



**HALF-YEARLY FINANCIAL REPORT**  
for the six months ended 31 August 2021

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## Financial Summary

Period ended	Six months ended 31 August 2021	Year ended 28 February 2021	Six months ended 31 August 2020
<b>Net assets (£'000)</b>			
H share	15,575	15,838	7,702
I share	2,507	8,638	10,337
Total	18,082	24,476	18,039
<b>Net asset value per share (p)</b>			
H share	134.35	136.62	66.44
I share	3.43	11.82	14.14
<b>Return per share for the period (p)</b>			
H share	17.73	67.93	(6.25)
I share	0.11	(15.65)	(13.33)
<b>Dividends per share already paid in respect of the period (p)</b>			
H share	-	**24.00	***4.00
I share	-	**8.50	-
<b>Dividends per share paid in the period (p)</b>			
H share	**20.00	***4.00	-
I share	**8.50	-	-
<b>Cumulative dividends paid per share at end of period (p)</b>			
H share	42.00	22.00	18.00
I share	43.50	35.00	35.00
<b>Net asset value total return per share (p)*</b>			
H share	176.35	158.62	84.44
I share	46.93	46.82	49.14
<b>Share price at end of period (p)</b>			
H share	97.50	112.50	44.00
I share	2.25	9.00	20.00

\* i.e. net asset value per share plus total dividends

\*\* The Company paid an interim dividend of 20.0p per H share paid on 27 August 2021 with a record date of 20 August 2021 and 8.5p per I share paid on 27 August 2021 with a record date of 20 August 2021.

\*\*\* The Company paid an interim dividend of 4p per H Share on 18 December 2020 with a record date of 4 December 2020.

## Chairman's Statement

### Overall Review

For the **I share class**, the realisation of assets and return of funds to shareholders continued during the period:

- The Company's interests in Coolabi Group and Mirriad Advertising have been realised for cash, and an interim dividend of 8.5 pence per I share was paid in the period. The Company is proposing to reorganise its share capital in order to return the remaining I share cash to I shareholders and we will be writing to you shortly with more information about this.
- Immediately following this capital reduction, there will be an orderly closure of the I share class.

Following the closure of the I share class the H shares will be the only shares in the Company.

For the **H share class**, the Investment Manager's strategy is to continue to invest for growth:

- Performance in the H share class continues to be excellent – according to the Association of Investment Companies' data the H share class was the best performing amongst all VCTs in 2020, its share price growing by 221%.
- The net asset value total return (NAVTR) grew by 11.2% during the period under review.
- A significant interim dividend of 20p per H share was paid during the period.

### Financial Performance

At the 31 August half-year:

- The I share NAVTR was 46.93p comprising dividends paid of 43.5p and a remaining NAV of 3.43p. The I share class NAV decreased by £6,131k (71%) during the half-year driven by the payment on 27 August 2021 of the 8.5p per I share interim dividend totalling £6,214k.
- The H share NAVTR was 176.35p comprising dividends paid of 42p and the remaining NAV of 134.35p. An interim dividend of 20p per H share was paid on 27 August 2021. The financial performance of the H shares resulted from the significant returns generated by a number of exits from investments and increases in portfolio company valuations.

### Fundraising

The Company undertook no fundraising activities in the period under review. As set out in the previous Financial Statements, the Investment Manager considers such activity more appropriate after the I share class funds are returned to I shareholders and the I class wound up.

## Dividends

### I share class

The Investment Manager, as mandated by your Board, has realised all the I share portfolio holdings for cash.

The interim dividend of 8.5 pence per I share paid on 27 August 2021 exhausted the Company's distributable reserves. As there are insufficient distributable reserves available to pay the balance of the I share class funds via dividend, the Company has commenced a capital reduction procedure which will, following the approval of the Company's shareholders and the High Court in London, immediately enable the remaining cash to be paid to I shareholders as a final capital payment. This process may yet take several months and given the disruption in the courts timetable over the Christmas period this process may not be completed until after the end of the calendar year.

### H share class

The Investment Manager's investment strategy for the H share class is proving very successful. On 27 August 2021, the Company was able to pay a special interim dividend of 20p per H share, and the Board intends to continue to pay regular dividends in the future, supplemented by special dividends resulting from realised investment gains when appropriate.

With the excellent performance of the H share portfolio and, in particular, that of Unity Software Inc. ("Unity") and Audioboom Group plc ("Audioboom"), the Board anticipates putting a resolution to shareholders at a General Meeting to recommend a further special dividend in this financial year.

## Investment Performance

### H share portfolio

As an "evergreen" share class, the H share fund has an ongoing new investment remit and new funds available for investment. The results of this strategy have been very positive throughout the year.

Unity listed its shares on the New York Stock Exchange in September 2020 and the stock performed extremely well on listing and in the months since then, valuing the H share class investment in Unity at £7,705k at the half-year, for a total realised and unrealised return of 13 times on the initial investment into deltaDNA (which was acquired by Unity in 2019). This marks an excellent return for shareholders.

