	-	-
Cash and cash equivalents	14,462,495	-	-	-	-	14,462,495
<b>Total financial assets</b>	<b>14,462,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,462,495</b>
<b>Liabilities</b>						
<b>Financial liabilities measured at amortised cost</b>						
Trade and other payables	-	-	-	-	(676,284)	(676,284)
Unsecured loan note instruments	-	(3,987,729)	-	-	-	(3,987,729)
<b>Total financial liabilities</b>	<b>-</b>	<b>(3,987,729)</b>	<b>-</b>	<b>-</b>	<b>(676,284)</b>	<b>(4,664,013)</b>

31 January 2023	Less than 1 month	1 month to 1 year	1 - 5 years	Over 5 years	Non-interest bearing	Total
Assets	£	£	£	£	£	£
<b>Receivables and cash</b>						
Trade and other receivables	-	-	-	-	-	-
Cash and cash equivalents	22,226,008	-	-	-	-	22,226,008
<b>Total financial assets</b>	<b>22,226,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,226,008</b>
<b>Liabilities</b>						
<b>Financial liabilities measured at amortised cost</b>						
Trade and other payables	-	-	-	-	(596,790)	(596,790)
Unsecured loan note instruments	-	(3,987,729)	-	-	-	(3,987,729)
<b>Total financial liabilities</b>	<b>-</b>	<b>(3,987,729)</b>	<b>-</b>	<b>-</b>	<b>(596,790)</b>	<b>(4,584,519)</b>

### Interest rate sensitivity

The Company is exposed to market interest rate risk via its cash balances and unsecured loan note instruments. A sensitivity analysis has not been provided as it is not considered significant to Company performance.

### Currency risk

The Group has no significant exposure to foreign currency risk.

### Exposure to other market price risk

The Investment Advisor monitors the concentration of risk for equity and debt securities based on counterparties and industries (and geographical location). The Company's underlying investments including bank deposits held through its Subsidiaries are concentrated in the following industries.

	2024 %	2023 %
Consumer and Retail	49	41
Engineering, Manufacturing and Distribution	35	34
Healthcare	2	2
Credit Funds	<1	3
Bank Deposits	13	20
	<b>100</b>	<b>100</b>

The Group notes that there was a concentration on the Consumer and Retail sector, representing 49 per cent. of investments for the year ended 31 January 2024 (2023: Consumer and Retail sector representing 41 per cent.). The Company monitors carefully the sector concentration risk across the portfolio.

### Operational risk

'Operational risk' is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities (both at the Company and at its service providers) and from external factors (other than credit, market and liquidity risks) such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance the limitation of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.



The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - periodic assessment of operational risk faced;
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance if this is effective.

The Company's key service providers include the following:

- Administrator: Langham Hall Fund Management (Jersey) Limited
- Investment Advisor: EPIC Investment Partners LLP
- Financial Administrator: EPIC Administration Limited
- Nominated Advisor and Broker: Numis Securities Limited
- Registrar and CREST Providers: Computershare Investor Services (Jersey) Limited

The Directors' assessment of the adequacy of the controls and processes in place at the service providers with respect to operational risk is carried out via regular discussions with the service providers as well as site visits to their offices. The Company also undertakes periodic third-party reviews of service providers' activities.

## 21 Directors' interests

Four of the Directors have interests in the shares of the Company as at 31 January 2024 (2023: five). Clive Spears holds 63,010 ordinary shares (2023: 51,841). Heather Bestwick holds 50,600 ordinary shares (2023: 39,431). David

Pirouet holds 33,635 ordinary shares (2023: 17,309). Michael Gray holds 11,627 ordinary shares (2023: 5,614).

## 22 Related parties

The Company has no ultimate controlling party.

Directors' fees expenses during the year amounted to £162,474 (2023: £172,000) of which £11,667 is accrued as at 31 January 2024 (2023: £14,333).

