



UNBOUND

Accelerating our Digital Future
Capital Markets Day
15th September 2021

UNBOUND GROUP

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Today's Presenters



Ian Watson
Chief Executive Officer

- CEO at Hotter shoes since March 2019
- Previously CEO at Start-Rite Shoes
- European Managing Director at Britax Childcare
- Senior Vice President at Newell Brands



Daniel Lampard
Chief Finance Officer

- Joined Hotter August 2021
- Previously CFO D2C Glanbia Performance Nutrition and FD at AO World Plc
- 11 years at Manchester Airport Group



Neil Johnson
Chairman of the Board

- Appointed as Executive Chairman of Electra Private Equity in March 2018 after joining the company as Non-Executive Chairman and Director in May 2016
- Neil is currently a Non-Executive Director of QinetiQ Group plc and SID of the Business Growth Fund
- Formerly CEO of the RAC

Agenda for Today

1	Transaction Overview	Neil Johnson
2	The Hotter Business - A profitable foundation for growth	Ian Watson
3	Introduction to Unbound	Ian Watson
4	Financial Framework	Dan Lampard
5	Closing Remarks	Ian Watson
6	Q&A	



Transaction Overview

Background to Electra's Transition into Unbound Group

Transforming Hotter

- Electra acquired Hotter in 2014 based on its long heritage as a direct to consumer brand that designed, manufactured and retailed comfort footwear to the 55+ demographic. At the time of acquisition, growth was primarily driven through an extensive store roll-out program
- From 2017 challenging high street conditions led to a loss of focus on the brand's core demographic and the business suffered margin pressure across all channels as a result of retail discounting
- A new management team led by Ian Watson, was appointed in 2019 to focus on 1) product differentiation, 2) core consumer demographic, 3) developing the direct to consumer digital channel, and 4) reducing seasonality
- Hotter's revenue is now 81% direct to consumer with LFL sales growth of 28% in 6 months to July 2021 and gross margin up from 53% to 64%

Unbound Group

- Rapid growth in the brand's digital footprint within its core customer demographic, driven by its direct to consumer model has resulted in Hotter now serving 29% of the UK's female population over the age of 55 and 17% of the total population over 55
- The success in the last 2 years in re-pivoting Hotter to a digital first proposition provides an opportunity to build on the continued rapid growth of the brand by cross selling to its existing and target consumer demographic further products and services
- Unbound Group will work with partner businesses and brands focused on the same demographic as Hotter, to provide a range of products and services that support active lifestyles with health and wellbeing at the core – allowing our customers to do more of what they love

Background to AIM relisting

- Electra is in the final stage of its portfolio realisation strategy, having returned over £2 billion to shareholders since launching this strategy in October 2016
- Following the proposed demerger of Fridays / Hostmore in Q4 2021, Hotter / Unbound will be Electra's only remaining corporate investment
- Transitioning Electra onto AIM as the parent company of the Unbound Group allows Electra's shareholders to benefit from the growth opportunity through Unbound Group and its foundation business, Hotter
- Electra remains focused on ensuring that Unbound has the appropriate balance sheet to maximise its future potential and value as a growing and standalone, publicly listed company

Unbound Group Board of Directors



Neil Johnson

Chairman of the Board

- Appointed as Executive Chairman of Electra Private Equity in March 2018 after joining the company as Non-Executive Chairman and Director in May 2016
- Neil is currently a Non-Executive Director of QinetiQ Group plc and SID of the Business Growth Fund
- He was formerly CEO of the RAC



Linda Wilding*

Non-Executive Director, Chair of Audit Committee

- Appointed as Director at Electra December 2016
- Former Managing Director of Mercury Asset Management
- Non-executive director of UDG Healthcare Plc and BMO Commercial Property Trust Limited
- Previously a Non-Executive Director and latterly chair of Corin plc from 2006 to 2012
- Non-executive director of Touchstone Innovations plc until 2017.



Ian Watson

Chief Executive Officer

- CEO at Hotter shoes since March 2019
- Previously CEO at Start-Rite Shoes
- European Managing Director at Britax Childcare
- Senior Vice President at Newell Brands



Paul Goodson

Non-Executive Director, Chair Remuneration Committee

- Previously 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
- 13 years with Barclay Private Equity, latterly serving as MD of the UK business.



Daniel Lampard

Chief Finance Officer

- Joined Hotter August 2021
- Previously CFO D2C Glanbia Performance Nutrition and FD at AO World Plc
- 11 years at Manchester Airport Group



Gavin Manson

Non-Executive Director

- Currently Chief Financial and Operating Officer of Electra Private Equity
- Previously Finance Director at Thomas Cook Group and Finance Director at Premier Farnell (5 years)
- Gavin began his career with KPMG and is a chartered accountant

NED
tbc

NED
tbc

**To step down as NED after the first AGM in Spring*



UNBOUND

Introducing the Management Team

Management team

Highly experienced management team with breadth and depth



Ian Watson

Chief Executive Officer

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Dan Lampard

Chief Finance Officer

- Joined Hotter in August 2021
- Previously CFO D2C Glanbia Performance Nutrition and FD at AO World Plc
- 11 years at Manchester Airport Group



Victoria Betts

Chief Commercial Officer

- Joined Hotter in 2016
- Over 19 years experience at key brands including The Very Group
- Previously Marketing and Trading Director at Missguided



Claire Pearl

Chief Product Officer

- Joined Hotter in September 2019
- Previously Buying and Merchandising Director at Hobbs, previous experience at Phase 8 and the White Company



Paul Harnetty

Operations Director

- Joined Hotter in July 2020
- 34 years experience within key Manufacturing businesses, including Smith, Kline & French, SmithKline Beecham, Princes Foods, Lyndale Foods and The Authentic Food Company.



Will Rose

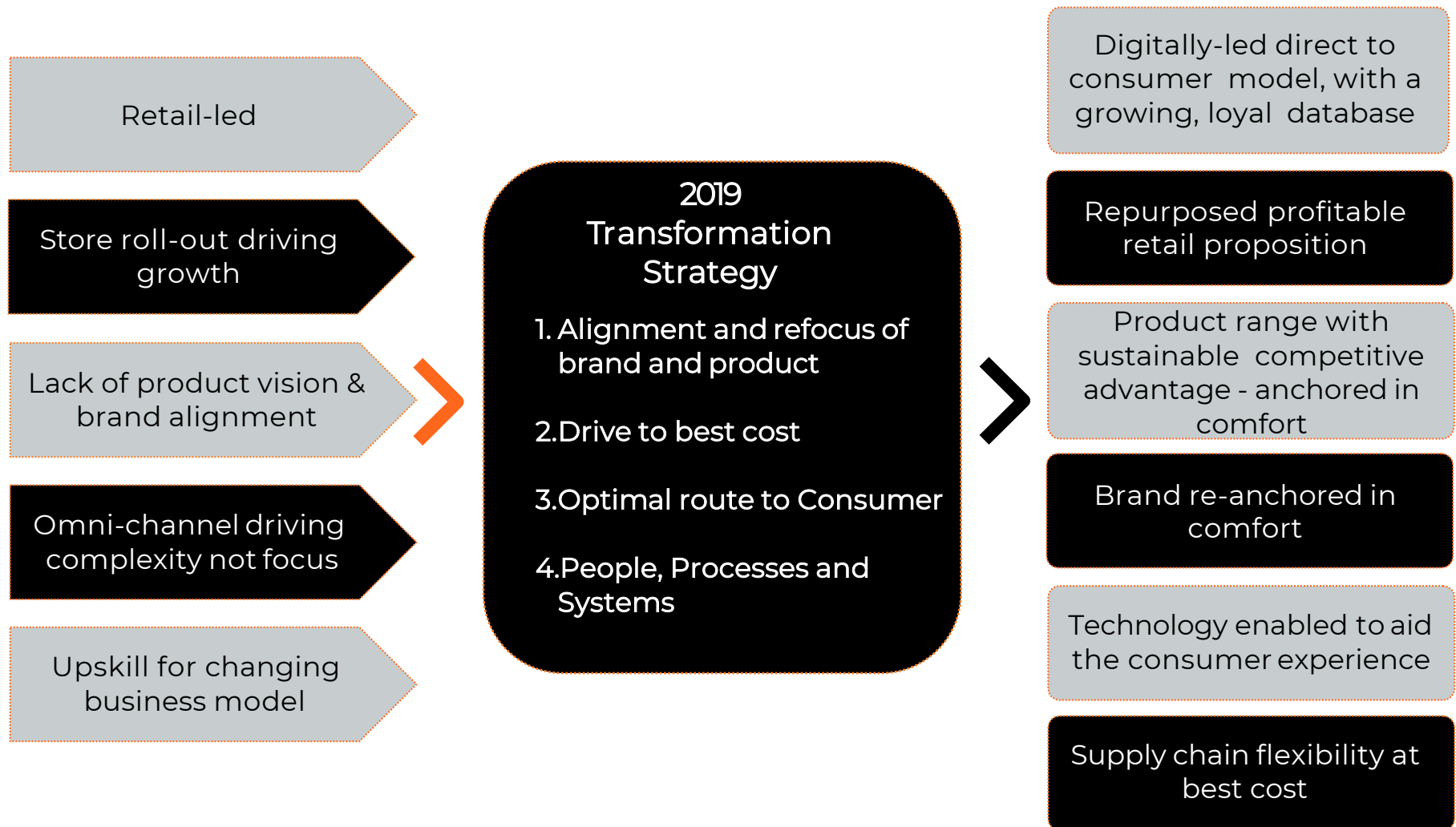
Head of Ecommerce & Technology

- Joined Hotter in December 2020
- Previously Group Programme Manager at DFS
- 6 Years at software house Wunderman Thompson Commerce where he delivered large scale eCommerce re-platforms for the likes of DFS, and Yoox Net-a-Porter group

