



**HALF YEARLY FINANCIAL REPORT**  
FOR THE SIX MONTHS ENDED 31 AUGUST 2022

## Edge Performance VCT Public Limited Company

Incorporated in England and Wales  
with registration number 05558025

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# Financial Summary

Period ended	Six months ended 31 August 2022	Restated* six months ended 31 August 2021	Year ended 28 February 2022
<b>Net assets £'000</b>			
H share	7,237	18,082	25,207
<b>Net asset value per Share pence</b>			
H share	67.45	155.94	217.38
<b>Return per Share for the period pence</b>			
H share	(113.36)	18.44	101.27
<b>Dividends per Share paid in the period pence</b>			
H share	***35.00	20.00	20.00
<b>Cumulative dividends paid per Share at end of period pence</b>			
H share	77.00	42.00	42.00
<b>Net asset value total return per Share pence**</b>			
H share	144.45	197.94	259.38
<b>Share price at end of period pence</b>			
H share	107.50	97.50	127.50

\* To aid comparison the figures to 31 August 2021 have been restated to reflect the share conversion of I shares into H shares on 16 December 2021.

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

\*\*\* The Company paid an interim dividend of 35.00p per H share paid on 6 May 2022 with a record date of 19 April 2022.

The summary above represents the Company's Key Performance Indicators for the period.

# Chairman's Statement

## Overall Review

During the half year to August, the economic climate has deteriorated significantly due to events around the world. Your Company's portfolio has not been immune to these difficulties, which have led to a disappointing set of results for the period.

- The net asset value total return (NAVTR), decreased by 44.3% to 144.45 pence during the period under review.
- Following a capital reorganisation that cancelled the Company's Share Premium Account and Capital Redemption Reserve on 22 March 2022, the Company's distributable reserves increased by £14.74 million.
- An interim dividend of 35 pence per share was paid on 6 May 2022.
- A share buyback programme was commenced in August, with 7.5% of the Company's shares re-purchased.

## Financial Performance

At the 31 August half-year-end:

The H share NAVTR was 144.45 pence comprising dividends paid of 77 pence per share and the remaining NAV of 67.45 pence. An interim dividend of 35 pence per share was paid on 6 May 2022. The financial performance of the H Shares was driven by the portfolio company Festicket going into administration, the impact of the global economic crisis on portfolio companies' share prices and a cautious approach to valuations, to mirror a tougher trading context. Although the NAVTR decrease of 44.3% in the period was discouraging, the closing NAVTR of 144.45 pence still shows a healthy return from inception.

## Fundraising

The Company undertook no fundraising activities in the period under review. The Investment Manager is continuing to evaluate overall options for the Company in the light of the state of the global economy, and we will be writing to Shareholders about these in the near future.

## Share buy-back

On 8 August 2022, the Company announced that it had purchased 866,515 of the Company's own Ordinary Shares of 10 pence each, representing approximately 7.5% of the issued share capital at a price of 102.06 pence per share for cancellation. As a result of this purchase, there are now 10,729,167 Ordinary Shares of 10 pence each in issue.

## Dividends

On 6 May 2022, the Company paid a special interim dividend of 35 pence per share. The Board intends to continue to pay regular dividends in the future, supplemented by special dividends resulting from realised investment gains when appropriate.

The prior year adjustment relating to a reserve movement between realised and unrealised Capital Reserves as set out in the last year end accounts has had a knock-on effect of rendering the payment of the Company's 2021 H & I class dividends illegal due to a lack of distributable reserves. This issue was recognised in June 2022; by this time the reserves position had been regularised as a result of the March 2022 capital reorganisation referred to above. A resolution to release Shareholders and Directors of any liability in relation to these dividends will be put to Shareholders at a forthcoming General Meeting.

## Performance Incentive Fee

In accordance with the investment Management agreement put in place in 2020 the investment manager was paid a performance fee of approximately £2.6 million in July 2022.

## Investment Performance

During the period under review, technology stocks have declined across the world. Businesses involved in the advertising market have been hit, reflecting difficult trading conditions in the advertising sector. High inflation and faltering consumer confidence are also affecting business performance.

The Board announced that one of the Company's portfolio companies, Festicket, was experiencing trading headwinds in August; unfortunately, the business went into administration. The value has been written down to zero, a value movement of £4.79 million from the year end.

The listed portfolio companies, Audioboom, Mirriad and Unity have seen significant impacts on their share prices, reflecting stock market performance. During the half year, Audioboom's share price has reduced by 69% (£4.31 million in portfolio value) from 28 February 2022; Unity's share price has reduced by 54% (£356,000); Mirriad's share price has reduced by 69% (£172,000).

A conservative view has been taken on all unlisted portfolio company valuations, given the prevailing macroeconomic situation.