There were no shares re-acquired from related parties during the year ended 31 January 2024 (2023: nil). Certain Directors of the Company and other participants are incentivised in the form of equity settled share-based payment transactions, through a Jointly Owned Share Plan (see note 7).

Details of remuneration payable to key service providers are included in note 5 to the financial statements.

Performance fees are paid to the Investment Advisor based on the performance of the Subsidiaries and deducted in calculating the fair value of Subsidiaries (see note 5).

In December 2021, ESO Alternative Investments LP invested €10 million into EPIC Acquisition Corp ("EAC"), a special purpose acquisition company ("SPAC") and EAC's sponsor, EAC Sponsor Limited (the "Sponsor"). The Sponsor was jointly led by the Investment Advisor and TT Bond Partners (an independent party). In January 2024, EPIC Acquisition Corp announced that it will return all residual capital to the Company and to third parties and wind up. In February 2024, the realisation of the investment in EPIC Acquisition Corp was completed, returning €6.2 million. The realisation from EAC Sponsor Limited remains subject to the completion of the liquidation.

In July 2023, the Company agreed the extension of the maturity of £4.0 million unsecured loan notes to 24 July 2024. Delphine Brand, a Managing Partner of EPIC and a connected party of Giles Brand (a person discharging managerial responsibilities ("PDMR") for the Company), is a minority holder of the unsecured loan notes.

Giles Brand, Managing Partner of the Investment Advisor, is a director of certain portfolio holding vehicles, including Luceco plc and Hamsard 3145 Limited (trading as Whittard of Chelsea).

## 23 Commitments and Contingencies

As at 31 January 2024, ESO Investments 1 Limited has a contingent guarantee of £1.75 million outstanding (2023: £nil) in favour of Rayware Limited and its third party debt providers (a £2.50 million guarantee was provided in July 2023 of which £0.75 million was drawn down in the subsequent period).

## 24 Other information

The revenue and capital reserves are presented in accordance with the Board of Directors' agreed principles, which are that the net gain / loss on investments is allocated to the capital reserve and all other income and expenses are allocated to the revenue reserve and other equity. The total reserve of the Company for the year ended 31 January 2024 is £81,529,521 (2023: £82,070,909).

## 25 Subsequent events

In February 2024, the Company received €6.2 million as proceeds from the realisation of its holding in EPIC Acquisition Corp.

## Alternative Performance Measures

An Alternative Performance Measure is a numerical measure of the Group's historical or current performance.

Measures	Definition
Premium/ Discount	The amount by which the share price of the Company is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

to NAV

Please find a reconciliation to the NAV per share of the Company below

	31 January 2024	31 January 2023
Share price (pence)	165	170
NAV per share (pence)	324	328
Discount to NAV(%)	49%	48%

EBITDA	Earnings before interest, taxation, depreciation and amortisation.  This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.
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EV / EBITDA multiple	The EV / EBITDA multiple is calculated by dividing a company's Enterprise Value ('EV') by its annual EBITDA. The mature unquoted asset valuation EV / EBITDA multiple quoted in the report is weighted by the Fair Value of the underlying investments, and excludes assets at a pre-profitability growth stage.  This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.
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	31 January 2024	31 January 2023
Mature unquoted asset valuation	7.2x	6.7x

EV / Sales multiple	The EV / Sales multiple is calculated by dividing a company's EV by its annual Sales.  This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.
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IRR	The gross Internal Rate of Return ("IRR") of an investment or set of investments, calculated as the annual compound rate of return on the investment cashflows. Gross IRR does not reflect expenses to be borne by the relevant fund or its investors, including performance fees, management fees, taxes and organisational or transaction expenses.  This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.
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	31 January 2024	31 January 2023
Portfolio IRR	22%	23%
EPIC IRR	15%	16%

Liquidity	Company liquidity is calculated as cash balances held by the Company, inclusive of cash held by Subsidiaries in which the Company is the sole investor.  Please find a reconciliation to the cash balances held by the Company below.
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	31 January 2024	31 January 2023
Cash held by the Company	14,462,495	22,226,008
Cash held by the Subsidiaries	868,510	2,284,081
<b>Total liquidity</b>	<b>15,331,005</b>	<b>24,510,089</b>