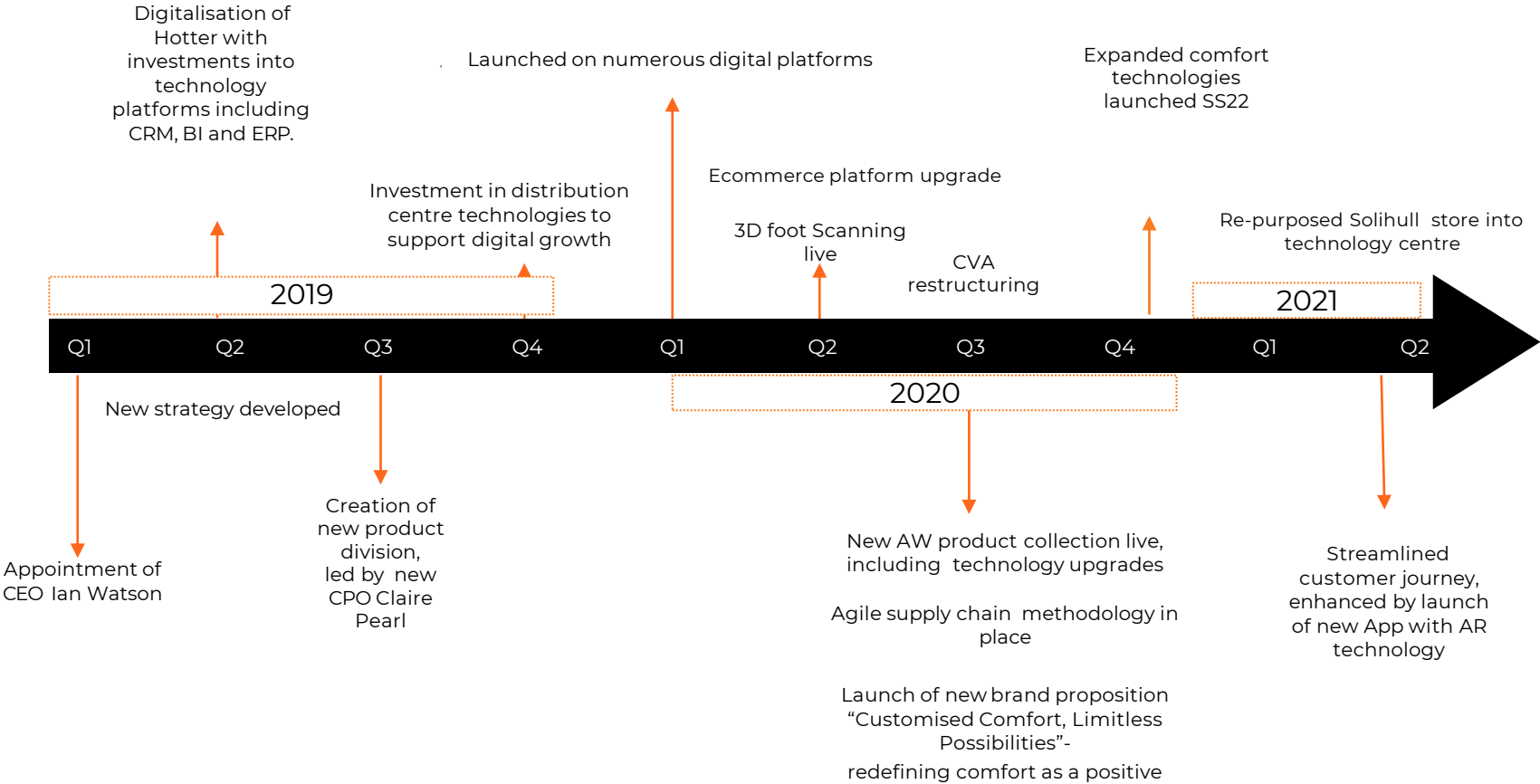


The Hotter Business - A profitable foundation for growth

Business Transformation



Transformation timeline to a digitally-led business



Financial Performance Six months to July 2018 vs July 2021

		Six Months to July 2018				Six Months to July 2021				
		Revenue		EBITDA		Revenue		EBITDA		
		Share	Growth	£	Margin %	Share	£	Growth	£	Margin %
UK Direct	Online					54%				
	Offline					17%				
		35%	-5%	3.4	21%	71%	4.8	1.4	27%	
	Retail	45%	-8%	0.2	1%	12%	0.5	0.4	17%	
	US	14%	-22%	-0.8	-12%	10%	0.0	0.8	0.0	
Digital Partnerships & Wholesale		6%		0.5	22%	7%	0.4	-0.1	22%	
Head Office Costs				-3.1			-3.3	-0.1		
Company		100%	-8%	0.1	0.20%	100%	2.5	2.4	10%	
Fixed costs				£16.8m		£6.2m				
Operating cashflow				£-1.2m		£3.2m				

Performance in H1 2018, prior to arrival of the new management team:

- Hotter was retail focussed
- Revenue was in decline across all channels
- Breaking even at EBITDA level - loss making overall
- US business was rapidly shrinking and loss making
- High fixed costs
- Negative operating cash flow

Following the transformation activities before and during lockdown:

- Hotter is a direct to consumer focussed business with growth coming from its rapidly developing e-commerce channel
- All channels / segments profitable at EBITDA level
- US business no longer loss making - with investment minimised to focus on UK growth in short term
- Fixed costs halved
- Positive operating cashflow with strong EBITDA conversion
- Overall EBITDA margin of 10% with fast growing direct to consumer EBITDA margin of 27%

Note: EBITDA as per management accounts

Comfort footwear

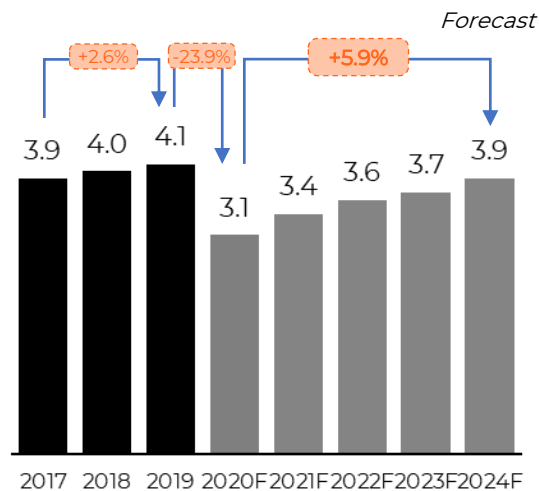
Hotter is extremely well positioned within the fastest growing segment

Women's footwear is the largest sector, forecast to grow by 2024 to over £3.9bn...

... supported by Comfort and Fit as significant purchase drivers in the category ...

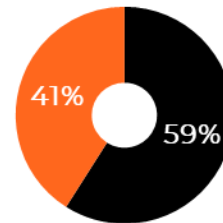
... representing key growth segments within the market

UK Women's footwear market size (in £bn)

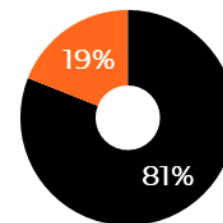


% of UK consumers who identified factors as key purchase drivers

Shoe Fit

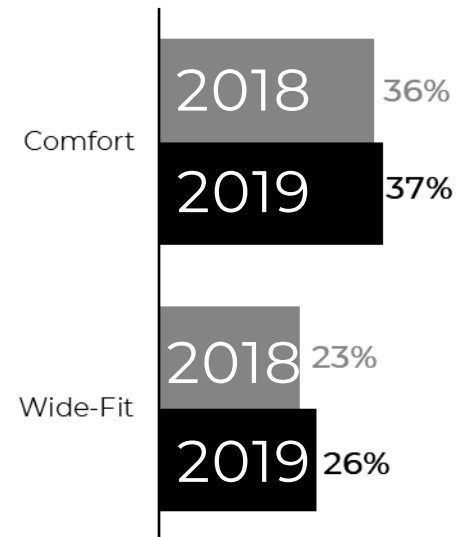


Comfort



■ Yes ■ No

% of UK consumers who purchased based on key purchase drivers



Source: Euromonitor 2020, OC&C Survey with Hotter and target 55+ females Q3 2020

Hotter Brand Proposition

Anchored in Comfort

OUR PURPOSE

We're here to deliver the ultimate comfort, so people can do more of what they love.

OUR DNA

CUSTOMISED COMFORT. LIMITLESS POSSIBILITIES.

OUR BEHAVIOURS

EVERY FOOT MATTERS

We can't make great shoes without obsessing about feet. We go further to understand every size, shape and type of foot - so we can create the perfect shoe for each of them.

START AND END WITH COMFORT

Every design brief starts with the kind of comfort we want to deliver. Every piece of consumer research focuses on how our shoes feel in action. All that we do starts and ends with comfort.

EXPERT TECH, EXPERT PEOPLE

From our tech to our people, we do all we can to constantly expand our skills and deepen our knowledge. If it enhances the comfort of a shoe then we make sure we know about it.

OUR PRODUCT PILLARS

PRECISION FIT

- Footprint 3D fit technology
- UK whole and half sizes
- Four width options from Slim to Extra Wide

TAILORED COMFORT

- Cushion+
- Stability+
- Freesole

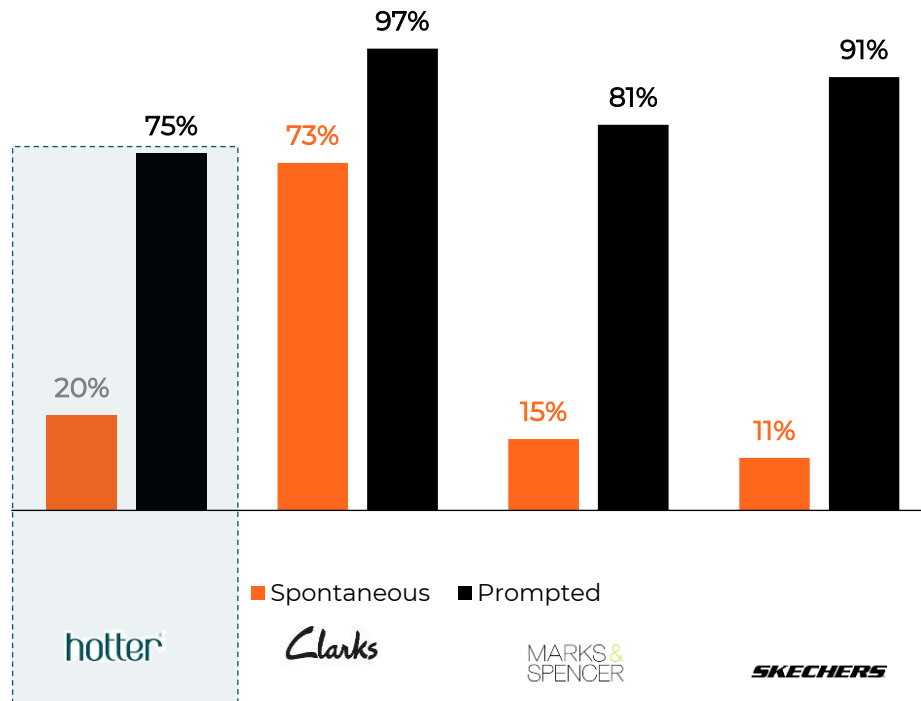
TIMELESS STYLE

- Clear Hotter design handwriting
- Iconic, timeless silhouettes
- Visible, meaningful comfort features

Strong brand awareness and perception

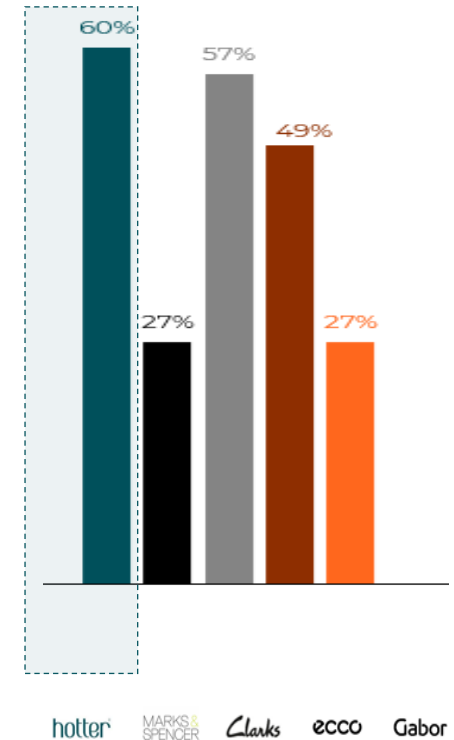
Awareness

Hotter benefits from a strong and improving brand awareness within its core demographic



