



UNBOUND GROUP®

Annual Report and Financial Statements
for the 16 months to 31 January 2022



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Chairman's Statement

"After navigating not only the impact of the Covid-19 pandemic but also the challenges of transitioning to Unbound Group and its AIM listing, I am pleased to present our Report and Accounts with the financial statements presented as an Investment Trust for the final time.

I am delighted with the progress made by the Unbound Group team both at Hotter and in developing the new multi-brand Unbound Group platform and partnerships. The Board looks forward with confidence and excitement to the future development of the Group."

I am delighted to present my first statement as the Chairman of Unbound Group plc ("Unbound", the "Company" or the "Group"), having previously reported as Chairman of the Company under its former name, Electra Private Equity PLC ("Electra"), until late January 2022.

Throughout the 16-month period ended 31 January 2022, the period reviewed and reflected in this Annual Report and Financial Statements, the Company traded as a private equity investment trust. As such the financial statements have been prepared under IFRS 10 Consolidated Financial Statements on a basis appropriate for an investment company and consistent with the basis of preparation of accounts for prior reporting periods. The Company's financial statements for future reporting periods will be prepared under IFRS 10 without the exception from consolidation requirements for investment entities.

Given the status of the Company as at 31 January 2022, the Directors have valued the assets of the Company on the basis of its market capitalisation as at that date. The value attributed to Hotter Shoes ("Hotter") therefore represents the market capitalisation of the Company on 31 January 2022 less the other net assets of the Company at that date. As such it does not represent the Directors' assessment of the future value of Hotter.

On 1 February 2022, the Company relinquished its listing on the FTSE Main Market and was admitted to the Alternative Investment Market ("AIM") of the London Stock Exchange as Unbound Group plc. The admission to AIM marked the Company ceasing to be an investment trust and investment company, and the start of it being the parent company of the Unbound Group, a consolidated trading group. As such, in future periods the financial statements of the Group will be prepared on the basis of consolidated accounts for a trading group. In addition, the Company expects to announce the full year audited financials for its Hotter trading subsidiary which will be comparable to the historic financial information contained in the Company's AIM admission document in May 2022.

The table below presents movement of the Company's Net Asset Value ("NAV") per share during the 16 months to 31 January 2022.

NAV per share	p
As at 1 October 2020	353.4
Capital gains and income	131.1
Expenses and other	(29.2)*
Dividend in specie (demerger of Hostmore)	(400.7)
As at 31 January 2022	54.6**

* Expenses and other costs represent all operating and transactional costs met by the Company during the 16-month period to 31 January 2022.

** Closing market price on 31 January 2022.

The Transformation from Electra Private Equity PLC to Unbound Group plc section deals in more detail with the period to 31 January 2022. It also deals with the impact of transitioning from investment company reporting to consolidated group reporting, and the re-presentation of the "opening" balance sheet of Unbound Group plc as at 31 January 2022 on a consolidated group basis. It should be noted that these audited financial statements relate to Unbound Group plc in its investment company format as at the period end prior to its transformation on 1 February 2022. The performance of Hotter in the period to the end of January 2022 referenced in this document is unaudited.

The transition to Unbound marked the successful conclusion of the value realisation strategy implemented by the Company as Electra between 2016 and January 2022. This strategy was first implemented when the market capitalisation stood at approximately £1.1 billion and has resulted in the realisation of over £2.3 billion of value to shareholders between 2016 and late 2021 ahead of the demerger of Hostmore plc ("Hostmore"). With the demerger of Hostmore in November 2021 and ultimately the transformation to Unbound in February 2022, the final stage of Electra's strategy has resulted in shareholders owning two independent and well capitalised businesses with strong management and deliverable strategies for growth. Electra shareholders have had the opportunity to realise final value in the short term or to continue to hold Hostmore and Unbound separately as they implement their strategies.



In concluding that the final transition into Unbound represented a significant value creation opportunity for shareholders, the Board took account of the successful turnaround of Hotter into a growing digitally focused business that serves almost 30% of the female population of the UK over the age of 55. This consumer demographic is not only growing faster than any other, but also has the most rapidly increasing digital literacy, an increasingly positive and active outlook and high disposable wealth and is inherently loyal once trust is established. The Hotter brand already enjoys extremely high loyalty and trust ratings with an average transaction frequency of 1.6x per annum per customer, which is already strong for a footwear business. By adding other trusted brands that provide products and services to the same demographic and support our consumers' active lifestyles and wellbeing, we believe that we can build a strong consumer proposition with significantly increased transaction frequency.

The strategy outlined above and considered in more detail in the Chief Executive's Business and Strategy Review is one focused on growth. As such, the Board does not anticipate implementing a policy of paying dividends in the short to medium term.

In implementing the Unbound strategy, it was appropriate that our Board should evolve from one established to develop and implement the Electra strategy to one focused on the demands and opportunities of Unbound. As such, as indicated in my statement for the Second Interim Report, David Lis and Stephen Welker both stepped down from the Board in November 2021, replaced by Baroness Kate Rock and Suki Thompson. I would again thank David and Stephen for their considerable contribution to the success of the Electra strategy over recent years and look forward to working with Kate and Suki in the years ahead.

On admission to AIM, Ian Watson and Dan Lampard, respectively Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Hotter Shoes, assumed the same roles in the wider Unbound Group. At the same time, Gavin Manson, Chief Financial and Operating Officer ("CFOO") of Electra, and I both stepped back from our Executive roles, with Gavin becoming a Non-Executive Director and me becoming Non-Executive Chairman. Finally, having seen the Company through its transition to Unbound, Linda Wilding will step down from the Board with effect from the AGM on 12 May 2022. The Board is delighted that Gavin Manson will succeed her as Audit Committee Chair. Gavin's long experience as a Chartered Accountant and Chief Financial Officer combined with his knowledge of the Unbound business leave him ideally suited to the role.

After what has been a challenging period, navigating not only the impact of the Covid-19 pandemic but also the challenges of transition to Unbound, the continuing impact of the pandemic and its AIM listing, the Board looks forward with confidence and excitement to the future development of the Group.

Neil Johnson
Chairman
7 March 2022

Vision

To help people move better, feel better and do more of what they love.

Mission

Develop technologies, products, experiences and partnerships rooted in digital excellence and unrivalled insight – to give people in their 50s and beyond the comfort and confidence to go further.

Hotter Shoes as the Foundation of Unbound Group

Currently Hotter is the sole trading business within the Unbound Group and it will form the foundation on which we develop other trading activities of the Group this year and beyond.

Hotter provides footwear with an uncompromising focus on comfort and fit, delivered through the use of differentiated technology, to consumers in the UK and US predominantly in the 55 plus demographic. Founded in 1959, originally as a slipper manufacturer, Hotter today offers a wide range of men's and predominantly women's footwear with a focus on comfort provided through utilising technology in design and manufacture.

Having undergone a significant transformation which started in 2019, the Hotter brand has pivoted towards digital channels whilst maintaining a right-sized and profitable store portfolio. The result is a digitally led business which is agile, flexible and scalable, yielding strong returns from its leading online business.

Hotter's mission is to provide footwear that enhances its consumers' lives by allowing them to do more of what they love. Hotter is now a digital first brand that serves 29% of the UK's 55 plus female population direct to their home. In the year to January 2022, Hotter's UK direct to consumer sales grew by 16% on the corresponding period in 2020.

Following the implementation of a technology infrastructure to support its developing e-commerce ambitions, over recent months Hotter has established digital partnerships with a number of online retailers such as Next, John Lewis, The Very Group and, as recently announced, Marks and Spencer, that serve a wide demographic including Hotter's targeted consumers.

Hotter continues to demonstrate delivery as an e-commerce focused business and, with further product improvements being introduced on an ongoing basis, the Directors have confidence that a standalone Hotter business has the opportunity to deliver value well in excess of that attributed to it in recent valuations. The demonstration of sustained growth and profitability in its new model and the resilience and performance to date give the Directors grounds for confidence in its development as an increasingly profitable digital business serving its target 55 plus demographic in the UK, the US and beyond.

Unbound's Vision, Mission and Core Strategic Principles

In order to encapsulate what Unbound means to the Board and what we will seek to ensure that our customers and stakeholders recognise, we have defined Unbound's vision, mission and five core strategic principles that will define how and why we do things as being:

Unbound's five core strategic principles

> **Guided by insight** – Insight excellence drives all that Unbound does.

Unbound builds its business out of unrivalled insight into the needs, attitudes and behaviours of its 55 plus audience. Unbound goes the extra mile to engage with, listen to and respond to its audience's changing needs and continuously track, measure and improve based on its learnings – embedding insight into everything it does.

> **Superiority through specialism** – Expertise and focus are how Unbound wins.

Unbound is focused and undistracted. Focused on the 55 plus consumers. Experts in comfort that helps its consumers to do more of what they love. Unbound leverages its audience and comfort specialism to both strengthen its roots in footwear and to expand into relevant adjacent categories. Growing and leveraging its unique database of engaged consumers is central to Unbound's business strategy and how it plans to achieve its goals.

> **Growth through connection** – Unbound grows its business by curating, connecting and engaging.

Unbound has unique access to, and understanding of, the 55 plus consumers. Leveraging its combination of access and understanding, Unbound brings together a highly curated group of brands with deep relevance for its consumers. Unbound's connected e-commerce excellence enables our customers to shop when, where and how they want.

> **Working smarter** – Unbound fuels success by driving productivity.

Unbound continuously assesses and improves the ways in which it works – seeking to maximise its efficiency and enhance its outputs. Unbound utilises "Lean Six Sigma" management principles to minimise wastage and maximise customer experience. Lean Six Sigma represents a methodology for overall organisational culture change. At its core, it is a process improvement approach for eliminating inefficiencies and improving work processes by identifying the defects' root causes. Unbound does this every day in all it does – believing in the power of marginal gains to drive its business forward.

> **Stepping up** – Unbound steps up, for our business, our planet and our community.

Unbound believes in taking responsibility, at an individual and collective level, for the way in which it operates as a business, for reducing its impact on the planet and for contributing to the communities of which it is a part.



Unbound, Building on the Foundation of Hotter

Cultural and demographic shifts provide an opportunity for the Unbound Group to address a customer audience represented by Hotter's consumers and database with the characteristics of:

- > rapidly increasing digital literacy – the 55 plus age demographic is now generating over 30% of overall internet participation;
- > long-term structural growth in older demographics, significantly in excess of growth in younger demographics;
- > focus on health, wellbeing, leisure and recreation with a more acute need for comfort over performance; and
- > high concentration of UK wealth in the targeted demographic results in focus for product selection being on value rather than price.

With the Hotter business already selling to 29% of the UK 55 plus female population, the Directors believe that this offers an opportunity for significant sustainable growth beyond that already being delivered by Hotter. Building on the strong brand, customer trust and loyalty enjoyed by Hotter, Unbound is building a curated portfolio of partner brands to offer a selected range of products and services on an Unbound e-commerce platform. These products, services that will ultimately lead to a community, will be selected with a focus on enhancing the lifestyle and wellbeing of customers in the 55 plus demographic.

The revenue model being implemented is to generate commission income on sales of these selected partner products, which will utilise the Unbound platform. Unbound's initial partner selection is based on consumer demographic insights from Hotter's customers. This insight will be developed as the range of products and services offered expands and will increasingly become a differentiator allowing Unbound to achieve its goal of allowing our customers to "do more of what they love" enhancing their lifestyle and wellbeing.

The first Unbound revenues from sales of products other than Hotter footwear are expected in Q2 2022, with the medium-term ambition being to generate more than half of Unbound's profit from non-Hotter products.

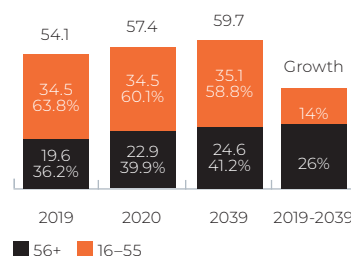
Our Focus on Consumer Demographic

Ageing population: growth in the 55 plus demographic that is twice as fast as the under 55 age group

An ageing population combined with increasing life expectancy will continue to increase Unbound's addressable market and the proportion of the population with acute comfort needs. The 55 plus demographic is the fastest growing demographic of the UK population. Hotter already has almost 30% of 55 plus female consumers on its database representing a significant opportunity for Unbound to cross-sell additional products and services. Unbound intends to further increase its penetration amongst the 55 plus age category across both men and women.

Large and attractive demographic growing faster than UK total

In million inhabitants

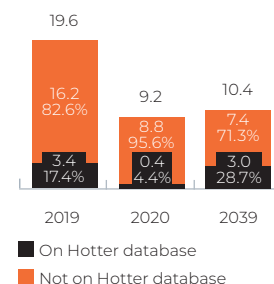


■ 55+ ■ 16-55

Source: Office for National Statistics, UK only

Significant market share for key target group of female and 55+

In million inhabitants

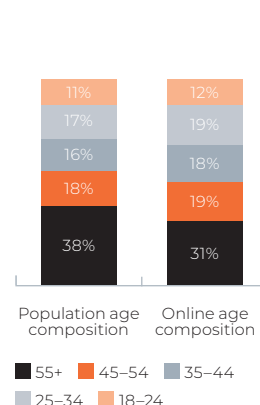


■ On Hotter database ■ Not on Hotter database

Increasing digital literacy and online penetration: rising participation rates for online shopping in the 55 plus age group, with further room to grow

Older generations have rapidly become more digitally active with the Covid-19 pandemic likely to have accelerated this trend. Over 30% of internet users in the UK are over 55 years old, broadly in line with their proportion of the UK demographic. A further growth opportunity continues to exist with 35% of over 65-year-olds and 21% of 55 to 64-year-olds yet to shop online. In addition to higher participation rates, purchase frequency should increase as they become more comfortable with e-commerce.

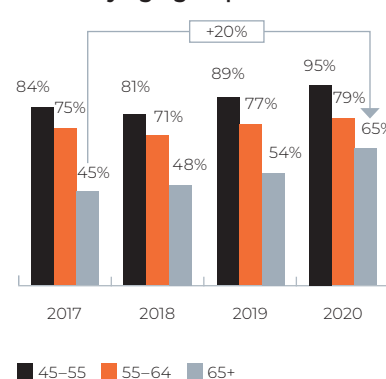
Over 30% of online users are over 55



Population age composition Online age composition

■ 55+ ■ 45-54 ■ 35-44 ■ 25-34 ■ 18-24

% of consumer shopping online by age group



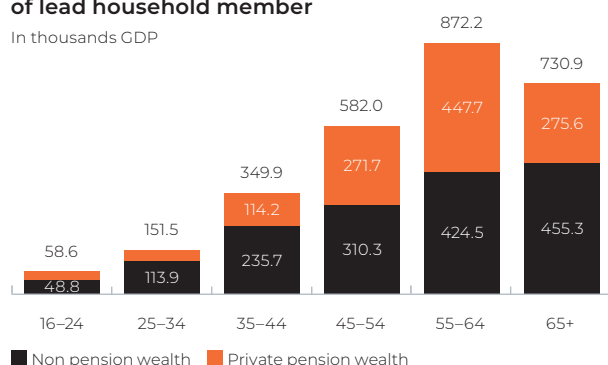
Source: the OC&C Commercial Review 2021 and Ofcom Online Nation Report, 2020, Office for National Statistics

Demographic trends – household wealth is overwhelmingly concentrated within older demographics, and this is starting to produce faster increases in discretionary spending

An ageing population combined with increasing life expectancy will continue to increase Unbound's addressable market and the proportion of the population with acute comfort needs. The older demographic is the fastest growing demographic of the UK population. The UK's wealth is concentrated in the 55 plus demographic with approximately 57% of household wealth within this group against a population composition of just 38%. Household disposable income for the 55 plus age demographic has increased threefold when compared to the under 55 age demographic which has increased twofold.

Household wealth distributed in the UK by age of lead household member

In thousands GDP



Source: Household total wealth in Great Britain: April 2018 to March 2020, Office for National Statistics

Growing in potential value – increasing disposable income



+50%

Over 50s account for over half of consumer spending in the UK



£367bn

50+ spending on discretionary items



3x

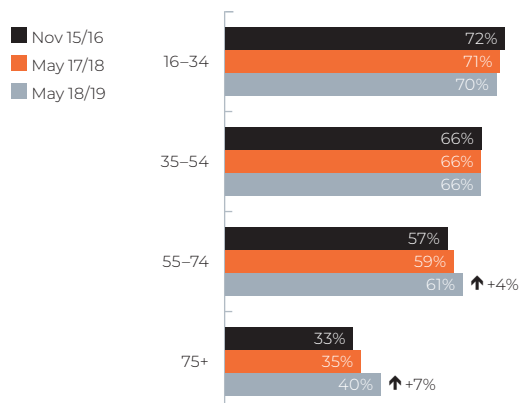
Household disposable income for 55+ has increased 3 fold compared to under 55's increasing 2 fold

Increasing focus on health and wellbeing in the older demographic: health and wellness is increasingly in focus for the target demographic alongside a wider trend towards casualisation and comfort

Older generations are becoming more active, with the largest percentage increase in exercise participation coming from the 55 plus age segment. This is expected to be further boosted by more active older generations who are increasingly likely to seek more comfort-oriented products.

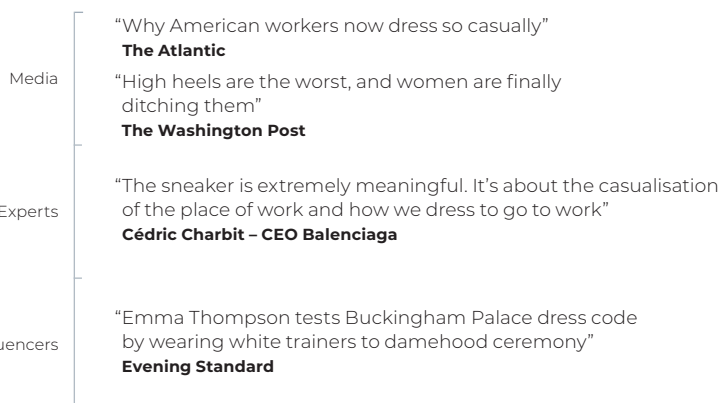
Increasing focus on health and wellbeing

Population staying active for longer



Source: Active England Study 2019, OC&C Commercial Review 2021 and Craft Media – Hotter Channel Planning 2020

Trend towards more casual dressing



Trends of 'casualisation' and increasing demand for comfort are interlinked, with growing awareness...

Comfort and wellbeing a priority



54%

Of women 50+ say becoming healthy & physically active is a goal for the next phase in their life



48%

See regular exercise as one of the most important things for good health and wellbeing



41%

Growth in participation in weekly sports within 45-50 year olds



4.5m

Park runs have been tracked by 50+ runners in 2017



40%

Increase in park run participation with 50+ runners YoY



>50%

Just under 50% of women aged 55+ would like to be more active

Our Focus on Consumer Demographic continued

The 55 plus age demographic is materially underserved online

The majority of e-commerce businesses are focused on younger demographics with a product suite and marketing campaigns that are inappropriate for over 55-year-olds. When combined with the retrenchment of department stores, this leads to a materially underserved demographic resulting in an opportunity for Unbound to build a targeted business.

Hotter Business Overview and Strategy

Hotter is a digitally led, omni-channel footwear brand with an uncompromising focus on comfort and fit delivered through the use of differentiated technology to consumers in the UK, the US and Europe predominantly in the 55 plus demographic.

Hotter has transformed its business over the past three years since the introduction of the new management team and strategy, with Hotter now serving 29% of the UK's 55 plus female population direct to their homes. This has had a significant effect on the distribution of sales by channel and the profitability of the business with the Group undertaking a strategic repositioning in March 2019.

Historically, Hotter's business model was focused on a retail store-led approach. It experienced a decline across all its channels as a result of a product portfolio that had lost focus with its core consumers. Prior to the strategic repositioning in the first half of 2019, the Hotter business had a high fixed cost base and, whilst profitable at an EBITDA level, was loss making overall with negative operating cash flow.

Following the strategic repositioning before and during the Covid-19 lockdowns, Hotter has evolved into a direct to consumer-focused business with growth coming from its rapidly developing e-commerce channel. All channels are now profitable at the EBITDA level, the US business is no longer significantly loss making and investment is focused on the UK business. Fixed costs have been materially reduced resulting in positive operating cash flow and strong EBITDA cash conversion in the first half of 2022. Overall EBITDA margin in the six months to July 2021 was just under 10% with a gross margin of almost 63%.

(a) Footwear Market and Purchase Drivers

The UK women's footwear segment is forecast to grow to £3.9 billion by 2024 from a value of £3.1 billion in 2020, representing an annual growth rate of 5.9%. This compares to a pre-pandemic peak of £4.1 billion. The total addressable market of Hotter is far greater when considering growth plans into the US and other international markets.

Hotter has continued to have a keen focus on two aspects, as per the business' value proposition. Shoe fit and comfort are emphasised to distinguish itself from other brands and peers. 59% of UK consumers identified shoe fit as a significant purchase driver, while 81% considered comfort a key purchase driver.

(b) Brand Proposition

The Hotter brand proposition is of key importance and underpins its cultural values, namely: "We're here to deliver the ultimate comfort, so people can do more of what they love."

Hotter targets the 55 plus age demographic and currently has strong traction within the female footwear segment within this consumer group, providing a wide range of casual footwear. An important facet of the brand proposition is to change the negative connotations associated with "comfort", reframing comfort as active, empowering and freeing. This reinforces the goal to provide high-quality products and as a result, Hotter has emphasised its brand DNA – "Customised comfort. Limitless possibilities."

To deliver on the brand proposition, Hotter operates in a customer-first approach:

- > **Every foot matters:** "Great shoes cannot be made without obsessing about feet. Hotter understands every size, shape and type of foot, so that it can create the perfect shoe for each of them."
- > **Begin and end with comfort:** "Every design brief starts with the kind of comfort Hotter aims to deliver. Every piece of consumer research focuses on how Hotter's shoes feel in action. All that Hotter does starts and ends with comfort."
- > **Expert Tech & Expert People:** "From tech to its people, Hotter does all it can to constantly expand its skills and deepen its knowledge. If there is anything that enhances the comfort of a shoe, then Hotter makes sure it knows about it."

(c) Product Overview

Hotter sells on-trend, affordable footwear for its customer base, covering a wide range of styles and categories with all of the product offerings designed and developed by the in-house design team. The Company aims to increase the number of product drops to 10 per annum, an evolution from the previous strategy of two drops per season (autumn/winter, spring/summer).

