ELECTRA

Electra Private Equity PLC

Half Year Report 2020

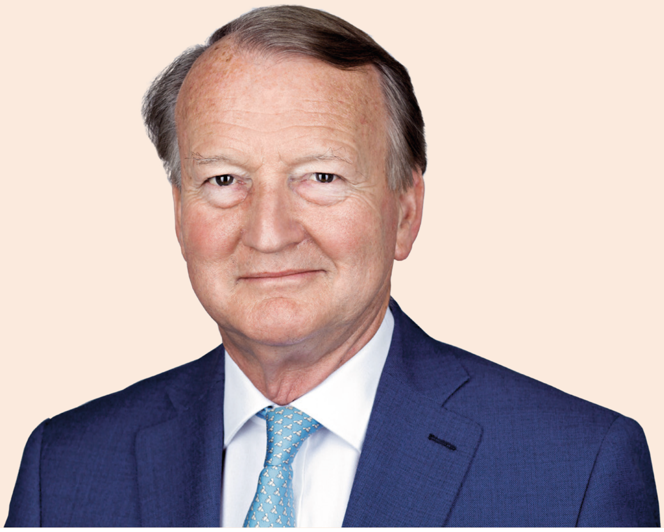
Contents

Electra Private Equity PLC ("Electra" or the "Company") is a private equity investment trust which has been listed on the London Stock Exchange since 1976. The Company is managed as an HM Revenue and Customs approved investment trust and invests primarily in the private equity mid-market. As at 31 March 2020, its net assets were £143 million or 373p per share.

Since 1 October 2016, the Company has distributed over £2.0 billion to shareholders through ordinary dividends, special dividends and a share buyback.

Investment objective and policy

- Electra's investment objective is to follow a realisation strategy, which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.
- The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.
- The Company will retain sufficient cash to meet its obligations and to support its portfolio assets, with cash from realisations being invested in AAA-rated money market funds, pending utilisation or return to shareholders.
- Should it be appropriate to utilise gearing in order to optimise the balance between timing of returning cash to shareholders and maximisation of value, the Company will maintain gearing below 40% of its total assets.



Whilst each of our portfolio businesses faces unprecedented challenges in the current year as a consequence of the Covid-19 pandemic, we are confident in the strength of our management teams and in their ability to navigate an optimal path through the current uncertainty whilst ensuring the safety of employees and customers. Our focus is now on ensuring that each of our portfolio businesses emerges from the situation as strong and resilient as possible, leaving us well positioned to recover and grow shareholder value and to continue to target the successful delivery of our strategy by the end of 2021.

In the calendar year 2019, each of our four larger remaining investments delivered improved EBITDA performance, together by a combined £5.0 million (16%) on 2018. Following the successful disposal of Special Product Company ("SPC") in December 2019, each of TGI Fridays ("TGI"), Hotter Shoes ("Hotter") and Sentinel Performance Solutions ("Sentinel") (over which we gained effective control in July 2019) entered 2020 with performance on an upward trajectory, strengthened management in place, and a clear plan for delivery of increased value towards a successful exit.

The improving trading performance of 2019 left each business with good cash resources when the significance of the threat of Covid-19 disruption emerged in March. As consumer businesses, both TGI and Hotter have been particularly impacted by the effect of store closures in lockdown. Support from the UK Government through the Coronavirus Job Retention Scheme and the Retail Rates Relief is pivotal in supporting these businesses to survive and continue to employ in excess of 4,500 UK employees.

Whilst the progress made to date in managing our portfolio companies through current disruption is encouraging, there remain many unknown factors over the degree to which businesses will be able to resume during phased recovery and the short, medium, and long-term impacts of Covid-19 on consumer confidence and behaviours. In these circumstances, the valuation of our investments as at 31 March 2020 carries significantly more uncertainty than previously. We consider the significantly reduced valuations reported to be reasonable given all the circumstances in effect as at 31 March 2020. However, we anticipate that the value of our portfolio businesses will recover as we emerge from Covid-19 disruptions adapted to future market conditions and opportunities. It should be noted that, in addition to uncertainty over the future performance of our businesses, our valuation process utilises the quoted market multiples of a basket of comparable companies for each investment, as at 31 March 2020, very shortly after the imposition of the UK lockdown. Taking the multiples as at 31 March 2020, in compliance with our usual valuation methodology, means that our valuations do not reflect the FTSE and global market recovery in April as some stability returned to the markets in light of clarification of governmental support for business and business actions in response to the situation. The impact of using market multiples as at 30 April rather than as at 31 March would have had the effect of increasing the reported net asset value by £16 million or 11%.

In this situation of heightened uncertainly, we are working with each of our portfolio companies to ensure that they emerge to face whatever the future holds in as strong a position as is possible both financially and strategically. This has resulted in the acceleration of a number of strategic initiatives that we believe will leave each business with increased resilience and the ability to adapt to future market conditions and opportunities.

Larger controlled assets: TGI (£119 million), Hotter (£3 million) and Sentinel (£6 million)

The valuations of TGI and Hotter, both consumer assets with significant UK retail exposure, have been materially impacted by the Covid-19 pandemic. With higher operational gearing and the risk inherent in its UK retail portfolio, the valuation of Hotter has been impacted the most, falling 91% to £3 million. The net reduction of 16% of our TGI valuation reflects a market-driven reduction of 30%, offset by 14% from performance improvements (LTM EBITDA). Whilst both businesses face significant challenges there is a path to delivering each business to the performance levels previously targeted.

The restructuring we initiated on taking effective control of Sentinel in July 2019 has been successful in allowing the new management team to make excellent progress, more than offsetting the more modest impact of the industrials market on valuation.

TGI Fridays: Following the successful management transition to Robert Cook's leadership in December 2019, TGI performed strongly in January and February 2020 with LFL sales at +3%, leaving LTM EBITDA at £27.7 million, and with plans in place for significant business developments to be implemented from April 2020.

On emergence of Covid-19, on 20 March 2020 TGI closed each of its 87 stores completely.

TGI entered March 2020 with £36 million of cash, and with "in lockdown" cash utilisation of £4 million per month after Government support and property rental deferrals of £2 million per month, has significant resilience as long as Government support through furlough arrangements continues to match trading restrictions.

TGI recommenced operations in 24 stores covering most UK population conurbations from 6 May for "click & collect" and deliveries. Initial levels of trade have been very encouraging. A further 12 stores will open for "click & collect" later in May and flexible plans are in place for phased reopening of all stores planned from July or when permitted. On reopening, TGI has followed and will continue to closely follow all aspects of Government guidance to ensure the safety and wellbeing of employees and customers.

With its physical store footprint, averaging over 6,860 sq ft, significantly larger than most restaurants/bars, TGI is well positioned to operate successfully with social distancing in effect. Peak capacity will be reduced by approximately 45%, however historical utilisation at close to capacity is limited to around 15% of the trading week and existing plans to extend periods of optimal utilisation will support the evolution and adaption of TGI's operating model for as long as is necessary.

TGI will maintain its sustainable site development plan and we will ensure that it is well positioned to optimise future performance and grow long-term value in what may be a very different market.

Hotter Shoes: In 2019, Hotter made significant progress both in delivering improved financial performance and in implementing the strategic initiatives necessary to optimise long-term performance and deliver a digitally focused, resilient and attractive business. The new CEO, Ian Watson, has built a management team capable of delivering the significant change necessary to improve Hotter's product offering and the structure and operations of the company.