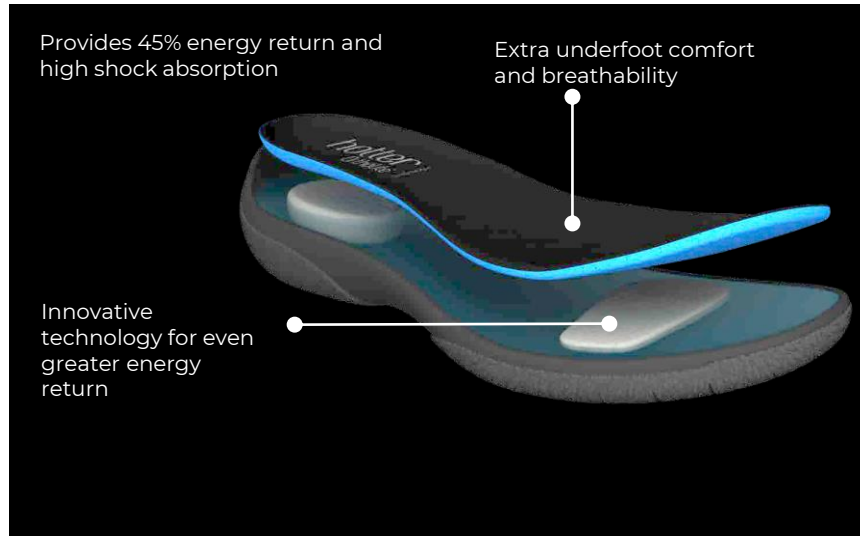
Perception

No.1 Position in Comfort



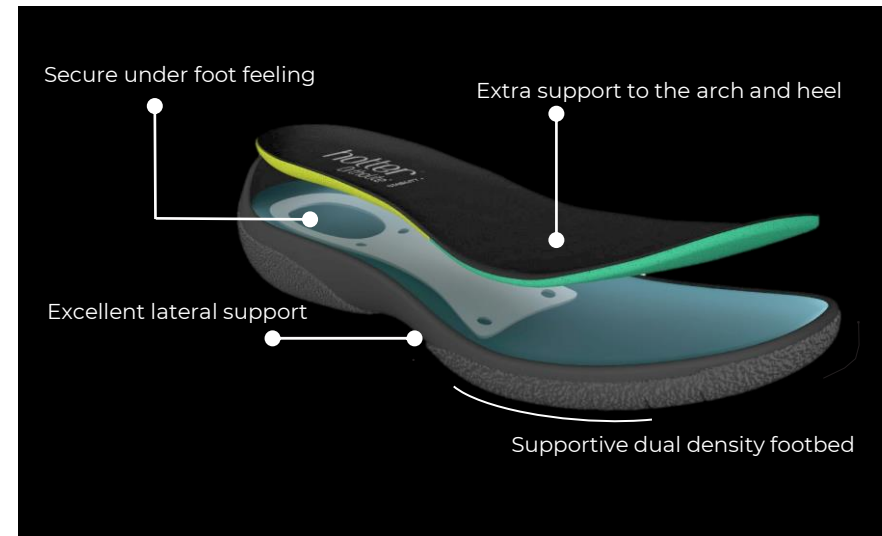
Product Technology

Differentiated products anchored in comfort



Cushion+

Using Freesole, Cushion+ designs are crafted from a PU compound to return some of the energy you put in every stride and invest it into the next. This makes for some excellent energy returns and an ultra flexible, super lightweight shoe.

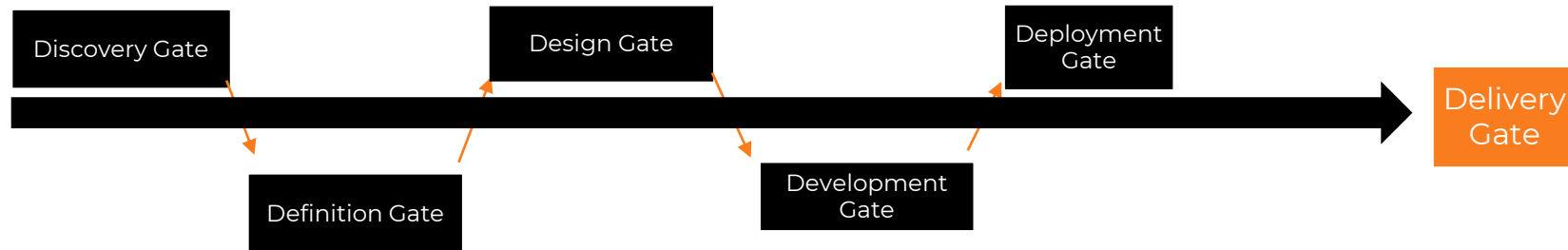


Stability+

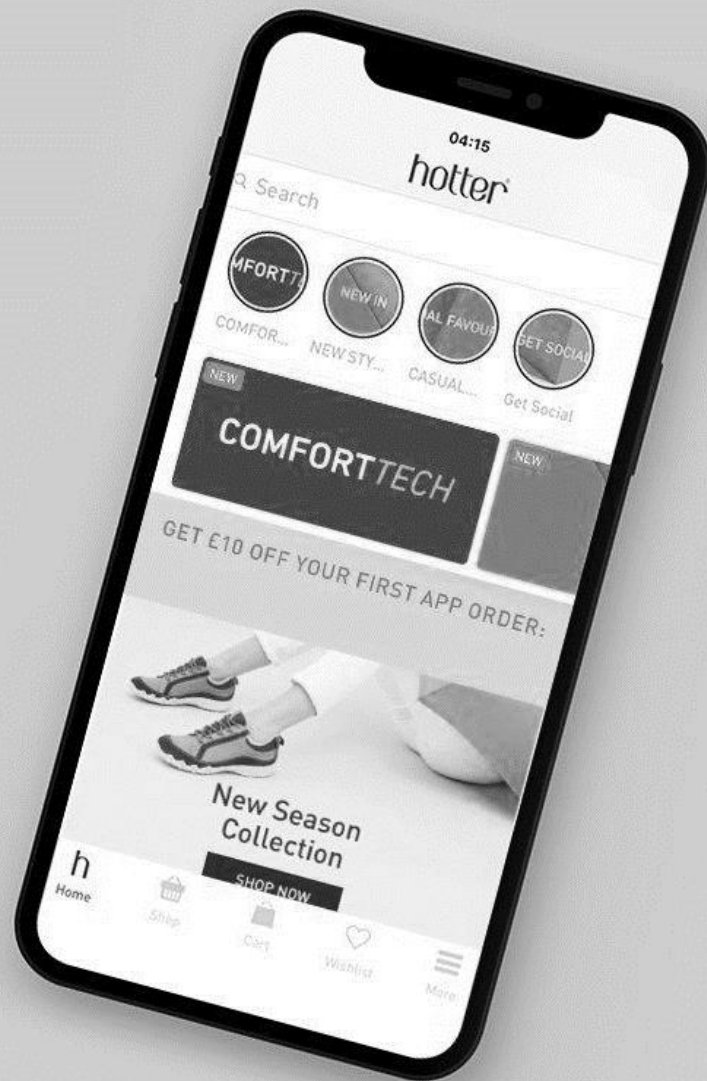
Our Stability+ designs benefit from a balance bar and are fitted with an OrthoLite® insole, making the shoe both super secure and extra breathable. We've also included adjustability points on every shoe which means they can be tailored to fit the shape of your foot (and nobody else's).

Product Development Process

Driving improvement in working capital and gross margin



- A clearly defined, scalable process
- Fast paced/ multi-drop to anticipate consumer needs
- Continuous product refreshment resulting in lower working capital and higher gross margin



Channels of distribution and our consumer base

Channels of distribution

The Hotter business model has transformed from being retail-centric to a digital first, direct to consumer omni-channel brand

UK D2C

Full D2C proposition across digital and mobile, which has undergone a significant transformation to a 75% digital mix and is now core to the proposition

Retail

Digital first approach supported by a right sized UK store portfolio of 17 Technology Centres and 6 concessions, providing in-store experience through technology that stimulates data acquisition to fuel D2C growth

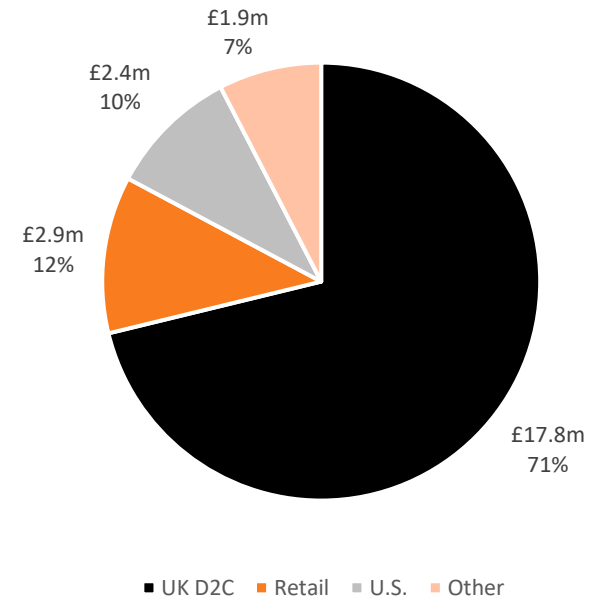
U.S.

U.S. Business is a direct to consumer model, no longer loss making & ready for next phase of growth

Digital Partnerships and International markets

Digital Partnerships - selling Hotter products on partner sites such as Next, The Very Group & Amazon
International markets outside of U.S.

H1 FY22 Product sales by channel

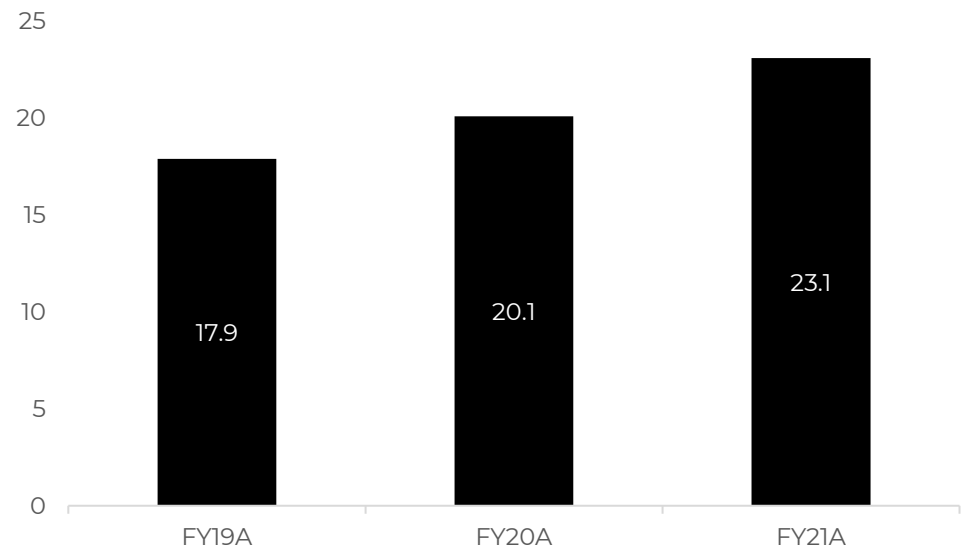


Source: July Management Accounts

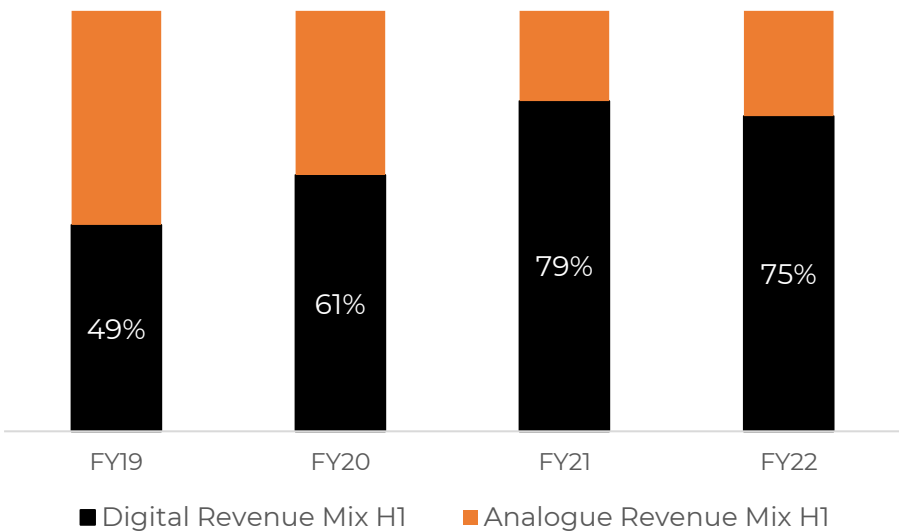
UK Direct Digital sales continue to accelerate