In August the Company sold its shareholding in Jungle Creations Limited to a financial buyer which returned £407k on a £180k investment giving a profit of £227k or a little over 2.25 times our original investment.

The Company's investment in Audioboom has performed strongly, with the valuation up 219% in the period equating to 5.4 times the value of the Company's initial investment. Audioboom has also launched its own content and IP platform through its Audioboom Originals series.

In November 2020, triggered by an investment from Edge Creative Enterprise Fund into Festicket Limited ("Festicket"), the convertible loan note held by the H share class converted into the senior class of shares benefitting from a 1.5 times participating preferred return. The market which Festicket targets has dramatically changed since the pre-Christmas period of 2020. While Festicket still faces challenging market

circumstances owing to Covid restrictions, the company is taking advantage of the resurgence of live events around the world and is well positioned to benefit from this into 2022 and beyond.

A number of new investment opportunities for the H share class are being explored, with several new investments already in negotiation and expected to be completed soon.

### Company Portfolio

The Company's H share class now holds interests across a broad range of the creative industries sector. Further details of our portfolio holdings and their valuations are contained in the Investment Manager's Review.

### Strategic Review

Having considered a variety of options, the Board opted for a simple and straightforward approach to the future.

We intend, through the activities of our specialist Investment Manager, to build up the H share class by a combination of successful investment and ongoing fundraising, and to provide shareholders with regular and special dividends. Following the closure of the I share class, we expect to put to H shareholders our plans to commence a fundraising and the reactivation of the Company's H share buy-back facility.

### Annual General Meeting and General Meeting

An annual general meeting was opened on 31 August 2021 and immediately adjourned. This is expected to recommence in November 2021 and we will write to you with the formal notice and date shortly.

### Board Composition

In accordance with the Company's Articles, Sir Peter Bazalgette will seek re-election at the reconvened annual general meeting.

Robin Goodfellow joined the Board on 31 July 2020, to help oversee the successful exit of Coolabi and the return of funds from the I share class to shareholders and will be stepping down from the Board as this exercise concludes. I would like to thank Robin for his positive contribution to the Board since July 2020.

The Board is committed to guiding the Company through the complex capital reduction process, to paying out remaining I share assets, to closing the I share class and to setting out a strategy for the VCT which will then comprise only a single class of H shares. This will complete a process set in motion in 2019. Once this has been completed Sir Aubrey Brocklebank and I will both seek re-election at a General Meeting of the Company.

I would like to thank my fellow Directors for their unstinting support throughout the period.

## Outlook

Edge Performance VCT continues to invest in a portfolio of highly regarded creative economy companies, which we expect to perform strongly in the future and in some cases even more strongly following the recovery from the pandemic. The Investment Manager works closely with each of these companies to ensure they have the necessary resources of funding, executives, industry experts and support to achieve their potential.

Research shows that investments made in the aftermath of economic shocks, such as the one currently being experienced, have the potential to offer superior returns.

The Board believes there is a bright future for investors in the Company given the quality of the existing portfolio which the Investment Manager has assembled, the current and future new H share fund investment opportunities it is pursuing, and the benefit of the co-investment arrangements the Investment Manager brings with other funds it manages.

As ever, I would like to thank you for your continued support of the Company.

## **Terry Back**

Chairman

20 October 2021

## Investment Manager's Review

The Investment Manager entered into a new investment management agreement with the Company on 13 May 2020, subject to shareholder approval, and at the Company's annual general meeting on 28 August 2020, the reappointment of the Investment Manager and the adoption of the new investment management agreement were approved by 98% of the votes cast (which represented 13% of the total votes available). The Investment Manager is grateful to shareholders for this vote of confidence.

The Investment Manager believes shareholders' confidence has not been misplaced.

Recognising that past performance in the I Share class was disappointing, the Investment Manager volunteered waiving all charges for managing out this share class. The Investment Manager was tasked with seeking a prompt realisation of the I Share portfolio, particularly its holding in Coolabi Group, which it has now achieved despite the difficult backdrop of the pandemic. Following the receipt of the cash proceeds of the Coolabi realisation together with the other cash realisations in the I share holdings an interim dividend of 8.5 pence per I share was paid on 27 August 2021. The Company will shortly propose to reorganise its share capital in order to return the remaining cash to I Shareholders.

Under the management of the Investment Manager, the H Share Class was the best performing of all VCT's as ranked by the Association of Investment Companies over a 1 year rolling period comparing investment companies on a share price total return percentage basis. The net asset value total return of the H Share class increased by 11.2% from 158.62 pence per share to 176.35 pence per share in the period under review.

With H Share performance so strong, it is the Board's intention to pay dividends as outlined in the Chairman's statement and the Investment Manager is continuing its programme of realisations sufficient to pay these dividends.

In relation to the Company's "evergreen" H Share class, the Company will continue to make Qualifying Investments in the creative economy, and in particular in enabling technologies in the content creation entertainment and media sectors which the Investment Manager believes have the potential for growth, in order to generate growth and returns for shareholders.