Hotter's primary product categories are:

- > Active
- > Boots
- > Deck
- > Formal shoes
- > Gore-Tex
- > Sandals
- > Shoes
- > Slippers

All of Hotter's products are aligned to Hotter's core product pillars:

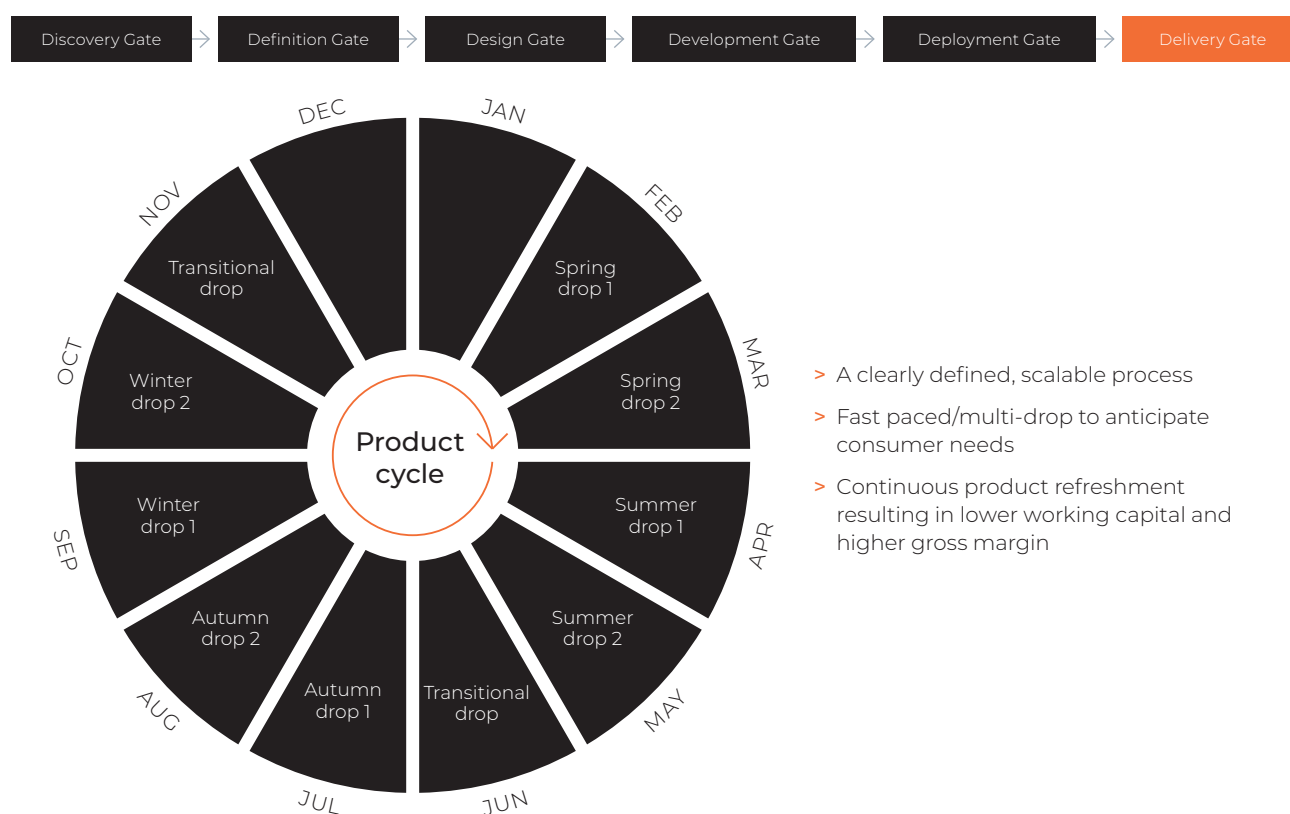
- > precision fit – 3D fit technology, and UK whole and half sizes with four width options (slim to extra wide);
- > tailored comfort – Cushion+, Stability+ and Freesole; and
- > timeless style – clear Hotter designs, iconic and timeless silhouettes, and visible and meaningful comfort features.

Hotter has developed innovative technology within its products that offers differentiation from competitors and enables it to charge a premium price:

- > **Cushion+ – Freesole**, Cushion+ designs are crafted from a PU compound to return some of the energy put in by every stride and invest it into the next. This offers improved energy returns and an ultra-flexible, super lightweight shoe; and
- > **Stability+ – Hotter's Stability+** designs benefit from a balance bar and are fitted with an OrthoLite® insole, making the shoe both more secure and more breathable. Hotter also includes adjustability points on every shoe, which means they are tailored to fit the shape of each individual customer's foot.

The Group has implemented a clearly defined and scalable product development process. A fast-paced, multi-drop strategy is executed to anticipate consumer needs and changing fashion trends. The continuous product refreshment results in lower working capital and higher gross margins and reduces the Group's stock risk at the outset of a range launch.

Hotter's development process follows a structured process:



- > **Discovery Gate:** the start of a new launch with the review and challenge of product development and brand objectives. This includes consumer research and a review of digital and manufacturing strategy;
- > **Definition Gate:** (approx. four weeks): product strategy and supplier strategy are reviewed together with margin expectations and pricing strategy;
- > **Design Gate:** (approx. five weeks): consumer validation and testing, supplier sign off and design review against the creative brief;
- > **Development Gate:** (approx. 24 weeks): creative concepts are turned into products and financials are approved and backed by detailed trading plans factoring in feedback, current trading and market conditions;
- > **Deployment Gate:** (approx. 16 weeks): the planning of trading the range gains traction with detailed production and quality planning commencing together with product commercialisation and factory production; and
- > **Delivery Gate:** (approx. three weeks): the range is delivered ready to be sold in all channels for full launch with a range available for soft launch.

Chief Executive's Business and Strategy Review continued

Hotter Business Overview and Strategy continued

(d) Customers and Marketing

A key strategy for Hotter is to increase its email database (currently approx. 1.1 million) through both converting the existing analogue customer base (current total database is approx. 4.6 million) and through new customer acquisition. Hotter has established a proven marketing strategy, underpinned by the use of technology, to enable customer conversion, acquisition and retention in a cost-effective manner. A number of technology solutions are employed to capture consumer data, both on the Hotter website and through its 17 technology centres and 6 garden centre concessions through the "Footprint" experience.

The Hotter App is increasingly used by customers due to its ease of use for a more engaging experience. Hotter has developed innovative new features, such as an augmented reality shoe try-on, to further drive users towards the app. The Group expects greater levels of app downloads as the marketing strategy unfolds, benefiting the Group given a two times conversion rate on the app when compared with the Hotter website. Overall, digital marketing provides a cost-effective approach by sending tailored emails, updates to notify customers about upcoming launches, and promotional activity to generate engagement and increase customer retention and repeat purchases.

Hotter undertakes a full marketing strategy, including digital and direct marketing, "above the line" ("ATL") media and retail point-of-sale. From an ATL perspective, the media objective has been to stimulate consideration growth, focused on the over 55 female audience.

(e) Store Proposition

As part of the wider strategic e-commerce focus, accelerated by the onset of the Covid-19 pandemic, the Group decreased its retail store portfolio from 68 locations to 23 locations through a Company Voluntary Arrangement ("CVA") which commenced in July 2020 and completed in November 2020. 17 of the remaining stores were repurposed into technology centres, enabling a personalised digital marketing journey, through targeted product recommendations to the user while also providing a data acquisition opportunity to fuel e-commerce growth. 6 of the retail locations are garden centre concessions.



Footprint 3D foot scanning

Scans the foot to provide exact foot measurements and customised product recommendations to the user.



Digital touchscreen kiosks

For content display, browsing the website and self-serve purchasing.



Interactive projection mapping table

To create retail theatre, brand engagement and present product technology in an interactive way.

(f) Manufacturing and Operations

The head office, manufacturing facility and distribution centre are all located in Skelmersdale, UK. The majority of the Hotter collection is manufactured in the UK site, using shoe uppers sourced from India. The UK manufacturing plant creates shoe soles and midsoles using direct injection processes, with Deutschland Shoe Machinery ("DESMA"). The completed uppers are sent to the UK factory by sea or air freight following a quality inspection, where they are lasted onto the sole units. The products are then moulded, trimmed and packed to be sent to the UK distribution centre. The UK manufacturing plant has the capacity to produce up to 63,000 pairs of shoes a week.

Though using foreign suppliers for shoe uppers, approximately 80% of the product range is manufactured in the UK. The UK factory employs c.100 people tasked with finishing and packing the goods. This manufacturing facility is a key aspect in ensuring dependability of supply chain as the Group is not reliant on bought in finished goods, mitigating some supply chain risks present. A limited number of ranges are purchased as finished goods and transported, largely from Vietnam.

The Group management is currently in the process of exploring additional European suppliers and also has placed a strategic focus on the manufacturing process to increase efficiency and reduce wastage and labour time.



Hotter Business Overview and Strategy continued

(g) In-House Technology

Hotter's operation is supported by its scalable HCL eCommerce platform (formerly IBM WebSphere Commerce), adapted in house by its technology team to meet the needs of the market. The platform is already a "headless e-commerce platform", decoupling the back-end and front-end process, ensuring Hotter is agile and flexible in its response to business change. The "headless" capability allows Hotter to test and experiment on the website at pace. This links inventory, warehouse and orders to support key aspects of Hotter's operational activity, adapted specifically for Hotter's processes. The system is managed by Will Rose, Hotter's Technology Director, and his team of e-commerce and IT professionals. The platform is cloud based and can scale to fulfil growing order volumes. The team is responsible for continuous improvements to the platform which can be done on a modular basis, with discrete changes and upgrades delivered quickly while minimising delivery risk of these enhancements. Hotter's data-driven business model provides the analysis of customer browsing and ordering behaviour to support its marketing, product and customer service strategies and enables a greater understanding of the customer. Data regarding individual customer browsing behaviour is provided to the marketing team, informing Hotter's go-to-market strategy and improving the customer experience through more intelligent matching of products with specific search terms.

(h) Environmental, Social, and Governance ("ESG") Strategy

The Group is committed to achieving high standards throughout all its undertakings. The way in which the Group works and operates in all aspects of its business is a key factor in maintaining its reputation as a responsible business and maintaining the high standards the Group represents. As such, the Group has established an ESG Committee. The main purpose of the Committee is to represent the Board in defining the Company's strategy relating to ESG matters and in reviewing the practices and initiatives of the Company relating to ESG matters, ensuring that they remain effective and up to date.

Key practices that the Group is currently implementing include:

Environmental

- > The Group has completed a review of all materials used in packaging with a view to reducing excess waste.
- > Hotter Shoes will be changing its shoe box to a sustainable option for spring/summer 2022 rollout. The Group is targeting producers who will recycle returns packaging.

- > The Group is working across its entire material supply chain to introduce sustainable alternatives, looking to introduce replacements from spring/summer 2022 onwards.
- > The majority of the Hotter Shoes footbeds use premium OrthoLite® foam which contains 5% recycled rubber and is machine washable and designed to be long lasting.
- > Hotter Shoes have introduced organic cotton canvas into its summer deck shoe ranges.

Social

- > The Group maintains a focus on its fundamental principle of allowing its consumers to do more of what they love.
- > The Group has a long-standing relationship with the charity Marie Curie.
- > The Group has a clear privacy policy in place, demonstrating its commitment to safeguarding and protecting the data of its customers.
- > All of the Group's suppliers must sign up to the Group Supplier Manual which includes the Group's Global Sourcing Principles which are aligned with the nine-point base code of the Ethical Trade Initiative.
- > The Group's Indian factories which supply the majority of Hotter products have mapped and reported their supply chains to tier 3 level (and have therefore reviewed their supply chains up to their suppliers of required materials, e.g. shoelaces).
- > As part of the Group's commitment to best practice, all key staff members are provided with regular training in using the services of SGS, the world leading testing, inspection and certification company.

Governance

- > Unbound has adopted the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance Code from admission to trading on AIM.
- > In addition to the Audit and Risk Committee, Nomination Committee and Remuneration Committee, the Group has also established a monthly Executive ESG Committee, chaired by the CEO, to monitor, control and report on key actions.
- > Hotter Shoes is a member of the Leather Working Group ("LWG") and all of the Group's Indian suppliers are using tanneries which are gold rated and approved by the LWG.
- > The Group has locally based staff in India under the direction of in-country managers who visit all key factories on a weekly basis, conducting audits as required to ensure compliance with the Group's Global Sourcing Principles.

Financial Performance (unaudited)

The performance of Hotter in the year to January 2022 marked significant progress in terms of both strategic progression and in demonstrating resilience. The period continued to be impacted significantly by the implications of the Covid-19 pandemic; however, despite this Hotter demonstrated the key strategic objectives of:

- > **online sales growth:** year-on-year growth of 11.6% in online sales resulting in overall sales growth of 16.5%;
- > **average selling price growth:** significant increases in average selling prices in FY22 of over 16% compared to the prior year;
- > **gross margin development:** gross margin improvement year on year from 54% to 63.5%; and
- > **email address capture:** rapid growth in the email database to over one million, growth of over 35%.

These strategic improvements were achieved despite the impact on consumer confidence of the pandemic extending throughout 2021 and in addition the specific significant disruptive influences summarised below:

	Disruptive influence	Impact
1	Hotter's permanent closure of 59 retail stores in 2020 was too late to reduce product volumes planned for winter 2020/21.	Margins in early FY22 reduced as inventory levels managed coming into spring/summer 2021.
2	Lockdown over winter 2020/21 reduced sales volume through retail and overall as consumer confidence impacted.	Margins in early FY22 reduced as inventory levels managed coming into spring/summer 2021.
3	Lockdown throughout Q1 FY22 and continued travel restrictions reduced demand throughout 2021.	Demand and margins impacted throughout FY22.
4	Lockdown in India over summer 2021 impacted delivery of components for launch of autumn/winter products in 2021.	Freight costs increased significantly as components shipped by air freight to reduce delay. Volumes and margins further impacted over winter 2021/22 as product "landed" late in season.
5	Global supply chain disruption and inflationary pressures in H2 FY22.	Freight and other costs impacted in H2 FY22.

The resilience demonstrated at sales and margin level combined with the improved cost efficiency of the e-commerce focused operating model implemented in 2020 allowed Hotter to make a year-on-year improvement of over £6 million in profit before tax and exceptional costs associated with the admission to AIM.

On an IFRS basis, Hotter is expected to generate adjusted EBITDA of approximately £5.5 million for FY22 (FY21: loss of £0.9 million). Profit before tax and exceptional items for the year is anticipated to not be below £0.2 million, an improvement of over £6.0 million compared with the prior year (FY21: loss of £6.6 million). This improved performance led to cash conversion at EBITDA level of 53% which combined with the investment of £5.0 million from Electra prior to admission reduced Hotter net banking debt to £8.7 million at the period end.

Looking Forward

As we enter our first period as an independent, listed Group our focus is clear:

- > continue the profitable growth of Hotter Shoes as a digitally focused business. This will not only deliver increased shareholder value but will generate cash to support the development of our Unbound strategy; and
- > implement the first stages of our Unbound strategy with the launch of our Unbound digital partnerships in the second quarter of our financial year.

With Hotter's gross bank debt reduced to £12.1 million and extended to December 2024 prior to AIM admission and overall net debt of approximately £6.0 million, which includes £2.5 million of net cash within Unbound Group plc, on admission the Group is well funded and, in a position, to implement its strategy. The successful implementation of the Group's strategy presents an opportunity to generate significant value for shareholders and will be to the benefit of all stakeholders. As such, in order to focus on these drivers of value creation we intend to realise the non-core assets retained by the Group on transition from Electra over the coming months. With the carrying value of these assets being £3.8 million as at 31 January 2022, this will give us increased financial resilience and the resource to accelerate our strategy if appropriate.

Hotter's trading in the period since our Capital Markets Day in September 2021 has shown resilience against the headwinds of supply chain issues and inflationary pressures. We entered the year to January 2023 with inventory on plan at optimum levels and trading in the early weeks of the period has been in line with our expectations. As such we maintain the medium-term guidance given at the September Capital Markets Day:

Unbound's Medium-Term Guidance

	Strategy	Framework
Unbound partnership model	<ul style="list-style-type: none"> > Unbound will add digital partnerships to build on and further develop the focused consumer database already in place through Hotter. > Developing on the digital platform already in place for Hotter, building in a scalable manner. 	<ul style="list-style-type: none"> > Commission-based partnership model for non-Hotter sales. > First revenues from H1 2022 and with a launch planned for this summer. > Profit generated from non-Hotter revenues targeted at 25% of Group profit in three years and 50% in five years. > Unbound partnerships will be EBITDA and cash generative from the outset but with reinvestment in growth in the short term. > No investment required in inventory in the short/medium term.

Hotter Medium-Term Guidance

Continued growth within online and offline channels, with retail stores recovering to pre-Covid-19 levels by the end of 2022. Improved gross margin and continued management of costs driving improving EBITDA margin over the medium term.

UK direct to consumer	Online: mid-teen percentage annual growth expected. Offline: mid-single digit percentage annual growth expected.
UK retail	Recovers to FY20 levels by end of FY23 and then stable.
US direct to consumer	Undergoing strategic review, short term maintained at current levels.
Hotter digital partnerships	Double-digit percentage annual growth.
Wholesale	Maintained at current levels.
Gross margin	Approximately 2% above pre-Covid-19 levels from FY23 as Covid-19 disruption diminishes and positive impact of differentiated product drives margin.
EBIT margin	Levels to reach mid-teen percentage over medium term.
Cash conversion	Operating cash flow (pre-exceptional items) in line with EBITDA.
Capital expenditure	Annual capital expenditure spend of c.£2.5 million. No material one-off spends required in the medium term with plan spend exceeding current depreciation levels.
Working capital	No structural change with stable conversion of EBITDA to cash.
Net debt/(cash)	Targeted to be maintained below 2x maintainable EBITDA in the short term, and in the medium term a net cash position without future strategic spend.

Key Performance Indicators

The Group has implemented an integrated pyramid of key performance indicators ("KPIs") that cascade from the longer-term strategic "shareholder metrics" to individual department and employee metrics. This structure is intended to ensure alignment throughout the organisation over focus on achieving objectives that drive delivery of shareholder objectives and value.

The KPI measures employed for shareholder metrics are:

- > earnings per share; and
- > total shareholder return.

These are used for measurement of success in relation to Long-Term Incentive Plans ("LTIPs") whilst other metrics are used to measure achievement of the shorter-term performance necessary to achieve longer-term objectives. These shorter-term measures are used for routine performance management and for annual bonus measures. They reflect specific priorities of the Group in the short term and are likely to evolve in line with the Group's development.

At Board level these metrics are currently:

- > earnings before tax ("EBT"): is likely to be retained as a recurring measure of short-term financial performance;
- > net bank debt: is likely to be retained as a long-term measure, but it is particularly key in the short term during the coincidence of the Unbound investment phase with rapid online development of Hotter;
- > Unbound partners: a critical short-term measure as we seek to add products and services through the Unbound partnership model;
- > percentage of earnings from Unbound partners: a measure of the success of the Unbound partnership model in delivering value incremental to that of Hotter;
- > active database size: as an e-commerce focused business the size of the active database (customers who have purchased within the last 12 months) is key; and
- > ESG targets: the Board is committed to both ESG and Corporate Social Responsibility ("CSR"). The Group is engaged in many initiatives in support of ESG measures and is working to bring these together to form measures and objectives that are reliable and demanding.

Given the significant changes recently undertaken in the business and the implementation of the Unbound partnership strategy in the current period certain operating KPIs are currently being finalised to ensure consistent integration into the overall structure.

Transition from Electra Private Equity PLC to Unbound Group plc

Throughout the period under review, from 1 October 2020 to 31 January 2022 the Company operated as a private equity investment trust focused on the final stages of the portfolio realisation strategy formally adopted in October 2018.

Given the circumstances of the Company as at 31 January 2022, the Directors consider it appropriate to adopt Net Asset Value ("NAV") as the closing market price on that date. This does not necessarily reflect the Directors' view of the future value of the Company and its investments.

During the 16 months to 31 January 2022, the changes to the investments held were:

	Investment fair value as at 30 September 2020 £m	Net (realisations)/ investments £m	Investment return £m	Investment fair value as at 31 January 2022 £m
TGI Fridays	106.6	(150.7)	44.1	—
Sentinel Performance Solutions	10.9	(22.2)	11.3	—
Hotter Shoes	5.8	10.2	3.6	19.6
Total core investments	123.3	(162.7)	59.0	19.6
Hostmore	—	2.7	(0.5)	2.2
Other	3.9	(2.2)	(0.1)	1.6
Special Product Company	1.0	(1.0)	—	—
Secondaries	0.4	(0.4)	—	—
Total non-core investments	5.3	(0.9)	(0.6)	3.8
Total investment portfolio	128.6	(163.6)	58.4	23.4

Final Stages of the Realisation Strategy

As at 1 October 2020, each of the remaining principal controlled investments of the Company was in a period of significant change. In each case that change had started prior to the emergence of the Covid-19 pandemic with planned changes being implemented concurrently with adapting to the circumstances of the pandemic and with subsequent realisation activities.

The main investments and realisations were:

Sentinel Performance Solutions Ltd ("Sentinel"):

Electra gained control of Sentinel for a nominal sum in mid-2019 and, following the investment of a further £1.7 million, a change of management and the adoption of a simplification strategy, the business performed strongly though the non-peak summer months of the first Covid-19 lockdown. Performance over winter 2020/21 proved to be key to plans for an exit in 2021.

Despite significant Covid-19 restrictions in each of its main markets of the UK, France and Italy in the year to March 2021 Sentinel recorded EBITDA of over £4.2 million, a 350% increase from the year to March 2019, immediately before Electra assumed control. This successful turnaround allowed Electra to complete a successful exit in April 2021 that resulted in net proceeds to Electra of £22.1 million.

The direct impact and continuing uncertainty of the Covid-19 pandemic significantly impacted the consumer markets in which both of the other remaining significant investments, **TGI Fridays** and **Hotter Shoes**, operated. As well as providing significant challenges to these businesses it resulted in the M&A market for these assets being focused on distressed transactions. Whilst continuing to explore the possibility of cash realisations the sale proceeds of Sentinel gave the opportunity to consider alternative solutions that would provide significantly greater return to shareholders in the longer term than sub-optimal cash sales.



Transition from Electra Private Equity PLC to Unbound Group plc continued

Final Stages of the Realisation Strategy continued

TGI Fridays ("Fridays"):

Following management changes in late 2019, Fridays was not only going through significant planned change in 2020, with renewed focus on a mantra of Quality, Simplicity and Relevance, but was also accelerating the evolution of its previously premises-based model to adapt to the evolving market and also the implications of the pandemic. Through the implementation of "click and collect" and delivery, Fridays outperformed the market throughout the pandemic whilst implementing a highly efficient and scalable infrastructure platform and significant customer pacing improvements in quality and consistency of delivery.

With a highly experienced management team and scalable infrastructure in place a strategy for growth was developed. This resulted in the establishment of Hostmore as a holding company for Fridays and a platform on which to add other complementary and growing hospitality brands. "63rd+1st" was developed in house as a cocktail and food concept with three locations opened in 2021.

In November 2021, following a cash investment of £12.5 million from Electra, Hostmore was demerged to form Hostmore plc, an independent FTSE listed business that is well led and well capitalised and has a sound strategy for growth through organic growth of Fridays and "63rd+1st" and through the addition of other disruptor brands.

Hotter Shoes ("Hotter"):

Following management change in early 2019, Hotter Shoes commenced the implementation of product differentiation through the application of technology within a business-wide digitisation strategy prior to the emergence of the pandemic. The retail lockdown enforced by the pandemic in the first half of 2020 led to a CVA resulting in the closure of all but 17 of Hotter's retail stores. This allowed acceleration of the digital focus of the business, leaving it smaller but much stronger.

Through its focus on direct-to-consumer marketing Hotter had 29% of the female population of the UK on its direct-to-consumer database by early 2021. This penetration within its target market gave the opportunity to add additional products and services that would increase frequency of purchase and share of consumer spending. The Unbound strategy was born, which, following a £5 million reduction in Hotter's bank debt, funded by Electra, led to the transformation of Electra into Unbound as a holding company for Hotter and a platform for the addition of products and services serving Hotter's core 55 plus demographic.

The Board is confident that this strategy provides the opportunity for shareholders to realise significantly more value in the medium term than would have been available from a disposal of Hotter followed by winding up Electra.

Other Assets:

During the period, the Company also realised £1.6 million from the disposal of Adjustoform Products Limited and £1.0 million from the distribution from an escrow holding following the disposal of the assets of Special Product Company Inc. in 2019.

The Impact of Transition of Electra to Unbound

As Electra Private Equity PLC, the Company was an investment trust listed on the FTSE Main Market as an investment company under Listing Rule 15, following the UK Corporate Governance Code and with financial reporting as an investment company. In ceasing to be both an investment company and an investment trust, the Company had no automatic right to move from being listed on the FTSE Main Market under Listing Rule 15 (Investment Companies) to remaining on the Main Market under Listing Rule 6 (Consolidated Groups). As such the Directors concluded that in transitioning to Unbound a relisting on AIM was appropriate given the size and nature of Unbound. Unbound is now a trading group and admitted to trading on AIM.

Given its scale the Company has now adopted the QCA Corporate Governance Code. However, as the Company operated as an investment trust during the period under review, the Board considers that reporting against the principles and provisions of the Association of Investment Companies ("AIC") Code, which has been endorsed by the Financial Reporting Council ("FRC"), will provide better information to shareholders.