Shift to digital with growth in visits, increased conversion rates

UK Direct Digital Revenue £

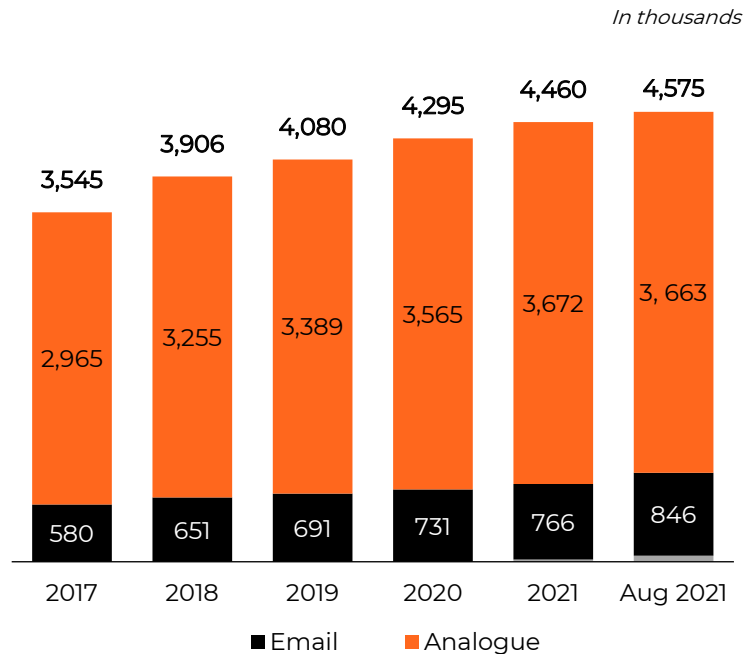


Direct Sales Mix



Customer Database

A large and growing customer database with an increasing focus on digital channels



4.6m
Consumer
database

846k
Email database
+8.5% CAGR

- Consumer database is a direct driver of value, with 4.6m identifiable contacts
- 29% of UK 55+ females are currently registered within our database
- Driving email database growth, both organically and through converting analogue and physical retail customers to digital, accelerated through:
 - Cultural shift to digital
 - Technology to identify anonymous site visitors, stimulating on-site email capture
 - Footprint data capture
 - App downloads

The Hotter Consumer

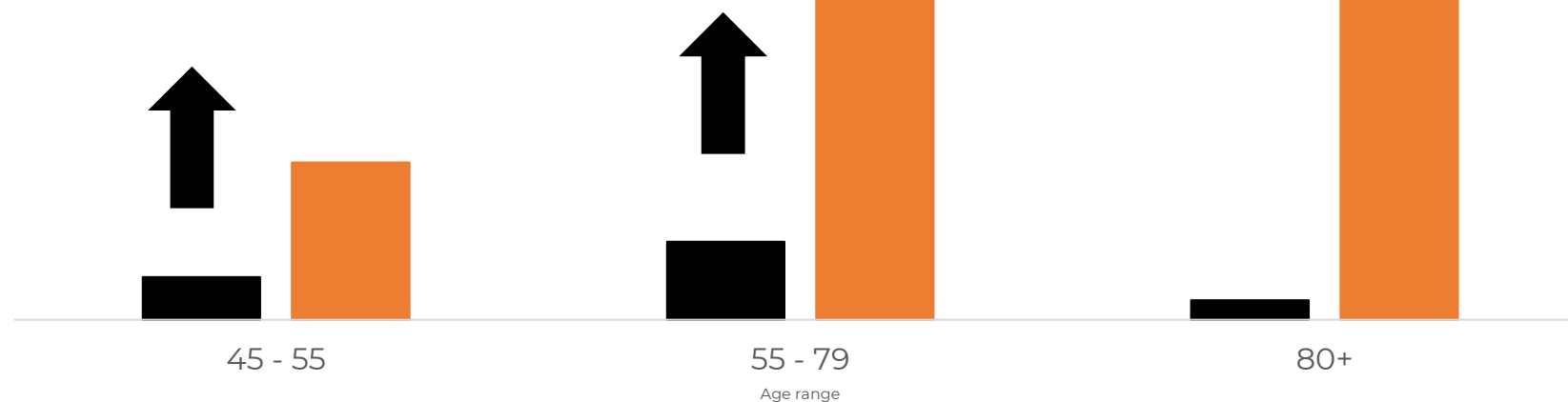
Existing consumer is deeply anchored in the 55+ market

■ New

■ Total Existing Database

Core audience of 55+ consumers account for 78% of the database.

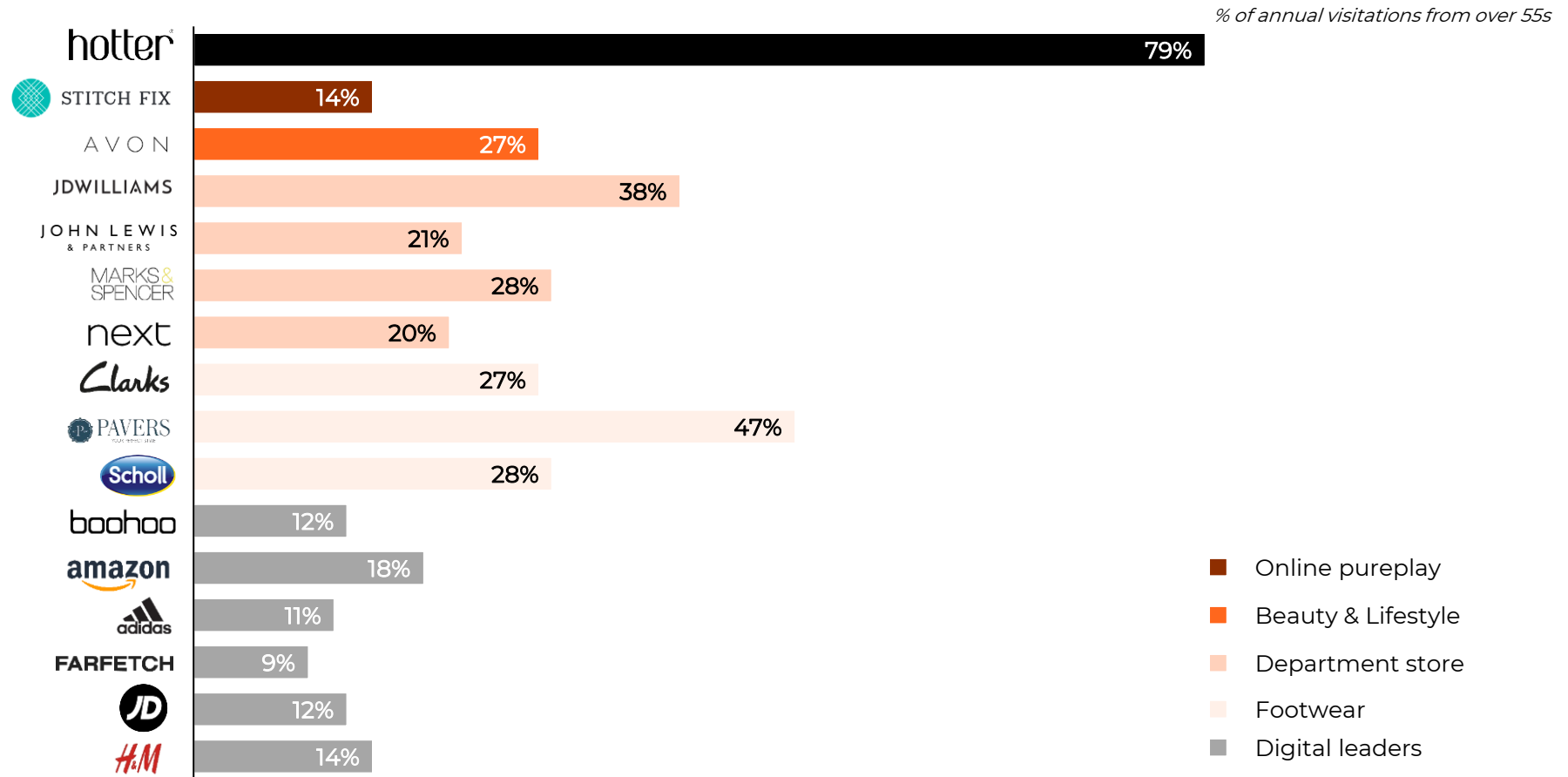
The highest portion of new customers are within 55-79 age group, followed by the 45-55 sector



Source: Hotter consumer database, CACI Fresco

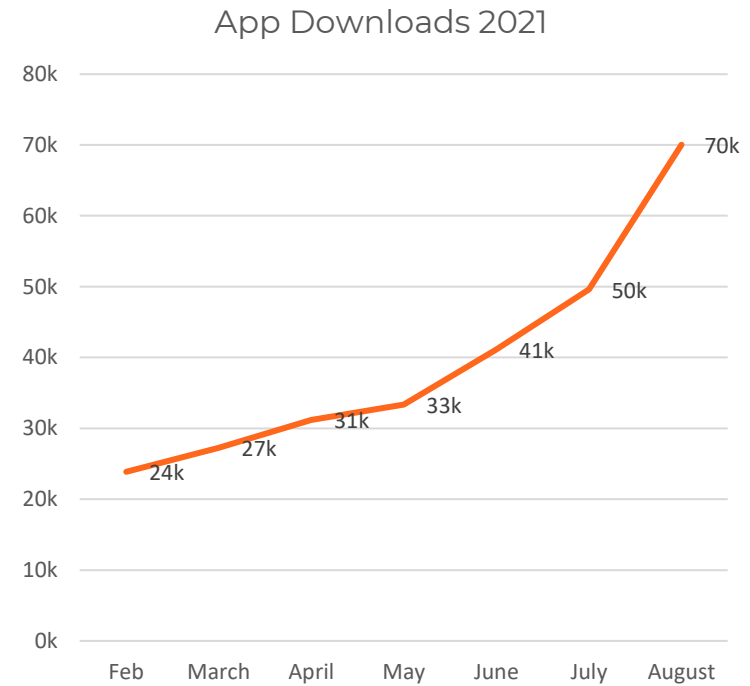
Brand specialists in 55+ market

Hotter is significantly more focused on the over 55-year-old cohort than other brands and retailers



Source: Digital metrics (Jellyfish)

App Download Growth



- Customer conversion amongst app users is 2x more than website users
- Improved app launched in February 21, with high trajectory of downloads
- Augmented reality try-on feature, with further innovation to launch in Q4

Differentiated retail experience

Leveraging technology to create a personalised customer experience and stimulate email data capture



Footprint 3D foot scanning:
Scans the foot to provide exact foot measurements and customised product recommendations to the user.

Digital touch screen 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.