Whereas the H Share fund continues to make investments, the I Share fund has no reinvestment mandate. In relation to the Company's "planned exit" I Share class, the Investment Manager originally employed a "blended" investment strategy, under which the share class's VCT-qualifying portfolio entailed a mix of:

- investments in businesses with a high level of underpinning of the amount invested by the Company; and
- investments in businesses with the potential for significant growth.

The I Share class has now liquidated its remaining two portfolio investments, Coolabi Group Limited and its shareholding in Mirriad Advertising plc. It is the intention of the Board and the Manager to immediately proceed with an orderly closure of the I Share class.

### Covid-19

Edge Performance VCT's portfolio includes a number of highly regarded creative economy businesses. During the past year all were impacted to varying degrees by disruption caused by the lockdowns and change in consumption trends and spending habits. The manager took action to support a number of businesses in transitioning to work from home and in some cases achieve cost reductions. This included financial support through additional rounds of funding to help them through the crisis and position to be able to flourish when demand recovers.



Most companies have opened or are in the process of, reopening offices and in some cases having terminated leases and moved into new offices. Most are likely to retain a degree of flexible working and hot-desking into the future. This meets the needs and expectations of the businesses and employees but also maintains lower fixed office costs for a longer period of time.

We have been incredibly impressed by the resilience and flexibility of our portfolio companies during the crisis and their swift action, together with the support received has allowed many of them to recover well in the second half of the year. In some cases, this included reaching profitability for the first time as sales growth in the second half rebounded and cost bases remained depressed. In other cases, continued lockdowns or restrictions on gatherings and live events are having a significant impact on business operations, even as consumer demand remains extremely high for such events.

Edge Performance VCT entered this crisis with a portfolio of strong companies in a range of sectors and business models. We are confident that having weathered some of the worst conditions ever and adapted to new trading conditions, the portfolio companies will thrive.

## Dividends

It is the Company's strategy to maintain a regular annual dividend flow and distribute the majority of gains on realisations, as noted above, while being mindful of its need to retain sufficient funds to support the growth and new funding requirements of the existing portfolio and the need for the Company to meet its ongoing financial obligations.

## Portfolio investments realised during the period

Coolabi Group Limited: As stated in the 28 February 2021 Annual Report, an adviser was appointed in early 2020 to explore the strategic opportunities for Coolabi including an outright sale. Despite the severe impact of the pandemic on the process, which limited the depth and breadth of the buyer universe to European bidders, rather than the expected range of European and Asian bidders, Edge Performance VCT reached agreement to sell its shareholding in Coolabi as part of the sale of the Company. This sale was at a headline valuation of £35m, which was at the lower end of the range expected at the start of the process. The sale completed in June 2021.

Unity Software Inc (NYSE: U): During the period, the Company sold 25,900 shares at an average price of \$108.25 per share generating proceeds of £1,917k. The Company held 83,616 Unity shares at the 31 August 2021 period-end.

Jungle Creations Limited: The Company realised its holding in Jungle Creations during the period following a majority acquisition by Livingbridge, generating proceeds of £407k, a return of 2.3x the cost of investment, an increase of £43k since 28 February.

Mirriad Advertising Plc: In accordance with the decision to wind up the I share class, the Company's I share class holding in Mirriad was sold in August 2021 generating proceeds of £32k, a loss of £18k when compared to cost and a loss of £24k since 28 February.

## Portfolio investment made during the year

The Company made no new investments during the period under review.

## Existing portfolio investments

### *Unity Software Inc*

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Cost (£'000):	1,338
Valuation (£'000):	7,705
Basis of valuation:	Closing bid price (NYSE) at balance sheet date
Value movement in period (£'000):	(749)
	8.9% decrease
Equity holding:	0.02%

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Edge Performance VCT acquired its holding in Unity as part of the consideration for its sale of deltaDNA. San Francisco headquartered Unity is the fast-growing creator of the world's leading real-time 3D development platform for games. To date it has raised in excess of \$1.4 billion from investors and boasts a shareholder register including some of the most prominent Silicon Valley investment firms. Unity listed on the NYSE at \$52 per share in September 2020. The share price reached a high in excess of \$170 per share in December 2020 falling to \$107 as at 28 February 2021 and rising to \$127 as at 31 August 2021. At the date of writing this report the price was in excess of \$140.

### *Festicket Limited*

[an Edge Creative Enterprise Fund (ECEP) co-investment]

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Cost (£'000):	1,272
Valuation (£'000):	2,162
Basis of valuation:	Valuation based on comparable valuations
Value movement in period (£'000):	12
	0.6% increase
Equity holding (issued):	4.7%

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Festicket is a leading travel and ticketing platform that offers quality bookings, packages and information for festival fans worldwide and a software platform providing marketing, analytics and access control functions, among others, to festival organisers.

In November 2020, the Convertible Loan Note held by the H Share Class was converted into Festicket's equity, as part of a new €3.3m Series F fundraising led by the ECEF with participation from Future Fund. Clearly the subsequent global shutdown in 2020, as a consequence of the coronavirus pandemic, has hit businesses like Festicket hard. However, during that time, the business diversified operations to the US and Australia where the lockdown was less severe and in H2 21 we saw a significant recovery in live events whilst the demand for tickets and events remained very high throughout the period, leading to a strong recovery in revenue.