As the financial statements reported in this document relate to the period ended 31 January 2022, the day before admission to AIM, the statutory balance sheet reflects the position of the Company as an investment company owning Hotter Shoes as a portfolio company. Given the position of the Company at that date the valuation of Hotter reflected in the statutory reported balance sheet is based on the market capitalisation of the Company as at 31 January 2022 less other net liabilities at book value. As such the value attributed to Hotter does not necessarily reflect what the Directors consider to be the underlying value of the business.

Whilst the basis of preparation of the statutory accounts reflects the situation of the Company as at 31 January 2022 as an investment company, given the subsequent transition to become a trading group with effect from 1 February 2022, shareholders will find an equivalent balance sheet prepared as a consolidated trading group useful. The table on page 20 illustrates the transition from the audited balance sheet presented in these financial statements to one prepared as a consolidated trading group as at the same date using the same base data.



Transition from Electra Private Equity PLC to Unbound Group plc continued

The Impact of Transition of Electra to Unbound continued

As at 31 January 2022	Investment Company (audited) £m	Hotter (unaudited) £m	Consolidation entries (unaudited) £m	Unbound Group consolidated (unaudited) £m
Fixed assets				
Investments	19.6	—	(19.6)	—
Intangible assets	—	4.1	25.7	29.8
Tangible assets	—	2.7	—	2.7
Right-of-use assets	—	6.9	—	6.9
Deferred tax assets	—	3.8	—	3.8
Current assets (liabilities)				
Investments	3.8	—	—	3.8
Inventory	—	5.0	—	5.0
Cash	1.9	3.6	—	5.5
Lease liabilities	(0.1)	(1.4)	—	(1.5)
Borrowings	—	(2.0)	—	(2.0)
Other net liabilities	(2.1)	(10.0)	—	(12.1)
Non-current liabilities				
Lease liabilities	—	(6.3)	—	(6.3)
Borrowings	—	(10.1)	—	(10.1)
Provisions	—	(1.0)	—	(1.0)
Net assets	23.1	(4.7)	6.1	24.5

Related Party Transactions

The Electra Private Equity Executive Share of Value Plan (“SoVP”) vested in May 2021. As awards made under the plan vested in cash, in order to maintain alignment between the executives and shareholders the executives undertook to reinvest the full net proceeds of their awards in the purchase of new shares issued to them by the Company. As a result, on 7 May 2021 Neil Johnson and Gavin Manson respectively acquired 249,057 and 441,509 shares in the Company at a price of 530p per share, which was the closing market price on the day of the issuance.

Prior to the demerger of Hostmore plc on 1 November 2021, the executives of Hostmore undertook to receive awards due to them under the TGI Fridays Management Incentive Arrangements as shares in Hostmore plc rather than in cash. This ensured continued alignment between the objectives of Hostmore management and shareholders. The Hostmore Executive Directors, Robert Cook and Alan Clark, respectively received 3,360,662 and 2,421,518 shares in Hostmore.

Prior to Admission to AIM on 1 February 2022, the executives of Hotter undertook to receive awards due to them under the Hotter Shoes Management Incentive Arrangements as shares in Unbound Group plc rather than in cash. This ensured continued alignment between the objectives of Hostmore management and shareholders. As announced on 9 December 2021 and 14 January 2022, Ian Watson, the CEO of Hotter Shoes, and from Admission to AIM the CEO of Unbound Group plc, received 2,086,833 shares in Unbound Group plc.



Section 172 Report

Overview

The Directors' overarching duty is to act in good faith and in a way that is the most likely to promote the success of the Company, as set out in Section 172 of the Companies Act 2006. In doing so, the Directors must take into consideration the interests of the various stakeholders of the Company and the impact the Company has on the community and the environment; take a long-term view of the consequences of the decisions they make; and aim to maintain a reputation for high standards of business conduct and fair treatment between the members of the Company.

Fulfilling this duty supports the Company in achieving its investment strategy up to transition on 1 February 2022 and its subsequent trading strategy and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Company explains how the Directors have discharged their duties under Section 172 below.

Decision Making

The importance of stakeholder considerations, particularly in the context of decision making, is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders.

Community, Social, Employee, Human Rights, Environmental Issues, Anti-Bribery and Anti-Corruption

The Company is committed to carrying out business in an honest and fair manner with a zero-tolerance approach to bribery and corruption. As such, policies and procedures are in place to prevent bribery and corruption. In carrying out its activities and in its relationships with the community the Company aims to conduct itself responsibly, ethically and fairly, including in relation to social and human rights issues.

The Company believes that high standards of corporate social responsibility make good business sense and have the potential to protect and enhance performance. Consequently, the Group has processes in place which seek to ensure that social, environmental and ethical issues are taken into account and best practice is encouraged within the Group and by key stakeholders.

Further details of the Company's ESG strategic can be found in section (h) of the Chief Executive's Business and Strategy Review on page 12.

Stakeholders

The Board seeks to understand the needs and priorities of the Company's stakeholders, and these are taken into account during all its discussions and as part of its decision making.

The mechanisms for engaging with stakeholders are kept under review by the Directors and will be discussed on a regular basis at Board meetings to ensure that they remain effective. Examples of the Board's principal decisions during the year, and how the Board fulfilled its duties under Section 172, and the related engagement activities are set out below.

Following the transformation of the Company on 1 February 2022 from an investment company to the parent company of a trading group, the Company assumed direct responsibility for stakeholders in its trading subsidiary, Hotter Shoes. These stakeholders include the employees, customers and suppliers of that business.

Shareholders

Continued shareholder support and engagement are critical to the business and the delivery of its long-term strategy. The Board's investment realisation strategy was approved by shareholders in October 2018, with over 99% of shareholders voting in favour. The Board subsequently consulted with major shareholders over key strategies in implementing the overall divestment strategy, in particular over the balance between timing and quantum in respect of realisations and the prioritisation of cash vs asset realisations.

The Board is committed to maintaining open channels of communication and to engaging with shareholders in a manner which they find most meaningful, in order to gain an understanding of their views. All shareholders are invited to attend the annual general meeting ("AGM") each year and can keep themselves informed about the Company through its website and in particular through publications including the Annual and Half-Year Reports. The Executive Directors have meetings with larger shareholders to discuss strategy and other developments. The Board is always happy to respond to shareholder enquiries and contact details can be found on the inside back cover of this Annual Report.

Portfolio Companies

Prior to transition on 1 February 2022, the Executive Chairman and CFOO were responsible for managing the Company's investments in the portfolio companies and its relationships with them. The CFOO was a director of each of the controlled assets and met regularly with their chief executives to monitor and influence progress of the businesses towards meeting the financial and non-financial objectives of shareholders and other stakeholders.

The Board received reports at each scheduled Board meeting from the CFOO on the portfolio companies, including updates on trading and other matters. The Board considered the need for financial support for the companies and provided further investment when considered necessary. The actions taken during the year are reported in the Transition from Electra Private Equity PLC to Unbound Group plc section of this Annual Report.

Employees of the Group

Following its transition on 1 February 2022, the Company has a direct relationship with all employees of the Company and its operating subsidiaries. In anticipation of that transition, Baroness Kate Rock became the Director with responsibility for employee engagement with effect from 1 February 2022.

Other Stakeholders: the AIFM, Company Secretary and Administrator, and Broker

Prior to transition on 1 February 2022, in order to function as an investment trust with a premium listing on the London Stock Exchange, the Company relied on a range of advisers for support in meeting all relevant obligations. The key external providers are the AIFM, Company Secretary and Administrator, and Broker. The Board maintained regular contact with each of them and received regular reporting from them, both through the Board and Committee meetings, as well as outside the regular meeting cycle, and they were consulted on a wide range of matters. The Company Secretary and Administrator in turn maintained contact with the Registrar and the Depositary.

Diversity

As at 31 January 2022, there were three men and three women on the Board. The Company aims to have a balance of relevant skills, experience and background amongst the Directors and believes that all Board appointments should be made on merit and with due regard to the benefits of diversity, particularly of perspective and including gender.

There were no non-Director employees at the Company as at 31 January 2022.

Viability Statement

Following its transition to AIM listing on 1 February 2022, the Company is no longer required to publish a viability statement. However, the Directors have carefully assessed, particularly in the context of the ongoing Covid-19 pandemic, the Company's current position and prospects as well as the principal risks it faces and have formed a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next three financial years.

Principal Risks

The Directors operate and maintain a risk management framework and risk register that seek to ensure that the principal risks to the Group are identified and managed appropriately. The principal risks are:

Customer Retention and Acquisition

The Group operates in a competitive online segment of the fashion market, being primarily in the UK market. If the Group does not promote and sustain its brand and platforms through marketing and other tools, it may fail to retain existing customers or acquire the new customers required to maintain or increase the Group's revenue.

A Credible Competitor Could Focus on the Group's Target Market

The Directors believe that whilst the Group has adopted a strategy which differentiates it from its closest competitors, the Group's business could be adversely affected by the actions of its closest competitors or a new competitor entering the market.

Economic Conditions and Other Factors Which Affect Disposable Income in the United Kingdom May Impact the Group's Business Adversely

Adverse changes in global, regional or local economic conditions, including recession or slowing growth, changes or uncertainty in fiscal, monetary or trade policy, higher interest rates, tighter credit, inflation, increases in unemployment and lower consumer confidence and spending, periodically occur. Adverse changes in economic conditions, including as a result of the Covid-19 pandemic and instability in the geopolitical environment in parts of the world, could significantly harm demand for the Group's products.

Reliance on Key Management Personnel

The Group's business, development and prospects are dependent on the experience, performance and continued service of its senior management team, including the Executive Directors. The loss of the service of one or more of such key management personnel may have an adverse effect on the Group.

The Directors believe that the Group operates a progressive and competitive remuneration policy which will play an important part in retaining and attracting key management personnel.

Operational Costs

Any change in the costs of operating the Group could impact on the Group's profitability. Such cost increases could arise from increments in supplier costs (including, amongst other things, an increase in the cost of raw materials, freight costs, general inflation and fluctuations in exchange rates) or increased costs to be incurred due to regulatory change. Although such costs are accounted for, where these can be estimated, in future budgets for the Group, not all cost increases are capable of being estimated adequately in advance. However, it is expected that competitors would be subject to similar commercial or regulatory cost increases.

The Group May Not Be Able to Effectively Manage Its Growth

To succeed in executing its business plan and expand its business, the Group will need to manage its growth effectively as it makes long-term investments in IT, technologies, support services and other capabilities including to support the Unbound partnership model. The Group is likely to recognise the costs associated with these investments earlier than the anticipated benefits. Additionally, the return on any investments may be lower, or may develop more slowly than expected. If the Group's revenue does not increase to offset these additional expenses, it may not achieve or maintain profitability in future periods, or the Group's business, financial condition, results of operations and prospects, including the ability to grow its business, could be otherwise adversely affected.

Cyber Security

The Group relies on systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding its consumers, customers, suppliers, employees and others, including credit card information and personal information.

The Group's security measures may not detect or prevent all attempts to breach the Group's systems, denial-of-service attacks, ransomware attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in or transmitted by the Group's websites, networks and systems or that it or such third parties otherwise maintain.

If any of these breaches of security should occur, the reputation of the Group could be damaged, and its business may suffer.

The Group's Partnership Proposition May Not Achieve the Expected Results

There can be no guarantee that the Group will be able to develop and maintain a mutually beneficial relationship with its partners or that the partnerships will generate satisfactory returns.

Ian Watson
Chief Executive Officer
7 March 2022



Board of Directors



Neil Anthony Johnson (Chairman)

Neil was appointed as Non-Executive Chairman and Director of the Company on 12 May 2016. He was Executive Chairman from 1 March 2018 to 31 January 2022. He is also Chairman of the Nomination Committee.

Neil is currently Non-Executive Chairman of QinetiQ Group plc, Chairman of Hostmore plc and Deputy Chair and Senior Independent Director of the BGF Group PLC.

He was formerly Chairman of Synthomer plc, Motability Operations plc and Centaur Media Plc and CEO of the RAC. He chaired telematics company Cybit Plc through IPO and ultimate sale to a US private equity house in 2010 and was Chairman of e2v plc until its takeover by Teledyne in 2016. After directing the European automotive interests of British Aerospace, he served a term as Director General of the Engineering Employers' Federation.



Ian Andrew Watson (Chief Executive Officer)

Ian has served as the Chief Executive Officer of the Hotter business since March 2019. His previous appointments include serving as the Chief Executive Officer of Start-Rite Shoes, European Managing Director at Britax Childcare and Senior Vice-President at Newell Brands.



Daniel Malachy Lampard (Chief Financial Officer)

Dan joined the Hotter business as Chief Financial Officer in August 2021. His previous appointments include serving as the Chief Financial Officer of D2C Glanbia Performance Nutrition and the Finance Director at AO World plc and working for the Manchester Airport Group for 11 years.



Paul Andrew Goodson

Paul was appointed as a Director on 26 May 2016. He is the Senior Independent Director, the Chairman of the Remuneration Committee and a member of the Nomination and Audit and Risk Committees.

Paul was a Non-Executive Director of DX (Group) plc until February 2022. He was also Executive Chairman of Great Bear Distribution, a leading independent third-party logistics business which provides a range of warehousing, distribution and added value services to blue chip organisations. He stood down in February 2016 after having successfully sold the business to Culina to create a £400 million group.

Prior to Great Bear, he spent 13 years with Barclay Private Equity, latterly serving as MD of the UK business.



Gavin Maxwell Manson

Gavin was appointed as Chief Financial Officer of the Company on 8 August 2016 and as an Executive Director on 23 March 2017. In 2018, Gavin became the Chief Financial and Operating Officer of the Company. After the Company's admission to trading on AIM on 1 February 2022, Gavin stepped back from his role as an Executive Director and became a Non-Executive Director of the Company.

Gavin is a Non-Executive Director of Hostmore plc.

Prior to joining the Company, he was the Finance Director of Thomas Cook Group plc's tour operator and hotels and resorts division. He joined Thomas Cook in 2013 from the FTSE 250 international electronic component distribution and software business Premier Farnell PLC, where he was the Finance Director for five years. Before this, he worked at Merck GmbH group as the Finance Director for Seven Seas Ltd before becoming Finance Director of the Merck Consumer Healthcare division in the UK and Ireland, and latterly leading the consolidation of the back-office activities of Merck's four operating divisions across the UK and Ireland.



Baroness Kate Harriet Alexandra Rock

Kate was appointed as a Non-Executive Director of the Company on 1 November 2021. She is Senior Independent Director of Keller Group plc and a member of the House of Lords where she sits on the Science and Technology Select Committee. She brings significant experience in the development and application of business data, technology and skills.

Kate is a member of the Remuneration, Nomination and the Audit and Risk Committees.



Suzanne (Suki) Frances Allison Thompson

Suki was appointed as a Non-Executive Director of the Company on 1 November 2021. She is Founder/CEO of Let's Reset and a Non-Executive Director of Gateley Plc. She brings significant experience in the development and implementation of marketing and digital marketing strategies across consumer sectors.

Suki is a member of the Remuneration, Nomination and the Audit and Risk Committees.



Linda Wilding

Linda was appointed a Director on 1 December 2016. She is Chair of the Audit and Risk Committee and a member of the Remuneration and Nomination Committees.

Linda has extensive experience in the private equity investment and healthcare sectors. Having qualified as a Chartered Accountant with Ernst & Young, she worked in the private equity division of Mercury Asset Management from 1989 to 2001, rising to the position of Managing Director. She has served as a Non-Executive Director (including as Chairman) on the boards of a number of companies. She is currently a Non-Executive Director of BMO Commercial Property Trust Limited. She was a Non-Executive Director and latterly Chair of Corin plc from 2006 to 2012 and was a Non Executive Director of Touchstone Innovations plc until 2017 and of UDG Healthcare plc until 2021.

Linda has announced her intention to retire from the Board with effect from the AGM on 12 May 2022.

Directors' Report

The Directors present the audited financial statements of the Group and the Company for the 16 months ended 31 January 2022 and their report on its affairs.

In January 2022, the Company's accounting reporting date was changed to 30 January 2022 and accordingly the accounts have been prepared for the 16-month period ended 31 January 2022.

In accordance with the requirement for the Directors to prepare a Strategic Report and an enhanced Directors' Remuneration Report for the 16 months ended 31 January 2022, the following information is set out in the Strategic Report: a review of the business of the Company including details about its objective, strategy and business model, and future developments, details of the principal risks and uncertainties associated with the Company's activities (including the Company's financial risk management objectives and policies), information regarding community, social, employee, human rights and environmental issues and the Company's policy regarding Board diversity. Information about Directors' interests in the Company's ordinary shares is included within the Annual Report in the Remuneration section of the Directors' Remuneration Report.

The Corporate Governance Report on pages 33 to 38 forms part of this Directors' Report.

Change of Status

Following a decision in 2018 to realise its portfolio of investments, the Company pursued a portfolio realisation strategy that by November 2021, when the holding in TGI Fridays was realised through the demerger of Hostmore plc, resulted in the Hotter business becoming the Company's sole remaining principal investment. The Board announced on 21 May 2021 its intention to transition from the Main Market to AIM as the parent company of the Group, comprising the Hotter business and Unbound's curated multi-brand retail platform through which it plans to expand the products and services offered to its over 55-year-old target demographic beyond footwear. Admission to AIM was achieved on 1 February 2022, following which the Company ceased to be an investment trust.

Change of Name

On 21 January 2022, the name of the Company was changed to Unbound Group plc.

Admission to AIM

On 1 February 2022, the Company's shares were delisted from the Main Market of the London Stock Exchange and admitted to AIM.

Results and Dividends

The Group's return after tax for the 16 months to 31 January 2022 was £43,000,000 (12 months to 30 September 2020: loss of £59,904,000), of which a loss of £5,932,000 was attributable to revenue (12 months to 30 September 2020: loss of £1,693,000).

During the 16 months to 31 January 2022, the Company did not pay any cash dividend (12 months to 30 September 2020: a special dividend of 31p per share was paid on 24 January 2020 to shareholders on the Register of Members at the close of

business on 27 December 2019), but distributed its investment in TGI Fridays, which demerged from the Group to become Hostmore plc, by way of dividend in specie to the Company's shareholders on the Register of Members at the close of business on 1 November 2021. As part of this distribution, shareholders received three shares in Hostmore plc for each Electra share held.

Management Arrangements

The Company is managed by the Board of Directors led by Neil Johnson (Chairman), Ian Watson (CEO) and Dan Lampard (CFO).

G10 Capital Ltd ("G10" or the "Manager"), which is a multi-asset investment manager platform and manages a number of different AIFs, served as the Company's AIFM until the listing of Unbound on AIM on 1 February 2022. The Company Secretary, Frostrow Capital LLP, was appointed as the Company's administrator from 1 January 2019 and will continue its role as Company Secretary until the Company's AGM on 12 May 2022, when the Board intends to appoint ONE Advisory Limited as Company Secretary.

Share Capital

At 31 January 2022, there were 42,258,128 (30 September 2020: 38,282,763) ordinary shares of 25p each in issue. The shares are in registered form. The Company did not purchase any shares for cancellation during the year.

Share Premium and Capital Redemption Accounts

At a General Meeting on 19 June 2020, shareholders voted to approve the cancellation of both the share premium account and the capital redemption reserve. The cancellations became effective on 21 July 2020 following the approval by the High Court of Justice, and with immediate effect the distributable reserves of the Company were increased by £157.8 million.

During the 16 months to 31 January 2022, a £5.0 million share premium was created on the issuance of the 690,566 ordinary shares in settlement of vesting of the Electra SoVP in May 2021 and 3,284,799 ordinary shares in settlement of the Hotter Management Incentive Plan ("MIP") in January 2022.

Directors

The current Directors of the Company are listed on pages 26 and 27. During the period, David Lis and Stephen Welker retired from the Board on 1 November 2021, and Baroness Kate Rock and Suki Thompson were appointed to the Board on 1 November 2021. Ian Watson and Dan Lampard were appointed to the Board as Executive Directors with effect from 1 February 2022.

No other person served as a Director of the Company during any part of the period to the approval of this report on 7 March 2022. Baroness Kate Rock, Suki Thompson, Ian Watson and Dan Lampard will offer themselves for election at the Annual General Meeting to be held on 12 May 2022. All the other Directors intend to retire and, being eligible, offer themselves for re-election, except for Linda Wilding, who has indicated that she will step down with effect from the AGM.

Directors' Conflicts of Interest

Directors report on actual or potential conflicts of interest at each Board meeting. The Board has agreed that the Nomination Committee is responsible for considering and reviewing conflicts of interest. Any Director or Directors with a potential conflict would be excluded from such a review. After consideration, if required, the Nomination Committee would subsequently make a recommendation to the Board of Directors.

Directors' Indemnity

Directors' and Officers' qualifying third-party liability insurance has been put in place. In addition, the Company provides, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them and liabilities owed to third parties, in either case arising out of their positions as Directors. This was in place throughout the financial year under review, up to and including the date of the financial statements.

Substantial Interests

At 31 January 2022, the Company had received the following notifications of interests of 3% or more in the voting rights attached to the Company's ordinary shares:

	Voting rights notified		Percentage of Voting Rights*	
	Direct No.	Indirect No.	Direct %	Indirect %
Witan Investment Trust PLC	5,552,139	—	13.14	—
Fidelity International	—	4,638,164**	—	10.98
Ian Watson	2,096,833	—	4.96	—
Aviva PLC	1,686,286	—	3.99	—
Crown Sigma UCITS plc	1,506,000	—	3.56	—

* Percentage shown as a percentage of 42,258,128 ordinary shares, being the number of shares in issue at 31 January 2022 and 7 March 2022.

** Fidelity International also holds 412,352 ordinary shares through financial instruments.

Since the year end, no further notifications had been received by 7 March 2022, the latest practicable date before the publication of this Directors' Report.

Global Greenhouse Gas Emissions for the 16 Months Ended 31 January 2022

During the 16 months to 31 January 2022, the Company had one employee operating from small office premises and has consumed less than 40,000 kWh of energy and therefore is exempt from requirements under the Streamlined Energy and Carbon Reporting ("SECR") regulations. Additionally, the Company has no responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within its underlying investment portfolio.

Statement of Disclosure of Information to Auditor

Each of the Directors confirms that so far as he/she is aware, there is no relevant audit information of which the Company's auditor is unaware and they have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

Deloitte LLP was appointed as auditor of the Company with effect from the audit of the Company's financial statements for the year ended 30 September 2017. Its reappointment for the year under review was approved by the members at the Annual General Meeting held on 24 February 2021.

In light of the changes to the Company's status with effect from 1 February 2022, it is proposed to appoint RSM UK Group LLP as auditor to the Company, as it has been auditor to the

Hotter Group since 2020. Accordingly, Deloitte LLP will resign as auditor with effect from the Annual General Meeting on 12 May 2022 and resolutions to appoint RSM UK Group LLP as the Company's auditor and authorise the Directors to determine its remuneration will be proposed at the Annual General Meeting to be held on 12 May 2022. Further details are included in the Report of the Audit and Risk Committee.

Going Concern

Following the adoption of the wind-down strategy in 2018 it became appropriate, in light of the likely ultimate wind-up of the Company, for the Company to report on a basis other than that of a going concern. Given the Company's transition to Unbound Group plc as a trading holding company for Hotter, listed on AIM on 1 February 2022, this basis of preparation is no longer appropriate. As such these accounts are prepared on the basis of a going concern.

The Directors have conducted a going concern review and concluded that preparation of the report on a going concern basis was appropriate because the Group is expected to be able to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. In reaching this decision the Directors considered the trading position of Hotter Shoes in relation to the covenants on its banking facilities that extend to December 2024, forecast profitability and levels of cash, and also the Board's intention to realise the non-core assets of the Company.

Given the situation of the Company, the change of basis of preparation has no numerical impact on the financial performance or position of the Company as reported.

Risk Management and Internal Controls

Details of the Company's risk management and internal control arrangements, including the Board's annual review of the effectiveness of the system of the Company's risk management and internal control arrangements, are contained in the Corporate Governance Statement.