Hotter Growth Plan

DIGITAL GROWTH

- Mobile commerce
- Digital marketplace expansion
- Mobile commerce, new payment methods
- Provide credit proposition to stretch appeal

CHANNEL SHIFT TO DIGITAL DIRECT

- Customer migration online through Personalisation and targeting
- New customer acquisition fuelled by digital marketing and Loyalty programme

PRODUCT IMPROVEMENT SUPPORTED BY SCIENCE

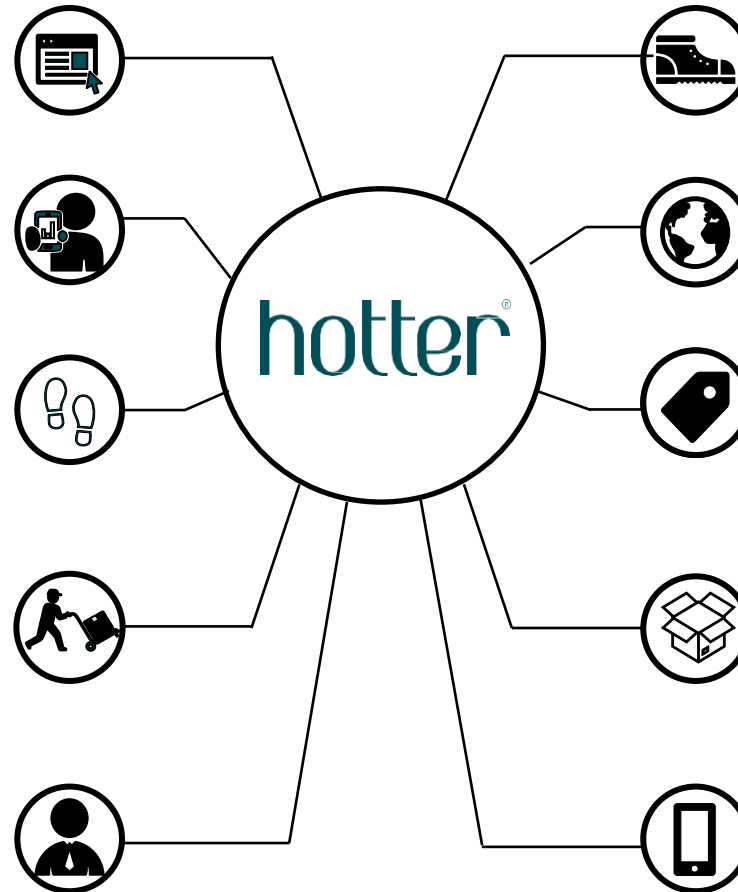
- Increased volume with existing & new customers
- Leverage ASP with reduced discounting and “worth-more”

MULTI-DROP STRATEGY

- Accelerate and capitalise on 10 drops PA
- Strong and tight inventory management through trial and online exclusives

DEVELOP MENS PROPOSITION

- Development of men's category to reflect appropriate market weighting



OCCUPATIONAL FOOTWEAR RANGE

- Launch occupational styles in AW21, building into a specialist range in AW22
- Focussed on consumers shopping through existing channels
- Designs to support specific specialist requirements

INTERNATIONAL EXPANSION

- Leverage existing, proven playbook to grow US presence
- Mature and expand into new geographies

RANGE AND STYLE BREADTH

- Adjacent opportunities exist in active lifestyle and sustainable product ranges
- Opportunity exists to create customized comfort outside of PU construction

UK AND INTERNATIONAL DIGITAL PARTNERSHIPS

- Headroom for partnership distribution growth internationally, new and existing markets
- UK opportunities for growth and expansion driven by strategic specialist partners

APP

- App enhancing consumer journey



Introduction to Unbound

Market Drivers

Cultural and demographic shifts provide a robust and supportive market backdrop for an ecommerce proposition targeted at the over 55 demographic

1

Ageing population

- An ageing population combined with increasing life expectancy will continue to increase Unbound's addressable market and the proportion of population with acute comfort needs
- Older demographic is the fastest growing demographic of the UK population

2

High concentration of UK wealth with 55+

- The UK's wealth is concentrated in the 55+ demographic with approximately 57% of household wealth within this group against a population composition of 38%
- Increase in discretionary spend for 50+ demographic is 3x that of under 50s

3

Increasing digital literacy and online penetration

- Older generations have rapidly become digitally literate with the COVID pandemic accelerating this trend
- Over 30% of internet users in the UK are over 55, broadly in line with their proportion of the UK demographic
- Online shopping participation amongst over 65s has increased 20 percentage points since 2017, the largest increase of any age group

4

Increasing focus on health and wellbeing in older demographic

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

5

Materially underserved online

- The majority of ecommerce businesses are focused on younger demographics with a product suite and marketing campaigns that are inappropriate for 55+
- When combined with the retrenchment of department stores this is resulting in a materially underserved demographic with an opportunity to build a targeted business

The Unbound Group Strategy

Leverage

Proven Hotter proposition
and capabilities, anchored
in enabling version of
comfort

By

Creating a group that
understands, connects
with and *sells to* the 55+
target consumer on a
broader and deeper
basis

To

Tap into broader
opportunities amplified by
recent cultural and
demographic shifts

Unbound Group strategy

From

A single brand
footwear business
serving mainly 55+
women



To

A multi brand, multi
category group
serving 55+ women
and men with an own
brand and third-party
offer

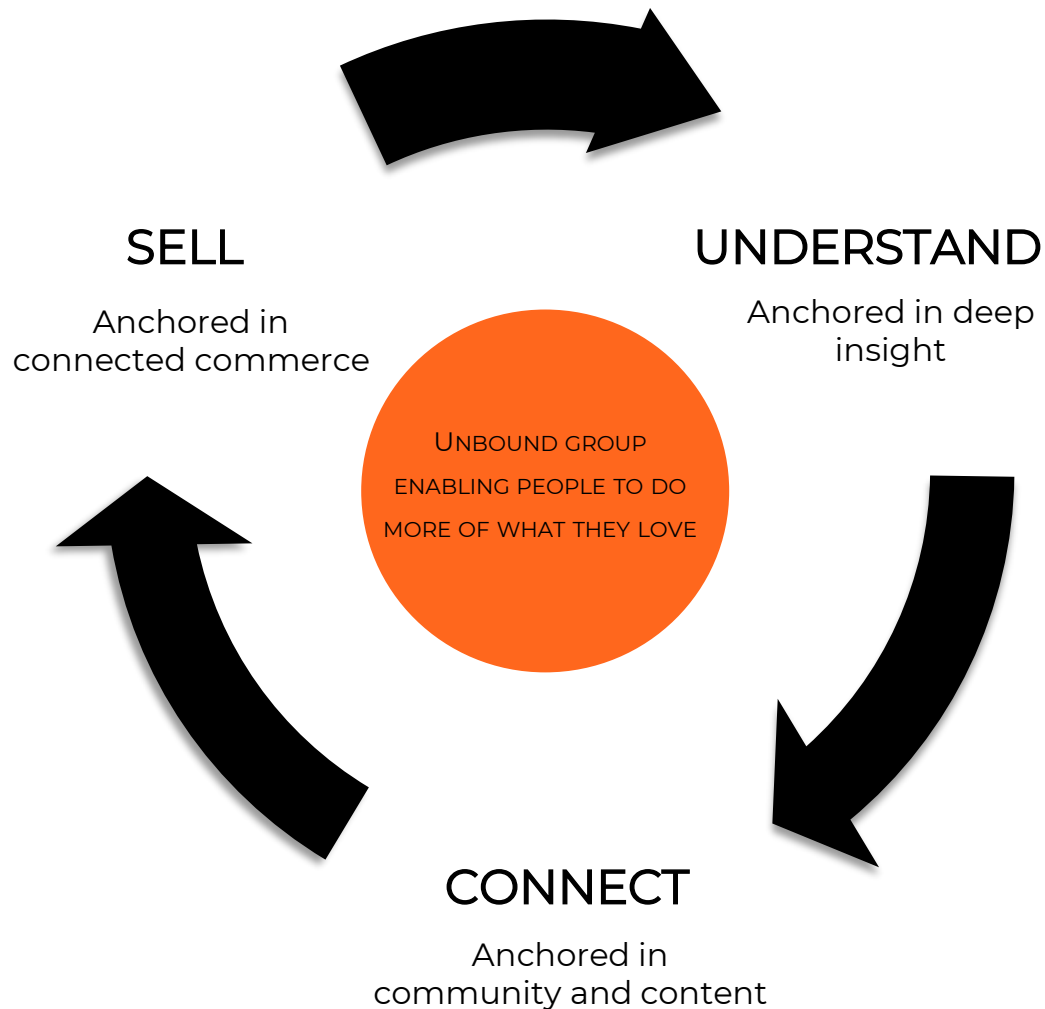
Vision

“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.”

Personalisation through customer insight



Purchase behaviour and demographics

- Retail / catalogue / digital channels
- Ongoing customer feedback via 4m customer database
- Ongoing concept testing

