

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION DIRECTLY OR INDIRECTLY (IN WHOLE OR IN PART) IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THE JURISDICTION.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED. ON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

For immediate release

14 December 2022

EDGE PERFORMANCE VCT PUBLIC LIMITED COMPANY (the “Company”)

Publication of a circular (the “Circular”)

Proposed Class 1 Transactions, Related Party Transaction and Notice of General Meeting

The Company has today published the Circular in relation to proposed class 1 transactions and a related party transaction (the “**proposals**”). The proposals are subject to Shareholder approval and, accordingly, the Circular contains a notice convening a general meeting of the Company to be held at the offices of Simons Muirhead Burton LLP, 87-91 Newman Street, London W1T 3EY on 11 January 2023 at 2.00 p.m. (the “**General Meeting**”).

A copy of the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>. The Circular will also be available on the Company’s website (www.edge.vc/epvct/). Save as otherwise defined in this announcement, terms defined in the Circular shall bear the same meaning in the announcement.

Introduction and background

Following an examination of the level of the Company’s distributable reserves during the financial year ended 28 February 2022, it came to the attention of the Board in late June 2022 that there was an issue concerning compliance with the Companies Act in relation to the interim dividend paid by the Company to I shareholders on 6 December 2021 (the “**December 2021 Dividend**”).

Before declaring the December 2021 Dividend, the Board was advised that the Company had distributable reserves of £2,509,000. The Board wished to distribute to I shareholders the vast majority of the Company’s net asset value attributable to its I shares and resolved to pay the December 2021 Dividend, the aggregate value of which was £2,478,000. However, during the subsequent examination an error was uncovered which resulted in the need for a prior year adjustment, a consequence of which was that the Company’s distributable reserves as at the date of the payment of the December 2021 Dividend were overstated by £253,000. Thus the Company did not have sufficient distributable reserves to cover the value of the December 2021 Dividend when it was paid.

Following the cancellation of the Company’s share premium account and capital redemption reserve on 22 March 2022, the Company had distributable reserves which would have been more than sufficient to cover the entirety of the December 2021 Dividend. Had the share premium account and capital redemption reserve been cancelled prior to the payment of the December 2021 Dividend, the Company would have had the distributable reserves necessary to pay the December 2021 Dividend in accordance with the provisions of the Companies Act.

Following the sale of the Company’s holding in Coolabi Group Limited for £8,366,000, the Board wished to pay out the sums realised from this sale to I shareholders and to pay H shareholders a special dividend. The Board and the Investment Manager received professional advice which stated that the Company had £8,572,000 of distributable reserves and, accordingly, the Company paid dividends of £8,532,000, in aggregate, to I shareholders and H shareholders on 27 August 2021 (the “**August 2021 Dividends**”, and together with the December 2021 Dividend the “**Relevant Dividends**”).

Following the examination and discussions with the Company’s advisers, the Board is concerned that the payment of the August 2021 Dividends has resulted in a breach of the common law doctrine of capital maintenance as a result of the loss made on the sale of Coolabi Group Limited after the Company’s financial year ended 28 February 2021 but before the payment of the August 2021 Dividends.

Accordingly, the Board is writing to Shareholders with proposals to address these issues and to outline the action Shareholders are being asked to take in connection with a general meeting of the Company to be held at 2.00 p.m. on 11 January 2023.

The issues arising in connection with the Relevant Dividends are of a historic nature and there is no change to the current financial position of the Company as a consequence. The proposals described in the Circular do not affect the Company's current distributable reserves, nor its capacity to pay dividends going forward. To that end, the Board has resolved to put to Shareholders a resolution to pay a final dividend of 5 pence per Share before the proposed members' voluntary solvent liquidation of the Company, as described in further detail below.

Proposals

The Company has no intention of recovering the Relevant Dividends from, or making any claims against, the Recipient Shareholders or the Relevant Directors (each as defined below) for the reasons set out below, and your Board does not believe that it would be in Shareholders' best interests to do so.