### *Audioboom Group plc*

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Cost (£'000):		750
Valuation (£'000):		2,677
Basis of valuation:	Closing bid price (AIM) at balance sheet date	
Value movement in period (£'000):		1,459
		119.8% increase
Equity holding:		2%

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Audioboom is a leading podcast distribution and monetisation platform. Edge Performance VCT invested in two rounds of funding in Audioboom, at a blended cost of £2.65 per share. Audioboom recovered extremely well in the second half of 2021 following the initial disruption caused by Covid and advertising budgets taking a severe hit. The performance of the company is testament to the strength of the market within which they operate. The share price advanced to £9.45 per share as at 31 August 2021 and £10.55 at the date of writing this review.

### *Mirriad Advertising plc*

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Cost (£'000):		470
Valuation (£'000):		504
Basis of valuation:	Closing bid price (AIM) at balance sheet date	
Value movement in period (£'000):		(397)
		44.1% decrease
Equity holding:		0.58%

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Mirriad shares continue to be volatile falling from 52p as at 28 February 2021 to 31p per share as at 31 August 2021 and 33.5p at the date of writing this review.

The Company listed on the AIM segment of the London Stock Exchange in December 2017, raising £26.2m at a post-money valuation of £63.2m (62p per share), launched a placing in November 2020 of £23m at 40p per share and raised a further £3m via an open offer at 40p per share.

Investment Manager's Review  
continued

*Newsflare Limited*

[an Edge Creative Enterprise Fund co-investment]

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Cost (£'000):	150
Valuation (£'000):	387
Basis of valuation:	Implied third party valuation
Value movement in year (£'000):	(47)
	10.9% decrease
Equity holding (issued):	1.57%

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Newsflare is a curator and marketplace for User Generated Video (UGV) which it sells to a range of corporate consumers including global news outlets, production companies and advertising agencies. Strategically the business has positioned itself as a leading source of curated and trusted consumer video and is starting to reap the benefits of that. Following a recent fundraising process and the implied enterprise value of the company upon completion, Edge Performance VCT's valuation in Newsflare has reduced by £47k to £387k from the valuation held as at 28 February 2021.

*The Dream Corporation Limited*

[an Edge Creative Enterprise Fund co-investment]

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Cost (£'000):	102
Valuation (£'000):	102
Basis of valuation:	Recent investment price
Value movement in year (£'000)	-
Equity holding (issued):	1.0%

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The Dream Corporation operate a premium VR arcade called the Otherworld based in East London, which offers a range of content experiences augmented with 4D effects, and a food and beverage offer. Having proven the unit economics in their original site in East London, the Company was looking for investment to grow its footprint. Management have used the enforced close period due to Covid restrictions to secure and design two new sites, one of which opened in Victoria in summer 2021.

**Significant VCT-qualifying investments**

The Company and the Investment Manager apply internal diversification guidelines, under which the Company will not invest more than 15% of its assets in any one investment. However, distributions to shareholders and movements in portfolio valuations can give rise to the potential for the value of a given investment subsequently to exceed 15% of the Company's assets. These factors have resulted in the Company's investment Unity Software, based on the valuation of those holdings as at 31 August 2021, now exceeding 15% of the net assets of the Company.

## Portfolio performance

As at 31 August 2021, the NAV total return per Share of each of the Share Funds stood at:

### H Share Fund:

176.35p (158.62p as at 28 February 2021), an increase of 11%

### I Share Fund:

46.93p (46.82p as at 28 February 2021), an increase of 0.23%

## Outlook

The Company disposed of its shareholding in Coolabi Group on 17 June 2021. The sale was an all-cash transaction and the exit represents the disposal of the last major asset in the I share class of EPVCT. Following the disposal of the Coolabi shares and of the Company's I share class holding in Mirriad Advertising, it is the intention of the Board and the Manager to immediately proceed with an orderly closure of the I Share class.

As at the period end, the H Share fund has funds available for VCT-qualifying investments. The Company benefits from a co-investment arrangement with Edge Creative Enterprise Fund and anticipates a similar arrangement with Edge's next venture fund. This, together with the pipeline of quality opportunities which the Investment Manager continues to see as a consequence gives the Investment Manager confidence in the prospects for future investments.

The focus for the H Share fund continues to be identifying, selecting and making VCT-qualifying investments in the creative economy and enabling technologies, which the Investment Manager believes have the potential for profitability and growth.

The Investment Manager is also devoting significant time and resource to supporting the management teams of existing portfolio companies and using its network of experienced executives and advisors to assist portfolio company management teams. Where appropriate, subject to State aid rules, the H Share class has funds available to invest further in those portfolio companies.