A number of initiatives that will bring material customer focused and operational improvements have been delivered in recent months, and more, due for delivery in the coming months, are now being accelerated on a prioritised basis.

On emergence of Covid-19, Hotter ceased production in its UK factory in mid-March and closed its UK retail stores on 23 March. Hotter's digital sales channels in the UK and US have proved their resilience and the validity of our targeted business model during lockdown and have been crucial in generating the cash from summer inventory, necessary for short-term survival. The business cash position is now stable in "lockdown" circumstances, however, there remains a significant risk to the business on exit from lockdown, through the cost and working capital requirement of retail resumption with uncertain returns. Discussions with Hotter's retail employees and landlords are in progress with a view to acceleration of existing plans to right size the retail estate, now increasingly critical in finding a viable way forward.

Sentinel: Performance at Sentinel has improved significantly as a result of the changes implemented since Electra gained effective control in July 2019. Unproductive cost has been taken out of the business and the focus that came from simplification has allowed improved sales, margin and profitability.

Although still significant, due to normal seasonality the impact of Covid-19 on Sentinel has been less dramatic than on our consumer businesses. The new management team under CEO David Barrett has nonetheless taken action to optimise short-term resilience and accelerate the initiatives necessary for a strong resumption ahead of the key Q4 trading period. In the longer term, Sentinel is now well positioned for growth in its growing export markets as well as in the more mature UK market.

Other assets: combined valuation – £4.8 million

Other assets comprise an escrow interest following the SPC disposal in December 2019 and a small number of corporate, property and fund interests. We continue to work towards planned realisation of these investments.

Dividends

Following the £12 million Special Dividend to distribute the proceeds of asset sales in January 2020, and in light of the Covid-19 situation, no further distributions are scheduled. Since 1 October 2016, the distributions to our shareholders have totalled £2.0 billion and we will continue our policy of distribution of proceeds of significant asset realisations as they are achieved towards delivery of our realisation strategy.

In preparation for future disposals and distributions we are now proposing to proceed with a reduction of capital, creating an additional £158 million of distributable reserves within Electra Private Equity PLC. This, combined with future value creation, will create sufficient distributable reserves to allow us to distribute realisation proceeds up to our targeted level. We are announcing our intention to hold a General Meeting of shareholders on 19 June 2020 to consider this proposal, details of which are contained in a separate Shareholder Circular being published today. Should the proposal be accepted by shareholders we will proceed to seek court approval in mid-July 2020.

I would hope that many shareholders have enjoyed spending the TGI and Hotter gift cards we sent out with the Annual Report in January. Given the current constraints on using these vouchers we have extended the validity of the cards to the end of the calendar year. I hope that shareholders will continue to support our businesses coming out of this challenging period.

As indicated above, our portfolio company management teams are operating in unprecedented times. I thank each of them and their wider teams for their highly professional and effective efforts to optimise the resilience of our businesses and to ensure that each of them emerges as strongly as possible. Whilst the impact of current events on future trading and M&A activity is uncertain, with the actions we are taking we believe that we can continue to target final implementation of our realisation strategy on an attractive basis in the targeted timeframe.

Neil Johnson
Chairman
20 May 2020

Portfolio movement

Electra's investment portfolio decreased from £193 million to £133 million during the six months to 31 March 2020. The decrease resulted from net investments and realisations of £9 million and a portfolio valuation loss of £51 million.

Six months ended 31 March	**2020 £m**	2019 £m	2018 £m	2017 £m
Opening investment portfolio	**193**	267	358	1,696
Investments	**3**	8	11	4
Realisations	**(12)**	(118)	(36)	(1,067)
Investment return	**(51)**	18	(2)	246
Closing investment portfolio	**133**	175	331	879

	Investment fair value as at 30 September 2019 £m	Net investments/ (realisations) £m	Investment return £m	**Investment fair value as at 31 March 2020 £m**
Buyouts and co-investments				
TGI Fridays	142	–	(23)	**119**
Sentinel Performance Solutions	3	2	1	**6**
Hotter Shoes	33	–	(30)	**3**
Other	3	–	–	**3**
Total buyouts and co-investments	181	2	(52)	**131**
Special Product Company	9	(9)	1	**1**
Secondaries	1	–	–	**1**
Debt	2	(2)	–	**–**
Total non-core investments	12	(11)	1	**2**
Total portfolio investments	193	(9)	(51)	**133**

Realisations

Total realisations for the six months amounted to £12 million compared with £118 million in the corresponding period of the previous year.

Realisations During the six months ended 31 March	**2020 £m**	2019 £m
Photobox	**–**	96
Knight Square	**–**	21
Special Product Company	**9**	–
Other	**1**	1
Total buyouts and co-investments	**10**	118
Debt	**2**	–
Total realisations	**12**	118

TGI Fridays

The UK franchise of an American-themed restaurant chain providing a high energy and fun environment, with a wide demographic appeal.

Investment valuations

As at 31 March	2020 £m	2019 £m	2018 £m	2017 £m
Investment valuations	**119**	133*	150*	162*

* Adjusted for additional investments made after the previous period end.

Portfolio company performance

Year ended 31 December	LTM* £m	2018 £m	2017 £m
Sales (£m)	**217.4**	208.8	216.0
Operating profit (£m)	**17.6**	14.2	22.3
EBITDA (£m)	**27.7**	25.3	33.3
Return on capital employed (%)	**14.8%**	13.1%	11.0%

* Based on last 12 months ("LTM") unaudited management accounts.

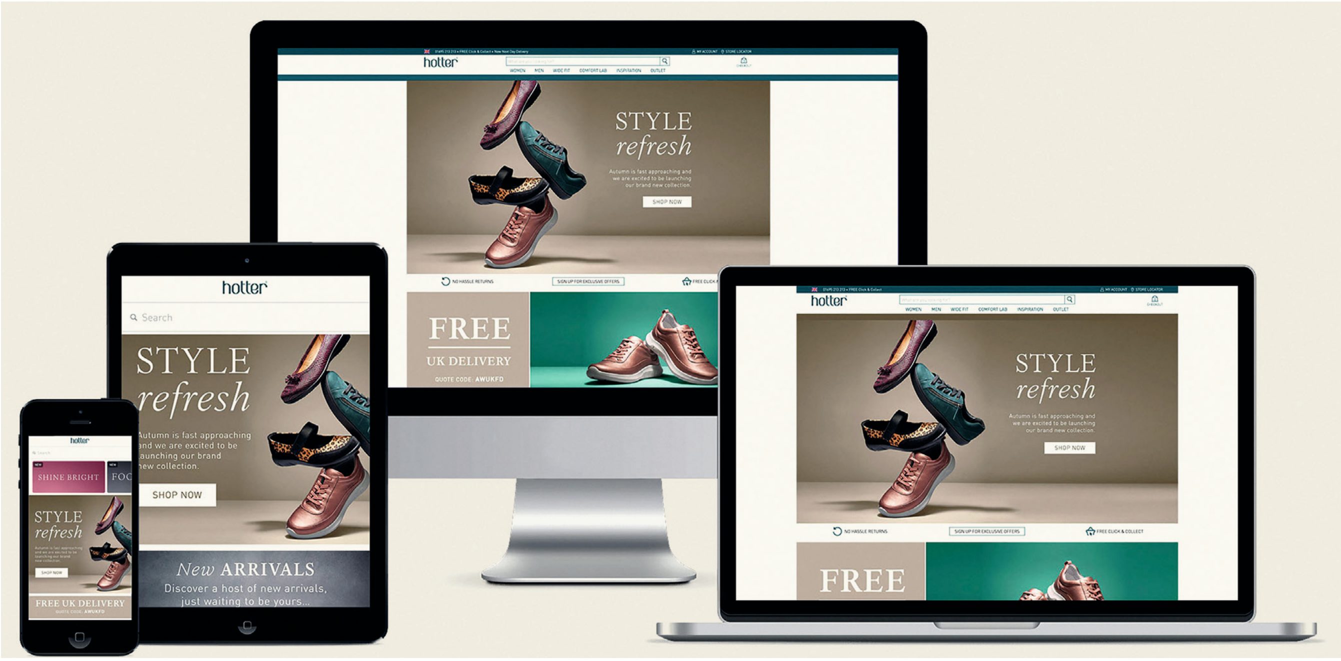
Over the last two to three years the casual dining market has been challenging, due primarily to a combination of oversupply and rising people and property costs. Whilst not being immune to these pressures, TGI has continued to outperform its peers through a combination of sustainable growth and focus on meeting customers' differentiated and experiential wishes.