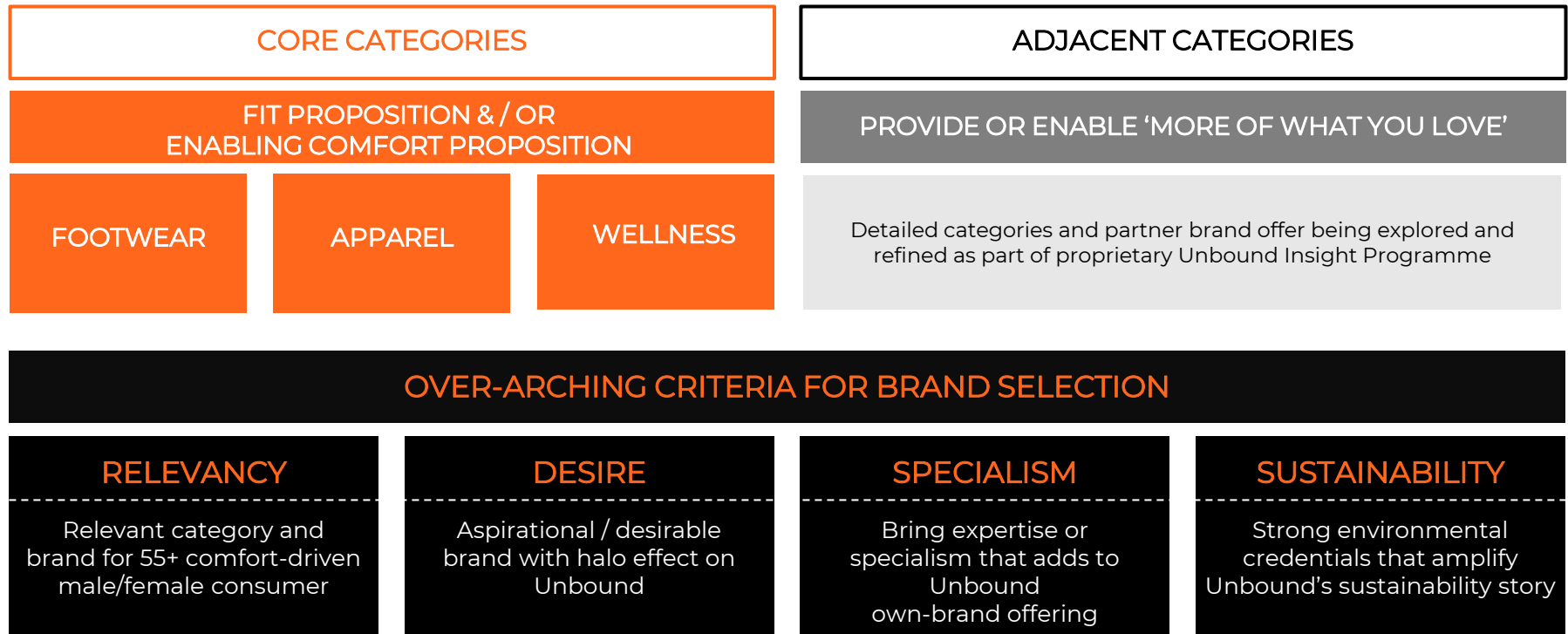
Foot types and comfort needs

- Footprint 3D scan
- Biomechanical research programmes

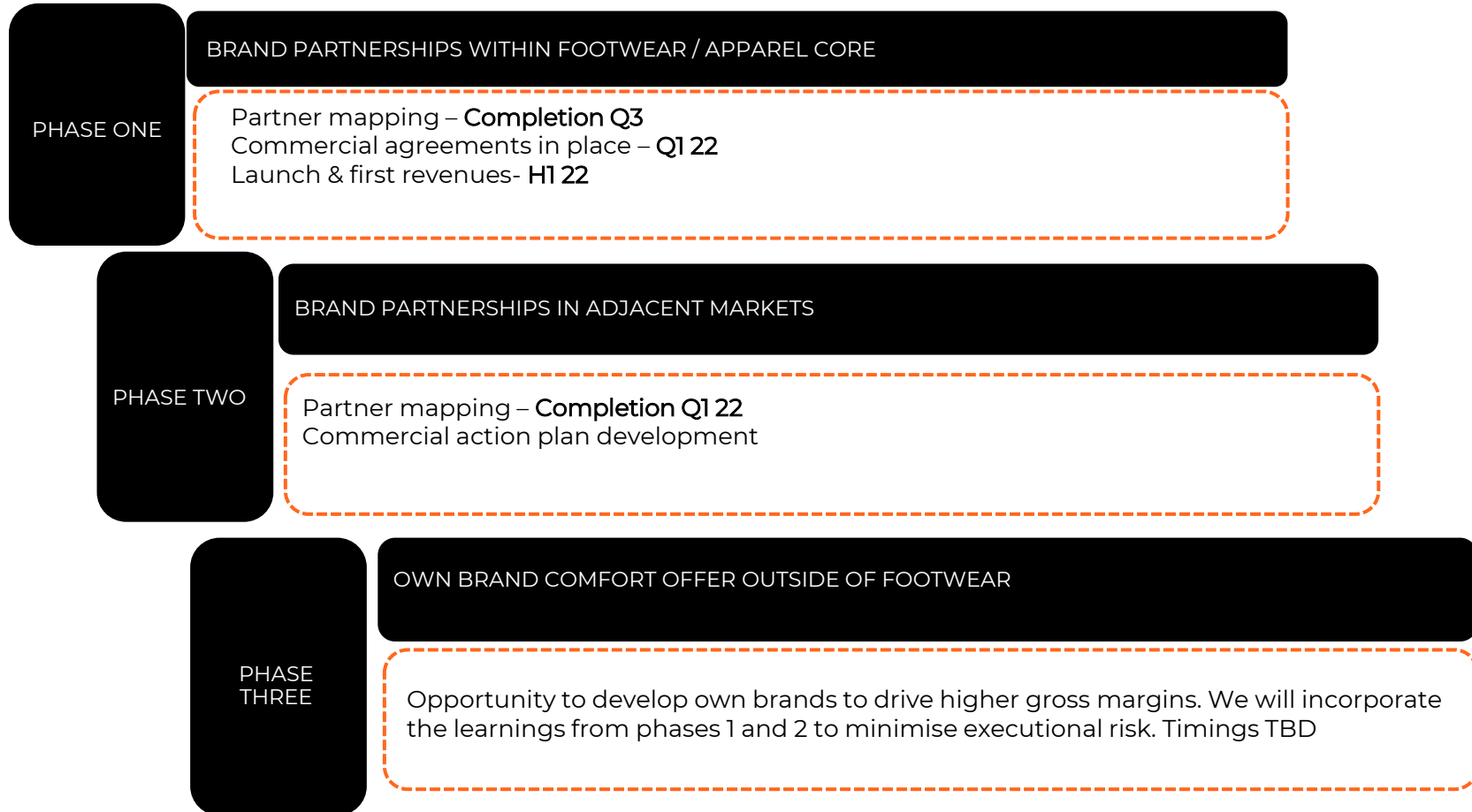
Lifestyle, behavioural and attitudinal

- Unbound Insight – annual study into UK 55+ consumers
- Qualitative and quantitative research

Unbound Group partner brand strategy



3 Phased Approach





Financials

Hotter Revenue Mix

The transformation of the Hotter business from H1 FY20 to H1 FY22 is apparent from the structural changes across sales channels. Investment and revenues are now focused on the online growth opportunity with an increasingly flexible cost base driving improving EBIT margins.

£'000						Var H1 22 vs H1 20	
	H1 20	H2 20	H1 21	H2 21	H1 22	£	%
Direct to Consumer - On-line	10,206	9,974	10,090	12,714	13,365	3,160	31%
Direct to Consumer - Off-line	6,539	4,810	2,751	4,333	4,462	(2,077)	-32%
Direct to Consumer - Total	16,744	14,784	12,841	17,047	17,827	1,083	6%
Retail - Retained	6,625	6,671	1,327	2,389	2,944	(3,681)	-56%
US Direct to consumer	4,652	5,090	2,674	2,581	2,389	(2,263)	-49%
Digital partnerships	1,090	1,332	963	1,588	1,234	144	13%
Wholesale & other	1,922	1,617	837	790	633	(1,289)	-67%
Other revenue	3,012	2,949	1,800	2,378	1,867	(1,145)	-38%
Total Revenue	31,034	29,495	18,642	24,395	25,028	(6,007)	-19%
Retail - Closed	12,666	12,333	1,384	64	0	(12,666)	-100%
Reported Revenue	43,700	41,828	20,026	24,459	25,028	(18,673)	-43%

- Significant growth online as consumers have switched coupled with database growth
- Offline to online transition accelerated through covid with variable cost base able to flex with demand
- Gradual recovery of retained retail to pre covid levels – Q2 22 run-rate is c63% of pre covid levels. Entire residual estate profitable.
- US investment minimized as focus on UK online growth
- Growth in digital partnerships as new partner agreements have been established
- Wholesale reduction as shift away from independents to digital partnerships

Source: Management accounts, statutory accounts

Hotter P&L

Significant growth in EBIT, both in absolute terms and as percentage of revenue

£'000						Var H1 22 vs H1 20	
	H1 20	H2 20	H1 21	H2 21	H1 22	£	%
Revenue	43,700	41,828	20,026	24,459	25,028	(18,673)	-43%
Gross profit	27,012	26,448	10,149	13,060	15,418	(11,595)	-43%
	62%	63%	51%	53%	62%		
Semi variable costs	(10,933)	(9,927)	(6,777)	(8,605)	(7,631)	3,302	-30%
	25%	24%	34%	35%	30%		
Fixed costs	(14,825)	(15,637)	(8,213)	(5,078)	(6,198)	8,628	-58%
	34%	37%	41%	21%	25%		
EBIT - IFRS	1,254	884	(4,841)	(623)	1,589	335	27%
	3%	2%	-24%	-3%	6%		
EBITDA - FRS	2,394	1,603	(3,711)	848	2,519	125	5%
	5%	4%	-19%	3%	10%		

- Over 27% growth in EBIT and doubling of margin percentage from 3% to 6% with the shift to online and right sizing of the retail estate
- Semi-variable costs increasing as a % of revenue over the two year period driven from increasing marketing spend as channels shift to online, with a positive downward trajectory occurring in H1 22.
- The reduction in fixed costs in both absolute numbers and as percentage of revenue reflecting the closure of unprofitable retail outlets and restructuring of the cost base reflecting the channel shift.
- Note for comparative purposes the EBITDA under FRS has been included

Source: Management accounts, with IFRS overlay, statutory accounts

Hotter Medium Term Guidance

Continued growth within on-line and off-line channels, with Retail stores recovering to pre-COVID levels by the end of 2022. Improved gross margin and continued management of costs driving improving EBITDA margin over medium term.

UK Direct to Consumer	On-line: Mid teen % annual growth expected Off-line: Mid single digit % 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 % annual growth
Wholesale	Maintained at current levels
Gross Margin	Approximately 2% above pre-covid levels from FY23 as covid disruption diminishes and positive impact of differentiated product drives margin
EBIT Margin	Levels to reach mid teen % over medium term
Cash Conversion	Operating cashflow (pre-exceptionals) in line with EBITDA
Capital Expenditure	Annual capital expenditure spend of c£2.5m. 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 short term, in the medium term a net cash position without future strategic spend

Unbound Group Financial Development

Digital growth building on the profitable Hotter platform

	Strategy	Framework
Unbound Partnership Model	<ul style="list-style-type: none">• Unbound will add digital partnerships to build on and further develop the focussed 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 calendar 2022• Profit generated from non-Hotter revenues targeted at 25% of group profit in 3 years and 50% in 5 years• Unbound partnerships will be EBITDA and cash generative from the outset but with reinvestment in growth in short term• No investment required in inventory in the short / medium term

Unbound Capital allocation framework

Reinvestment in the business to drive future growth

	Strategy	Framework
Capital Expenditure	<ul style="list-style-type: none">• Re-invest in the business to drive long term growth• Focus on scaling the digital platform	<ul style="list-style-type: none">• Hotter capital expenditure of c.£2.5m per year• Unbound capital expenditure of £3m by end of calendar year 2022
Dividend Policy	<ul style="list-style-type: none">• No dividends planned in medium term	<ul style="list-style-type: none">• Focus on capital appreciation
Net Debt	<ul style="list-style-type: none">• Focus on investment for growth	<ul style="list-style-type: none">• Targeted to be below 2x EBITDA in short term, in medium term a net cash position without future strategic spend

Closing Remarks

1

The base Hotter Business is a digitally focused growth business, anchored in comfort, focused on its 55+ core demographic with a deep penetration within its database

2

Significant macro tailwinds are present and for future years

3

Opportunity exists in the model to become a true specialist in this demographic, enabling consumers to do more of what they love

4

New partnerships being put in place to sell other products and services to 55+ demographic, with a focus on active lifestyles, health and wellbeing

5

Medium term ambition to generate over 50% of EBIT from non-Hotter products

6

Multi-award winning digital and transformation leadership team in place

A black and white photograph of a person running in a park. The person is in motion, running from left to right, with a large, leafy tree in the background. The text "Q&A" is overlaid in the center of the image.

Q&A

Appendix

1. Key investment highlights
2. Additional Financial Information
3. CVA
4. The over 55 opportunity
5. ESG Strategy

Key Investment Highlights

The power, strength and customer loyalty of the Hotter brand provides a significant opportunity to support a broader digitally led multi brand, multi category proposition

1

Online e-commerce platform, based on the foundations of Hotter as a trusted brand, cloud based digital infrastructure, and strong customer personalisation through data insight

2

Multi-award winning leadership team in place with specialist skills in digital innovation and business transformation

3

The core Hotter brand has an attractive financial profile focused on cash generation and profitable growth

4

Cultural and demographic shifts provide a robust and supportive market backdrop for the development of an e-commerce proposition targeting the over 55 demographic

5

Strong, existing base for future growth as a digitally led, omni-channel proposition, already serving 29% of the target demographic

6

New partnerships being put in place to sell other products and services to 55+ demographic, with a focus on active lifestyles, health and wellbeing, allowing our consumers to do more of what they love

7

Medium term ambition to generate over 50% of EBIT from non-Hotter products

Additional Financial Information

Business Overview

- Following the proposed demerger of Hostmore, Hotter will be Electra's only corporate investment
- Subject to shareholder approval, in Q4, 2021 Electra will:
 - cease to be an Investment Trust,
 - be renamed Unbound Group Plc
 - be relisted on AIM
 - become the parent company for the Unbound Group
- The corporate structure below Unbound Group Plc will be simplified with Hotter as the sole trading company
- Hotter will continue to grow as a digitally led, comfort footwear brand selling direct to consumer in the UK, US and Europe
- The Unbound Group will work with partners to sell products and services to the 55+ demographic (initially in the UK)
- The focus of the group as a whole will be promoting an active lifestyle as well as enhanced health and well being of our consumers, allowing them to do more of what they love
- The group has a highly experienced management team in place, led by Ian Watson (CEO) and Dan Lampard (CFO)
- The Electra / Unbound Non-Executive Board will transition between relisting and an AGM in April/ May
- The current Electra Executive Directors will provide continuity on the Unbound Board as Non-Executives at least until the April / May AGM