## Edge Investments

Investment Manager

20 October 2021

## Investment Portfolio Summary

as at 31 August 2021

H Share Fund	As at 31 August 2021			As at 28 February 2021		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group Limited	-	-	-	500	300	1.9
Mirriad Advertising plc	470	504	3.2	470	845	5.3
Newsflare Limited	150	388	2.5	150	435	2.7
Audioboom Group plc	750	2,677	17.2	750	1,218	7.7
Jungle Creations Limited	-	-	-	180	364	2.3
Unity Software Inc.	1,338	7,705	49.5	1,752	8,454	53.4
Festicket Limited	1,272	2,162	13.9	1,272	2,150	13.6
The Dream Corporation Limited	102	102	0.6	102	102	0.6
<b>Total qualifying investments</b>	<b>4,082</b>	<b>13,538</b>	<b>86.9</b>	<b>5,176</b>	<b>13,868</b>	<b>87.5</b>
<b>Non-qualifying investments</b>						
Coolabi Group Limited	-	-	-	369	114	0.7
<b>Total non-qualifying investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>369</b>	<b>114</b>	<b>0.7</b>
<b>Total fixed asset investments</b>	<b>4,082</b>	<b>13,538</b>	<b>86.9</b>	<b>5,545</b>	<b>13,982</b>	<b>88.2</b>
Net current assets		2,037	13.1		1,856	11.8
<b>Net assets</b>		<b>15,575</b>	<b>100.0</b>		<b>15,838</b>	<b>100.0</b>

I Share Fund	As at 31 August 2021			As at 28 February 2021		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net Assets by value
<b>Qualifying Investments</b>						
Coolabi Group Limited	-	-	-	14,888	7,218	83.6
Mirriad Advertising plc	-	-	-	50	56	0.6
<b>Total Qualifying Investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,938</b>	<b>7,274</b>	<b>84.2</b>
<b>Non-qualifying investments</b>						
Coolabi Group Limited	-	-	-	1,959	734	8.5
<b>Total non-qualifying investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,959</b>	<b>734</b>	<b>8.5</b>
<b>Total fixed asset investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,897</b>	<b>8,008</b>	<b>92.7</b>
Net current assets		2,507	100.0		630	7.3
<b>Net assets</b>		<b>2,507</b>	<b>100.0</b>		<b>8,638</b>	<b>100.0</b>

## Statement of the Directors' Responsibilities in respect of the Half-yearly Financial Report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with the statement "Half-yearly financial reports" issued by the UK Accounting Standards Board.
- The Chairman's Statement (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the Disclosure Guidance 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.
- The "Statement of Principal Risks and Uncertainties" on page 15 is a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules, being a description of the principal risks and uncertainties for the remaining six months of the year.
- The financial statements include a fair review of the information required by rule 4.2.8R of the Disclosure Guidance 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 entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

### **The City Partnership (UK) Limited**

Company Secretary



## Statement of Principal Risks and Uncertainties

The Company's assets consist of equities and fixed interest investments, cash and liquid resources.

Its principal risks are therefore market risk, interest rate risk, credit risk and liquidity risk. Other risks faced by the Company include economic, investment, financial and regulatory risks. These risks, and the way in which they are managed, are described in more detail in the Directors' Report, the Statement of Corporate Governance and Note 18 to the Financial Statements in the Company's Annual Report & Financial Statements for the Year Ended 28 February 2021. The Company's principal risks and uncertainties have not changed materially since the date of that report.

## Statement of Comprehensive Income

for the six months ended 31 August 2021

	Six months ended 31 August 2021 (unaudited)			Six months ended 31 August 2020 (unaudited)			Year ended 28 February 2021 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on valuation of investments at fair value through profit or loss	-	2,270	2,270	-	(9,953)	(9,953)	-	(2,606)	(2,606)
Income	-	-	-	135	-	135	235	-	235
Investment Manager's fees	(44)	(134)	(178)	(57)	(172)	(229)	(114)	(344)	(458)
Other expenses	(148)	-	(148)	(410)	-	(410)	(727)	-	(727)
VAT refund	194	-	194	-	-	-	-	-	-
<b>Return before tax</b>	<b>2</b>	<b>2,136</b>	<b>2,138</b>	<b>(332)</b>	<b>(10,125)</b>	<b>(10,457)</b>	<b>(606)</b>	<b>(2,950)</b>	<b>(3,556)</b>
Tax	-	-	-	-	-	-	-	-	-
<b>Return for the period</b>	<b>2</b>	<b>2,136</b>	<b>2,138</b>	<b>(332)</b>	<b>(10,125)</b>	<b>(10,457)</b>	<b>(606)</b>	<b>(2,950)</b>	<b>(3,556)</b>
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income attributable to equity shareholders</b>	<b>2</b>	<b>2,136</b>	<b>2,138</b>	<b>(332)</b>	<b>(10,125)</b>	<b>(10,457)</b>	<b>(606)</b>	<b>(2,950)</b>	<b>(3,556)</b>

The total column of this statement represents the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits. The Company has no gains and losses other than those recognised in the income statement above and has not therefore prepared a separate statement of total recognised gains and losses.