Annual General Meeting

The Annual General Meeting will be held on Thursday 12 May 2022 at 11.00am at the offices of Hogan Lovells International LLP at Atlantic House, 50 Holborn Viaduct, London EC1A 2FG. The formal notice of the Annual General Meeting is set out in a separate circular, which will be posted to shareholders with the Annual Report and Financial Statements for the 16 months ended 31 January 2022.

Authority to Purchase Own Shares

As at 30 September 2020, the Company had authority to purchase for cancellation up to 5,738,586 shares. No shares were purchased during the year (2019: nil). This authority lapsed at the 2021 Annual General Meeting. It is intended that a special resolution will be proposed to renew the Board's authority to purchase its own shares, so as to permit the purchase of up to 6,334,493 of the Company's ordinary shares (or such other number of shares as is equal to 14.99% of the total number of ordinary shares in issue at the date of the passing of the resolution) subject to the constraints set out in the special resolution. The Directors would intend to use this authority to purchase shares only if this would be in the best interests of shareholders generally. Ordinary shares which are purchased under this authority may be held in treasury or cancelled.

The Directors believe that the renewal of the Board's authority to purchase shares, as detailed above, is in the best interests of shareholders as a whole and therefore recommend shareholders to vote in favour of this resolution.

Listing Rule 9.8.4

Listing Rule 9.8.4 requires the Company to include certain information in a single identifiable section of the Annual Report or a cross-reference table indicating where the information is set out. The following disclosures are made in accordance with this requirement (for information, as the Company has been admitted to trading on AIM and is no longer required to apply the Listing Rules):

- (i) details of the Company's proposed Long-Term Incentive Plan are set out in the Directors' Remuneration Report; and
- (ii) details of Directors' fees waived by Stephen Welker are set out in the Directors' Remuneration Report.

The Directors confirm that there are no further disclosures to be made in this regard.

Additional Information for Shareholders

Set out below is a summary of certain provisions of the Company's current Articles of Association (the "Articles") and applicable English law concerning companies (the Companies Act 2006 (the "Companies Act")). This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Alteration of Articles of Association

Any change to the Company's Articles of Association needs to be approved by shareholders by means of a special resolution.

Dividends and Distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends payable in respect of the Company's shares from a person with a 0.25% interest in a class of shares if such a person has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Act.

Voting Rights

Subject to any rights or restrictions attached to any shares, on a show of hands, every member who is present in person has one vote and every proxy present, who has been duly appointed, has one vote. However, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and is instructed by one or more of those members to vote for the resolution and by one or more others to vote against it, or is instructed by one or more of those members to vote in one way and is given discretion as to how to vote by one or more others (and wishes to use that discretion to vote in the other way), he has one vote for and one vote against the resolution. Every corporate representative present who has been duly authorised by a corporation has the same voting rights as the corporation would be entitled to. On a poll, every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he is the holder or in respect of which his appointment as proxy or corporate representative has been made.

A member, proxy or corporate representative entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. The appointment of a proxy shall be deemed also to confer authority to demand or join in demanding a poll. Delivery of an appointment of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it. A proxy need not be a member. A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

The Company's Employee Benefit Trust waives its dividend entitlement and abstains from voting at general meetings on shares it holds in relation to the LTIP schemes. See Note 15 for more details.

Restrictions on Voting

No member shall have the right to vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all amounts presently payable by him in respect of that share have been paid. In addition, if a person with a 0.25% interest in a class of shares has been served with a notice after failure to provide the Company with information concerning interest in those shares required to be provided under the Companies Act 2006 the member shall not be entitled to vote.

Deadlines for Exercising Voting Rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of a proxy form in hard copy and electronic form of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. In the case of a poll taken subsequently to the date of the meeting or adjourned meeting, the proxy form must be received not less than 24 hours (or such shorter time as the Directors may determine) before the time appointed for the taking of the poll. The Directors may specify in the notice convening the meeting that in determining the time for delivery of proxies, no account shall be taken of any part of any day that is not a working day.

Variation of Rights

The Articles specify that if the capital of the Company is divided into different classes of shares, rights attached to any class may be varied, either in such manner (if any) as may be provided by those rights, or in the absence of any such provision, with the consent in writing of the holders of three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class, but not otherwise. At every such separate meeting other than an adjourned meeting the quorum shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question (excluding any shares of that class held as treasury shares). At an adjourned meeting, the quorum shall be two persons holding shares of the class in question (other than treasury shares) or his proxy.

Transfer of Shares

The instrument of transfer of a share in certificated form may be in any usual form or in any other form which the Directors approve and shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on behalf of the transferee. Where any class of shares is, for the time being, a participating security, title to shares of that class which are recorded on an operator register of members as being held in uncertificated form may be transferred by means of the relevant system. The transfer may not be in favour of more than four transferees. Transfers of shares in uncertificated form are effected by means of the relevant system.

The Directors may, in their absolute discretion, refuse to register the transfer of a share in certificated form which is not fully paid provided that if the share is admitted to AIM such refusal does not prevent dealings in the shares from taking place on an open and proper basis. The Directors may also refuse to register a transfer of a share in certificated form (whether fully paid or not) unless the instrument of transfer:

- (a) is lodged, duly stamped, at the office or at such other place as the Directors may appoint (except in the case of a transfer by a financial institution where a certificate has not been issued in respect of the share), and accompanied by the certificate for the share to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) is in respect of only one class of share; and
- (c) is in favour of not more than four transferees.

If the Directors refuse to register a transfer of a share, they shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company (in the case of a transfer of a share in certificated form) or the date on which the operator instruction was received by the Company (in the case of a transfer of a share in uncertificated form to a person who is to hold it thereafter in certificated form) send to the transferee notice of the refusal together with reasons for the refusal. The Directors shall send such further information about the reasons for the refusal to the transferee as the transferee may reasonably request.

Nothing in the Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Appointment and Replacement of Directors

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (disregarding alternate Directors) shall not be less than three nor more than fifteen.

At each Annual General Meeting, all Directors who held office at the time of each of the two preceding Annual General Meetings and who did not retire at either of them shall retire from office by rotation and such further Directors (if any) shall retire by rotation as would bring the number retiring by rotation up to one-third of the number of Directors in office at the date of the notice of the meeting (or, if their number is not a multiple of three, the number nearest to but not greater than one-third). The additional Directors to retire shall be those who have been longest in office since their last appointment or reappointment, but, as between persons who became or were last reappointed Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Non-Executive Director (other than the Chairman) who has held office as a Non-Executive Director for nine years or more shall retire from office at each Annual General Meeting and shall be eligible for reappointment. A Director who retires at an Annual General Meeting may be reappointed. If he is not reappointed or deemed to have been reappointed, he shall retain office until the meeting elects someone in his place or, if it does not do so, until the close of the meeting.

Appointment and Replacement of Directors continued

If the Company, at the meeting at which a Director retires under any provision of the Articles, does not fill the vacancy the retiring Director shall, if willing to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the Director is put to the meeting and lost.

The office of a Director shall be vacated if a Director:

- (i) becomes bankrupt or compounds with his creditors generally;
- (ii) is prohibited by law from being a Director;
- (iii) has a court order made in respect of his mental health which wholly or partly prevents him from exercising powers or rights which he would otherwise have;
- (iv) sends a notice to the Company that he is resigning or retiring from his office and such resignation or retirement has taken effect;
- (v) sees his appointment (at an executive office) terminated or expiring and the Directors resolve that he should cease to be Director;
- (vi) is absent without permission of the Board from meetings of the Board for six consecutive months and the Board resolves that the office is vacated; or
- (vii) has notice served upon him in writing by all other co-Directors.

Powers of the Directors

Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board which may exercise all the powers of the Company.

Subject to the Companies Acts and its articles, the directors may exercise all the Company's powers to: (a) borrow money on such terms as the Directors may decide; (b) mortgage or charge all or any of the Company's undertaking, property and assets (present and future) and uncalled capital; (c) issue debentures and other securities; and (d) give security, either outright or as collateral security, for any debt, liability or obligation of the Company or of any third party. Any debentures or other securities can be issued on such terms that they are assignable, free from any equities between the Company and the person to whom the debentures or other securities are issued.

The Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the Directors may determine. The Directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to shares of the Company. The Directors may retain any dividends payable on shares on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Approved by the Board of Directors and signed on its behalf by:

Frostrow Capital LLP
Company Secretary
7 March 2022

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code") which was issued in February 2019 and is effective for accounting periods commencing on or after 1 January 2019. The AIC Code addresses all of the principles set out in the Financial Reporting Council's UK Corporate Governance Code (the "UK Code"), which was issued in July 2018, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

Given the Company's status as an investment trust during the period under review, the Board considers that reporting against the principles and provisions of the AIC Code (which has been endorsed by the Financial Reporting Council) will provide better information to shareholders. By reporting against the AIC Code, the Company meets its obligations under the UK Code (and associated disclosure requirements under paragraph 9.8.6 of the Listing Rules) and as such does not need to report further on issues contained in the UK Code which are irrelevant to the Company.

The AIC Code is available on the AIC's website (www.theaic.co.uk) and the UK Code can be viewed on the Financial Reporting Council website (www.frc.org.uk). The AIC Code includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

With effect from its admission to AIM on 1 February 2022, the Board has adopted the provisions of the QCA Code of Corporate Governance, which it believes is more appropriate to the Company's current status. Further details of this are set out on the Company's website.

Compliance with the AIC Code

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code during the period to 31 January 2022 except as follows:

- > Provision 9 of the UK Code states that the roles of chairman and chief executive should not be exercised by the same individual. Since 1 March 2018, the duties of the chief executive have been split between the Executive Chairman, Neil Johnson, and the CFOO, Gavin Manson. All significant decisions relating to the Company are taken by the full Board, and the Board has agreed that in the event of an equality of votes, the independent Directors should appoint one of themselves to chair the meeting so that an independent Director has a casting vote. As such, the Board considers that no one individual has unfettered powers of decision. This structure is considered to be efficient and effective in light of the Company's strategy.
- > The UK Code includes provisions (Provisions 25 and 26) relating to the need for an internal audit function. The Board has considered and concluded to date that an internal audit function is not required given the size of the Company. See also the Report of the Audit and Risk Committee on page 51.

- > The UK Code (Provision 21) and the AIC Code (Provision 26) require FTSE 350 companies to have an externally facilitated board evaluation every three years. As explained on page 37, the Board considered that there would be no significant value in carrying out an external Board review during the period under review.

The Principles of the AIC Code

The AIC Code is made up of 17 principles split into five sections covering:

- > board leadership and purpose;
- > division of responsibilities;
- > composition, succession and evaluation;
- > audit, risk and internal control; and
- > remuneration.

Details of how the Company has applied the principles of the AIC Code are set out in this report.

1. BOARD LEADERSHIP AND PURPOSE

Role of the Board

The role of the Board is to promote the long-term sustainable success of the Company and generate value for shareholders.

The Board is collectively responsible for the success of the Company. Its role is to provide leadership within a framework of controls that enable risk to be assessed and managed. The Board sets the Company's strategic aims (subject to the Company's Articles of Association and to such approval of the shareholders in general meeting as may be required from time to time) and ensures that the necessary resources are in place to enable the Company's objectives to be met.

Company's Purpose, Values and Strategy

The Board assesses the basis on which the Company generates and preserves value over the long term. The Strategic Report describes how opportunities and risks to the future success of the business have been considered and addressed, the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy.

Culture

The Board seeks to establish and maintain a corporate culture characterised by fairness in its treatment of employees and service providers. It is the Board's belief that this contributes to the greater success of the Company, as well as being an appropriate way to conduct relations between parties engaged in a common purpose. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants. Strategic decisions are discussed openly and constructively. The Board aims to be open and transparent with shareholders and other stakeholders.

1. BOARD LEADERSHIP AND PURPOSE continued

Shareholder Engagement

The Company places great importance on communication with its shareholders. The Company endeavours to provide the fullest information on the Company to its shareholders, maintaining a regular dialogue with institutional shareholders. Meetings are held with principal shareholders to discuss relevant issues as they arise.

All shareholders are welcome to attend the Annual General Meeting and have the opportunity to put questions to the Board. The notice of the Annual General Meeting and related papers are sent to shareholders at least 20 working days before the meeting. A separate resolution is proposed on each substantially separate issue. For a number of years, voting on all resolutions at the Annual General Meeting has been carried out through a poll. The Chairmen of the Audit and Risk, Remuneration and Nomination Committees are normally available to answer questions at the Annual General Meeting each year.

The Chairman and the Senior Independent Director can be contacted either at the Company's registered office, 7th Floor, 17 Old Park Lane, London, England W1K 1QT, or through the Company Secretary, Frostrow Capital LLP, at 25 Southampton Buildings, London WC2A 1AL.

Stakeholders

The new AIC Code requires directors to explain their statutory duties as stated in sections 171–177 of the Companies Act 2006. Under section 172, directors have a duty to promote the success of the Company for the benefit of its members as a whole and in doing so have regard to the consequences of any decisions in the long term, as well as having regard to the Company's stakeholders amongst other considerations.

The Board's report on its compliance with section 172 of the Companies Act 2006 is set out on page 22.

The Board is responsible for ensuring that workforce policies and practices are in line with the Company's purpose and values and support its culture. The Remuneration Committee advises the Board in respect of policies on remuneration-related matters. During the period under review, the Company has had only one employee, the CFOO, who is himself a Director, so engagement with the workforce was not relevant.

Conflicts of Interest

The Board's actions taken to identify and manage conflicts of interest are set out in the Directors' Report. Mr Welker is a Partner in Sherborne Investors, which owned 29.9% of the Company until 30 June 2021 and so Mr Welker was considered not to be an independent director. The Board was mindful of this fact in its decision-making. Mr Welker retired from the Board on 1 November 2021.

2. DIVISION OF RESPONSIBILITIES

The Board

The Board comprised six Directors as at 31 January 2022, all of whom were Non-Executive apart from Neil Johnson, who has been Executive Chairman since 1 March 2018, and Gavin Manson, the CFOO, who was appointed as an Executive Director on 23 March 2017. During the year, Mr Lis and Mr Welker retired on 1 November 2021, and Ms Thompson and Baroness Rock were appointed on 1 November 2021. Mr Lampard and Mr Watson were appointed as Executive Directors with effect from 1 February 2022. All the other Directors were in office throughout the period.

The Chairman

Mr Johnson has been Chairman of the Company since May 2016, when he joined the Board, and Executive Chairman from March 2018 to January 2022.

The Chairman's primary role is to provide leadership to the Board, assuming responsibility for its overall effectiveness in directing the Company. The Chairman is responsible for:

- > taking the chair at general meetings and Board meetings, conducting meetings effectively and ensuring all Directors are involved in discussions and decision making;
- > setting the agenda for Board meetings and ensuring the Directors receive accurate, timely and clear information for decision making;
- > taking a leading role in determining the Board's composition and structure;
- > supporting and also challenging the Executive Directors;
- > engaging with shareholders to ensure that the Board has a clear understanding of shareholder views;
- > ensuring effective communications with shareholders and other stakeholders as appropriate;
- > leading the annual Board evaluation process and assessing the contribution of individual Directors; and
- > overseeing the induction of new Directors and the development of the Board as a whole.

In his role as Executive Chairman, he worked with the CFOO to manage the Company's investments in the portfolio companies and its relationships with them.

The Senior Independent Director ("SID")

Mr Goodson replaced Mr Lis as the Senior Independent Director from 1 November 2021. Mr Lis served as the Senior Independent Director from March 2018 until his retirement from the Board on 1 November 2021. The Senior Independent Director serves as a sounding board for the Chairman and acts as an intermediary for other Directors and shareholders. The SID is responsible for:

- > working closely with and supporting the Chairman;
- > leading the annual assessment of the performance of the Chairman;
- > holding meetings with the other Directors without the Chairman being present, on such occasions as necessary;
- > carrying out succession planning for the Chairman's role;

2. DIVISION OF RESPONSIBILITIES continued

The Senior Independent Director ("SID") continued

- > working with the Chairman, other Directors and shareholders to resolve major issues; and
- > being available to shareholders and other Directors to address any concerns or issues they feel have not been adequately dealt with through the usual channels of communication (i.e. through the Chairman or the CFOO).

The Chief Financial and Operating Officer ("CFOO")

The CFOO was responsible to the Board and the AIFM for the overall management of the Company including portfolio company performance, business development, shareholder relations and administration. The CFOO reported to each meeting of the Board on these matters.

The Remuneration Committee reviewed the performance of and the contractual arrangements with the CFOO.

On transition to AIM on 1 February 2022, the role of Chief Financial and Operating Officer ceased to exist.

The Chief Executive Officer

The Chief Executive Officer ("CEO") reports to the Chairman and is responsible for managing all aspects of the Group's operations.

The Chief Financial Officer

The Chief Financial Officer ("CFO") reports to the CEO and is responsible for managing all financial and investor related affairs of the Group.

Director Responsibilities

The Board is responsible for determining the strategic direction of the Company and for promoting its success.

Matters specifically reserved for decision by the full Board have been defined. These include decisions relating to strategy and management; structure and capital; financial reporting and controls; internal controls; contracts with third parties; communication; Board membership and other appointments; Board and employee remuneration; remuneration; delegations of authority; corporate governance matters; and Company policies. There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice, if necessary, at the Company's expense.

Board Committees

The Board has established an Audit and Risk Committee, a Remuneration Committee and a Nomination Committee, and also had a Valuations Committee until 31 January 2022.

Audit and Risk Committee

The Board is supported by the Audit and Risk Committee. The members of the Committee are Linda Wilding (Chair), Paul Goodson and with effect from 1 November 2021 Baroness Kate Rock and Suki Thompson. David Lis was a member of the Committee until his retirement from the Board on 1 November 2021. The Committee met four times in the period under review and the report of its activities is contained in the Report of the Audit and Risk Committee. The Committee has written terms of reference which are available on the Company's website.

Refer to Note 3 for details of the auditor's remuneration.

Remuneration Committee

The Remuneration Committee members are Paul Goodson (Chairman) and Linda Wilding and with effect from 1 November 2021 Baroness Kate Rock and Suki Thompson. The Committee has written terms of reference which are available on the Company's website. David Lis was the Chairman of the Committee until his retirement from the Board on 1 November 2021.

The Committee's duties include determining and agreeing with the Board the policy for remuneration of all the Directors. Where appropriate, the Committee will consider both the need to judge the position of the Company relative to other companies regarding the remuneration of Directors and the need to appoint external remuneration consultants.

The Committee met five times in the period. It considered proposals to amend the terms of the SoVP and the vesting of the SoVP in May 2021 and approved the new Remuneration Policy for the Executive Directors. A report on the Committee's activities is contained in the Directors' Remuneration Report.

Nomination Committee

The Committee members are Neil Johnson (Chairman), Paul Goodson, Linda Wilding and with effect from 1 November 2021 Baroness Kate Rock and Suki Thompson. Mr Lis served on the Committee until his retirement from the Board on 1 November 2021. The Committee has written terms of reference which are available on the Company's website.

The Committee's duties include identifying and nominating, for the approval of the Board, candidates to fill Board vacancies based on merit and against objective criteria and with due regard for the benefits of diversity on the Board including gender. The Company's policy on diversity is further detailed in the Strategic Report.

The Committee met twice during the period. It reviewed the membership of the Board and its Committees and agreed to recommend the appointments of Baroness Rock and Ms Thompson to the Board.

Valuations Committee

Until its dissolution on ceasing to be an investment trust on 1 February 2022, the Valuations Committee was established to add a further level of oversight to the valuation process carried out by G10 Capital Limited under its contractual arrangements with the Company. The members of the Committee were Paul Goodson (Chairman) and Linda Wilding. Mr Lis served on the Committee until his retirement from the Board on 1 November 2021. The Committee met twice during the period, to review the valuation of investments as at 31 March 2021 and 30 September 2021.

Board Commitments

When considering new appointments, the Board takes into account other demands on Directors' time. Prior to appointment, new Directors are asked to disclose any existing significant commitments with an indication of the time involved. Additional external appointments require the prior approval of the Chairman on behalf of the Board, with the reasons for permitting significant appointments explained in the Annual Report.

2. DIVISION OF RESPONSIBILITIES continued

Board Meetings

The Executive Directors and representatives of the Company Secretary are expected to be present at all meetings. The primary focus at Board meetings is a review of the operating activities of the Group and associated matters. The Chairman seeks to encourage open debate within the Board and a supportive and co-operative relationship with the Executive Directors and the Company's advisers and other service providers.

The number of meetings of the Board and Committees of the Board held during the period and the attendance of the individual Directors at those meetings is shown in the table below. All Directors of the Company attended the 2021 Annual General Meeting.

Directors' Attendance at Meetings of the Board and Committees of the Board

	Board	Audit and Risk Committee	Valuations Committee	Remuneration Committee	Nomination Committee
Number of meetings	10*	4	3	6	2
N Johnson (Chairman)	10	3**	2**	2**	2
D Lis***	7/7	3/3	2/2	3/3	2
G Manson	10	4**	3**	4**	1**
L Wilding	10	4	2	6	2
P Goodson	10	4	2	6	2
S Welker***	7/7	1**	n/a	2**	n/a
K Rock****	3/3	n/a	n/a	n/a	n/a
S Thompson****	1/3	n/a	n/a	n/a	n/a

* In addition to its scheduled Board meetings, the Board met on a number of other occasions during the period to discuss a number of exceptional matters, including the projects to demerge the holding in TGI Fridays and re-list the Company on AIM.

** Not a member of the Committee but invited to attend certain meetings.

*** Retired from the Board on 1 November 2021.

**** Appointed to the Board on 1 November 2021.

The Board receives information that it considers to be sufficient and appropriate to enable it to discharge its duties. Directors receive Board papers in advance of Board meetings and are able to consider in detail the Company's performance and any issues to be discussed at the relevant meeting.

The Directors believe that the Board has an appropriate balance of skills and experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company. Information about the Directors, including their relevant experience, can be found on pages 26 and 27.

Board and Director Independence

Stephen Welker was a Director of the Company until 1 November 2021. He is a Partner in Sherborne Investors, which was, until 30 June 2021, the Company's largest shareholder. On the basis of his relationship to the Company's largest shareholder, Mr Welker was considered by the Board not to be independent.

Neil Johnson is the Chairman and until 1 February 2022 was the Executive Chairman. Gavin Manson was the CFOO and an Executive Director until 1 February 2022 when he became a Non-Executive Director of the Company.

The Board has carefully considered the independence of each Director under the provisions of the AIC Code and has concluded that, apart from Neil Johnson, Gavin Manson and Stephen Welker for the period of his appointment, each Director is wholly independent.

Following transition to AIM on 1 February 2022, the Board has adopted the QCA Corporate Governance Code. In future periods independence will be considered in light of the provisions of that code.

Following the appointments of Mr Lampard and Mr Watson with effect from 1 February 2022, there are four non-independent and four independent Directors. In recognition of this, the Board has agreed that in the event of an equality of votes, the independent Directors should appoint one of themselves to chair the meeting so that an independent Director has a casting vote.

The Non-Executive Directors, led by the Senior Independent Director, meet without the Chairman present at least annually to appraise the Chairman's performance, and on other occasions as necessary.

Relationship with Other Service Providers

During the period under review, the Board delegated a wide range of activities to external agents, including global custody (which includes the safeguarding of the assets), investment administration, management and financial accounting, Company Secretarial and certain other administrative requirements and registration services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of the services offered, including the control systems in operation insofar as they relate to the affairs of the Company.

The Board received and considered reports and information from these contractors as required. The CFOO was responsible for monitoring and evaluating the performance of the Company's service providers.

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on all governance matters.

3. COMPOSITION, SUCCESSION AND EVALUATION

Appointments to the Board

The Board's Nomination Committee oversees the recruitment process. The Nomination Committee reviews the length of service of each Director each year and makes recommendations to the Board when it considers that a new Director should be recruited. The process generally includes the use of a firm of non-executive director recruitment consultants or open advertising.