Robert Cook joined TGI as CEO in December 2019 with a remit to build and lead a new management team to build on its success and to take TGI to the next level of customer satisfaction and performance in adapting to the evolving market opportunity and customer expectations. Following the successful management transition, a number of initiatives to enhance product quality and consistency with a reinvigorated customer experience are being implemented.

The Covid-19 pandemic resulted in all of TGI's 87 stores being closed on 20 March 2020 before a partial resumption on 6 May for "click & collect" and deliveries from 24 stores with plans in place for a phased reopening from July, or as early thereafter as is permitted. With an average footprint size of 6,860 sq ft, TGI's stores are significantly larger than most restaurants and bars. As such, whilst peak capacity will be constrained in the short term by social distancing requirements, through implementation of existing plans to spread demand beyond the approximately 15% of the week when demand is close to capacity, we are confident in a successful resumption.

The disruption to the market caused by Covid-19 on top of already challenging conditions will result in there being opportunities to acquire high quality sites for TGI stores. As a result, the two planned end of lease store closures later in 2020 have been accelerated and will not reopen. The two new store openings planned for H2 2020 have been rescheduled into H1 2021 and TGI will continue to actively pursue a sustainable store roll-out plan.

TGI is a profitable and highly cash generative business that we have maintained with modest leverage given its challenging markets. As such, having entered the close-down period with £36 million cash we are confident that TGI will emerge strongly and successfully navigate the evolving constraints and opportunities presented by macro Covid-19 exit strategies.



Hotter Shoes

The UK's largest shoe manufacturer with a strong focus on comfort and service.

Investment valuations

As at 31 March	**2020 £m**	2019 £m	2018 £m	2017 £m
Investment valuations	**3**	28	48*	47*

* Adjusted for additional investments made after the previous period end.

Portfolio company performance

Year ended 31 January	**LTM* £m**	2019 £m	2018 £m
Sales (£m)	**89.3**	93.0	100.8
Operating profit (£m)	**0.6**	0.6	5.0
EBITDA (£m)	**4.3**	3.6	9.5
Return on capital employed (%)	**19.2%**	3.4%	5.9%

* Based on last 12 months ("LTM") unaudited management accounts.

Hotter operates in the comfort footwear market primarily in the UK and US, where demographic changes offer significant opportunities for growth over the long term. In parallel, sales channel transition from physical retail and analogue "direct to consumer" to digital "direct to consumer" gives the opportunity for transformative operating efficiency improvements.

Following the assembly of a new management team led by Ian Watson in 2019, the business has accelerated the implementation of a digitisation strategy that will return Hotter to its direct marketing roots, with an updated model to focus on supplying its target demographic with product differentiated through comfort and fit, primarily through digital direct channels.

Whilst over 70% of profits already come from the direct channels in the UK and US, Hotter's strategy is to grow its direct business, particularly online, whilst over time reducing its UK retail footprint to a sustainable level.

Following the emergence of Covid-19 in March 2020, Hotter closed its UK factory early to minimise the production of summer inventory that it would be unable to sell through retail channels. Following the closure of its retail stores Hotter has continued to trade strongly online, generating the cash necessary to ensure short-term survival. Electra has planned for a contingent investment of £1 million to support strategic acceleration in Hotter planned in mid-2020.

The resumption from Covid-19 disruption presents Hotter with many challenges including the availability of raw materials, primarily from India, for autumn/winter production, however the biggest continuing threats are the cost and working capital requirements of operating its retail estate with uncertain returns, following erosion of its cash reserves during lockdown. Hotter is engaged with its retail employees and landlords in order to find a solution that will allow a smaller but more resilient business to emerge.

Sentinel Performance Solutions

A leading UK manufacturer of products to improve the performance of residential heating and hot water systems.

Investment valuations

As at 31 March	**2020 £m**	2019 £m	2018 £m	2017 £m
Investment valuations	**6**	4*	6	3

* Adjusted for additional investments made after the previous period end.

Portfolio company performance

Year ended 31 March	**LTM* £m**	2019 £m	2018 £m
Sales (£m)	**20.7**	19.0	19.7
Operating profit (£m)	**1.0**	(0.5)	2.0
EBITDA (£m)	**3.0**	1.2	3.1
Return on capital employed (%)	**24.6%**	(33.3)%	20.5%

* Based on last 12 months ("LTM") unaudited management accounts.

Electra initially invested in Sentinel in 2011, but despite being the majority shareholder Electra did not have effective control until July 2019, when it bought out a minority shareholder with retained control rights. The business lacked focus and had become over complicated and Electra quickly implemented changes in the management team and structure. David Barrett, a highly experienced industry professional, has been appointed CEO and we have implemented other key changes to simplify the management structure and wider organisation and to develop a culture of accountability and delivery. Upon taking full control, unproductive cost has been taken out of the business and the focus that came from simplification has allowed improved sales, margin and profitability.

The business operates in a mature UK market in which focus, agility and cost and operational efficiency are paramount, as well as in a number of international markets with the opportunity for growth, in which organisational structure and methodical planning and delivery are required. Recent changes have addressed both market groups and initial indications of progress are encouraging.

In December 2019, Electra invested £1.5 million into Sentinel to fund restructuring costs to support future profitability and growth. This commitment was reflected in our valuation as at 30 September 2019.

Whilst impacted by Covid-19 both through elements of its supply chain from China and Italy and through its key sales markets of UK, Italy and France, Sentinel has continued to trade at reduced levels throughout the Covid-19 disruption to date. In all markets sales have been focused on supplying engineers for repairs of key water systems. Whilst the timing of non-essential maintenance is flexible and constrained by the number of engineers operating, we anticipate a degree of catch-up on resumption of maintenance activity.

In taking control of Sentinel and making further investment in 2019, we are conscious of the need to deliver value to shareholders through an exit co-ordinated with our other remaining investments. Despite the disruption of Covid-19, we remain confident that this can be achieved, with Sentinel well positioned for continued growth in its export markets and to gain share in the UK.