Statement of Comprehensive Income  
 Non-Statutory Analysis (unaudited) between the H and I Share Funds  
 for the six months ended 31 August 2021

	H Share Fund			I Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on valuation of investments at fair value through profit or loss	-	2,293	2,293	-	(23)	(23)
Income	-	-	-	-	-	-
Investment Manager's fees	(44)	(134)	(178)	-	-	-
Other expenses	(97)	-	(97)	(51)	-	(51)
VAT refund	38	-	38	156	-	156
<b>Return before tax</b>	(103)	2,159	2,056	105	(23)	82
Tax	-	-	-	-	-	-
<b>Return for the period</b>	(103)	2,159	2,056	105	(23)	82
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income attributable to equity shareholders</b>	(103)	2,159	2,056	105	(23)	82
<b>Return per share (p)</b>	(0.89)	18.62	17.73	0.14	(0.03)	0.11

Statement of Comprehensive Income  
 Non-Statutory Analysis (unaudited) between the H and I Share Funds  
 for the six months ended 31 August 2020

	H Share Fund			I Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on valuation of investments at fair value through profit or loss	-	(591)	(591)	-	(9,362)	(9,362)
Income	69	-	69	66	-	66
Investment Manager's fees	(18)	(50)	(68)	(39)	(122)	(161)
Other expenses	(134)	-	(134)	(276)	-	(276)
<b>Return before tax</b>	(83)	(641)	(724)	(249)	(9,484)	(9,733)
Tax	-	-	-	-	-	-
<b>Return for the period</b>	(83)	(641)	(724)	(249)	(9,484)	(9,733)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income attributable to equity shareholders</b>	(83)	(641)	(724)	(249)	(9,484)	(9,733)
<b>Return per share (p)</b>	(0.72)	(5.53)	(6.25)	(0.35)	(12.98)	(13.33)

Statement of Comprehensive Income  
 Non-Statutory Analysis (unaudited) between the H and I Share Funds  
 for the year ended 28 February 2021

	H Share Fund			I Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on valuation of investments at fair value through profit or loss	-	8,219	8,219	-	(10,825)	(10,825)
Income	107	-	107	128	-	128
Investment Manager's fees	(33)	(100)	(133)	(81)	(244)	(325)
Other expenses	(317)	-	(317)	(410)	-	(410)
<b>Return before tax</b>	(243)	8,119	7,876	(363)	(11,069)	(11,432)
Tax	-	-	-	-	-	-
<b>Return for the financial year</b>	(243)	8,119	7,876	(363)	(11,069)	(11,432)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income attributable to equity shareholders</b>	(243)	8,119	7,876	(363)	(11,069)	(11,432)
<b>Return per share (p)</b>	(2.11)	70.04	67.93	(0.51)	(15.14)	(15.65)

## Balance Sheet

as at 31 August 2021

	As at 31 August 2021 (unaudited) £'000	As at 31 August 2020 (unaudited) £'000	As at 28 February 2021 (audited) £'000
<b>Fixed assets</b>			
Investments	13,538	14,543	21,990
<b>Current assets</b>			
Debtors	1,111	1,054	729
Bank deposits	2,953	2,353	1,753
Cash at bank	530	107	58
	4,594	3,514	2,540
Creditors: amounts falling due within one year	(50)	(18)	(54)
<b>Net current assets</b>	4,544	3,496	2,486
<b>Net assets</b>	18,082	18,039	24,476
<b>Capital and reserves</b>			
Called up share capital	8,470	8,470	8,470
Share premium account	3,319	3,319	3,319
Special reserve	35,769	44,765	44,301
Capital redemption reserve	4,115	4,115	4,115
Capital reserve – realised	(47,587)	(30,765)	(33,031)
Capital reserve – unrealised	9,085	(17,048)	(7,607)
Revenue reserve	4,911	5,183	4,909
<b>Equity shareholders' funds</b>	18,082	18,039	24,476

## Non-Statutory Analysis (unaudited) between the H and I Share Funds Balance Sheet

as at 31 August 2021

	H Share Fund £'000	I Share Fund £'000
<b>Fixed assets</b>		
Investments	13,538	-
<b>Current assets</b>		
Debtors	920	191
Bank deposits	594	2,359
Cash at bank	440	90
	1,954	2,640
Creditors: amounts falling due within one year	83	(133)
<b>Net current assets</b>	2,037	2,507
<b>Net assets</b>	15,575	2,507
<b>Capital and reserves</b>		
Called up share capital	1,160	7,310
Share premium account	3,259	60
Special reserve	1,139	34,630
Capital redemption reserve	-	4,115
Capital reserve – realised	1,738	(49,325)
Capital reserve – unrealised	9,085	-
Revenue reserve	(806)	5,717
<b>Equity shareholders' funds</b>	15,575	2,507
Net asset value per share (p)	134.35	3.43