Given that your Board had always intended to pay the Relevant Dividends as the Company had the requisite cash to do so, your Board does not believe that the Company has sustained any loss as a result of the Relevant Dividends having been paid.

As a consequence of the Relevant Dividends having been paid otherwise than in accordance with the Companies Act and the common law (as relevant), the Company could make claims against the past and present shareholders who received the Relevant Dividends (the "**Recipient Shareholders**") and all past and present directors of the Company who were directors at the time a Relevant Dividend was made, being (a) the Company's current Directors, namely Terence Back, Sir Peter Bazalgette and Sir Aubrey Brocklebank; and (b) Robin Goodfellow, a former director of the Company who was in office at the time when the August 2021 Dividends were approved and paid (the "**Former Director**" and together with the Directors, the "**Relevant Directors**"), in each case to recover the amounts paid by the Company by way of the Relevant Dividends.

It is therefore proposed that Shareholders authorise the Company to enter into: (i) a deed of release in favour of all Recipient Shareholders (the "**Shareholders' Deed of Release**"); and (ii) a deed of release by which the Company waives any rights to make claims against Relevant Directors in respect of the Relevant Dividends (the "**Directors' Deed of Release**"). The consequence of the entry into of the Deeds of Release by the Company is that the Company will be unable to make any claims that it may have against Recipient Shareholders and/or the Relevant Directors to recover the amounts paid by way of the Relevant Dividends to the Recipient Shareholders.

The maximum potential amount to which the Shareholders' Deed of Release and the Directors' Deed of Release will relate is £11,010,496, being the aggregate amount of the Relevant Dividends paid to Recipient Shareholders.

Under the Listing Rules, the entering into of the Shareholders' Deed of Release and the Directors' Deed of Release are each classified as a class 1 transaction and the entry into of the Directors' Deed of Release will also constitute a related party transaction. As a result, both require Shareholder approval. The Resolution will thus seek the specific approval of Shareholders for the entry into of the Shareholders' Deed of Release and the Directors' Deed of Release as class 1 transactions and, in the case of the latter, a related party transaction in accordance with the requirements of the Listing Rules.

Proposed members' voluntary solvent liquidation

As Shareholders will be aware, the Company's net asset value has significantly reduced in recent months, with, among other things, market-related reductions in the portfolio valuation, a dividend paid on 6 May 2022, share buy-backs and the payment of advisers' fees having substantially depleted the Company's cash. As a result, the Board and the Investment Manager are of the opinion that the Company is sub-scale and that the Company's ongoing charges ratio will be too high at approximately 14.89 per cent.

Following lengthy discussions with the Investment Manager as to the Company's current position and the overall market outlook, the Board does not foresee any reasonable opportunity for the Company to grow in the short term. Accordingly, after careful consideration the Board believes that it is in Shareholders' best interests that the Company be placed into a members' solvent voluntary liquidation, with the intention that there will be an orderly winding down of the Company, realisation for cash of the Company's assets and a return of that cash to Shareholders in a manner which will be intended to preserve VCT tax-reliefs.

The Board expects to provide Shareholders with further details about the process in January 2023, which will lead to a general meeting in late January/early February 2023, at which Shareholders will be invited to vote on the Company entering into a members' solvent voluntary liquidation. In addition, the Board has resolved to put to Shareholders at that general meeting a resolution to pay a dividend of 5 pence per Share before the proposed members' solvent voluntary liquidation of the Company.

The Board has come to the conclusion that it is in Shareholders' best interests that the Company be wound up and its capital returned to Shareholders for the reasons set out above and intends to implement these proposals regardless of the outcome of the vote upon the Resolution.

For further information, please contact:

Edge Investments Limited, Investment Manager: info@edge.vc

ISCA Administration Services Limited, Company Secretary: edgevct@iscaadmin.co.uk