New Directors are appointed for an initial term ending three years from the date of their first Annual General Meeting after appointment, with the expectation that they will serve a minimum of two three-year terms. There is no absolute limit to the period for which a Director may serve, although the continuation of Directors' appointments is contingent on satisfactory performance evaluation and re-election at Annual General Meetings. Directors' appointments are reviewed formally by the Board ahead of their submission for re-election. None of the Non-Executive Directors has a contract of service and a Non-Executive Director may resign by giving one month's notice in writing to the Board at any time. The Board's tenure and succession policy seeks to ensure that the Board is well balanced and refreshed regularly by the appointment of new Directors with the skills and experience necessary, in particular, to replace those lost by Directors' retirements.

Directors must be able to demonstrate their commitment to the Company, including in terms of time. The Board seeks to encompass past and current experience of areas relevant to the Company's objective and operations.

New Directors are provided with an induction programme which is tailored to the particular circumstances of the appointee and which includes being briefed fully about the Company by the Chairman, the CFOO and the Company Secretary. Following appointment, the Chairman regularly reviews and agrees with Directors their training and development needs as necessary to enable them to discharge their duties.

Board Diversity

The Company supports the objectives of improving the performance of corporate boards by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Company recognises the benefits of diversity, of which gender is one aspect, on the Board and takes this into account in its Board appointments. The Company is committed to ensuring that its Director search processes actively seek men and women with the right qualifications so that appointments can be made, on the basis of merit, against objective criteria from a diverse selection of candidates. The Board will actively consider diversity during Director searches.

At the date of this report, the Board consists of five men and three women.

Election and Re-Election by Shareholders

The Company's Articles of Association require that Directors shall retire and be subject to appointment by shareholders at the first Annual General Meeting following their appointment by the Board and be subject to re-election at least every third

year thereafter. Directors who have served for more than nine years and who wish to continue in office are required to submit themselves for re-election annually. The Board does not believe that length of service disqualifies a Director from seeking re-election.

In accordance with the AIC Code's provisions on the re-election of directors, which state that all directors of FTSE 350 companies should be subject to annual re-election by shareholders, the Board's policy is that Directors should be re-elected annually. In accordance with this policy all the then Directors were elected or re-elected at the Annual General Meeting held in February 2021 and intend to offer themselves for re-election at the Annual General Meeting to be held on 12 May 2022.

The Directors' biographies on pages 26 and 27 and the notes to the notice of AGM set out the specific reasons why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success.

Tenure of the Chairman

The Board's policy is that its Chairman should not normally remain in post beyond nine years from the date of his/her first appointment to the Board. However, this period may be extended for a limited time to facilitate effective succession planning and the development of a diverse Board, particularly in those cases where the Chairman was an existing Non-Executive Director on appointment as Chairman.

The Board considers that the policy provides a balance between the need for Board continuity as well as regular refreshment and diversity.

Board Evaluation

The Board notes that under the UK Code, an external evaluation of the Board is required every three years. The last such evaluation was done in 2016 by Korn Ferry and, as reported in the 2016 Annual Report, no particular issues were identified. Following adoption of a new investment objective and policy in October 2018, which meant at that time that the Company was likely to be wound up in the next two to three years, together with the facts that the longest serving Directors, Mr Johnson, Mr Goodson and Mr Lis were appointed in May 2016, less than five years previously, the Board considered that there would be no significant value in carrying out future external Board reviews and that it was in the interests of shareholders to save the costs that would be incurred in such reviews.

The Board has, therefore, carried out an internal review each year. The annual evaluation of its operations and performance and those of its Committees is completed through discussions between the Chairman and each Director individually at regular meetings during the year, which allows them to discuss any matters of concern. The Board also usually meets informally on a number of occasions during the year, which facilitates more general discussions about the Company, the Board and its effectiveness. Together, these processes are considered by the Board to be constructive in identifying areas for improving the functioning and performance of the Board and its Committees.

3. COMPOSITION, SUCCESSION AND EVALUATION continued

Board Evaluation continued

As a result of the recent evaluation of the Board and his own discussions with each of the Directors during the year, the Chairman has confirmed that all the Directors who intend to retire and offer themselves for election or re-election at the Annual General Meeting to be held in 2022 continue to be effective and that all of them continue to show commitment to their role. The Senior Independent Director has also confirmed the continuing effectiveness and commitment of the Chairman.

Following the decision to transition to AIM and to continue as Unbound Group, operating under the QCA Corporate Governance Code, the merits of future external Board Evaluations will be considered.

4 AUDIT, RISK AND INTERNAL CONTROL

The Statement of Directors' Responsibilities on page 53 describes the Directors' responsibility for preparing this Annual Report.

The work of the Audit and Risk Committee is set out in the Committee's report on pages 51 to 52.

The principal risks and details of how they are managed are set out on page 24.

Risk Management and Internal Controls

The Board maintains responsibility for the Company's risk management and internal control systems. It has established an Audit and Risk Committee, to oversee risk management, monitoring and reporting. The Audit and Risk Committee is also supported by the work of the executive management team.

The Company had, until 31 January 2022, an Investment Management Agreement with G10 Capital Limited ("G10" or the "Manager") for the provision of risk management services as required by the AIFMD rules. The Manager had oversight of risk management and the ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with AIFMD.

For the 16 months ended 31 January 2022 the processes which have been in place accord with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" published in September 2014. The Board has kept the performance of these responsibilities under review as part of its overall responsibility for the Company's risk management and internal control processes.

The Company's Company Secretary and Administrator, Frostrow Capital LLP, commissions a third-party professional firm to review and report on the application and effectiveness of its operations and internal controls on an annual basis.

In addition, the Company's AIFM, G10 Capital Limited, and Depository, Apex Depository (UK) Limited, also each performed their own annual reviews of the application and effectiveness of the Company's policies, operations and controls. The findings of each of the third-party reviews were reported to the Audit and Risk Committee.

Risk Appetite and Operation of Risk Management and Internal Controls

Following the transition of the Company to Unbound Group and the adoption of its new strategy, the Audit and Risk Committee reviews the Group's Risk Register on a regular basis. Risks are assessed at a gross and managed level and appetite in relation to specific risks is assessed in relation to the strategy and situation of the Group.

The Board regularly reviews the principal risks faced by the Company. In particular, consideration is given to any changes in the nature, likelihood and impact of the principal risks along with the Company's ability to respond to changes in its business and external environment. Mitigating actions and controls are in place to manage the Company's exposure to risk.

5 REMUNERATION

The Directors' Remuneration Report and Remuneration Policy on pages 39 to 50 details the process for determining the Directors' remuneration and sets out the amounts payable. It reports on the Company's compliance with the provisions of the AIC Code relating to remuneration and also a number of provisions from the UK Code that have not been included in the AIC Code, as most investment trusts do not have executive directors.

Approved by the Board of Directors and signed on its behalf by:

Frostrow Capital LLP
Company Secretary
7 March 2022

Statement by the Chairman of the Remuneration Committee

Dear Shareholders

On behalf of the Board, I am pleased to present my report as Chairman of the Remuneration Committee (the "Committee").

I was appointed as Chairman of the Committee, having been a member of the Committee since 2016, on 1 November 2021, when David Lis stood down as a Director. Linda Wilding was a member of the Committee throughout the period. Baroness Kate Rock and Suki Thompson were appointed as members of the Committee on their appointment as Directors on 1 November 2021.

Remuneration Policy

In preparation for the changes to the Company's status, the Committee reviewed the policy and agreed a new policy (the "New Policy") which is effective from 1 February 2022. As an AIM listed company, we are not subject to remuneration regulations. However, as part of our commitment to best practice and good governance, the New Policy is shown in this report and will form part of the advisory vote on the remuneration report.

The Directors' Remuneration Policy (the "Policy") in operation throughout the 16-month period ended 31 January 2022 was approved by shareholders in February 2020, implemented with effect from 1 January 2020 and ceased to apply on 31 January 2022.

The Committee's intention is that the New Policy should ensure that executive pay is aligned with the creation of value for shareholders, as well as being in line with best practice within the industry. The remuneration structure for Executive Directors comprises fixed pay (consisting of base salary, benefits and pension), and variable pay, comprising annual bonus and a performance share award granted under the shareholder approved long-term incentive plan. The performance share award will be subject to three-year performance targets with vested shares subject to a one-year post-vesting holding period (net of sales for tax and National Insurance). Executive Directors are required to build up to and retain a shareholding equal to 100% of their salary to further encourage shareholder alignment.

In recognition of the contribution of all employees and to provide alignment with shareholders, the Company made an award of 100 shares to all employees (other than the Executive Directors) shortly after Admission. To further encourage alignment of interest between employees and shareholders (and to provide employees with a tax efficient plan to acquire further shares in the Company), the Company has adopted a Save As You Earn Scheme.

Conclusion

I believe that the New Policy creates strong alignment between our Executive Directors and shareholders and will be relevant and aligned with the revised business and status of the Company.

Paul Goodson
Chairman of the Remuneration Committee
7 March 2022

Remuneration Policy

This part of the Remuneration Report sets out our Directors' Remuneration Policy. As an AIM listed company, we are not subject to requirements of the Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended that govern main market listed companies. However, in accordance with best practice this Remuneration Policy has been prepared broadly in line with the regulations and will form part of the advisory vote on the remuneration report. This Policy is effective from 1 February 2022.

The remuneration arrangements for the Executive Directors have been designed to provide an appropriate reward structure to ensure their retention, focus them on the achievement of the business strategy, enable them to share in the ongoing success of the Group and to align their interests with those of shareholders. Although the Company complies with the QCA Code, the remuneration arrangements are in most respects broadly in line with the requirements of the UK Corporate Governance Code and with best practice for a company listed on the premium segment of the Official List.

Base salary	
Purpose and link to strategy	> To provide competitive fixed remuneration that will attract, retain and motivate high calibre executives and reflect their experience, duties and location.
Operation	> Base salaries are normally reviewed annually and take into account several factors including business performance, an individual's experience and skills over time, changes in the role, pay and conditions elsewhere in the Group, appropriate market data and the overall economic environment.
Maximum opportunity	<ul style="list-style-type: none"> > There is no prescribed maximum. > Any increases will generally be made in line with any base salary increase for the rest of the workforce but the Remuneration Committee will retain the discretion to increase salary above this rate where appropriate (for example, upon a material change to the scope of the role, to reflect the development of the individual within the role, or where the base salary is originally set at a discount to the Group's normal policy on appointment).
Performance measures	> N/A.
Benefits and pension	
Purpose and link to strategy	> To provide a market competitive benefits package.
Operation	<ul style="list-style-type: none"> > Benefits may include but are not limited to, private health cover, life assurance cover, critical illness cover, together with reimbursement of expenses reasonably and properly incurred in the performance of their duties which are claimed in accordance with the Group's expense reporting procedure. Directors' and officers' liability insurance is also provided. > Travel and/or relocation or the temporary provision of accommodation may be offered where the Company requires an Executive Director to relocate. Expatriate allowances may be offered where required. > Executive Directors are eligible for benefits introduced to a wider set of other Group employees, which includes any tax approved all-employee share plans.
Maximum opportunity	<ul style="list-style-type: none"> > There is no prescribed maximum. > Pension contribution rates will be in line with that of the contribution percentage as that available to the majority of the UK workforce, currently 5% of salary.
Performance measures	> N/A.

Remuneration Policy continued

Annual bonus	
Purpose and link to strategy	> To reward for the achievement of stretching objectives that support the Group's corporate goals and delivery of the business strategy.
Operation	<ul style="list-style-type: none"> > Bonuses are discretionary with any pay-out determined by the Committee based on performance. > Bonuses will normally be payable in cash. > Malus and clawback apply (see notes to the table).
Maximum opportunity	> The maximum opportunity for Executive Directors is 100% of salary.
Performance measures	<ul style="list-style-type: none"> > Awards are normally based on a range of financial, strategic and/or individual objectives, with at least 50% of the maximum opportunity normally assessed against financial metrics. > The Remuneration Committee will have the discretion to adjust the pay-out that would otherwise result by reference to the formulaic outcome alone.
Long-term incentive plan	
Purpose and link to strategy	> To reward Executive Directors for the delivery of long-term performance and align their interests with shareholders.
Operation	<ul style="list-style-type: none"> > Awards are made under, and subject to the terms of, the shareholder approved 2021 LTIP. > Awards will normally be granted to Executive Directors annually. > Awards will normally vest after three years from grant and be subject to a one year post-vesting holding period (in respect of vested shares (net of sales for tax and National Insurance)). > Malus and clawback apply (see notes to the table). > Participants may also be entitled to receive dividend equivalents which have accrued during the period from grant to the earlier of the date of exercise and the end of the holding period on vested shares, normally delivered in shares.
Maximum opportunity	> The maximum grant level for Executive Directors is 150% of salary.
Performance measures	<ul style="list-style-type: none"> > Awards will be subject to stretching long-term performance conditions, using performance measures aligned to the delivery of the strategy and long-term shareholder value. > One-third of awards vests for attaining threshold level of performance. > The Remuneration Committee will have the discretion to adjust the pay-out that would otherwise result by reference to the formulaic outcome alone.
Share ownership requirements	
Purpose and link to strategy	> To strengthen the long term alignment between executives and shareholders.
Operation	<ul style="list-style-type: none"> > Executive Directors will be required to build and maintain a shareholding equivalent to 100% of their base salary. > Executive Directors will have 5 years to build up and retain this level.
Maximum opportunity	> 100% of salary.
Performance measures	> N/A.

Remuneration Policy continued

Chair and Non-Executive Directors	
Purpose and link to strategy	> To attract and retain high calibre individuals to serve as Chair and Non-Executive Directors.
Operation	<ul style="list-style-type: none"> > Fee levels are set to reflect the time commitment, responsibility of the role, and taking into account fees paid by similarly sized companies in the market. > Non-Executive Directors (other than the Chairman) may be paid an additional fee for their chairmanship of a Board Committee. Fee levels are typically reviewed annually, with reference to the time commitment of the role and market levels in companies of comparable size and complexity. > Non-Executive Directors may be reimbursed for business expenses (and any associated tax liabilities) incurred when travelling in performance of duties.
Maximum opportunity	> The maximum aggregate fee for Non-Executive Directors, including the Chairman, is limited by the Company's Articles of Association currently £750,000 p.a.
Performance measures	> N/A.

Notes to the table

Performance metrics and approach to target setting

The Committee aims to ensure that the performance measures for the annual bonus and LTIP represent an appropriate balance between the short-term and long-term performance of the Group. The choice of the performance measures applicable to the annual bonus reflects the Committee's view that incentives should be aligned to the Group's key annual financial and strategic objectives. For the LTIP, the 2022 metrics of absolute TSR and earnings per share align executives to the long-term strategy of the Group and shareholders. For both the annual bonus and the LTIP, the Committee sets challenging targets taking into account the Board's objectives for the business.

Malus and Clawback

Malus and clawback can be applied within three years of an LTIP award vesting as determined at the discretion of the Committee. These provisions may be applied in the following circumstances. The circumstances in which these provisions may apply include:

- (i) material financial misstatement;
- (ii) significant reputational damage;
- (iii) negligence or gross misconduct by a participant;
- (iv) fraud effected by or with the knowledge of a participant;
- (v) breach of anti-bribery or anti-corruption laws by a participant;
- (vi) material corporate failure; or
- (vii) where awards were granted or vested based on erroneous or misleading data.

Discretions

Incentive plans will be operated in line with applicable rules. These discretions are standard market practice and include (but are not limited to) the following:

- > selecting the participants in the incentive plans;
- > determining the timing of grants of awards and/or payments;
- > determining the quantum of awards and/or payments (within the limits set out in the Policy and rules of each plan);
- > determining the choice of (and adjustment of) performance measures and targets for each incentive plan in accordance with the Policy and rules of each plan;
- > determining the extent of vesting based on the assessment of performance;
- > overriding formulaic annual bonus outcomes, and LTIP vesting outcomes, taking account of overall or underlying Company performance;
- > determining whether and to what extent dividend equivalents should apply to awards;

Remuneration Policy continued

Notes to the table continued

Discretions continued

- > determining whether malus and clawback shall be applied to any award in the relevant circumstances and, if so, the extent to which they shall be applied;
- > making appropriate adjustments required in certain circumstances, for instance for changes in capital structure (or any similar corporate event);
- > application of the holding period;
- > determining "good leaver" status for incentive plan purposes and applying the appropriate treatment; and
- > undertaking the annual review of weighting of performance measures and setting targets for the annual bonus plan and LTIP awards from year to year.

If an event occurs which results in the annual bonus plan or the LTIP performance conditions and/or the targets being deemed no longer appropriate (e.g. material acquisition or divestment), the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions. In addition, the Committee may exercise its discretion in order to make such other non-material decisions affecting the Executive Directors' awards in order to facilitate the plans. Any use of the above discretion would, where relevant, be explained in the Group's annual report on remuneration of Directors.

Legacy Arrangements

For the avoidance of doubt, any commitments entered into by the Group prior to the approval and implementation of the Policy outlined above may be honoured, even if they are not consistent with the Policy prevailing at the time the commitment is fulfilled. This may include commitments to future Executive Directors where the terms were agreed prior to (and not in contemplation of) promotion to Executive Director, which includes satisfying awards of variable remuneration based on the terms agreed at the time the award was granted.

Directors' service contracts

The notice periods under the service contracts of the current Executive Directors are summarised in the following table:

Executive Director	Date of service contract	Notice period
Ian Watson	13 January 2022	6 months
Dan Lampard	13 January 2022	6 months

The Group's general policy on recruiting a new Executive Director is to provide a service contract terminable after six months. Directors' service contracts are kept available for inspection at the Company's registered office.

The appointment of both the Chairman and Non-Executive Directors are subject to letters of appointment. Each Non-Executive Director's appointment will continue for an initial three-year term, subject to annual re-election at each AGM. The dates of appointment of each of the Non-Executive Directors serving at 31 January 2022 are summarised in the table below.

Non-Executive Director	Date of appointment
Neil Johnson	12 May 2016*
Paul Goodson	2 June 2016
Gavin Manson	23 March 2017**
Baroness Kate Rock	1 November 2021
Suzanne (Suki) Thompson	1 November 2021
Linda Wilding	18 November 2016

* Appointed as Executive Director from 1 March 2018 to 31 January 2022.

** Appointed as Executive Director from 23 March 2017 to 31 January 2022.

Termination policy summary

When determining leaving arrangements for an Executive Director the Committee takes into account any contractual agreements including the provisions of any incentive arrangements, typical market practice and the performance and conduct of the individual.

Executive Director service agreements can be terminated immediately by serving notice and undertaking to pay the executive in lieu of notice. The payment in lieu of notice is limited to basic annual salary, benefits and pension which they would have been entitled to receive during the notice period. For summary dismissal, no notice will be given and no payment in lieu of notice is payable.

Remuneration Report and Policy continued

Remuneration Policy continued

Termination policy summary continued

In addition, a departing Executive Director may be determined eligible for incentive awards, which will be treated in accordance with the rules of the relevant plan, as summarised in the table below:

Incentive	Approach
Annual bonus	<p>Bad leavers (typically due to resignation or summary dismissal) will not be eligible to receive a pay-out under the annual bonus scheme.</p> <p>In certain 'good leaver' circumstances, an individual may remain eligible for an annual bonus with respect to the financial year of cessation (pro-rated for time, unless the Committee determines otherwise). Any payment will remain subject to performance (as determined by the Committee) and is normally payable after the end of the financial year.</p> <p>The Committee retains discretion to pay the annual bonus early, but would do so only in exceptional circumstances.</p>
LTIP	<p>If a participant leaves employment with a member of the Unbound Group, their awards will generally lapse on the date of cessation.</p> <p>For good leavers, awards will normally be retained by the Executive Director and remain subject to the relevant performance conditions (normally over the full performance period). Ordinarily, the outcome will be calculated on a time pro-rata basis and vest at the normal vesting date.</p> <p>The Committee may, at its discretion, allow unvested awards to vest at an earlier date, having regard to the achievement of performance conditions to that date and the period of time that has passed since the date of grant. The Committee may choose to apply no, or a reduced, reduction in the amount vesting if it is considered appropriate given the particular circumstances.</p>

In the event of a change of control or similar event, awards may vest early subject to performance and, normally, any bonus or LTIP would be subject to pro-rating on a time apportioned basis. The Committee may at its discretion determine that Awards shall not be subject to time pro-rating or be subject to pro-rating to a lesser extent if it considers it appropriate in the circumstances. Alternatively, following an internal reorganisation which results in a change of control, awards may be rolled over into awards in the acquiring company.

All-employee share plans (such as Save As You Earn) will be treated in accordance with the relevant plan rules.

The Committee may pay reasonable outplacement and legal fees where considered appropriate. The Committee may also pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Approach to recruitment remuneration

The Remuneration Committee is responsible for setting the package for any new Executive Director.

On appointment of a new Executive Director, the Committee would seek to offer a remuneration package which can secure an individual of the calibre and skillset required to fulfil the role successfully to help drive long-term value for shareholders. The package will normally be set in accordance with the terms of the policy table for Executive Directors.

Salaries would be set at an appropriately competitive level to reflect the skills and experience of the individual and the scope of their role. Where it is appropriate to offer a below market salary on initial appointment, the Committee will have the discretion to allow phased salary increases over a period of time for a newly appointed Executive Director up to an appropriate salary for the appointment, even though this may involve increases in excess of those awarded to the wider workforce.

Where an individual forfeits remuneration with a previous employer as a result of appointment to the Company, the Committee may offer compensatory payments or awards to facilitate recruitment in the form of a "buy-out" award. These awards would be in such form as the Committee considers appropriate considering all relevant factors including the form, expected value, performance conditions, anticipated vesting and timing of the forfeited awards. There is no limit on the value of such compensatory awards, but the Committee's intention is that the value awarded would be, in the view of the Committee, no higher than the amount forfeited.

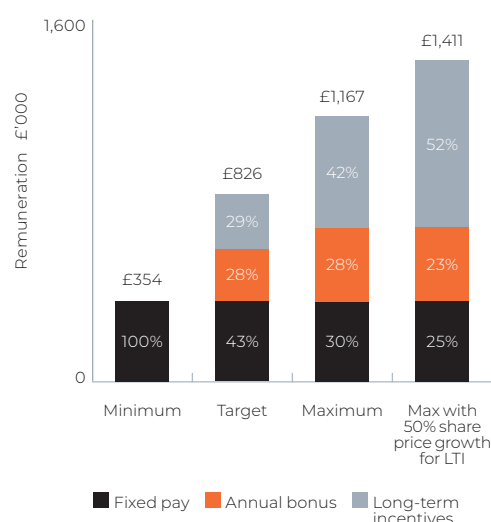
For an internal appointment, any variable pay element awarded in respect of the prior role may continue on its original terms.

Remuneration Policy continued

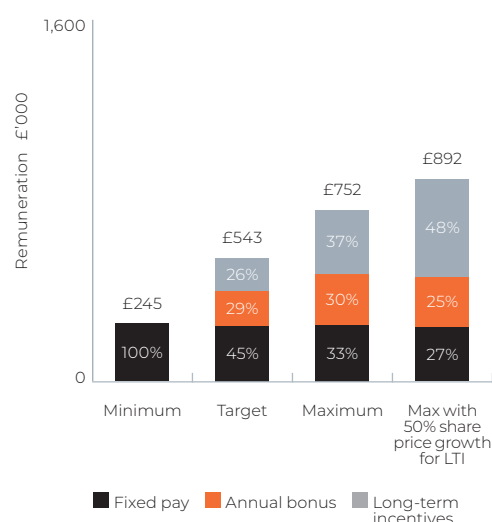
Illustrations of application of remuneration policy

The charts below set out the potential values of the remuneration package of the Executive Directors for FY22 under various performance scenarios.

Chief Executive Officer



Chief Financial Officer



Notes

- > Salary represents annual salary for 2022.
- > Benefits have been included based on the anticipated value of benefits in 2022.
- > Pension represents the value of the annual pension of 5% of salary contributed by the Company.
- > Minimum: Fixed pay only (salary, benefits and pension).
- > Target performance: Fixed pay, annual bonus at 70% of maximum (70% of salary) and LTIP of 50% of face value (75% of salary for CEO and 62.5% for CFO).
- > Maximum performance: Fixed pay, maximum annual bonus (100% of salary) and maximum face value of LTIP (150% of salary for CEO and 125% for CFO).
- > Maximum with share price growth: as above plus an assumed increase of 50% in the value of the LTIP award to take account of potential share price appreciation.