## Non-Statutory Analysis (unaudited) between the H and I Share Funds Balance Sheet

as at 31 August 2020

	H Share Fund £'000	I Share Fund £'000
<b>Fixed assets</b>		
Investments	5,140	9,403
<b>Current assets</b>		
Debtors	739	315
Bank deposits	247	2,105
Cash at bank	1,462	(1,354)
	2,448	1,066
Creditors: amounts falling due within one year	114	(132)
<b>Net current assets</b>	2,562	934
<b>Net assets</b>	7,702	10,337
<b>Capital and reserves</b>		
Called up share capital	1,160	7,310
Share premium account	3,259	60
Special reserve	3,922	40,843
Capital redemption reserve	-	4,115
Capital reserve – realised	737	(31,502)
Capital reserve – unrealised	(833)	(16,215)
Revenue reserve	(543)	5,726
<b>Equity shareholders' funds</b>	7,702	10,337
Net asset value per share (p)	66.44	14.14



## Non-Statutory Analysis (unaudited) between the H and I Share Funds Balance Sheet

as at 28 February 2021

	H Share Fund £'000	I Share Fund £'000
<b>Fixed assets</b>		
Investments	13,982	8,008
<b>Current assets</b>		
Debtors	726	3
Bank deposits	(561)	2,314
Cash at bank	1,602	(1,544)
	1,767	773
Creditors: amounts falling due within one year	89	(143)
<b>Net current assets</b>	1,856	630
<b>Net assets</b>	15,838	8,638
<b>Capital and reserves</b>		
Called up share capital	1,160	7,310
Share premium account	3,259	60
Special reserve	3,458	40,843
Capital redemption reserve	-	4,115
Capital reserve – realised	598	(33,629)
Capital reserve – unrealised	8,066	(15,673)
Revenue reserve	(703)	5,612
<b>Equity shareholders' funds</b>	15,838	8,638
Net asset value per share (p)	136.62	11.82

## Statement of Changes in Equity

for the six months ended 31 August 2021

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2021	8,470	3,319	44,301	4,115	(33,031)	(7,607)	4,909	24,476
Dividends paid	-	-	(8,532)	-	-	-	-	(8,532)
Total comprehensive income for the period	-	-	-	-	(14,556)	16,692	2	2,138
<b>At 31 August 2021</b>	<b>8,470</b>	<b>3,319</b>	<b>35,769</b>	<b>4,115</b>	<b>(47,587)</b>	<b>9,085</b>	<b>4,911</b>	<b>18,082</b>

## Statement of Changes in Equity

for the six months ended 31 August 2020

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2020	8,470	3,330	44,765	4,115	(30,543)	(7,145)	5,515	28,507
Unpaid share capital	-	(11)	-	-	-	-	-	(11)
Comprehensive income for the year	-	-	-	-	(172)	(9,953)	(332)	(10,457)
<b>At 31 August 2020</b>	<b>8,470</b>	<b>3,319</b>	<b>44,765</b>	<b>4,115</b>	<b>(30,715)</b>	<b>(17,098)</b>	<b>5,183</b>	<b>18,039</b>

## Statement of Changes in Equity

for the 12 months ended 28 February 2021

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2020	8,470	3,330	44,765	4,115	(30,543)	(7,145)	5,515	28,507
Unpaid share capital	-	(11)	-	-	-	-	-	(11)
Dividends paid	-	-	(464)	-	-	-	-	(464)
Total comprehensive income for the year	-	-	-	-	(2,488)	(462)	(606)	(3,556)
<b>At 28 February 2021</b>	<b>8,470</b>	<b>3,319</b>	<b>44,301</b>	<b>4,115</b>	<b>(33,031)</b>	<b>(7,607)</b>	<b>4,909</b>	<b>24,476</b>

Distributable reserves comprise: the special reserve; the revenue reserve; and capital reserves attributable to realised profits.

Called up equity share capital represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. The special reserve was created on cancellation in the period down to September 2013 of the share premium account in respect of shares issued and is primarily used for the distribution of dividends. The capital redemption reserve maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It cannot be used to fund share repurchases and it is not distributable by way of dividend.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve. When an investment is sold any balance held on the capital reserve (unrealised) is transferred to the capital reserve (realised).

## Statement of Cash Flows

for the six month period ended 31 August 2021

	Period ended 31 August 2021		Period ended 31 August 2020		Year ended 28 February 2021	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>						
Profit/(loss) for the period	2,138		(10,457)		(3,556)	
Adjustments for:						
(Gains)/losses on investments held at fair value through the profit or loss	(2,270)		9,953		2,606	
Accrued income	-		(133)		(233)	
(Increase)/decrease in other debtors and prepayments	(461)		(413)		-	
Decrease in other creditors and accruals	(5)		(82)		(46)	
<b>Cash generated from operating activities</b>		(598)		(1,132)		(1,229)
Tax paid		-		-		-
<b>Net cash generated from operating activities</b>		(598)		(1,132)		(1,229)
<b>Cash flows from investing activities</b>						
Sales of investments held at fair value	10,802		-		3	
Purchases of investments held at fair value	-		-		(102)	
<b>Net cash from investing activities</b>	10,802		-		(99)	
<b>Cash flows from financing activities</b>						
Issue of ordinary share capital	-		-		-	
Share issue expense	-		(11)		-	
Dividends paid	(8,532)				(464)	
<b>Net cash used in financing activities</b>	(8,532)		(11)		(464)	
<b>Net increase/ (decrease) in cash</b>	1,672		(1,143)		(1,792)	
<b>Reconciliation of cash and cash equivalents</b>						
Increase/(decrease) in cash	1,672		(1,143)		(1,792)	
Opening cash and cash equivalents position	1,811		3,603		3,603	
Closing cash and cash equivalents position	3,483		2,460		1,811	

### 1. Accounting policies

The financial information for the six months ended 31 August 2021 has not been audited and comprises non-statutory accounts as defined in sections 434 to 436 of the Companies Act 2006.