Portfolio Sales CAGR	The portfolio sales compound annual growth rate ("CAGR") is calculated on the basis of the CAGR implied by the sum of the annual sales for the portfolio companies' latest completed financial year vs. the prior three year period.  This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.
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	31 January 2024	31 January 2023
Portfolio Sales CAGR	8%	12%

MM	The Money Multiple ("MM") is calculated as the total gross realisations from an investment or set of investments, divided by the total cost of the investment. Gross money multiple does not reflect expenses to be borne by the relevant fund or its investors, including performance fees, management fees, taxes and organisational or transaction expenses.  This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.
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	31 January 2024	31 January 2023
Portfolio MM	3.1x	3.1x
EPIC MM	2.3x	2.3x

NAV per share	The Group's NAV per share is calculated as the net assets of the Group at the year-end divided by the outstanding shares.  The shares of the EBT subsidiary are included in the outstanding shares when calculating the Company's NAV per share to ensure that the NAV per share is stable in the event of share purchases made by the EBT subsidiary or the vesting of shares of the EBT subsidiary.
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percentage ratio of the EBITDA of the reporting company to the EBITDA of the ESO.

		31 January 2024	31 January 2023
	Net asset value (£)	96,879,976	97,421,364
	Outstanding shares	29,876,847	29,664,979
	NAV per share (pence)	324.26	328.41
Net Debt	Net Debt is calculated as the total third party debt of a portfolio company, less cash balances.		
	This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.		
Portfolio Leverage	Portfolio Leverage is calculated as the aggregate Net Debt of the portfolio, divided by the aggregate annual EBITDA of the portfolio.		
	This measure is calculated at the level of the underlying portfolio and therefore is not directly reconcilable to GAAP metrics in the financial statements.		
		31 January 2024	31 January 2023
	Portfolio Leverage	1.4x	1.3x
Annualised share price return	The annualised share price return is calculated as the CAGR implied by the Company's share price vs. the share price 10 years prior.		
	Please find a reconciliation to the share price of the Company below:		
		31 January 2024	31 January 2023
	Company's share price 10 years prior to the year end (pence)	87	56
	Company's share price at the year end (pence)	165	170
	<b>Annualised share price return (%)</b>	<b>7%</b>	<b>12%</b>

## Unaudited schedule of shareholders holding over 3% of issued shares

As at 31 January 2024

	Percentage holding
Giles Brand	35.5%
Corporation of Lloyds	9.9%
Asset Value Investors	5.1%
First Equity	4.8%
Boston Trust Company Limited (Trustee to the ESO JOSP Scheme)	4.5%
Lombard Odier Darier Hentsch	3.5%
<b>Total over 3% holding</b>	<b>63.3%</b>

## Company Information

### Directors

C.L. Spears (Chairman)  
H. Bestwick  
D. Pirouet  
M.M. Gray

### Administrator and Company Address

Langham Hall Fund Management (Jersey) Limited  
Gaspé House  
66-72 Esplanade, St Helier  
Jersey JE1 2LH

### Investment Advisor

EPIC Investment Partners LLP  
Audrey House  
16-20 Ely Place  
London EC1N 6SN

### Financial Administrator

EPIC Administration Limited  
Audrey House  
16-20 Ely Place  
London EC1N 6SN

### Auditors and Reporting Accountants

PricewaterhouseCoopers CILLP  
37 Esplanade  
St Helier, Jersey  
Channel Islands JE1 4XA

### Nominated Advisor and Broker

Numis Securities Limited  
45 Gresham Street  
London EC2V 7BF

### Bankers

### Registered Agent (Bermuda)

*Barclays Bank plc*  
1 Churchill Place  
Canary Wharf  
London E14 5HP

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

*HSBC Bank plc*  
1st Floor  
60 Queen Victoria Street  
London EC4N 4TR

**Registrar and CREST Providers**  
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