External appointments

It is the Group's policy to allow each Executive Director to accept and fulfil one non-executive directorship of another company, although the Board retains the discretion to adjust this policy on a needs-basis. The Executive Director is permitted to retain any fees received in respect of any external appointment, the details of which will be set out in the Directors' Remuneration Report each year.

Pay and Employment Conditions Across the Group

The remuneration framework for other employees is based on broadly consistent principles used to determine the policy for Executive Directors. The Remuneration Policy for Executive Directors is weighted more towards variable pay than for other employees, with a greater part of their pay therefore at risk to them and conditional on the successful delivery of the Group's business strategy. All executives and senior managers are generally eligible to participate in some form of annual incentive arrangement. Participation in the LTIP is extended to other executives. Individual salary and incentive award sizes vary according to the level of seniority and responsibility.

Consideration of Shareholder Views

The views of shareholders on remuneration are extremely important to the Committee. As such, it is intended that an ongoing and open dialogue with shareholders is maintained. On an ongoing basis, any feedback received from shareholders is considered as part of the Committee's annual review of remuneration.

Remuneration Report and Policy continued

Annual Report on Remuneration

We are submitting this report in accordance with the requirements of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the "Regulations"). It will be subject to an advisory vote at the forthcoming Annual General Meeting on 12 May 2022. While we have attempted to comply with the disclosure requirements, during the period under review, the Company had only one employee and an Executive Chairman. It has therefore not been possible to comply with all elements in full (for example the comparison of percentage increase in the remuneration of the Chief Executive Officer with that of all the employees of the Company as a whole). Where possible we have followed both the spirit and requirements of the Regulations and provided as much information as possible to help shareholders understand the Company's pay arrangements.

The law requires the Company's auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such.

Remuneration Committee

The Committee members are Paul Goodson (Chairman), Linda Wilding and Baroness Kate Rock and Suki Thompson, who were appointed with effect from 1 November 2021. David Lis was Chairman of the Committee until his resignation as a Director on 1 November 2021.

The Committee met three times during the year.

Alvarez & Marsal Tax and UK LLP advised the Committee during the period on the implementation of the Company's new remuneration policy and related matters and received a fee of £48,000 for the provision of its services. Alvarez & Marsal Tax and UK LLP Limited did not provide the Company with any other services during the period and has no other connection with the Company, on which basis the Committee considered that their advice would be objective and independent. Aon Hewitt advised the Committee on the Company's remuneration policy and related matters during the 12 months to 30 September 2020 and received a fee of £3,240 for the provision of their advice.

Remuneration Paid in 2020/22

Executive Directors

The only Executive Directors during the year were Neil Johnson (Executive Chairman), who received a fixed fee of £200,000 per annum, and Gavin Manson (Chief Financial and Operating Officer), who received an annual base salary of £375,000 per annum. Neither Executive Director is entitled to any annual bonuses.

Single Total Figure Table for the Year (Audited)

16 months to 31 January 2022

Director	Fee/salary £000	Taxable benefits £000	Pension contributions £000	Long-term incentives £000	Total fixed remuneration £000	Total variable remuneration £000
N Johnson (Chairman)	266.7	15.3	—	2,400.0	281.9	2,400.0
G Manson (CFOO)	500.0	8.9	50.0	4,500.0	558.9	4,500.0
	766.7	24.1	50.0	6,900.0	840.8	6,900.0

12 months to 30 September 2020

Director	Fee/salary £000	Taxable benefits £000	Pension contributions £000	Long-term incentives £000	Total (all fixed remuneration) £000
N Johnson (Chairman)	200.0	10.4	—	—	210.4
G Manson (CFOO)	375.0	7.2	37.5	—	419.7
	575.0	17.6	37.5	—	630.1

Executive Directors' taxable benefits relate to private medical insurance (2020: private medical insurance and gym membership). Long-term incentives relate to awards received upon vesting of the SoVP (2020: £nil).

Gavin Manson was the only Director to receive a pension contribution during the period. Pension-related benefits include pension contributions and cash in lieu of retirement benefits. Gavin Manson is entitled to have pension contributions of 10% of salary paid into the Company pension scheme but due to HMRC rules regarding contributions each year, the actual amount paid into the scheme was £13,333 (12 months to 30 September 2020: £10,000) and the balance was paid to him as cash after deduction of tax. The Company has a money purchase scheme through Aviva. There is no normal retirement date under the scheme and no additional benefits that would be payable in the event that Gavin Manson retired early.

The Electra Private Equity Executive Share of Value Plan ("SoVP") vested in May 2021. As awards made under the plan vested in cash, in order to maintain alignment between the executives and shareholders the executives undertook to reinvest the full net proceeds of their awards in the purchase of new shares issued to them by the Company. As a result, on 7 May 2021 Neil Johnson and Gavin Manson respectively acquired 249,057 and 441,509 shares in the Company at a price of 530p per share, which was the closing market price on the day of the issuance.

Annual Report on Remuneration continued

Non-Executive Director Fees

Annual Directors' fees during the 16 months to 31 January 2022 and the year ended 30 September 2020 were as follows:

Role	16 months to 31 January 2022	12 months to 30 September 2020
Base fee for Non-Executive Directors	£50,000	£50,000
Additional fees:		
Chairman of the Audit and Risk, Valuations or Remuneration Committee	£10,000	£10,000
Chairman of the Nomination Committee	£nil	£nil
Senior Independent Director fee	£10,000	£10,000

No fees were paid for membership of a Committee.

As reported on page 50, the Non-Executive Directors' fees were reduced with effect from 1 February 2022.

Benefits

The Company reimburses reasonable travel and subsistence costs together with any tax liabilities from these amounts.

Pension

The Non-Executive Directors are not entitled to any pension benefits.

Variable Pay

The Non-Executive Directors are not entitled to any variable pay.

This resulted in the following total remuneration:

Single Total Figure Table for the Year (Audited)

Director	16 months to 31 January 2022			12 months to 30 September 2020		
	Fees 2022 £000	Taxable benefits 2022 £000	Total 2022 £000	Fees 2020 £000	Taxable benefits 2020 £000	Total 2020 £000
P Goodson	85.0	1.0	86.0	60.0	—	60.0
D Lis (resigned 1 November 2021)	75.8	—	75.8	70.0	1.4	71.4
S Welker* (resigned 1 November 2021)	—	—	—	—	22.6	22.6
L Wilding	80.0	0.1	80.1	60.0	0.4	60.4
K Rock (appointed 1 November 2021)	10.0	—	10.0	n/a	n/a	n/a
S Thompson (appointed 1 November 2021)	10.0	—	10.0	n/a	n/a	n/a
Total	260.8	1.1	261.9	190.0	24.4	214.4

* Stephen Welker waived fees for his role as a Non-Executive Director of the Board. The Company reimbursed his travel expenses, with no further benefits provided.

Remuneration Report and Policy continued

Annual Report on Remuneration continued

Scheme Interests

The Company did not operate any schemes under which shares, or rights to acquire shares, were awarded to Non-Executive Directors of the Company during the period ended 31 January 2022, and no Non-Executive Director was otherwise awarded any interest in shares in the Company.

Payments for Loss of Office and Payments to Former Directors (Audited)

No loss of office payments were made to any person who served as a Director of the Company at any time during the period ended 31 January 2022 (2020: £nil). No payments were made to any person who was not a Director of the Company at the time the award was made but had previously been a Director of the Company at any time during the period ended 31 January 2022 (2020: £nil).

Annual Percentage Change in Remuneration of Directors and Employees for the Period Ended 31 January 2022

Director	Salary and fees %	Taxable benefits %	Performance-related payments %
N Johnson	—	10.2	—***
G Manson	—	(7.6)	—***
P Goodson	—	—*	n/a
D Lis	—	—**	n/a
S Welker	—	—**	n/a
L Wilding	—	(77.2)	n/a
K Rock	n/a	n/a	n/a
S Thompson	n/a	n/a	n/a

* No taxable benefits were paid during the 12 months to 30 September 2020 and therefore it is not possible to calculate the change in percentage terms.

** No taxable benefits were paid during the 16 months to 31 January 2022 and therefore it is not possible to calculate the change in percentage terms.

*** No performance related payments were paid during the 12 months to 30 September 2020 and therefore it is not possible to calculate the change in percentage terms.

Gavin Manson was the only employee during the period ended 31 January 2022 so there is no separate employee-related information to be reported.

Relative Importance of Spend on Pay

Spend	16 months to 31 January 2022 £000	12 months to 30 September 2020 £000	Change %
Total return	43,000.0	(59,904.4)	n/a
Dividends paid and payable	161,200.0	11,839.6	1,261.5
Remuneration paid to employees*	—	—	—
Overall expenditure on Directors' remuneration	8,002.8	844.5	851.8

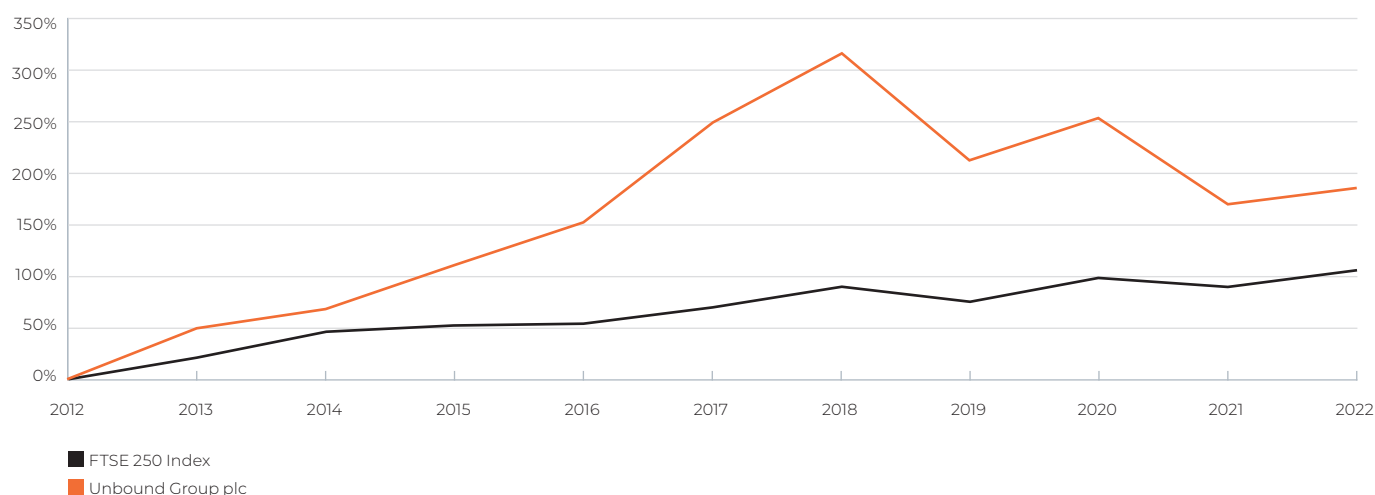
* The remuneration of Gavin Manson, the only employee, is within Director's Remuneration

We consider it appropriate to compare the overall expenditure on Directors' remuneration, remuneration paid to employees and dividends paid and payable with the total return to demonstrate the relative scale of these figures to each other.

Annual Report on Remuneration continued

Total Shareholder Return

We consider that, since the Company invested in a broad range of commercial sectors, the FTSE 250 Index is the most appropriate index against which to compare the Company's performance. This is displayed in the graph below.



The interests of the Directors (including connected persons) in the ordinary shares are shown below. There is no requirement within the Articles of Association for the Non-Executive Directors to own securities of the Company. No share options or other share scheme interests, with or without performance conditions, are awarded to the Non-Executive Directors. Save as disclosed, no Director had any notifiable interest in the securities of the Company or of any subsidiary of the Company. There have been no changes in the interests of any of the Non-Executive Directors in the ordinary shares of the Company between 31 January 2022 and 7 March 2022.

	31 January 2022 Shares	30 September 2020 Shares
P Goodson	19,939	19,939
N Johnson	279,057	2,500
G Manson	488,586	47,077
K Rock	—	n/a
S Thompson	—	n/a
L Wilding	30,000	30,000

On 13 January 2022, 2,086,833 new shares were issued to Mr Watson further to the settlement of his entitlement under the Hotter MIP, taking his holding to 2,096,833 shares.

On 28 January 2022, Mr Lampard acquired 50,000 shares.

Remuneration Report and Policy continued

Annual Report on Remuneration continued

Statement of Shareholder Voting

At the Annual General Meetings held on 24 February 2021 and 26 February 2020 respectively, ordinary resolutions to approve the Annual Report on Remuneration and the Remuneration Policy were passed on a poll with the following votes cast:

	Votes for	Votes against	Votes withheld
To approve the Directors' Remuneration Report	29,817,226 (99.89%)	33,510 (0.11%)	4,944
To approve the Directors' Remuneration Policy	27,163,329 (97.14%)	800,898 (2.86%)	473,847

The Directors did not consider that there were substantial shareholder votes against the resolutions.

Implementation of Policy During 2022/23

This section outlines how the New Policy will be applied in the year ahead.

Executive Directors

Base salaries	<ul style="list-style-type: none">> CEO: £325,000.> CFO: £225,000.
Benefits and pension	<ul style="list-style-type: none">> Benefits in line with the policy.> Pension contribution in line with the workforce at 5% of salary.
Annual bonus	<ul style="list-style-type: none">> Maximum bonus opportunity of 100% of salary for both Executive Directors.> Performance metrics include key financial metrics (Group EBIT and Net Debt), and key strategic objectives relating to the growth strategy of the business.
LTIP	<ul style="list-style-type: none">> Performance share award.> Awards will be granted at 150% of salary and 125% of salary to the CEO and CFO respectively.> To be measured over three financial years based against the two following parameters:<ul style="list-style-type: none">> Absolute TSR (50% of the award).> Earnings per share (50% of the award).> 33% of the award will vests for threshold performance, increasing to 100% vesting at stretch.> On vesting, these awards will be subject to a further one-year holding period.> Malus and clawback provisions apply.

Non-Executive Director Fees

With effect from 1 February 2022, the fees paid to Non-Executive Directors have been reduced as follows:

- > Chairman: £120,000 p.a.;
- > Non-Executive Directors: £40,000 p.a.; and
- > additional fee for each of the Senior Independent Director, Chair of the Remuneration Committee and Chair of the Audit and Risk Committee: £5,000 p.a.

Paul Goodson

Chairman of the Remuneration Committee

7 March 2022

Report of the Audit and Risk Committee

The Board is supported by the Audit and Risk Committee.

I was appointed as Chair of the Audit and Risk Committee in February 2019. The other members of the Committee are Paul Goodson and with effect from 1 November 2021 Baroness Kate Rock and Suki Thompson. David Lis served on the Committee until his retirement on 1 November 2021. The Board has taken note of the requirement that at least one member of the Audit and Risk Committee should have recent and relevant financial experience and is satisfied that the Audit and Risk Committee is properly constituted in this respect, as I am a Chartered Accountant.

The Audit and Risk Committee's authority and duties are clearly defined in its written terms of reference which are available on the Company's website.

The Audit and Risk Committee's responsibilities include:

- > monitoring and reviewing the integrity of the financial statements, the internal financial controls and the independence, objectivity and effectiveness of the external auditor;
- > providing advice to the Board on whether the annual financial statements are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- > making recommendations to the Board in relation to the appointment of the external auditor and approving its remuneration and the terms of its engagement;
- > advising the Board on the Company's overall risk appetite, tolerance and strategy;
- > overseeing and advising the Board on the current risk exposures of the Company and future risk strategy, including reviewing the Company's key risks and internal controls;
- > developing and implementing the Company's policy on the provision of non-audit services by the external auditor;
- > considering annually whether there is a need for the Company to have its own internal audit function; and
- > reviewing the arrangements in place whereby staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters insofar as they may affect the Company.

I report to the Board after each Audit and Risk Committee meeting on the main matters discussed at the meeting.

The Audit and Risk Committee met four times during the period under review. The main matters discussed at those meetings were:

- > review and approval of the annual plan of the external auditor;
- > discussion and approval of the fee for the external audit;
- > detailed review of the Annual Report and Financial Statements, Half Year Report to 31 March 2021 and Second Interim Report to 30 September 2021, and recommendation for their approval by the Board;
- > discussion of reports from the external auditor following its audit;
- > assessment of the effectiveness of the external audit process as described below;
- > review of the Company's key risks and internal controls; and
- > consideration of the 2018 UK Corporate Governance Code, 2018 AIC Code of Corporate Governance, 2014 Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, 2016 Guidance on Audit Committees and the impact of these on the Company.

The most significant risk in the Company's financial statements to date has been whether its investments are fairly and consistently valued (included the recognition of unrealised gains and interest income) and this issue was considered carefully when the Audit and Risk Committee reviewed the Company's Half Year, Second Interim Accounts and this Annual Report. The Valuations Committee considered detailed explanations of the rationale for the valuation of each investment in the Half Year and Second Interim Report. Given the small number of investments held at 31 January 2022, the work at this date was done by the Committee. The valuations were discussed in detail with the auditor at a meeting which was normally attended by all members of the Audit and Risk Committee. The key areas of focus in the review and challenge by the Valuations Committee were the overall methodology and underlying business performance/EBITDA of investee companies, multiples and discounts used where valuations derive from an earnings basis. The auditor reported separately on their procedures and the conclusions from their work. This is more fully described in the Independent Auditor's Report. The Audit and Risk Committee concluded that the valuation processes had been properly carried out and that the investments had been fairly valued.

Deloitte LLP was reappointed as auditor of the Company by the members at the Annual General Meeting held on 24 February 2021.

The Audit and Risk Committee annually reviews the performance of the Company's external auditor. In doing so the Audit and Risk Committee considers a range of factors including the quality of service, the auditor's specialist expertise and the level of audit fee. The Audit and Risk Committee carried out a formal review of Deloitte's audit following completion of the audit of the 2018 financial statements and was satisfied with the effectiveness of its work.

The Committee will carry out a formal review of Deloitte's audit this year once all the work has been completed in order to provide feedback to it but has been satisfied with its effectiveness so far.

In light of the changes to the Company's status with effect from 1 February 2022, it is proposed to appoint RSM UK Group LLP as auditor to the Company, as they have been the auditor to the Hotter Group since 2020. Accordingly, Deloitte LLP will resign as auditor with effect from the Annual General Meeting to be held on 12 May 2022 and resolutions to appoint RSM UK Group LLP as the Company's auditor and authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

EU Audit Regulation reforms in relation to non-audit services have become effective and apply to the Company under these regulations as a public interest entity for the preparation of the Company's Annual Report and Financial Statements for the year ended 30 September 2018 onwards. In light of this, the Committee has approved a revised policy on non-audit services, which requires that non-audit fees must not exceed 70% of the average of the fees paid in the last three consecutive years for the statutory audit. The Audit and Risk Committee confirms that the Company has complied with these requirements to date and expects to continue to do so.

The Audit and Risk Committee has reviewed the provision of non-audit services provided during the current period and believes them to be cost effective and not an impediment to the external auditor's objectivity and independence. It has been agreed that I must approve all non-audit work to be carried out by the external auditor for the Company and that any special projects must be approved in advance. The non-audit services provided by Deloitte during the period under review included its review of the Half Year Report (see Note 3).

The Board has delegated oversight of risk management and monitoring of the Company's control systems to the Audit and Risk Committee. The Audit and Risk Committee is supported in this by the work of the Executive Committee.

G10 has been responsible for the provision of risk management services as required by the AIFMD. G10 has had oversight of risk management and the ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with AIFMD.

The Company's Company Secretary and Administrator, Frostrow Capital LLP, commissions a third-party professional firm to review and report on the application and effectiveness of its operations and internal controls on an annual basis.

In addition, the Company's AIFM, G10 Capital Limited, and Depository, Apex Depository (UK) Limited, also each perform their own annual reviews of the application and effectiveness of the Company's policies, operations and controls. The findings of each of the third-party reviews are reported to the Audit and Risk Committee.

The Audit and Risk Committee has considered whether there is a need for the Company to have its own internal audit function but has believed that to date the Company's internal control systems in place gave sufficient assurance, given the size of the Company, that a sound system of internal control, which safeguards shareholders' investment and the Company's assets, was maintained. This view was supported by the review of the effectiveness of internal controls referred to above. The Audit and Risk Committee considered, therefore, that an internal audit function specific to the Company is unnecessary. The Committee will reconsider this view during the coming year in the light of the Company's new status as a trading company.

The Committee's evaluation of its own performance is covered as part of the process of the Board's annual evaluation of its operations and performance and those of its Committees, as described in the Corporate Governance Statement.