In 2019 we took action to accelerate the delivery of improved performance and strategic implementation at each of our remaining investments. These actions allowed us to enter 2020 positively, with a strong expectation for the successful delivery of our realisation strategy by the end of 2021. Whilst the emergence of Covid-19 has significantly disrupted the operational plans for our portfolio companies in 2020 and the path to realisation may be different from that envisaged, we are increasingly confident in the strength of our new portfolio company management teams and continue to work actively towards successful realisation in line with our targeted timescale.

Investing activities

Following the development of our portfolio operational plans for the period leading to planned realisation, the remaining significant planned investments to support our portfolio were the £1.5 million investment in Sentinel in December 2019 and a contingent investment of £1 million to support strategic acceleration in Hotter planned in mid-2020.

Whilst the impact of the Covid-19 pandemic has been significant, particularly on our consumer businesses, our prudent financing strategy and the decisive crisis management of our portfolio teams have left the businesses well placed in the short term. Whilst both TGI and Hotter will face significant challenges in navigating the impact of the macro Covid-19 exit strategy, meeting the structural challenges of Hotter will be hardest to achieve. We are actively engaged in seeking to accelerate delivery of a smaller but more sustainable and resilient Hotter business. We believe that this is achievable but regrettably it will not be without pain.

Following the successful sale of the Special Product Company business in December 2019, our remaining interest in that company is a share of an escrow account deposit. We have reflected our risk assessed expectation of recovery in our portfolio valuation and, as the scale and degree of management input has now reduced significantly, have reclassified this interest within the non-core asset category.

In February 2020, Electra supported the Trustees of the Electra Private Equity Employee Benefit Trust in acquiring 600,000 ordinary shares in Electra at an average cost of £3.29 per share. The Trust acquired these shares to hedge against any pay out under the Executive Share of Value Plan ("SoVP").

Operating costs

Following the adoption of our realisation strategy, the Company undertook actions to reduce its recurring cash operating costs by 50%, to approximately £3 million p.a. To further reduce the operating costs, the Company relocated its head office to smaller premises in December 2019, saving £0.4 million p.a.

Fair value of the SoVP was recalculated as at 31 March 2020, following shareholder approval of the changes proposed at the Annual General Meeting ("AGM") on 26 February 2020. The revaluation resulted in a significant reduction in the fair value of the SoVP and consequently a £1 million accounting credit to the income statement in accordance with guidance under IFRS 2.

In light of the adoption of a wind-down strategy, we have considered the need for the provision of closure/wind-up costs under IAS 37, but have concluded that any such costs are unlikely to be material and that, as we anticipate continuing to generate shareholder value, operating costs should be reported normally until the targeted medium-term realisation of the portfolio investments is complete.

Analysis of movement in net asset value ("NAV") per share

NAV per share reduced by 175p due to the combination of the Special Dividend FY20 of 31p per share paid on 24 January 2020, decreases of 132p in investment valuations and expenses of 6p.

NAV per share	p
As at 1 October 2019	548
Capital losses and income	(132)
Expenses, FX and tax	(6)
Shares held under incentive schemes	(6)
Dividends paid	(31)
As at 31 March 2020	**373**

Net liquid resources

As at 31 March 2020, the Company held £1 million (2019: £3 million) of cash and £9 million (2019: £39 million) of money market fund investments.

Gearing

At 31 March 2020, Electra was ungeared at the Group level. Certain companies of the portfolio are funded in part by third-party debt.

Untraced shareholders

In light of our realisation strategy and following approval at the AGM in February, we have commenced a programme to seek to identify and contact shareholders with whom contact has been lost for in excess of 12 years. Should we be unable to contact any shareholders then the relevant shareholdings and related dividend payments will be cancelled. An update on the outcome of this process will be given at the full year results.

Reserves

In preparation for the delivery of the final stages of our realisation strategy, we are initiating a capital reduction process within Electra Private Equity PLC. A Shareholder Circular being issued today convenes a General Meeting on 19 June 2020 to cancel both the Share Premium Account and the Capital Redemption Reserve. If successful, this will increase the distributable reserves of the Company by £158 million. These reserves combined with existing distributable reserves and the impact of future value creation will facilitate the distribution of our targeted returns to shareholders. Should the proposal be approved by shareholders on 19 June an application to the court for ratification is scheduled for mid-July 2020.

Gavin Manson
Chief Financial and Operating Officer
20 May 2020

Consolidated Income Statement (Unaudited)

For the six months ended 31 March	Note	**Revenue £m**	**Capital £m**	**2020 Total £m**	Revenue £m	Capital £m	2019 Total £m
Investment income		**–**	**–**	**–**	–	–	–
Investment (losses)/gains	6	**–**	**(51)**	**(51)**	–	17	17
Other expenses	2	**(1)**	**–**	**(1)**	(5)	–	(5)
Reclassification of losses on foreign exchange translation previously recognised in equity reserves		**–**	**–**	**–**	–	(1)	(1)
Net (loss)/profit before tax		**(1)**	**(51)**	**(52)**	(5)	16	11
Tax		**–**	**–**	**–**	–	–	–
(Loss)/profit on ordinary activities after tax attributable to owners of the Group		**(1)**	**(51)**	**(52)**	(5)	16	11
Basic and diluted (losses)/earnings per share (p)	5	**(1.78)**	**(134.23)**	**(136.01)**	(14.24)	41.03	26.79

The "Total" columns of this statement represent the Group's Consolidated Income Statement prepared in accordance with International Financial Reporting Standards adopted by the EU ("IFRS"). The supplementary "Revenue" and "Capital" columns are both prepared under guidance published by the Association of Investment Companies.

Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 31 March	**2020 £m**	2019 £m
(Loss)/profit for the period	**(52)**	11
Items that are reclassified to profit or loss		
Reclassification adjustments on foreign operations	**–**	1
Total other comprehensive income	**–**	1
Total comprehensive (loss)/income attributable to owners of the Group	**(52)**	12

All activities represent continuing operations. The accompanying notes on pages 15 to 24 are an integral part of the Half Year Report.

Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 31 March 2020	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
As at 1 October 2019		9	123	35	–	(12)	55	210
Net loss during the period		–	–	–	–	(51)	(1)	(52)
Share-based payments	7	–	–	–	–	–	(1)	(1)
Purchase of shares held under incentive schemes	10	–	–	–	(2)	–	–	(2)
Dividends	8	–	–	–	–	(12)	–	(12)
As at 31 March 2020		**9**	**123**	**35**	**(2)**	**(75)**	**53**	**143**

For the six months ended 31 March 2019	Note	Called up share capital £m	Share premium £m	Capital redemption reserve £m	Own shares held £m	Translation reserve £m	Capital reserve £m	Revenue reserve £m	Total equity £m
As at 1 October 2018		9	123	35	(1)	5	111	60	342
Net profit/(loss) during the year		–	–	–	–	–	17	(5)	12
Other comprehensive loss – foreign currency translation differences		–	–	–	–	1	(1)	–	–
Total comprehensive income/(loss) during the year		–	–	–	–	1	16	(5)	12
Ordinary shares held under employee share option plan	10	–	–	–	1	–	–	–	1
Dividends	8	–	–	–	–	–	(160)	–	(160)
As at 31 March 2019		9	123	35	–	6	(33)	55	195

The accompanying notes on pages 15 to 24 are an integral part of the Half Year Report.