Value being retained

- On transition to AIM the principal investment retained within Unbound Group will be a 100% shareholding in the equity and value of Hotter. This compares to a 97.5% interest in Hotter reflected in the March 2021 valuation
- Through the relisting process there will be dilution of existing Electra shareholdings by single-digit percentage (subject to market capitalisation)
- In addition to Hotter, Unbound Group will:
 - Receive approx. £1m cash in Q1 2022, on expiry of escrow period relating to the disposal of SPC in 2018
 - Retain the ongoing benefit of rental income from a leasehold investment currently generating approx. £0.3m pa, until 2032
- There are no known liabilities or contingent liabilities retained within Electra other than those disclosed in its published accounts
- Electra will extend its current accounting period to coincide with the transition to AIM. The date of the transition will be adopted by the group as it's period end

Additional Financial Information

Hotter Net Assets

Net assets	Jan-20	Jan-21	Jul-21
PPE	7,484	7,347	6,717
Lease assets	19,865	4,978	4,437
Inventory	11,169	5,972	4,583
Debtors	3,774	2,158	2,092
Creditors	(10,848)	(10,112)	(9,220)
Cash	8,590	4,321	3,425
Lease liabilities	(20,421)	(5,361)	(4,881)
Other long term assets/liabilities	(839)	688	687
Net assets before financing	18,774	9,991	7,840

- Property, plant and equipment broadly static with no major investment required
- Lease assets and liabilities reduction driven from the reduction in the retail stores
- Inventory reduction driven from both exiting retail stores and tighter stock management
- Stable debtor position
- Improved payment terms secured with key suppliers during H1 21

Source: Management accounts, with IFRS overlay, statutory accounts

Additional Financial Information

Hotter Operating Cashflow

Cash flow	H1 21	H2 21	H1 22
EBIT before exceptionals - IFRS	(4,841)	(623)	1,589
IFRS 16 non cash adjustments	(414)	604	(186)
EBIT before exceptionals - FRS	(5,255)	(18)	1,404
Depreciation	1,545	866	1,114
Working capital	2,992	911	599
Taxation	685	0	55
Operating cash flow pre Capital Expenditure, Financing & Exceptionals	(33)	1,759	3,171
Capex	(1,892)	(331)	(468)
Financing - repayment			(2,000)
Financing	(575)	412	(536)
Exceptionals	(838)	(2,772)	(1,063)
Net cash flow	(3,338)	(931)	(896)

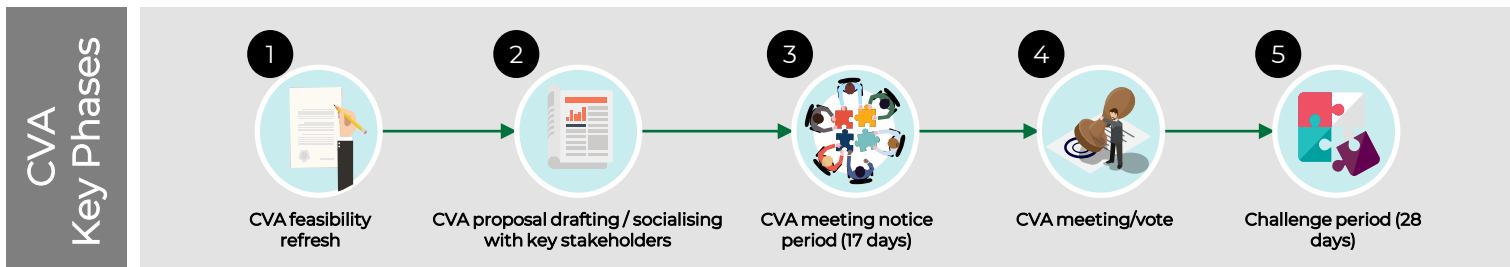
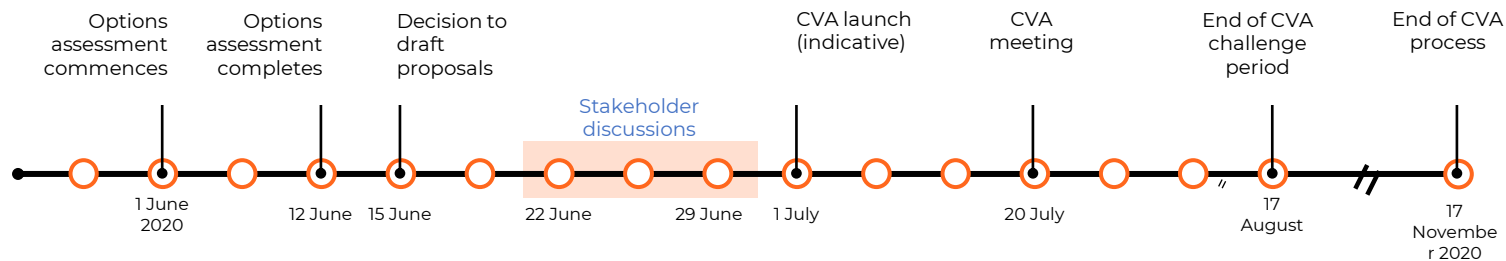
- Positive operating cashflow driven from improved EBIT and positive working capital
- Operating cash conversion >125% in H1 22
- Capital expenditure driven from ongoing renewals spend
- Financing cost in H1 22 includes £2m funding repayment
- Exceptional costs are non-recurring costs related to restructuring costs, advisor cost and covid related factory closures not covered by government relief

Source: Management accounts, with IFRS overlay,

CVA

In 2020, a successful CVA process reduced the Hotter retail portfolio and secured significant fixed cost savings

Store Type	2021	Change to Q1 2020	Cost Saving impact
Standalone Full Priced branded stores	17	(74%) fewer doors 47 stores closed	Cost Saving £15m PA vs FY20. Combination of closure, rent negotiation and reduced staffing.
Garden Centre concessions	6	No change	No change
Standalone Outlet branded stores	0	Was 6. 100% exit	£1.7m cost, delivering EBITDA loss of £0.7m FY20
Clearance concession Boundary Mills	0	Was 5. 100% exit	£300k commission PA. Breakeven EBITDA
Total Estate	23	(72%) reduction 58 doors closed	£17m cost saving PA

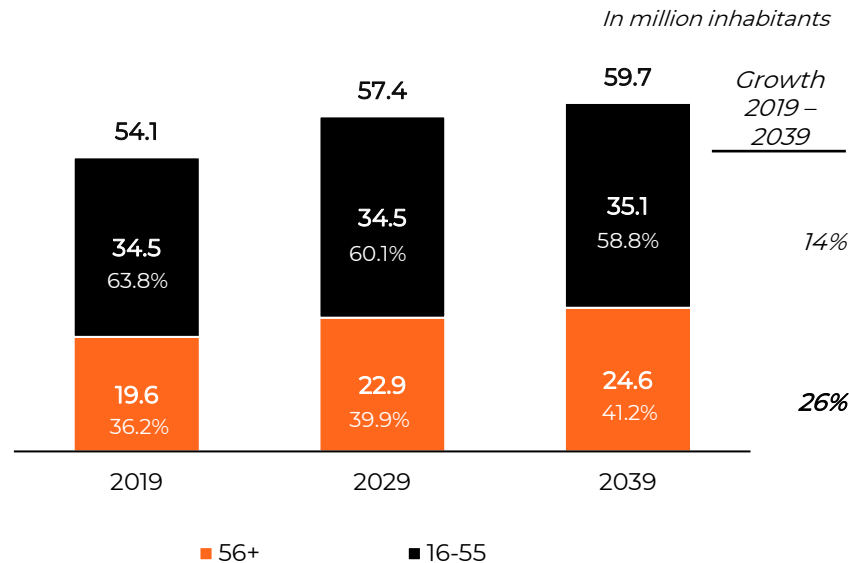


The over 55 opportunity

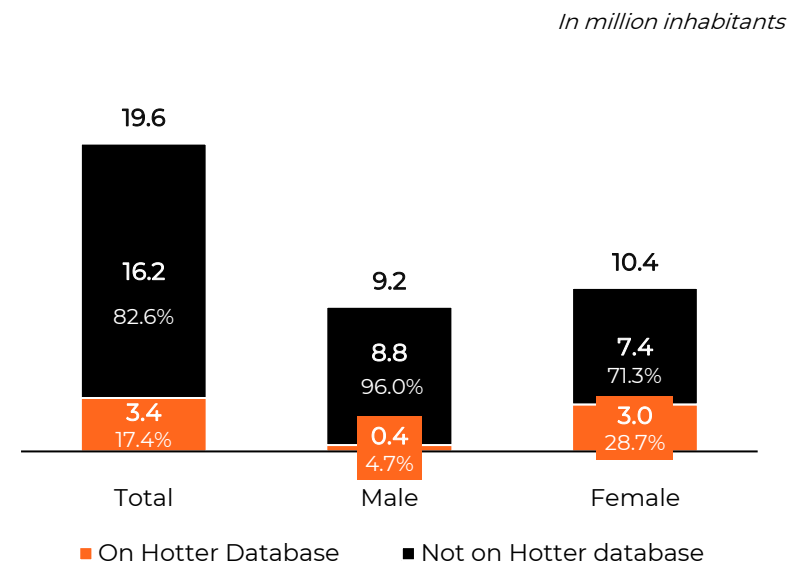
Ageing population

An ageing UK population is leading to growth in the over 55 demographic that is twice as fast as the under 55 group

Large and attractive demographic growing faster than UK total



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



- An ageing population combined with increasing life expectancy will continue to increase Unbound Group's addressable market and the proportion of population with acute comfort needs
- Hotter already has almost 30% of female, 55+ consumers on its database representing a significant opportunity for Unbound Group to cross sell additional products and services
- Unbound intends to further increase its penetration amongst the 55+ category across both males and females

Source: ONS, UK Only

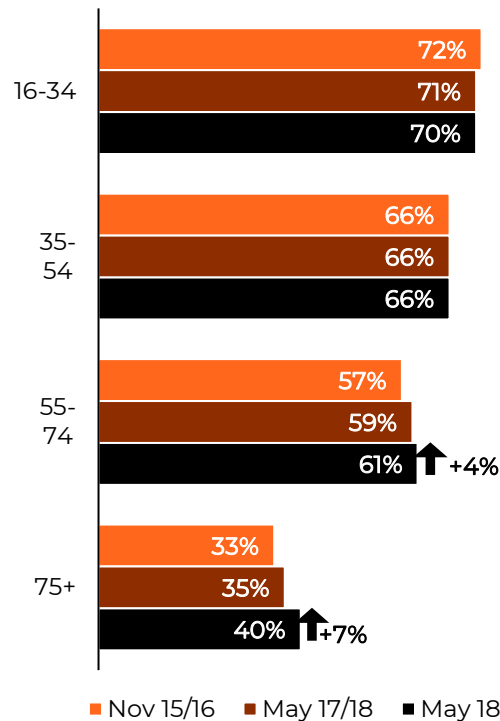
The over 55 opportunity

Health and Wellness

Health and Wellness is increasingly in focus for the target demographic alongside a wider trend towards casualisation and comfort

Increasing focus on health and wellbeing

Population staying active for longer



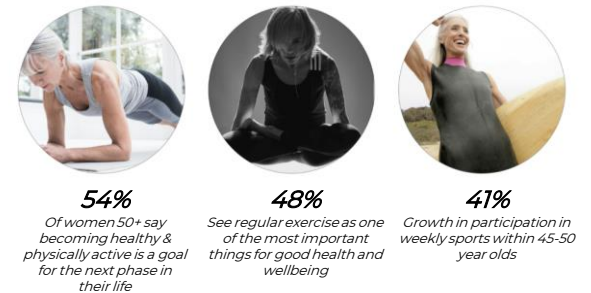
Trend towards more casual dressing



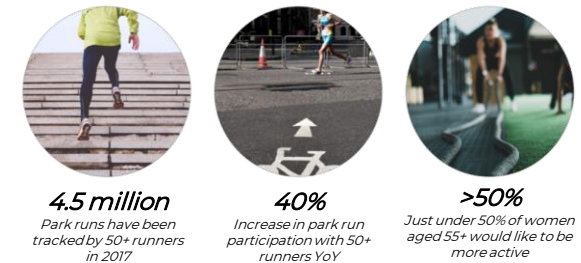
Trends of 'casualization' and increasing demand for comfort are interlinked, with growing awareness...