Linda Wilding
Chair of the Audit and Risk Committee
7 March 2022

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom. The Parent Company financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law 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 the Company and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgements and estimates that are reasonable and prudent;
- > state whether applicable IFRSs as adopted by the United Kingdom have been followed subject to any material departures disclosed and explained in the financial statements; and
- > prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The financial statements are published on the Company's website, www.unboundgroupplc.com. The maintenance and integrity of the website, so far as it relates to the Company, is the responsibility of the Directors. The work carried out by the auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Annual Report, confirms that, to the best of their knowledge:

- > the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- > the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal risks and uncertainties that it faces;
- > so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware;
- > 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 Company's auditor is aware of that information; and
- > the Group financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
7 March 2022

Report on the Audit of the Financial Statements

1. Opinion

In our opinion:

- > the financial statements of Unbound Group plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 January 2022 and of the Group's profit for the 16 month period then ended;
- > the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- > the parent company financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- > the consolidated income statement;
- > the consolidated and parent company balance sheets;
- > the consolidated and parent company statements of changes in equity;
- > the consolidated cash flow statement; and
- > the related notes 1 to 20.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and parent company for the year are disclosed in Note 3 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on the Audit of the Financial Statements continued

3. Summary of our audit approach

Key audit matter	<p>The key audit matter that we identified in the current year was valuation of unquoted investments.</p> <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none"> ⓘ Newly identified ⬆ Increased level of risk ⬆ Similar level of risk ⬇ Decreased level of risk
Materiality	The materiality that we used for the Group financial statements was £235,500 which was determined on the basis of 1% of net asset value.
Scoping	Our Group audit scope included the audit of the Company and Electra Investments Limited (EIL), an investment holding company that is 100% owned by Electra Private Equity PLC. During the period the investments that were previously held by EIL were transferred to the Parent Company Electra Private Equity PLC.
Significant changes in our approach	There have been no significant changes in our approach.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- > Evaluating management's cash flow and loan covenant compliance forecasts for the enlarged Group;
- > Evaluating the availability of committed financing arrangements for Unbound Group plc and their repayment terms;
- > Consideration of sensitivity analysis prepared by management;
- > Consideration of current trading results for January and February 2022 against the forecasts; and
- > Review of the appropriateness of disclosures within the financial statements in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Report on the Audit of the Financial Statements continued

5. Key audit matters

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unquoted investments

Key audit matter description	<p>The Group held investments in private companies (also referred to as unquoted companies) of £21.2m at 31 January 2022 (30 September 2020: £128.6m). As at 31 January 2022 there were two key investments in unquoted companies that remain unrealised at the date of approval of the financial statements.</p> <p>The valuation of unquoted companies requires management to make a number of significant judgements and estimates. These include judgements in determining the valuation methodology and the estimation of key inputs used. In estimating the fair values of unquoted companies, the Group applies the International Private Equity and Venture Capital (IPEV) guidelines and IFRS 13. Market based valuation techniques are used to determine the fair value of the key investments.</p> <p>The valuation techniques are subjective and include assumptions that are not supportable by observable data. The valuations are also sensitive to the valuation methodology and the estimation of inputs used. As such, small changes in the assumptions made can have a significant impact on the valuation of the investment that is recorded on the balance sheet. Based on this there is a risk that inappropriate judgements and estimations made could lead to an incorrect valuation.</p> <p>There is also a risk that management may influence these judgements and estimations to meet desired outcomes or market expectations. We therefore identified a potential risk of fraud in respect of the valuation of unquoted investments.</p> <p>More information on the valuation of investments may be found in the Chairman's Statement on page 2 and the discussion of the 'Transition of Electra Private Equity PLC to Unbound Group plc' from page 16. See also the financial statements Note 14 and the 'Principles of valuation of investments' and 'Key sources of estimation uncertainty' in Note 20 for the Directors' disclosures of the related accounting policies, judgements and estimates.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of and tested the relevant controls around the valuation of unquoted investments as at 31 January 2022. The relevant control identified was the Valuation Committee approval that includes a three-stage review process with subsequent sign off, performed biannually. We attended the Valuation Committee meetings at which the 31 March 2021 and 30 September 2021 valuations were considered in order to determine that the control was implemented effectively.</p> <p>We tested the valuation of the unquoted investments by assessing the methodology applied and the reasonableness of the underlying judgements and estimates. We evaluated significant inputs to the valuations and agreed these to supporting documentation. This included:</p> <ul style="list-style-type: none"> > assessing an indicative offer received as an indicator of the fair value of one investment in an unquoted company; and > recomputing the estimated fair value of another unquoted company. <p>We reviewed the financial statement disclosures in Note 14 and key sources of estimation uncertainty in Note 20 to assess compliance with IFRS.</p>
Key observations	<p>The valuation techniques used to estimate the fair value of investments in unquoted companies are subjective and include assumptions that are not supported by observable data.</p> <p>We consider the judgements and estimates utilised by the Directors in determining the fair value of the Group's investments to be reasonable and in line with IFRS 13 and the IPEV guidelines.</p>

Report on the Audit of the Financial Statements continued

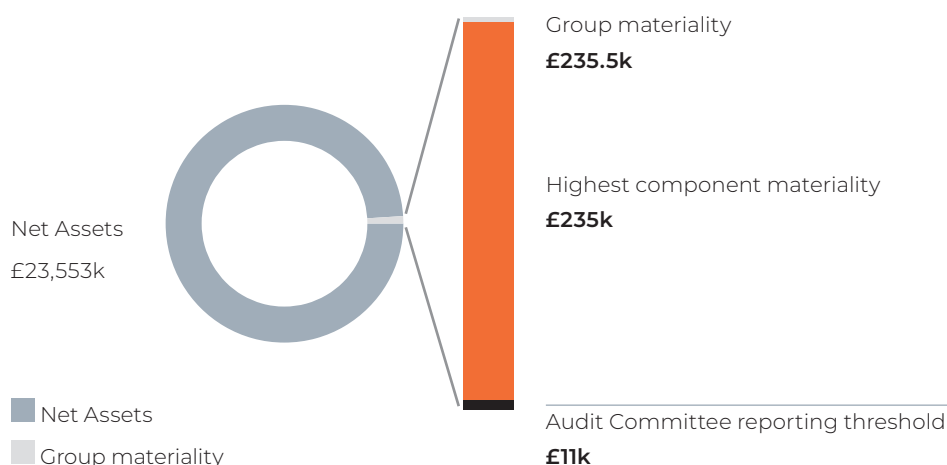
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£235,500 (30 September 2020: £1,350,000)	£235,000 (30 September 2020: £1,340,000)
Basis for determining materiality	1% of net asset value (2020: 1% of net asset value) The materiality level has again reduced significantly in the current period due to the reduction in the investments held by the Company following the continued return of capital to Shareholders and the demerger of Hostmore in the period.	
Rationale for the benchmark applied	We used net asset value as the basis for determining materiality calculations because we consider that the net asset position is a key consideration in the evaluation of the Group and Company's performance. In addition, the net asset value is a generally accepted benchmark used for the determination of materiality by the auditors of investment companies.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 60%) of Group materiality	70% (2020: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> > The quality of the control environment. > The low number of misstatements identified in previous audits. > The reduced risk resulting from economic uncertainties linked to Covid-19. We increased the performance materiality for this year from 60% to 70% for this reason. 	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £11,000 (2020: £70,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Report on the Audit of the Financial Statements continued

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group and subsidiary level.

Our Group audit scope included the audit of the Company and Electra Investments Limited (EIL), an investment holding company that is 100% owned by Electra Private Equity PLC. During the period the investments that were previously held by EIL were transferred to its parent company.

All audit work was performed by the Group engagement team.

7.2. Our consideration of the control environment

For the period to 31 January 2022, the Group's company secretarial services and the majority of its financial reporting function continued to be performed by an external service organisation. We obtained an understanding of the controls at this service organisation relevant to our audit.

8. Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

Report on the Audit of the Financial Statements continued

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- > the nature of the industry and sector, control environment and business performance including the design of the Company's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- > results of our enquiries of management and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities;
- > any matters we identified having obtained and reviewed the Company's documentation of their policies and procedures relating to:
 - > identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - > detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - > the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- > the matters discussed among the audit engagement team relevant internal specialists, including tax specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of unquoted investments. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules and the Investment Trust taxation regime.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty such as the Alternative Investment Fund Managers Directive.

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of unquoted investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- > reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- > enquiring of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- > performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- > reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and reports from and concerning the Company's Alternative Investment Fund Manager; and
- > in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- > the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- > we have not received all the information and explanations we require for our audit; or
- > adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- > the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit and Risk Committee, we were appointed by the Board on 22 September 2017 to audit the financial statements for the year ending 30 September 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 reporting periods, covering the year ending 30 September 2017 to the period ended 31 December 2022.

14.2. Consistency of the audit report with the additional report to the Audit and Risk Committee

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Garrath Marshall, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

7 March 2022

Consolidated Income Statement

	Note	16 months to 31 January 2022			12 months to 30 September 2020		
		Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
Investment income	2	6.5	—	6.5	0.7	—	0.7
Investment gains/(losses)	14	—	48.9	48.9	—	(57.8)	(57.8)
Other expenses	3	(12.4)	—	(12.4)	(2.5)	—	(2.5)
Loss on revaluation of foreign currencies		—	—	—	—	(0.2)	(0.2)
Net (loss)/return before tax		(5.9)	48.9	43.0	(1.8)	(58.0)	(59.8)
Tax		—	—	—	(0.2)	—	(0.2)
(Loss)/return after tax		(5.9)	49.4	43.0	(2.0)	(58.0)	(60.0)
Basic and diluted (loss)/return per share (p)	9	(15.3)	126.7	111.4	(5.0)	(151.4)	(156.4)

The “Total” columns of this statement represent the Group’s Consolidated Income Statement prepared in accordance with International Financial Reporting Standards (“IFRS”) adopted by the United Kingdom. The supplementary “Revenue” and “Capital” columns are prepared under guidance published by the Association of Investment Companies (“AIC”). This is further explained in the Basis of Accounting and Significant Accounting Policies.

All activities represent continuing operations. The Company has no recognised gains and losses other than those shown above and therefore no separate Statement of Total Comprehensive Income has been presented.

The accompanying notes on pages 67 to 78 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Note	Called up share capital £m	Share premium £m	Own shares held £m	Capital reserve £m	Revenue reserve £m	Total equity £m
For the 16 months to 31 January 2022							
As at 1 October 2020		9.6	—	(2.4)	76.9	51.2	135.3
Distribution in specie		—	—	—	(161.2)	—	(161.2)
Share issuance	15	1.0	5.0	—	—	—	6.0
Net return/(loss) during the period		—	—	—	48.9	(5.9)	43.0
As at 31 January 2022		10.6	5.0	(2.4)	(35.4)	45.3	23.1

	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Capital reserve £m	Revenue reserve £m	Total equity £m
For the 12 months to 30 September 2020								
As at 1 October 2019		9.6	122.9	34.9	(0.4)	(11.6)	54.5	209.9
Net loss during the period		—	—	—	—	(58.0)	(2.0)	(60.0)
Reserve reclassification	15	—	(122.9)	(34.9)	—	157.8	—	—
Share forfeiture	15	—	—	—	—	0.5	—	0.5
Share-based payments		—	—	—	(2.0)	—	(1.3)	(3.3)
Dividends	8	—	—	—	—	(11.8)	—	(11.8)
As at 30 September 2020		9.6	—	—	(2.4)	76.9	51.2	135.3

The accompanying notes on pages 67 to 78 are an integral part of these financial statements.

Company Statement of Changes in Equity

	Note	Called up share capital £m	Share premium £m	Own shares held £m	Capital reserve £m	Revenue reserve £m	Total equity £m
For the 16 months to 31 January 2022							
As at 1 October 2020		9.6	—	(2.4)	226.5	(98.4)	135.3
Distribution in specie		—	—	—	(161.2)	—	(161.2)
Share issuance	15	1.0	5.0	—	—	—	6.0
Net return during the period		—	—	—	9.0	34.0	43.0
As at 31 January 2022		10.6	5.0	(2.4)	74.3	(64.4)	23.1

	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Capital reserve £m	Revenue reserve £m	Total equity £m
For the 12 months to 30 September 2020								
As at 1 October 2019		9.6	122.9	34.9	(0.4)	138.2	(95.3)	209.9
Net loss during the year		—	—	—	—	(58.2)	(1.8)	(60.0)
Reserve reclassification	15	—	(122.9)	(34.9)	—	157.8	—	—
Share forfeiture	15	—	—	—	—	0.5	—	0.5
Share-based payments	15	—	—	—	(2.0)	—	(1.3)	(3.3)
Dividends	8	—	—	—	—	(11.8)	—	(11.8)
As at 30 September 2020		9.6	—	—	(2.4)	226.5	(98.4)	135.3

The accompanying notes on pages 67 to 78 are an integral part of these financial statements.

Consolidated Balance Sheet

	Note	As at 31 January 2022 £m	As at 30 September 2020 £m
Non-current assets			
Investments held at fair value	14	—	128.6
		—	128.6
Current assets			
Investments held at fair value	14	23.4	5.6
Trade and other receivables	11	0.4	0.6
Current tax asset		0.2	0.3
Cash		1.9	1.3
		25.9	7.8
Current liabilities			
Trade and other payables	12	(2.3)	(0.9)
Provisions	13	(0.5)	—
		(2.8)	(0.9)
Total assets less current liabilities		23.1	135.5
Non-current liabilities			
Provisions	13	—	(0.2)
		—	(0.2)
Net assets		23.1	135.3
Capital and reserves			
Called up share capital	15	10.6	9.6
Share premium	15	5.0	—
Own shares held	15	(2.4)	(2.4)
Capital reserve	15	(35.4)	76.9
Revenue reserve	15	45.3	51.2
Total equity		23.1	135.3
Basic and diluted net asset value per share (p)	10	54.6	353.4
Number of ordinary shares in issue	15	42,258,128	38,282,763

The accompanying notes on pages 67 to 78 are an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
7 March 2022

Dan Lampard
Chief Financial Officer
7 March 2022

Unbound Group plc
Company number: 00303062

Company Balance Sheet

	Note	As at 31 January 2022 £m	As at 30 September 2020 £m
Non-current assets			
Investments held at fair value	14	—	20.9
		—	20.9
Current assets			
Investments held at fair value	14	23.4	5.6
Trade and other receivables	11	0.4	108.3
Current tax assets		0.2	0.3
Cash		1.9	1.3
		25.9	115.5
Current liabilities			
Trade and other payables	12	(2.3)	(0.9)
Provisions	13	(0.5)	—
		(2.8)	(0.9)
Total assets less current liabilities		23.1	135.5
Non-current liabilities			
Provisions	13	—	(0.2)
		—	(0.2)
Net assets		23.1	135.3
Capital and reserves			
Called up share capital	15	10.6	9.6
Share premium	15	5.0	—
Own shares held	15	(2.4)	(2.4)
Capital reserve	15	74.3	226.5
Revenue reserve	15	(64.4)	(98.4)
Total equity		23.1	135.3

The Company's return for the 16 months to 31 January 2022 was £43.0 million (12 months to 30 September 2020: loss of £60.0 million).

The accompanying notes on pages 67 to 78 are an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Neil Johnson
Chairman
7 March 2022

Dan Lampard
Chief Financial Officer
7 March 2022

Unbound Group plc
Company number: 00303062

Consolidated Cash Flow Statement

	For the 16 months to 31 January 2022 £m	For the 12 months to 30 September 2020 £m
Operating activities		
Purchase of trading investments	(40.2)	(14.0)
Sales of trading investments	50.2	31.6
Dividends and distributions received	0.7	1.5
Interest income received	1.5	—
Expenses paid	(11.5)	(4.6)
Cash generated from operations	0.7	14.5
Tax repaid	0.1	0.6
Net cash inflow from operating activities	0.8	15.1
Financing activities		
Dividends paid	—	(11.8)
Share forfeiture	—	0.5
Purchase of shares held under incentive schemes	—	(2.0)
Repayment of lease liabilities	(0.2)	(1.0)
Net cash used in financing activities	(0.2)	(14.3)
Net increase in cash and cash equivalents	0.6	0.8
Opening cash	1.3	0.5
Closing cash	1.9	1.3

The accompanying notes on pages 67 to 78 are an integral part of these financial statements.

1. Segmental Analysis

Throughout the period, the Group operated as a single business segment for reporting purposes. It was managed as a single investment company and reporting was provided to the Board of Directors on an aggregated basis. The Company's portfolio of investments was predominantly based in the United Kingdom.

2. Revenue Income

	16 months to 31 January 2022 £m	12 months to 30 September 2020 £m
Interest income	5.8	0.1
Other income	0.7	0.6
Total revenue income	6.5	0.7

3. Other Expenses

	16 months to 31 January 2022 £m	12 months to 30 September 2020 £m
Administrative expenses	12.4	2.5
Total other expenses	12.4	2.5

Administrative expenses for the 16 months to 31 January 2022 above include a £7.6 million charge (2020: credit of £1.3 million) related to vesting of the SoVP.

Auditor's Remuneration

	16 months to 31 January 2022		12 months to 30 September 2020	
	Group £000	Company £000	Group £000	Company £000
Audit of Group financial statements pursuant to legislation	132.6	132.6	81.9	81.9
Audit of subsidiary financial statements pursuant to legislation	—	—	43.0	—
Sub-total	132.6	132.6	124.9	81.9
Other assurance services*	106.8	106.8	33.0	33.0
Total auditor's remuneration	239.4	239.4	157.9	114.9

* The other assurance services include £56,800 related to the half year and second half year reviews (2020: half year review only £32,400), and £50,000 relating to reviews of the circulars on the demerger of Fridays and AIM listing of Unbound (2020: £nil).

Non-Audit Services

It is the Group's practice to employ Deloitte LLP on assignments additional to its statutory audit duties only when its expertise and experience with the Group are important or where it has been awarded assignments on a competitive basis. Details of the Group's process for safeguarding and supporting the independence and objectivity of the external auditor are given in the Audit and Risk Committee Report.

4. Employee Costs

During the 16 months to 31 January 2022, the Company did not have any non-Director employees. For details of remuneration for the Directors, refer to the Directors' Remuneration Report.

5. Right-of-Use Assets

	16 months to 31 January 2022 £m	12 months to 30 September 2020 £m
Opening balance	0.3	—
Adjustment on transition to IFRS 16	—	1.5
Additions	—	0.4
Disposals	—	(1.1)
Depreciation	(0.2)	(0.2)
Onerous contract	(0.1)	—
Closing balance	—	0.3

The Company adopted IFRS 16 Leases on 1 October 2019 in respect of the head office which the Company rents, using the “modified retrospective” approach on transition. Prior to adoption of IFRS 16, the lease was recognised as an operating lease and the related rental expenses were recognised in other expenses in the Income Statement.

The head office property is the only right-of-use asset held by the Company. As part of its downsizing plan, the Company relocated to a smaller office in December 2019. Disposals in the above table relate to the exit of the old lease. The new office lease was entered into in December 2019 with a three-year lease term and is measured as a right-of-use asset with an initial value of £0.4 million, which is depreciated over its lease term in accordance with the Company’s accounting policy.

Due to its transition to Unbound Group plc, the Company determined that the leased office is unlikely going to be materially used for its intended purposes and concluded that the contract had become onerous as at 31 January 2022. Therefore, the remaining right-of-use asset value of £0.1 million has been fully impaired.

6. Lease Liabilities

In accordance with IFRS 16 Leases, a liability of £0.4 million was recognised when the office lease was entered into. The cash commitment amounts to £200,000 in total for the remaining lease period. Interest charge is calculated at an incremental borrowing rate of 3.5%, totalling £20,000 over the three-year lease term, and charged in the Income Statement. The carrying value of lease liabilities as at 31 January 2022 is £0.1 million.

7. Tax

Analysis of Tax Charge During the Period

	16 months to 31 January 2022			12 months to 30 September 2020		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
Current tax						
UK corporate tax on (loss)/return for the period	—	—	—	—	—	—
Adjustments in respect of previous periods	—	—	—	—	—	—
Deferred tax						
Origination and reversal of timing differences	—	—	—	—	—	—
Adjustments in respect of previous periods	—	—	—	0.2	—	0.2
Total tax charge	—	—	—	0.2	—	0.2

7. Tax continued

Analysis of Tax Charge During the Period continued

The difference between the income tax expense shown above and the amount calculated by applying the effective rate of UK corporation tax, currently 19.0% (2020: 19.0%), to the (loss)/return before tax is as follows:

	16 months to 31 January 2022			12 months to 30 September 2020		
	Revenue £m	Capital £m	Total £m	Revenue £m	Capital £m	Total £m
(Loss)/return on ordinary activities before tax	(5.9)	48.9	43.6	(1.8)	(58.0)	(59.8)
(Loss)/return before tax multiplied by the effective rate of UK corporation tax of 19% (2020: 19%)	(1.1)	9.3	8.2	(0.3)	(11.0)	(11.3)
Effects of:						
Adjustments in respect of prior period	—	—	—	0.2	—	0.2
Capital loss/(return) not taxable	—	(9.3)	(9.3)	—	11.0	11.0
Deferred tax not recognised	(0.5)	—	(0.5)	(0.2)	—	(0.2)
Disallowed expense	1.6	—	1.6	0.5	—	0.5
Total tax charge	—	—	—	0.2	—	0.2

Disallowed expenses in the reconciliation above relate to tax charge on excess management expenses of £8.4 million (2020: £2.5 million). Excess management expenses are management expenses incurred by the Company, exceeding the income the Company generated during the period.

8. Dividends

	16 months to 31 January 2022 £m	12 months to 30 September 2020 £m
Dividend in specie (demerger of TGI Fridays)	161.2	—
Special dividend of FY20 (31.0p per share)	—	11.8
Total dividends	161.2	11.8

As at 31 January 2022, the Company had distributable reserves of £27.3 million (2020: £217.2 million), being the sum of the realised capital reserve and the revenue reserve. The Board does not consider the unrealised capital reserve of negative £17.3 million (2020: negative £89.0 million) to be distributable, and therefore the Company's net distributable reserves as at 31 January 2022 were £10.0 million (2020: £128.1 million).

9. (Loss)/Return per Share

The capital, revenue and total return per ordinary share are based on the net (loss)/return shown in the Consolidated Income Statement and the weighted average number of ordinary shares during the 16 months to 31 January 2022 of 38,592,946 (12-month period to 30 September 2020: 38,282,763). There are no dilutive instruments issued by the Company.

10. NAV per Share

The NAV per share is calculated by dividing the NAV of £23.1 million (2020: £135.3 million) by the number of ordinary shares in issue as at 31 January 2022 of 42,258,128 (30 September 2020: 38,282,763). There are no dilutive instruments issued by the Company.

11. Trade and Other Receivables

	As at 31 January 2022		As at 30 September 2020	
	Group £m	Company £m	Group £m	Company £m
Amounts owed by subsidiary undertakings	—	—	—	107.7
Other receivables	0.4	0.4	0.6	0.6
	0.4	0.4	0.6	108.3

12. Trade and Other Payables

	As at 31 January 2022		As at 30 September 2020	
	Group £m	Company £m	Group £m	Company £m
Other payables	2.3	2.3	0.9	0.9

Trade and other payables consist of accrued expenses, including £1.8 million estimated transaction costs on AIM listing of Unbound Group plc and completion of the Company's final strategic delivery, and supplier invoices received but not settled.

13. Provisions

	16 months to 31 January 2022		12 months to 30 September 2020	
	Group £m	Company £m	Group £m	Company £m
Opening balance	0.2	0.2	0.3	0.3
Amounts paid	(0.2)	(0.2)	—	—
Change in provision	0.5	0.5	(0.1)	(0.1)
Closing balance	0.5	0.5	0.2	0.2

The closing provisions as at 31 January 2022 relate to onerous contracts as a result of the Company's transition to Unbound Group plc, including costs on the Company's leased office and other service providers.

The closing provisions as at 30 September 2020 included liability and National Insurance contributions provided for on the SoVP incentive scheme, which vested in May 2021, and therefore the related provisions have been settled during the 16 months to 31 January 2022.

14. Financial Instruments

Management of Risk

The Group's financial instruments comprise securities in listed and unlisted companies, trade receivables, trade payables and cash. The main risks arising from the Group's and Company's financial instruments are fluctuations in market price, liquidity and capital. The policies for managing each of these risks are summarised below. The financial risks of the Company are aligned to the Group's financial risks.

Market Price Risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Group's operations. It represents the potential loss the Group might suffer through holding market positions in the face of price movements. The Group is exposed to the risk of the change in value of its investments in listed and unlisted equity.

Liquidity Risk

The Group's assets comprise unlisted equity, which is illiquid by nature. Short-term flexibility is achieved through holding of cash, which is available on demand, and liquid investments such as listed equity. The Group's financial liabilities are expected to be settled in less than a year.

Credit Risk

The Group's exposure to credit risk principally arises from its cash deposits. Only major banks are used when making cash deposits and the level of cash is reviewed on a regular basis. In total, cash balance of £1.9 million (30 September 2020: £1.3 million) was principally held with two UK banks, whose credit ratings are listed in the table below.

Bank credit ratings as at 31 January 2022	Moody's
HSBC	A1 (stable)
Royal Bank of Scotland International	A3 (stable)

14. Financial Instruments continued

Capital Risk Management

The Group's capital, as at 31 January 2022, comprised share capital of £10.6 million (2020: £9.6 million) and total other reserves of £12.5 million (30 September 2020: £125.7 million).

The Group's objective in the management of capital risk is to maintain an optimal capital structure. In doing so the Group may adjust the amount of dividends paid to shareholders or issue new shares or debt. During the 16 months to 31 January 2022, TGI Fridays demerged from the Group by way of dividend in specie to the Company's shareholders, and no cash dividend was paid (12 months to 2020: £11.8 million).

The Group has an existing authority to implement an on-market share buy-back programme to generate shareholder value.

There are no externally imposed requirements on the Company's capital.

Financial Assets and Liabilities

	Group		Company	
	As at 31 January 2022 £m	As at 30 September 2020 £m	As at 31 January 2022 £m	As at 30 September 2020 £m
Financial assets				
Equity shares	23.4	11.0	23.4	11.0
Non-equity shares	—	2.1	—	2.1
Fixed interest securities	—	115.5	—	7.8
Floating rate securities	—	5.6	—	5.6
Cash at bank	1.9	1.3	1.9	1.3
Other assets	0.4	0.6	0.4	108.3
Financial liabilities				
Other payables	2.3	0.9	2.3	0.9

Cash and other receivables and payables are measured at amortised cost and the rest of the financial assets in the table above are held at fair value through profit or loss. The carrying values of the financial assets and liabilities measured at amortised cost are short term in nature and repayable/payable on demand, and therefore are considered to be materially equal to the fair value.

Fair Value Hierarchy

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Group complies with IFRS 13 in respect of disclosures about the degree of reliability of fair value measurements. The levels of fair value measurement bases are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair values measured using valuation techniques for all inputs significant to the measurement other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: fair values measured using valuation techniques for which any significant input to the valuation is not based on observable market data (unobservable inputs).