Consolidated Balance Sheet (Unaudited)

	Note	31 March 2020 £m	30 September 2019 £m	31 March 2019 £m
Non-current assets				
Investments held at fair value	6	**133**	182	175
		133	182	175
Current assets				
Investments held at fair value	6	**9**	17	39
Assets held for sale		**–**	11	–
Trade and other receivables		**1**	–	–
Current tax asset		**–**	1	1
Cash and cash equivalents		**1**	1	3
		11	30	43
Current liabilities				
Trade and other payables	9	**(1)**	(1)	(23)
		(1)	(1)	(23)
Total assets less current liabilities		**143**	211	195
Non-current liabilities				
Provisions for liabilities and charges		**–**	(1)	–
		–	(1)	–
Net assets		**143**	210	195
Capital and reserves				
Called up share capital	10	**9**	9	9
Share premium		**123**	123	123
Capital redemption reserve		**35**	35	35
Own shares held		**(2)**	–	–
Translation reserve		**–**	–	6
Capital reserve		**(75)**	(12)	(33)
Revenue reserve		**53**	55	55
Total equity		**143**	210	195
Basic and diluted net asset value per share (p)	11	**372.51**	548.43	509.43
Number of ordinary shares in issue	10	**38,282,763**	38,282,763	38,282,763

The accompanying notes on pages 15 to 24 are an integral part of the Half Year Report.

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

Neil Johnson
Chairman
20 May 2020

Gavin Manson
Chief Financial and Operating Officer
20 May 2020

Electra Private Equity PLC

Company Number: 00303062

Consolidated Cash Flow Statement (Unaudited)

For the six months ended 31 March	**2020 £m**	2019 £m
Operating activities		
Purchase of trading investments	**(12)**	(123)
Sale of trading investments	**27**	258
Dividends and distributions received	**2**	1
Interest income received	**–**	8
Expenses paid	**(3)**	(5)
Cash generated from operations	**14**	139
Tax refunded	**1**	1
Net cash inflow from operating activities	**15**	140
Financing activities		
Dividends paid	**(12)**	(140)
Purchase of shares held under incentive schemes	**(2)**	–
Repayment of lease liabilities	**(1)**	–
Net cash used in financing activities	**(15)**	(140)
Net decrease cash and cash equivalents	**–**	–
Cash and cash equivalents at 1 October	**1**	3
Cash and cash equivalents at 31 March	**1**	3

The accompanying notes on pages 15 to 24 are an integral part of the Half Year Report.

1. Segmental analysis

The Group operates a single business segment for reporting purposes and is managed as a single investment company, with multiple investment categories including buyouts and secondaries. Reporting provided to the Board of Directors is on an aggregated basis.

Following the disposals of SPC (US) and HC Starck (EU) during the period, the remaining portfolio of investments is predominantly based in the United Kingdom.

2. Other expenses

For the six months ended 31 March	**2020 £m**	2019 £m
Administrative expenses	**1**	3
Exceptional expenses (see below)	**–**	2
Total other expenses	**1**	5

Exceptional expenses for the six months ended 31 March	**2020 £m**	2019 £m
Strategic review	**–**	1
Corporate rationalisation	**–**	1
Total exceptional expenses	**–**	2

Administrative expenses for the current reporting period include a £1 million reversal of cumulative expenses previously charged on the Executive Share of Value Plan ("SoVP"), as a result of the latest revaluation of the scheme. Refer to Note 7 for further details. The amount on corporate rationalisation for the six months ended 31 March 2019 included redundancy costs incurred on downsizing the Company's head office.

3. Right-of-use assets

	Office building £m
Balance as at 1 October 2019	–
Adjustment on transition to IFRS 16	1
Additions	–
Disposals	(1)
Depreciation	–
Balance as at 31 March 2020	–

The Company leases the property for its head office. Prior to the adoption of IFRS 16 on 1 October 2019, the lease was recognised as an operating lease and the related rental expenses were recognised in "other expenses" in the Consolidated Income Statement.

The head office property is the only right-of-use asset in the Company and, 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 £370,000, which is depreciated over its lease term, in accordance with the Company's accounting policy.

4. Lease liabilities

In accordance with IFRS 16, a corresponding liability of £370,000 was recognised when the office lease was entered into. The cash commitment amounts to £80,000 in the first year and £160,000 for each of the remaining two years. Interest charge is calculated at an effective interest rate of 3.4%, totalling £20,000 over the three-year lease term and charged in the Consolidated Income Statement.

5. (Losses)/earnings per share

	Basic and diluted	
For the six months ended 31 March	**2020**	2019
Net revenue losses (£m)	**(1)**	(5)
Net capital (losses)/gains (£m)	**(51)**	16
Total (losses)/earnings	**(52)**	11
Revenue loss per share (p)	**(1.78)**	(14.24)
Capital (losses)/gains per share (p)	**(134.23)**	41.03
Total (losses)/earnings per share (p)	**(136.01)**	26.79

There were no dilutive shares in the Company during the six months ended 31 March 2020 and 31 March 2019. The weighted average number of ordinary shares in issue was 38,282,763 (2019: 38,282,763).

6. Financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including interest risk and price risk), credit risk and liquidity risk.

The condensed consolidated half year accounts do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 30 September 2019. There have not been any changes in the risk management policies and procedures since the year end.

The unlisted financial assets held at fair value are valued in accordance with the principles of valuation of unlisted equity investments as detailed in basis of accounting and significant accounting policies (Note 15).

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. This requires the Group to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the 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, and all fair value measurements disclosed are recurring fair value measurements. There has been no transfer between levels for the six months ended 31 March 2020 or 31 March 2019.

Financial assets at fair value through profit or loss

As at 31 March 2020	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Listed and unlisted investments	**9**	**–**	**133**	**142**

As at 31 March 2019	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Listed and unlisted investments	39	–	175	214

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

No financial instruments held by the Group or Company are classified within Level 2.

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

The main inputs into the Group's valuation models for private equity investments are EBITDA multiples (based on the rolling 12-month EBITDA and EBITDA multiples of comparable listed companies), quality of earnings assessments, assessments of third-party external debt, comparability difference adjustments, cost of capital adjustments and probabilities of default.

In accordance with the Group's policy, appropriate comparable public companies based on industry, size, developmental stage, revenue generation and strategy are determined and a trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable group by its EBITDA. The trading multiple is then adjusted for considerations such as illiquidity, other differences, advantages and disadvantages between the Group's portfolio company and the comparable public companies based on company specific facts and circumstances.

The value of private equity funds is primarily based on the latest available financial/capital account statement of the private equity fund. As at 31 March 2020, less than 1% (2019: 1%) of financial assets at fair value comprise investments in private equity funds. These investments are not publicly traded and prior to maturity an exit can only be made by the Company through a sale of its investment and commitment through a secondary market. The carrying values of the private equity funds may be significantly different from the values ultimately realised on an exit via a secondary market sale.