The Company's auditor issued an unqualified opinion on the statutory accounts for the year ended 28 February 2021. This report is prepared on the basis of the accounting policies set out in the Company's statutory accounts for the year ended 28 February 2021. No statutory accounts in respect of any period after 28 February 2021 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

### 2. Going concern

After making enquires and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 August 2021, the Company held cash balances and current asset investments with a combined value of £4.5million. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contractual expenditure and its discretionary expenses.

### 3. Related parties

Edge Investments (the "Investment Manager") has been appointed as the Company's investment manager. The Investment Manager will receive, in respect of the financial year ending 28 February 2022: (a) an annual management fee of £nil in relation to the I Shares, (b) an annual management fee of 2.25% of the net asset value attributable to the H Shares as at 28 February 2021 plus VAT (if applicable) and (c) a performance fee. As a result of the new investment management agreement approved by shareholders, the Investment Manager will not bear any of the Company's running costs in respect of the financial year ending 28 February 2022. A cost cap of 3.5% of the year's closing net asset value will be re-introduced in the Company's financial year ending 28 February 2023 or, if earlier, in any financial year in which the Company makes an H share offer where the aggregate net offer proceeds of such H share offer increase the audited H share net asset value, calculated as at the end of that financial year, by £3m or more over £15,837,792 being the audited H share net asset value as at 28 February 2021. These arrangements are described in more detail in note 23 to the financial statements in the Company's annual report & financial statements for the year ended 28 February 2021. During the period, the Company has incurred investment management fees of £178,176 (exclusive of VAT), a performance related incentive fee of £nil (exclusive of VAT) and an offer fee of £nil (exclusive of VAT). The Investment Manager owes the Company £nil in respect of the cap on the Company's annual running costs.

The Performance Fee in respect of the I share class has been waived by agreement with the Investment Manager and as a result, currently there is no Performance Fee scheme in effect in respect of the I share class.

**3. Related parties (continued)**

On 13 May 2020, the Company entered into a new administrative services agreement with Lupfaw 318 Limited, now named Finance Administration Services ("FAS"). This new agreement replaced the previous administrative services agreement with the Investment Manager with effect from 1 March 2021. Under the new agreement, the annual fee will be £50,000 (plus VAT, if applicable), with no adjustment by reference to the movement in the Retail Prices Index. In the year ended 28 February 2021, the comparable fee paid to the Investment Manager was £324,419 (exclusive of VAT).

**4. Return per share**

The return per share has been calculated on a weighted average number of shares in issue for the six months ended 31 August 2021 of:

Share class	6 months ended 31 August 2021	6 months ended 31 August 2020	Year to 28 February 2021
H share	11,592,430	11,592,430	11,592,430
I share	73,103,650	73,103,650	73,103,650

**5. Net asset value per share**

The net asset value per share has been calculated based on the number of shares in issue as at 31 August 2021:

Share class	Shares in issue as at 31 August 2021	Shares in issue as at 31 August 2020	Shares in issue as at 28 February 2021
H share	11,592,430	11,592,430	11,592,430
I share	73,103,650	73,103,650	73,103,650

During the six months ended 31 August 2021, the Company did not buy back any shares.

Copies of the half-yearly report are being made available to all shareholders - by post, if requested, or by reference to the Company's website, at [www.edge.vc](http://www.edge.vc). Further hard copies are available free of charge from Edge Investments Limited by telephoning 020 7317 1300 or by email to [info@edge.vc](mailto:info@edge.vc).

## Corporate Information

as at 31 August 2021

### Directors

Terry Back (Chairman)  
Sir Peter Bazalgette  
Sir Aubrey Brocklebank  
Robin Goodfellow

*all of*

1 Marylebone High Street London W1U 4LZ  
which is the registered office of the Company

### Investment Manager

#### **Edge Investments Limited**

1 Marylebone High Street  
London W1U 4LZ  
(authorised and regulated by the Financial Conduct  
Authority; registration number 455446)

### Company Secretary

#### **The City Partnership (UK) Limited**

110 George Street  
Edinburgh EH2 4LH

### Taxation advisers

#### **Philip Hare & Associates LLP**

1 Temple Avenue  
London EC4 0HA

### Auditor

#### **UHY Hacker Young LLP**

Quadrant House  
4 Thomas More Square  
London E1W 1YW

### Bankers

#### **Coutts & Co**

440 Strand  
London WC2R 0QS

### Receiving Agent & Registrar

#### **The City Partnership (UK) Limited**

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