The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following tables represent the Group's assets by hierarchy levels. During the 16 months to 31 January 2022, £2.2 million of level 3 assets were transferred to level 1 and £20.1 million of level 3 assets were transferred to level 2 (during the 12 months to 30 September 2020: no transfer).

14. Financial Instruments continued

Financial Assets at Fair Value through Profit or Loss

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investments as at 31 January 2022	2.2	19.6	1.6	23.4
Investments as at 30 September 2020	5.6	—	128.6	134.2

Investments classified within level 1 consist only of listed equity investments, whose values are based on quoted market prices in active markets. The Group does not adjust the quoted price for these instruments.

Investments classified within level 2 consist of unlisted equity investments, whose values are based on quoted market prices in active markets adjusted for other assets and liabilities held by the Group and the Company.

Investments classified within level 3 consist of private equity direct investments, on which observable prices are not available and the Group uses valuation techniques to derive the fair value.

The following tables present the movement of assets measured at fair value, based on fair value measurement levels.

Group	16 months to 31 January 2022			12 months to 30 September 2020		
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Opening balance	5.6	—	128.6	17.3	—	192.4
Purchases	21.0	—	23.4	9.1	—	4.1
Realisations	(26.6)	—	(187.0)	(20.9)	—	(12.0)
Transfer from level 3 to level 1	2.7	—	(2.7)	—	—	—
Transfer from level 3 to level 2	—	19.6	(19.6)	—	—	—
(Decrease)/increase in valuation	(0.5)	—	58.9	0.1	—	(55.9)
Closing balance	2.2	19.6	1.6	5.6	—	128.6

Company	16 months to 31 January 2022			12 months to 30 September 2020		
	Level 1 £m	Level 2 £m	Level 3 £m	Level 1 £m	Level 2 £m	Level 3 £m
Opening balance	5.6	—	20.9	17.3	—	44.7
Purchases	21.0	—	19.2	9.1	—	2.9
Transfer from other Group entities	—	—	176.2	—	—	—
Realisations	(26.6)	—	(187.0)	(20.9)	—	(12.2)
Transfer from level 3 to level 1	2.7	—	(2.7)	—	—	—
Transfer from level 3 to level 2	—	19.6	(19.6)	—	—	—
(Decrease)/increase in valuation	(0.5)	—	(5.4)	0.1	—	(14.5)
Closing balance	2.2	19.6	1.6	5.6	—	20.9

Realisations in the tables above include interest and distributions received from investments. During the 16 months ended 31 January 2022, the Company incurred costs of £5.2 million in transaction costs (12 months to 30 September 2020: £1.9 million). Total gains and losses on assets measured at level 3 are recognised as part of the investment gains and losses balance in the Consolidated Income Statement and no other comprehensive income has been recognised on these assets. Total unrealised gains for the 16 months ended 31 January 2022 were £2.2 million (12 months to 30 September 2020: loss of £58.2 million).

15. Called up Share Capital and Reserves

The Company has 42,258,128 (30 September 2020: 38,282,763) allotted, called up and fully paid ordinary shares of 25p each, totalling £10.6 million as at 31 January 2022 (30 September 2020: £9.6 million).

Upon vesting of the Electra SoVP in May 2021, the Company issued a total of 690,566 ordinary shares to the Chairman and CFOO (before the Company's transition to Unbound). In January 2022, 3,284,799 of the Company's new shares were issued to the management team at Hotter in settlement of its entitlement under the Hotter Management Incentive Plan ("MIP"). All recipients of the new shares have retained the shareholding in the Company since issuance.

Own Shares Held

Own shares held are shares purchased by the Company's Employee Benefit Trust (the "Trust") in relation to the SoVP scheme operated by the Company. The number of shares held by the Trust was 690,481 as at 31 January 2022 (30 September 2020: 690,481). These shares are held at a historic cost of £2.4 million (2020: £2.4 million).

Share Premium and Capital Redemption Accounts

The Company cancelled its share premium account and capital redemption reserve in July 2020, increasing the distributable reserves by £157.8 million, to facilitate the distribution of the Company's targeted returns to shareholders. Issuance of the 690,566 ordinary shares in settlement of vesting of the Electra SoVP in May 2021 and 3,284,799 ordinary shares in settlement of the Hotter MIP in January 2022 have created a £5.0 million share premium account.

Capital Reserve

The capital reserve includes both realised capital reserve, which is the accumulated gains and losses on the realisation of investments, and unrealised capital reserve, which is the accumulated changes in the value of financial instruments measured at fair value which have been charged through profit and loss.

Revenue Reserve

The revenue reserve is the accumulated net revenue profits and losses of the Group.

Share Forfeiture

Following approval at the AGM in February 2020, the Company commenced a programme to seek to identify and contact shareholders with whom contact was lost for in excess of 12 years. The programme was concluded in August 2020 and in total 72 shareholders have been identified as untraced and as a result 11,194 shares and related unclaimed dividends with a total value of £0.5 million, after fees, were forfeited.

16. Particulars of Holdings

Subsidiary Undertakings

The results and balances of the following subsidiaries are included in the consolidated financial statements of the Group for the 16 months to 31 January 2022:

Hotter MIPCO Limited

Company number: 13227465
Registered office: 17 Old Park Lane, London, England W1K 1QT
Place of incorporation: United Kingdom
Ownership: 100% in ordinary shares

Electra Private Equity Limited (formerly Electra Investments Limited)

Company number: 00021895
Registered office: 17 Old Park Lane, London, England W1K 1QT
Place of incorporation: United Kingdom
Ownership: 100% in ordinary shares

Significant Interests in Investee Undertakings

The Group has a significant interest in the following investee company as at 31 January 2022:

Galaxy Topco Limited (holding company for Hotter Shoes)

Company number: 08812566
Registered office: 2 Peel Road, Skelmersdale, Lancashire WN8 9PT
Place of incorporation: United Kingdom
Ownership: 100% in ordinary shares
Loss for the period ended 2 February 2020: £25.1 million
Net assets as at 2 February 2020: negative £182.3 million

17. Related Party Transactions

Balances and transactions between the Company and its subsidiaries are eliminated on consolidation. Details of transactions between the Company and other related parties are disclosed below.

The Electra Private Equity Executive Share of Value Plan ("SoVP") vested in May 2021. As awards made under the plan vested in cash, in order to maintain alignment between the executives and shareholders the executives undertook to reinvest the full net proceeds of their awards in the purchase of new shares issued to them by the Company. As a result, on 7 May 2021 Neil Johnson and Gavin Manson respectively acquired 276,550 and 441,509 shares in the Company at a price of 530p per share, which was the closing market price on the day of the issuance.

Prior to the demerger of Hostmore plc on 1 November 2021, the executives of Hostmore undertook to receive awards due to them under the TGI Fridays Management Incentive Arrangements as shares in Hostmore plc rather than in cash. This ensured continued alignment between the objectives of Hostmore management and shareholders. The Hostmore Executive Directors, Robert Cook and Alan Clark, respectively received 3,360,662 and 2,421,518 shares in Hostmore.

Prior to Admission to AIM on 1 February 2022, the executives of Hotter undertook to receive awards due to them under the Hotter Shoes Management Incentive Arrangements as shares in Unbound Group plc rather than in cash. This ensured continued alignment between the objectives of Hostmore management and shareholders. As announced on 9 December 2021 and 14 January 2022, Ian Watson, the CEO of Hotter Shoes, and from Admission to AIM the CEO of Unbound Group plc received 2,086,833 shares in Unbound Group plc.

Sherborne Investors Management LP ("Sherborne") has served as an adviser to the Group on research and formulation as well as making proposals to the Board of Directors. Stephen Welker, who is also a Partner in Sherborne, served as a Non-Executive Director in the Company until his resignation on 1 November 2021. Under the terms of its contract with the Company, Directors appointed by Sherborne have waived their fees but were entitled to be reimbursed for all reasonable expenses. In the 16 months to 31 January 2022, Sherborne charged no expenses to the Company (12 months to 30 September 2020: £22,609 as reimbursement for Mr Welker's travel and subsistence costs), and no outstanding amount was payable by the Company as at 31 January 2022 (30 September 2020: £nil). There are now no Directors of the Company appointed by Sherborne.

18. Capital Commitments and Contingencies

There were no outstanding capital commitments or contingent liabilities as at 31 January 2022.

19. Post Balance Sheet Events

On 1 February 2022, listing of the Company's shares on the premium segment of the Official List of the Financial Conduct Authority of the United Kingdom was cancelled, and trading of the Company's shares was removed from the Main Market for listed securities of the London Stock Exchange plc and was admitted on AIM as Unbound Group plc.

20. Basis of Accounting and Significant Accounting Policies

The Group financial statements for the 16 months ended 31 January 2022 have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ("IFRSs"). IFRSs comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRS IC") as adopted by the United Kingdom.

In order to reflect the activities of an investment trust company, supplementary information which analyses the Consolidated Income Statement between items of a revenue and capital nature has been presented alongside the Consolidated Income Statement. In analysing total income between capital and revenue returns, the Directors have followed the guidance contained in the Statement of Recommended Practice ("SORP") for investment companies issued by the Association of Investment Companies in November 2014 and updated in October 2019.

20. Basis of Accounting and Significant Accounting Policies continued

The recommendations of the SORP which have been followed include:

- > realised and unrealised profits or losses arising on the revaluation or disposal of investments classified as held at fair value through profit or loss should be shown in the "Capital" column of the Consolidated Income Statement;
- > realised gains are taken to the realised reserves in equity and unrealised gains are transferred to the unrealised reserves in equity;
- > returns on any share or debt security (whether in respect of dividends, interest income or otherwise) should be shown in the "Revenue" column of the Consolidated Income Statement. The total of the "Revenue" column of the Consolidated Income Statement is taken to the revenue reserve in equity; and
- > the Board should determine whether the indirect costs of generating capital gains should also be shown in the "Capital" column of the Consolidated Income Statement. If the Board decides that this should be so, the management expenses should be allocated between revenue and capital in accordance with the Board's expected long-term split of returns, and other expenses should be charged to capital only to the extent that a clear connection with the maintenance or enhancement of the value of investments can be demonstrated. The Board has decided that the Company should continue to charge management expenses as a revenue item for the 16 months to 31 January 2022.

The separate financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 ("FRS 101") and the Companies Act 2006. The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 and accordingly has not presented a separate Company Income Statement.

In preparing these financial statements, the Company applies recognition, measurement and disclosure requirements of FRS 101 and the following exemptions have been applied:

- > Cash Flow Statement and related notes;
- > related party disclosures in respect of transactions with wholly owned subsidiaries;
- > the effects of new but not yet effective IFRSs; and
- > IFRS 2 Share-Based Payment in respect of Group settled share-based payment schemes.

Going Concern

Following the adoption of the wind-down strategy in 2018 it became appropriate, in light of the likely ultimate wind-up of the Company, for the Company to report on a basis other than that of a going concern. Given the Company's transition to Unbound Group plc as a trading holding company for Hotter, listed on AIM on 1 February 2022, this basis of preparation is no longer appropriate. As such these accounts are prepared on the basis of a going concern.

The Directors have conducted a going concern review and concluded that preparation of the report on a going concern basis was appropriate because the Group is expected to be able to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements. In reaching this decision the Directors considered the trading position of Hotter Shoes in relation to the covenants on its banking facilities that extend to December 2024, forecast profitability and levels of cash, and also the Board's intention to realise the non-core assets of the Company.

Given the situation of the Company, the change of basis of preparation has no numerical impact on the financial performance or position of the Company as reported.

Basis of Consolidation

The consolidated financial statements include the Company and its subsidiary undertakings. Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The amendments to IFRS 10 and IFRS 12 define an investment entity and include an exception from the consolidation requirements for investment entities.

The Company has been deemed to meet the definition of an investment entity per IFRS 10, as the following conditions exist:

- > the Company has multiple unrelated investors which are not related parties and holds multiple investments;
- > ownership interests in the Company are exposed to variable returns from changes in the fair value of the Company's net assets;
- > the Company has obtained funds for the purpose of providing investors with investment management services;
- > the Company's business purpose is investing solely for returns from capital appreciation and investment income; and
- > the performance of investments is measured and evaluated on a fair value basis.

20. Basis of Accounting and Significant Accounting Policies continued

Basis of Consolidation continued

The Company does not consolidate the portfolio companies it controls. The principal subsidiaries are wholly owned companies, which provide investment-related services through the provision of investment management or advice and hold investments in managed assets. The primary purpose of these entities is to provide investment-related services that relate to the Company's investment activities and therefore they are not considered to be investment entities. These subsidiaries continue to be consolidated.

Investments

Purchases and sales of listed investments are recognised on the trade date where a contract exists whose terms require delivery within a timeframe determined by the relevant market. Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

Investments are designated at fair value through profit or loss (as detailed in the financial statements as investments held at fair value) and are subsequently measured at reporting dates at fair value. The fair value of direct unquoted investments is calculated in accordance with the Principles of Valuation of Investments below.

Principles of Valuation of Investments

The Group estimates the fair value of each investment at the reporting date in accordance with IFRS 13 and the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines. Fair value is the price for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. In estimating fair value, the Manager applies a valuation technique which is appropriate in light of the nature, facts and circumstances of the investment and uses reasonable current market data and inputs combined with judgement and assumptions. Valuation techniques are applied consistently from one reporting date to another except where a change in technique results in a better estimate of fair value.

In respect of unlisted investments, the Group selects one or more of the following valuation techniques:

- > a market approach, based on the price of the recent investment, earnings multiples or industry valuation benchmarks;
- > an income approach, employing a discounted cash flow technique; and
- > a replacement cost approach valuing the net assets of the portfolio company.

In assessing whether a methodology is appropriate the Group maximises the use of techniques that draw heavily on observable market-based measures of risk and return. In some circumstances the Group may apply a multiple to the net assets of a business, typically where the business' value derives mainly from the underlying fair value of its assets rather than its earnings, such as property holding companies.

The fair value of listed investments is based on quoted prices in active markets at the Balance Sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Subsidiary Undertakings

Investments in subsidiaries are stated in the Company Balance Sheet at the fair value.

Cash

Cash comprises cash at bank and is measured at amortised cost.

Leased Assets – Group as a Lessee

For any new contracts entered into on or after 1 October 2019, the Group considers whether a contract is or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration. The Group assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

For leases identified, the Group recognises a right-of-use asset and a lease liability on the Balance Sheet at lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

20. Basis of Accounting and Significant Accounting Policies continued

Leased Assets – Group as a Lessee continued

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Foreign Currencies

The Group's and Company's presentational and functional currency is Pounds Sterling ("Sterling"), since that is the currency of the primary economic environment in which the Group operates. Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currencies of the Group's respective entities at rates prevailing at the Balance Sheet date. Foreign currency revenue and expenses are translated into the functional currencies of the Group's respective entities at the month-end rate for the period the transaction occurred. Exchange differences arising are recognised through the Condensed Consolidated Income Statement.

At each Balance Sheet date, assets and liabilities of foreign operations are translated into Sterling at the rates prevailing on the Balance Sheet date. Foreign exchange differences arising on retranslation of the equity and reserves of subsidiaries with functional currencies other than Sterling are recognised directly in the translation reserve in equity. Foreign exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Condensed Consolidated Income Statement for the year.

Investment Income

Dividends receivable from equity shares are accounted for on the ex-dividend date or, where no ex-dividend date is quoted, when the Group's right to receive payment is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield when it is probable that economic benefit will flow to the Group. Where income accruals previously recognised, but not received, are no longer considered to be reasonably expected to be received, either through investee company restructuring or doubt over its receipt, then these amounts are reversed through expenses.

Other Income

Interest income received from money market funds is accounted for as the interest is accrued on an effective interest rate basis.

Expenses

Expenses are charged through the "Revenue" column of the Condensed Consolidated Income Statement.

Defined Contribution Plan

The Group operates a defined contribution pension plan under which the Group pays fixed contributions. Pension contributions are recognised as expenses in the Consolidated Income Statement, as incurred.

Tax

The tax effect of different items of income/gain and expense/loss is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting year. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Condensed Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

20. Basis of Accounting and Significant Accounting Policies continued

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions

Provisions are recognised when the Group has a present obligation of uncertain timing or amount as a result of past events and it is probable that the Group will be required to settle that obligation and a reliable estimate of that obligation can be made. The provisions are measured at the Directors' best estimate of the amount to settle the obligation at the Balance Sheet date. Changes in provisions are recognised in the Consolidated Income Statement.

Revenue and Capital Reserves

Net capital return is added to the capital reserve in the Condensed Consolidated Statement of Changes in Equity, while the net revenue return is added to the revenue reserve.

Receivables and Payables

Receivables and payables are typically settled in a short time frame and are carried at the amount due to be settled. As a result, the fair value of these balances is considered to be materially equal to the carrying value, after taking into account potential impairment losses.

Share Capital

Ordinary shares issued by the Group are recognised at the proceeds or fair value received with the excess of the amount received over nominal value being credited to the share premium account. Direct issue costs, net of tax, are deducted from equity.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical accounting judgements and key sources of estimation uncertainty used in preparing the financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting judgements and estimates will, by definition, seldom equal the related actual results.

In the course of preparing the Annual Report and Financial Statements for the 16 months ended 31 January 2022, the Directors concluded that the Company continues to meet the definition of an investment entity based on the reassessment of the conditions listed under the basis of consolidation above.

Key Sources of Estimation Uncertainty

The valuation for Hotter as at 31 January 2022 is derived by adjusting the market capitalisation of Unbound Group plc on that date by all other assets and liabilities held by the Company, and the Company's liabilities include accrued transaction costs on its transition to Unbound and estimated costs provided for contracts which have become onerous as a direct result of the transition.

There is a risk that these costs could be different to the amounts estimated as at the year end, therefore causing adjustments to the carrying amounts of assets and liabilities within the next financial year. However, the Company has performed a detailed review of the cost estimates, many of which are based on either quotes from service providers or contractual amounts. Therefore, the Directors believe that any differences between actual and estimated costs would be immaterial.

Financial Calendar for 2022/23

Annual results announced	3 March 2022
Annual General Meeting	12 May 2022

Website and Unbound News via Email

For further information on share prices, regulatory news and other information, please visit www.unboundgroupplc.com.

If you would like to receive email notification of our announcements, please visit the Unbound website at www.unboundgroupplc.com/regulatory-news/ and "Subscribe to Unbound Group's News Alerts". Registering for email alerts will not stop you receiving Annual Reports or any other shareholder documents you have selected to receive by post or electronically.

Shareholder Enquiries

In the event of queries regarding your ordinary shareholding, contact the Company's Registrar, Equiniti Limited, which will be able to assist you with:

- > registered holdings;
- > balance queries;
- > lost certificates; and
- > change of address notifications.

Equiniti Limited's full details are provided on the inside back cover page or please visit www.equiniti.com.

If You Are an Existing Shareholder and Wish to Buy More/Sell Your Shares in Unbound:

An internet and telephone dealing service has been arranged through Equiniti, which provides a simple way for UK shareholders of Unbound to buy or sell Unbound's shares. For full details and terms and conditions simply log on to www.shareview.co.uk/dealing or call 0371 384 2351. Please note that lines are open 8.30am to 5.30pm (UK time) Monday to Friday (excluding public holidays in England and Wales).

The service is only available to shareholders of Unbound who hold shares in their own name, have a UK registered address and are aged 18 and over.

Shareview Dealing is provided by Equiniti Financial Services Limited. Equiniti Financial Services Limited is authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (FCA reference 468631). Equiniti Financial Services Limited is registered in England and Wales with number 6208699.

If You Are Not an Existing Shareholder:

If you are not an existing shareholder, we recommend you seek your own personal financial advice from an appropriately qualified independent adviser or alternatively contact your own broker. Unbound Group plc's shares are listed on the London Stock Exchange with the ticker "UBG".

Please Note:

The above information is not a recommendation to buy or sell shares. The value of shares and any income from them can fluctuate and you may get back less than the amount invested. If you have any doubt over what action you should take, please contact an authorised financial adviser.

Trading Information – Ordinary Shares

Listing	London Stock Exchange
ISIN	GB0003085445
SEDOL	0308544
Ticker/EPIC code	UBG
Bloomberg	UBGLN

Share Fraud Warning

We are aware that in the past a number of shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based brokers who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares. These operations are commonly known as boiler room scams.

Please be very wary of any such calls or correspondence. Ask for the name and organisation of the person calling you and check if they can be found on the Financial Conduct Authority ("FCA") Register. If they are not listed, please report it directly to the FCA using its consumer helpline (0800 111 6768). You may also wish to advise us by telephoning 020 3874 8300 or emailing investorrelations@unboundgroup.com.

It is very unlikely that either the Company or the Company's Registrar, Equiniti, would make unsolicited telephone calls to shareholders. Such calls would only relate to official documentation already circulated to shareholders and never be in respect of investment advice.

Please remember that if you use an unauthorised firm to buy or sell shares, you will not be eligible to receive payment under the Financial Services Compensation Scheme if things go wrong.

Glossary

AIF

Alternative Investment Fund. Unbound Group plc was an AIF as at 31 January 2022 but ceased to be one following its listing on AIM on 1 February 2022.

AIFM

Alternative Investment Fund Manager. The AIFM for Unbound Group plc as at 31 January 2022 was G10 Capital Limited ("G10"), which ceased its AIFM role following the Company's listing on AIM on 1 February 2022.

Basic and Diluted NAV

The NAV per share is calculated by dividing the Company's NAV by the number of ordinary shares in issue. There are no dilutive shares in the Company.

Commitments

Legal obligation to provide capital for future investment in a private equity fund or in relation to a single investment.

Earnings Multiple

This is normally referred to as a price-earnings ("P/E") ratio. It is the ratio of a company's valuation compared with its earnings.

EBITDA

Earnings before interest, tax, depreciation and amortisation. Often used to compare the profitability of similar companies.

Enterprise Value ("EV")

This is the aggregate value of a company's entire issued share capital and net debt.

Gearing

This is the level of a company's debt related to its equity capital and is usually expressed in percentage form. It shows the extent to which a company is funded by lenders as opposed to shareholders.

Investment Return

This is the aggregate of income and capital profits and losses from the investment portfolio. This is sometimes disclosed as portfolio return. This is a common measure used by investment companies.

Net Asset Value ("NAV")

This is the value of all the Company's assets minus current and long-term liabilities. It can also be referred to as "shareholders' funds".

NAV per Share

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing shareholders' funds by the total number of ordinary shares in issue. This is a common measure used by investment companies.

Unlisted Company

Any company whose shares are not listed or traded on a recognised stock exchange.

Contact Details

Unbound Group plc

Board of Directors

Neil Johnson (Chairman)
Ian Watson (Chief Executive Officer, appointed as a Director on 1 February 2022)
Dan Lampard (Chief Financial Officer, appointed as a Director on 1 February 2022)
Paul Goodson
Gavin Manson
Baroness Kate Rock (appointed on 1 November 2021)
Suki Thompson (appointed on 1 November 2021)
Linda Wilding

Registered Office

Registered in England: Company no. 00303062
17 Old Park Lane, London, England W1K 1QT

Telephone +44 (0)20 3874 8300
www.unboundgroupplc.com

Company Secretary and Administrator

Frostrow Capital LLP (to 12 May 2022)

25 Southampton Buildings, London, England WC2A 1AL
Telephone +44 (0)20 3008 4910

ONE Advisory Limited (from 12 May 2022)

3 Temple Avenue, Temple, London, England EC4Y 0DT
Telephone +44 (0)20 7583 8304

Registered Independent Auditor

Deloitte LLP

Hill House, 1 Little New Street, London, England EC4A 3TR

Corporate Brokers

Stifel Nicolaus Europe Limited

4th Floor, 150 Cheapside, London, England EC2V 6ET

HSBC

8 Canada Square, Canary Wharf, London, England E14 5HQ

Registrar and Transfer Office

Equiniti Limited

Aspect House, Spencer Road, Lancing, West Sussex, England BN99 6DA
Telephone (UK) 0371 384 2351*

Textel/hard of hearing line (UK) 0371 384 2255*

Telephone (overseas) +44 121 415 7047

* Lines open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).



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