6. Financial instruments continued

Financial assets at fair value through profit or loss continued

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

	Level 1		Level 3	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Opening balance	**17**	72	**193**	267
Purchases	**9**	114	**3**	8
Realisations	**(17)**	(147)	**(12)**	(118)
(Decrease)/increase in valuation	**–**	–	**(51)**	18
As at 31 March	**9**	39	**133**	175

Realisations in the tables above include interest and distributions received from investments. 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 loss for the six months ended 31 March 2020 was £51 million (2019: gain of £58 million).

The tables below present those investments in portfolio companies whose fair values are recognised in whole or in part using valuation techniques based on assumptions that are not supported by prices or other inputs from observable current market transactions in the same instrument and the effect of changing one or more of those assumptions behind the valuation techniques adopted based on reasonable possible alternative assumptions. The sensitivity thresholds have been determined based on the average of historical changes in each type of unobservable input. The fair value of investments in the tables below excludes any assets recognised as held for sale as at the reporting date.

Description	**Fair value as at March 2020 £m**	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/-	Change in valuation +/- £m
Consumer goods and services	**123**	Comparable trading multiples	EBITDA multiple	7.9x	2x	34/(34)
			Comparability difference adjustment	33%	5%	(6)/6
Property	**3**	Yield	Yield %	8%	1%	–
Business services	**6**	Comparable trading multiples	EBITDA multiple	10.7x	1x	1/(1)
			Comparability difference adjustment	50%	5%	(1)/1
Private equity funds	**1**	NAV valuation	NAV	n/a	5%	–
Total	**133**					

6. Financial Instruments continued

Financial assets at fair value through profit or loss continued

Description	Fair value as at March 2019 £m	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/-	Change in valuation +/- £m
			EBITDA multiple	10.2x	1x	22/(22)
Consumer goods and services	160	Comparable trading multiples	Comparability difference adjustment	26%	5%	(15)/15
Property	3	Yield	Yield %	8%	1%	–
			EBITDA multiple	14.1x	1x	1/(1)
Business services	11	Comparable trading multiples	Comparability difference adjustment	55%	5%	(1)/1
Private equity funds	1	NAV valuation	NAV	n/a	5%	–
Total	175					

7. Share-based payments

The Group operates an Executive Share of Value Plan ("SoVP"), which is designed to provide long-term incentives for senior management and Executive Directors of the Group to deliver long-term shareholder returns. The SoVP scheme was introduced in April 2018 to be a one-off award and, in respect of its participants, has replaced the Long-Term Incentive Plan ("LTIP") and the Annual Bonus Plan for future awards for the duration of the performance period. The SoVP scheme was originally recognised as an equity settled share-based payment based in accordance with IFRS 2.

To fundamentally align the interests of Executive Directors and shareholders in light of the Company's revised investment policy and objective, some changes to the key terms under the SoVP were approved by shareholders at the Annual General Meeting ("AGM") on 26 February 2020. These changes are listed in the table below and are recognised as modifications to the scheme with accounting impacts applied prospectively.

Details of terms under the original SoVP scheme are as follows:

Grant date	12 April 2018
Number of unit awards granted	100,000
Fair value on grant date	£1,999,000
Performance period	31 December 2020
Vesting conditions	1. Continued services over the vesting period. 2. NAV growth in excess of NAV threshold plus cumulative distributions over a normal measurement period of 1 January 2018 to 31 December 2020.
Change in corporate control and other corporate events	All unvested awards shall vest on date of such event, at the discretion of the Group Remuneration Committee.
Settlement method	Equity settled, with option of a cash alternative determined by the Group Remuneration Committee.

Changes to key terms under the SoVP scheme are as follows:

Performance period	Extended to 31 December 2021
Vesting conditions	Continued services over the vesting period remains mandatory. However, in order to provide an incentive not only to optimise NAV, but also to realise value for shareholders, the NAV-based threshold and target have now replaced with threshold and targets based on shareholder values over the measurement period.
Settlement method	Cash

Following the changes above, the SoVP scheme is now recognised as a cash settled share-based payments. Cost of the SoVP is recognised as an expense and instead of a corresponding increase in the share-based payment reserve, the Company now accrues a liability until the end of the vesting period. Upon this modification, the £1 million share-based payment reserve was reclassified into the revenue reserve and replaced with a £7,000 liability in the Consolidated Balance Sheet.

7. Share-based payments continued

Fair value of the SoVP was revalued as at 31 March 2020 and decreased significantly to £151,000, driven by the sharp drops in the global equity markets. In determining the fair value of the SoVP scheme, the Group employed the stochastic model with the following key variable inputs:

- Risk-free rate: 0.12%
- Discount rate: 8.00%
- Expected future dividends: assumed nil
- Expected volatility: 37.81%

The probability of achieving the performance condition is calculated based on the average of 100,000 simulations produced by the model as a percentage of the maximum value that can be delivered under the SoVP.

For both schemes, expenses are recognised over the period in which vesting conditions are fulfilled. No expense is recognised for awards that do not ultimately vest. The significant reduction in the fair value of the SoVP resulted in a £1 million accounting credit (2019: expense of £1.2 million, including the accelerated charge of £0.7 million on the LTIP) to the income statement in accordance with guidance under IFRS 2. Refer to Note 2 for further details.

8. Dividends

For the six months ended 31 March	**2020 £m**	2019 £m
Second Special Dividend FY19 (54p per share)	**–**	21
First Special Dividend FY19 (365p per share)	**–**	140
Special Dividend FY20 (31p per share)	**12**	–
	12	161

9. Trade and other payables

Trade and other payables consist of accrued expenses and supplier invoices received but not settled as at 31 March 2020. The amount as at 31 March 2019 included the £21 million second Special Dividend FY19 paid on 12 April 2019.

10. Called up share capital and reserves

The Company has 38,282,763 (2019: 38,282,763) of allotted, called up and fully paid ordinary shares of 25p each, totalling £9 million as at 31 March 2020 (2019: £9 million). There have been no movements on the Company's share capital during the six months ended 31 March 2020 and 31 March 2019.

Own shares held

Own shares held are shares purchased by the Company's Employee Benefit Trust (the "Trust") in relation to incentive schemes operated by the Company. During the period, the Trust purchased 600,000 shares in the open market to hedge potential pay-outs under the SoVP scheme. This increased the number of shares held by the Trust to 690,481 as at 31 March 2020 (2019: 90,481), which are held at a cost of £2,425,831 (2019: £385,985) in the Consolidated Balance Sheet.

Capital reserve

The capital reserve includes the realised capital reserve, which is the accumulated gains and losses on the realisation of investments and the 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.

11. NAV per ordinary share

The basic NAV per share is calculated by dividing the NAV of £143 million (2019: £195 million) by the number of ordinary shares in issue, amounting to 38,282,763 (2019: 38,282,763). There were no dilutive shares during the six months ended 31 March 2020 and 31 March 2019.

12. 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.

Sherborne

Sherborne Investors Management LP ("Sherborne") serves 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, serves as a Non-Executive Director in the Company. Under the terms of its contract with the Company, Directors appointed by Sherborne have waived their fees but are entitled to be reimbursed for all reasonable expenses. In the six months ended 31 March 2020, the Group paid Sherborne £22,516 (2019: £24,043) as reimbursement for Mr Welker's travel and subsistence costs. The outstanding amount payable by the Group to Sherborne as at 31 March 2020 was £nil (2019: £16,263).