Comfort and wellbeing a priority

Health & Fitness



Fitness



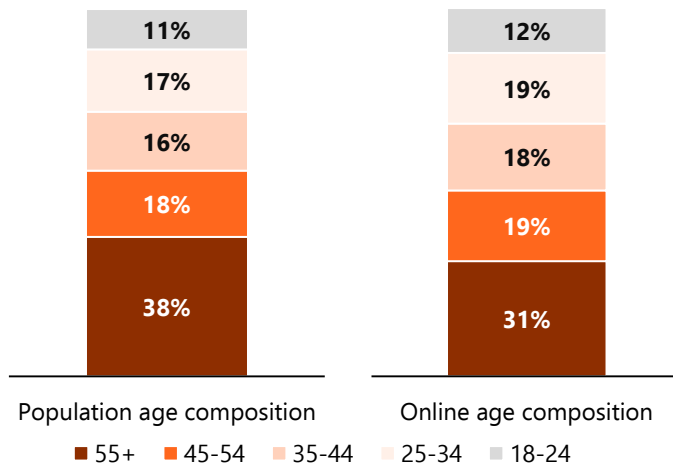
Source: Active England Study 2019, OC&C Commercial Review 2021 and Craft Media - Hotter Channel Planning 2020

The over 55 opportunity

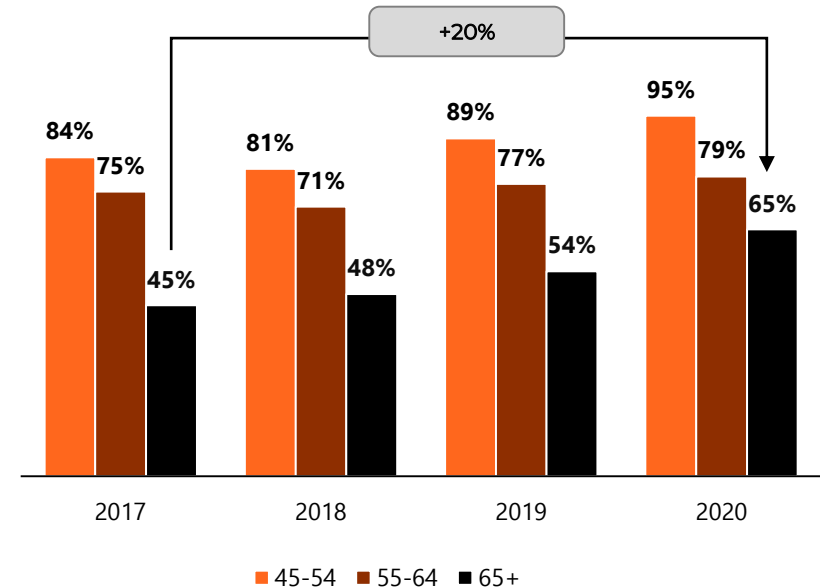
Increased Digital literacy

Rising participation rates for online shopping among 55+ age group, with further room to grow

Over 30% of online users are over 55



% of consumers shopping online by age group



- Significant portion of over 55s are now online and digitally literate, with online participation for 65 to 74 year olds approximately 80%, up from 52% in 2011. This generation are also becoming more comfortable shopping online resulting in the largest increase for 65+ in online shopping participation
- Growth opportunity continues to exist with 35% of 65+ and 21% of 55-64 yet to shop online. In addition to higher participation rates, purchase frequency should increase as they become more comfortable with ecommerce

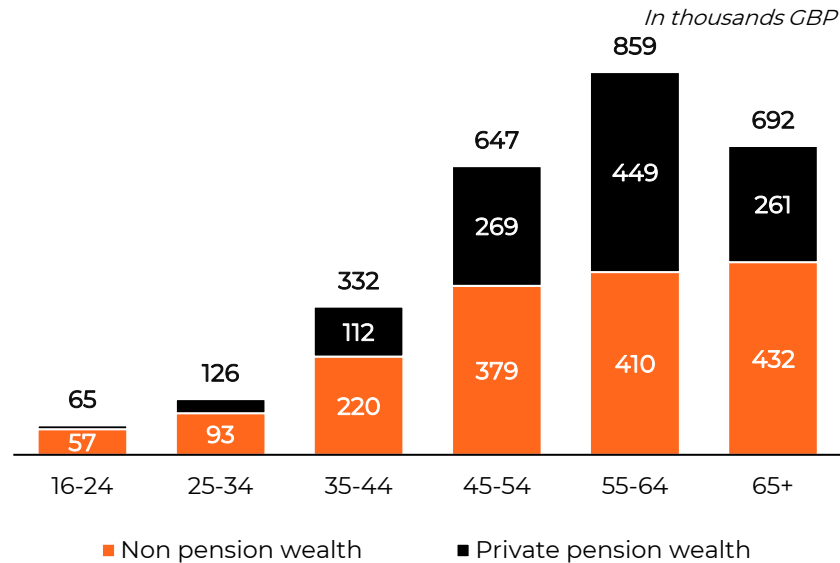
Source: OFCOM Online Nation Report 2020, ONS

The over 55 opportunity

Concentration of wealth

Household wealth is overwhelmingly concentrated within older demographics and this is starting to produce faster increases in discretionary spending

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

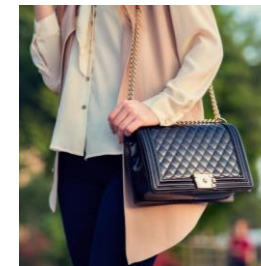


Growing in potential value – Increasing disposable income

Spending Big



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



367bn
50+ spending on discretionary items



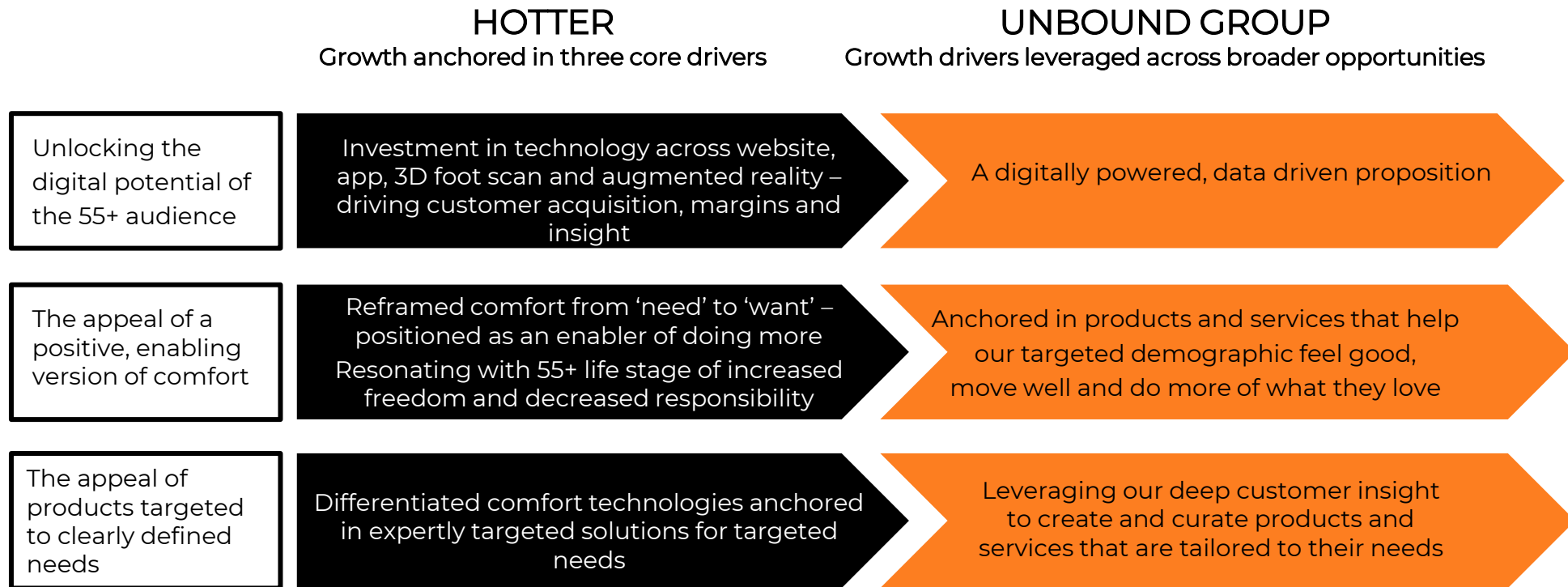
3x
Household disposable income for 55+ has increased 3 fold compared to under 55's increasing 2 fold

- Household wealth distributed by age of the lead household member is highly concentrated in the over 55 demographic, accounting for 57% total household wealth and over 50% of discretionary spend
- Discretionary spending in this group has increased at a significantly faster rate than younger cohorts

Source: ONS, Craft Media, UK Only

The over 55 opportunity

Leveraging Hotter's penetration of the over 55 market



Environmental

SUSTAINABLE PACKAGING

We have completed a review of all materials used in packaging with a view to reducing excess waste

SUSTAINABLE SHOE BOX We will be changing our shoe box to a sustainable option for Spring/Summer 2022 rollout. We are targeting UK producers who will recycle our returns packaging

ROLL OUT SUSTAINABLE MATERIAL OPTIONS We are working across our entire material supply chain to introduce sustainable alternatives, looking to introduce replacements from Spring/summer 2022 onwards

RECYCLED MATERIALS

The majority of our footbeds use premium Ortholite foam which contains 5% recycled rubber and is machine washable designed to be long-lasting

INTRODUCTION OF ORGANIC TEXTILES

We have introduced organic cotton canvas into our summer deck ranges

Social

OUR CUSTOMERS

Fundamental principle of allowing our consumers to do more of what they love

CHARITABLE PARTNERSHIPS

Long standing relationship with Marie Curie

DATA PROTECTION

Clear Privacy Policy in place, in accordance with GDPR, commitment to protect and safeguard consumer data

GLOBAL SOURCING PRINCIPLES

All of our suppliers must sign up to our supplier manual including our Global Sourcing Principles which are in line with the 9-point base code of the Ethical Trade Initiative

ESTABLISHED SUPPLY CHAIN MAPPING

Our Indian factories which supply the majority of our product have mapped and reported their supply chains to tier 3 level

WORLD CLASS STAFF TRAINING

As part of our commitment to best practice we engage in regular training all key staff members engaged with supply chain management, using the services of SGS, the world leading testing, inspection and certification company

Governance

BOARD COMMITTEES

In addition to our Audit, Nomination and Remuneration Committees, we have established a monthly ESG Committee chaired by the CEO, to monitor, control and report on key actions

BEST IN CLASS TANNERY CONTROLS

We are members of the Leather Working Group (LWG) and all of our Indian suppliers are using tanneries which are gold rated approved by the LWG

IN COUNTRY CONTROLS

We have local based staff in India under the direction of an in country manager who visit all key factories on a weekly basis, conducting audits as required to ensure compliance with our Global Sourcing Principles