13. Capital commitments and contingencies

There were no outstanding capital commitments or contingent liabilities as at 31 March 2020.

14. Post balance sheet event

Market multiples for valuation of the Company's investments recovered subsequent to 31 March 2020, as global markets responded to Covid-19 related measures and assistance introduced by Governments around the world. If market multiples as at 30 April 2020, the latest practicable date, were applied, the valuations of the Company's three largest assets, TGI, Hotter and Sentinel, would have increased by £16 million or 12% from the reported valuations in this report.

There have been no other events with material impact on the Company since the balance sheet date.

15. Basis of accounting and significant accounting policies

The Half Year Report is unaudited and does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

The statutory financial statements for the year ended 30 September 2019, which were prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditor's opinion on those financial statements was unqualified and did not contain a statement made under section 498(2) or section 498(3) of the Companies Act 2006.

The condensed consolidated interim financial statements comprise the Consolidated Balance Sheets as at 31 March 2020, 30 September 2019 and 31 March 2019; the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the six months ended 31 March 2020 and 31 March 2019, and the related notes hereinafter, collectively referred to as "financial information".

The condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority, IAS 34 and the principal accounting policies and key estimates set out in the Annual Report for the year ended 30 September 2019 which is available on Electra's website (www.electraequity.com).

Following the announcement in October 2018 that the Board would conduct a managed wind-down of the Group's portfolio, and consistent with the financial statements for the years ended 30 September 2018 and 30 September 2019, the condensed consolidated interim financial statements for the six months ended 31 March 2020 have been prepared on a basis other than that of a going concern. However, the Company will be able to continue in operation and meet its liabilities as they fall due in the foreseeable future. There have been no changes to the basis of recognition, which remains the historical cost basis of accounting, modified to include the revaluation of certain assets at fair value, as disclosed in the principles of valuation of investments (Note 15 on page 21). The Group continues to value its financial assets on the basis disclosed in this note. The timeframe envisaged for the managed wind-down of the portfolio does not affect the valuation of assets or liabilities on the Company's balance sheet. As at 31 March 2020, no contractual commitments had become onerous and therefore no provisions for wind-down costs have been made. Any future costs relating to terminating the business of the entity will be provided for when the entity becomes obligated to make such payments.

Application of new standards

With effect from 1 October 2019, the Company has adopted IFRS 16 Leases on its leased property for its head office. As the lease on the Company's office was entered into during the six months ended 31 March 2020, IFRS 16 was adopted from the lease commencement date. Full details of the assets and liabilities, as well as the depreciation and interest charges, are disclosed in Notes 3 and 4.

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.

15. Basis of accounting and significant accounting policies continued

Principles of valuation of investments

(i) General

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.

The Group tests its valuation techniques using a tool known as "calibration". This compares the inputs and assumptions used in estimating fair value on the reporting date to those used on previous reporting dates and to those underlying the initial entry price of an investment in order to ensure that the inputs and assumptions used on the reporting date are consistent with those used previously.

In general, the Group will determine the enterprise value of the investee company in question using one of a range of valuation techniques; adjust the enterprise value for factors that would normally be taken into account such as surplus assets, excess liabilities or other contingencies or relevant factors; and apportion the resulting amount between the investee company's relevant financial instruments according to their ranking and taking into account the effect of any instrument that may dilute the economic entitlement of a given instrument.

(ii) Unlisted equity investments

In respect of each unlisted investment 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.

Multiple

Typically, the Group uses an earnings multiple technique. This involves the application of an appropriate and reasonable multiple to the maintainable earnings of an investee company.

The Group usually derives a multiple by reference to current market-based multiples, reflected in the market valuations of quoted comparable companies or the price at which comparable companies have changed ownership. Differences between these market-based multiples and the investee company being valued are reflected by adjusting the multiple for points of difference which might affect the risk and earnings growth prospects which underpin the earnings multiple. Such points of difference might include the relative size and diversity of the entities, rate of earnings growth, reliance on a small number of key employees, diversity of product ranges, diversity and quality of customer base, level of borrowing and any other reason the quality of earnings may differ.

In respect of maintainable earnings, the Group usually uses earnings for the most recent 12-month period adjusted, if necessary, to represent a reasonable estimate of maintainable earnings. Such adjustments might include exceptional or non-recurring items, the impact of discontinued activities and acquisitions, or forecast material changes in earnings.

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.

(iii) Fund investments

In determining the fair value of investments in funds, the net asset value of the fund as reported by the manager is used as the starting point. The Group may make adjustments to the reported net asset value to reflect, for example, purchases and sales occurring between the fund's measurement date and the reporting date, or any other facts or circumstances which might impact the fair value of the fund.

(iv) Money market investments

Investments in money market funds are held at the current fair value of the units invested.

(v) Accrued income

Accrued income is included within investment valuations.

15. Basis of accounting and significant accounting policies continued

Cash and cash equivalents

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.

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 presentational and functional currency is Pounds 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. Foreign exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Consolidated Income Statement.

Investment income

Dividends receivable from equity shares are accounted for on the ex-dividend date or, where no ex-dividend date is quoted, are accounted for 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. Income distributions from limited partnership funds are recognised when the right to distribution is established.

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 Consolidated Income Statement.

Exceptional expenses

Exceptional expenses are those items that are material either because of their size or their nature and are presented within their relevant Consolidated Income Statement category, disclosed separately in Note 2.

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.

15. Basis of accounting and significant accounting policies continued

Taxation

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 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.

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 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.

Share-based payments

The Company operates two long-term incentive plans, both of which meet the definition of share-based payments under IFRS 2. Where appropriate, share-based payments are measured at fair value on grant date, which is estimated using commonly used and accepted models. The cost of share-based payments is spread over the period until the awards vest and is recognised as an expense in the income statement with a corresponding increase either in the equity reserves for schemes recognised as equity settled or in liabilities for schemes recognised as cash settled. Where share-based payments have market vesting conditions, the full charge is recognised irrespective of the conditions being met, provided all other performance and/or service conditions are satisfied.

15. Basis of accounting and significant accounting policies continued

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 Half Year Report for the six months ended 31 March 2020, 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 in the Annual Report and Financial Statements for the year ended 30 September 2019.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty in the reporting year, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Financial assets fair value measurements

Unquoted assets are measured at fair value in accordance with IFRS 13 and the IPEV Guidelines for financial reporting purposes. Judgement is required in order to determine the appropriate valuation methodology and subsequently in determining the inputs into the valuation model used. These judgements include making assessments of the future earnings potential of portfolio companies, appropriate earnings multiples to apply, and adjustments to comparable multiples. As discussed in the Chairman's Statement and CFOO's Review of this report, there remain many unknown factors over the degree to which businesses will be able to resume during phased recovery and the short, medium, and long-term impact of Covid-19 on consumer confidence and behaviours. In these circumstances, the valuation of our investments as at 31 March 2020 carries significantly more uncertainty than previously.

The Group's Board of Directors has set up a Valuations Committee, which is chaired by a Non-Executive Director, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses internal experts to perform the valuation. The Valuations Committee works closely with the internal expert and G10 Capital Limited to establish the appropriate valuation techniques and inputs to the model.

The Chairman of the Valuations Committee reports its findings to the Group's Board of Directors every six months to explain the cause of fluctuations in the fair value of the assets and liabilities.

Sensitivity analysis on key sources of estimation has been disclosed in Note 6. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above in this Note.

Independent Review Report to Electra Private Equity PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2020 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the related Notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 15, the annual financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Emphasis of matter – financial statements prepared other than on a going concern basis

We draw attention to Note 15 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our conclusion is not modified in respect of this matter.

Deloitte LLP
Statutory Auditor
London, United Kingdom
20 May 2020

Current and future development

A review of the main features of the six months to 31 March 2020 is contained in the Chairman's Statement and Portfolio Review.

Performance

A detailed review of performance during the six months to 31 March 2020 is contained in the Portfolio Review.

Risk management

The Company has put in place an Investment Management Agreement with G10 for the provision of risk management services as required by the AIFMD rules. The Manager has oversight of risk management and the ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with AIFMD.

The principal risks facing the Company are considered by the Board to be portfolio diversification risk, strategy implementation risk, investment risk, solvency and liquidity risk, macroeconomic risk, valuation risk, operational risk, gearing risk, foreign currency risk, and cash drag risk, as set out in the Company's Annual Report and Financial Statements for the year ended 30 September 2019 along with the risks detailed in Note 18 of the notes to the financial statements for the same year. The principal risks have not changed significantly since the year end.

Related party transactions

Details of related party transactions for the six months ended 31 March 2020 are disclosed in Note 12.

Going concern

Consistent with the year ended 30 September 2019, the Half Year Report is prepared on a basis other than going concern, as the Company is in a managed wind-down. However, the Company will be able to continue in operation and meet its liabilities as they fall due in the foreseeable future.

Forward-looking statements

Certain statements in this Half Year Report are forward-looking. Although the Company believes that the expectations in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Company undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Responsibility Statement

The Directors confirm to the best of their knowledge that:

a) The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union.

b) The Half Year Report includes a fair review of the information required by:

   (i) DTR 4.2.7 of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

   (ii) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

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

Neil Johnson
Chairman
20 May 2020

Information for Shareholders

Financial calendar for 2019/20

Half year results announced	May 2020
Annual results announced	December 2020
Annual General Meeting	February 2021

Website and Electra news via email

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

If you would like to receive email notification of our announcements, please visit the Electra website at www.electraequity.com and click on the "Sign up to our email alerts" logo on the website's home-page. 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 page 32 or please visit www.equiniti.com.

If you are an existing shareholder and wish to buy more/sell your shares in Electra:

An internet and telephone dealing service has been arranged through Equiniti, which provides a simple way for UK shareholders of Electra to buy or sell Electra's shares. For full details and terms and conditions simply log onto 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 Electra who hold shares in their own name, with a UK registered address, who 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 12 Endeavour Square, London E20 1JN (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. Electra Private Equity PLC's shares are listed on the London Stock Exchange with the ticker "ELTA".

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	ELTA
Bloomberg	ELTALN
Reuters	ELTAL

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 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 IR@electrapeplc.com.

It is very unlikely that either the Company or the Company's Registrars, 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.

Other useful websites

LPeC

LPeC is a group of private equity investment trusts and similar vehicles listed on the London Stock Exchange and other major European stock markets, formed to raise awareness and increase understanding of listed private equity.

LPeC provides information on private equity in general, and the listed sector in particular, undertaking and publishing research and working to improve levels of knowledge about private equity among investors and their advisers.

For further information visit www.listedprivatecapital.com.

Association of Investment Companies ("AIC")

The AIC is the trade organisation for closed-ended investment companies. The AIC represents a broad range of closed-ended investment companies, including investment trusts, offshore investment companies and venture capital trusts which are traded on the London Stock Exchange, Alternative Investment Market, Special Financials Market, Euronext and the Channel Islands Stock Exchange.

For further information visit www.theaic.co.uk.

British Private Equity & Venture Capital Association ("BVCA")

The BVCA is the industry body and public policy advocate for the private equity and venture capital industry in the UK. The BVCA's aim is to aid understanding around the activities of its members, and promote the private equity and venture capital industry to entrepreneurs and investors as well as to the Government, the EU, trade unions, international media and the general public. It communicates the industry's impact and reinforces the crucial role its members play in the global economy as a catalyst for change and growth.

For further information visit www.bvca.co.uk.

Glossary

AIF
Alternative Investment Fund. Electra Private Equity PLC is an AIF.

AIFM
The Alternative Investment Fund Manager ("AIFM") for Electra Private Equity PLC is G10 Capital Limited ("G10").

AIFMD
Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament.

Basic and diluted NAV
The audited 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 to its earnings.

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

EBITA
Earnings before interest, tax and amortisation.

EBITDA margin
EBITDA expressed as a percentage derived by dividing EBITDA by net sales.

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.

Listed company
Any company where the shares are freely tradable and are listed or traded on a recognised stock exchange.

LTM
Last twelve months.

Net asset value ("NAV")
This is the value of all the Company's assets minus current and long-term liabilities. 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.

NAV total return

The total return to shareholders is the aggregate of income and capital profits of the investment portfolio for the period less all costs. It can be expressed as a percentage of the opening position. This is a common measure used by investment companies.

	Six months to 31 March		Three years to 31 March	
Reported under IFRS	**2020**	2019	**2020**	2019
Dividend per share (p)	**31**	419	**4,915**	5,038
Decrease in NAV per share (p)	**(175)**	(383)	**(5,171)**	(3,896)
Total return (p)	**(144)**	36	**(256)**	1,142
Opening NAV per share (p)	**548**	892	**5,544**	4,405
NAV total return	**(26)%**	4%	**(5)%**	26%

Return on capital employed ("ROCE")

ROCE is the EBITA divided by capital employed. ROCE has been used to compare the efficiency with which the portfolio companies employ their capital.

Total shareholder return ("TSR")

This is the total returns delivered by the Company through a combination of dividends distributed to shareholders and share price performance. This is expressed as a percentage, calculated by dividing the dividend adjusted closing share price by the opening share price.

	Six months to 31 March		Three years to 31 March	
Reported under IFRS	**2020**	2019	**2020**	2019
Closing share price (p)	**187**	325	**187**	325
Dividends paid (p)	**31**	444	**4,915**	5,038
Dividend adjusted closing share price (p)	**218**	769	**5,102**	5,363
Opening share price (p)	**332**	880	**4,951**	3,476
Total shareholder return	**(34)%**	(13)%	**3%**	54%

Unlisted company

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

Contact Details

Electra Private Equity PLC

Board of Directors

Neil Johnson (Chairman)
Paul Goodson
David Lis
Gavin Manson (Chief Financial and Operating Officer)
Stephen Welker
Linda Wilding

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Company Secretary and Administrator

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Telephone +44 (0)20 3008 4910

Registered Office

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

Registered Independent Auditor

Deloitte LLP

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

Alternative Investment Fund Manager

G10 Capital Limited

136 Buckingham Palace Road, London, England SW1W 9SA

Joint Stockbrokers

HSBC

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

Numis Securities Limited

The London Stock Exchange Building, 10 Paternoster Square, London, England EC4M 7LT

Depositary

APEX Depositary (UK) Limited

9th Floor, No. 1 Minster Court, Mincing Lane, London, England EC3R 7AA

Registrar and Transfer Office

Equiniti Limited

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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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