The Investment Manager has sourced new investments. The Company has co-invested with Edge funds in two new portfolio companies:

- £500,000 was invested, alongside Edge Creative Enterprise Fund, in Trint, a developer of an AI-powered software product which allows organisations and their employees to maximise the value of the spoken word, by transcribing speech to text and using that text to create stories, blogs and articles.
- £1 million was invested, alongside Create the Future LP, in FundamentalVR, a company which builds and licenses life-like digital VR-content that trains surgeons how to operate on the human body. Fundamental VR is experiencing 100% year-on-year growth.

### 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. Due to the drop in the Company's portfolio valuation in the period coupled with the substantial cash outflows of dividends, share buy-back and Manager performance fee, the overall fund value at 31 August 2022 has fallen to £7.24 million which the Manager and Board consider to be sub-scale.

### Company Strategy

As the Manager and Board consider the Company to be sub-scale, they are together evaluating options for the Company. The Board will inform Shareholders once a proposal has been established. In the meantime, the Board has decided to suspend the share buy-back programme until further notice, whilst various potential routes are under consideration.

### Board Composition

Terry Back, Sir Aubrey Brocklebank and Sir Peter Bazalgette were re-elected at the Annual General Meeting held on 23 August 2022.

### Outlook

Edge Performance VCT contains a portfolio of highly regarded creative economy companies and the closing NAVTR of 144.45 pence continues to show a healthy return from inception. During these times of global macro-economic uncertainty, the Investment Manager is paying particular attention to helping the portfolio navigate challenging trading conditions. The Manager continues to work closely with each of the companies to ensure they have the necessary resources of funding, executives, industry experts and support to achieve their potential.

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

### Terry Back

Chairman

28 November 2022

# Investment Manager's Review

During the period under review, the Manager invested in two new businesses. Trint is a developer of an AI-powered software product which allows organisations and their employees to maximise the value of the spoken word by transcribing speech to text and using that text to create stories, blogs and articles. The Company invested £500,000 into Trint alongside the Manager's other fund which has previously invested in 2020.

The second investment is into Fundamental VR, a developer of virtual reality training tools for surgeons. FVR has produced a digital recreation of an eye in 3D software and allows surgeons to practice new techniques or surgical procedures using a VR headset and haptic feedback, thereby eliminating the need for 'wet-labs' which use actual body parts from donors or animals. The investment is consistent with the Manager's theme of investing in education and technologies which accelerate change or transform existing industries.

The portfolio companies have not been immune to the underlying macroeconomic conditions and the worsening of consumer confidence, rise in materials costs and inflation has impacted the performance of the Company and the NAV this period. A sharp downturn in the price paid for digital advertising over the second quarter and the summer has contributed to a worsening in trading conditions for those companies exposed to the sector, namely Newsflare and Audioboom. As outlined below, following a short period of extremely difficult trading conditions and cash shortfall at the end of the period, Festicket unfortunately entered administration in September, and the assets were subsequently acquired by US-based Lyte Inc which resulted in a total loss for shareholders including those shares held by the Company.

In relation to the future, the Company will continue to make Qualifying Investments in the creative economy as cash reserves allow, with a focus on the broad remit of the changing media, education, and entertainment sectors and those underlying and enabling technologies, which the Investment Manager believes have the potential to generate growth and returns for shareholders. The Company will continue to invest in stand-alone, earlier stage creative economy investments and co-invest with the Manager's other venture stage funds.

## Dividends

It is the Company's strategy to maintain a regular annual dividend flow and distribute the majority of gains on realisations, 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. During the period, the Manager, together with the board announced a dividend of 35 pence per share, paid on 6 May 2022, taking total dividend payments to 77 pence.

## Portfolio investments realised during the year

There were no realisations in the period under review.

## Portfolio investment made during the year

During the period under review the Company made investments into both new and existing portfolio companies benefiting from its relationship with both of Edge's GP/ LP funds Edge Creative Enterprise Fund LP and Create the Future LP. These investments include a £500,000 investment into Trint Limited an existing Edge Creative Enterprise Fund portfolio company, and in accordance with the Company's co-investment arrangement with Create the Future LP invested £1 million alongside the fund into a new portfolio company, Fundamental VR Limited. The Company also made a pro-rata investment of £16,000 in to the existing portfolio company The Dream Corporation Limited.

## Trint Limited

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Cost (£'000):	500
Valuation (£'000):	375
Basis of valuation:	25% discount to last round price
Value movement in year (£'000):	(125)
Equity holding:	0.7%

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Trint is an AI powered transcription & collaboration platform enabling organisations and content makers to maximise the value of spoken word. Trint can transcribe any video and audio file and convert it into text, providing users with a suite of workflow tools for turning raw transcripts into stories, blogs, articles or videos. Trint has carved out a unique position within the audio transcription market, a market estimated at c. £9 billion in 2017 and forecast to grow to £23 billion by 2025, by building a platform designed to dramatically increase speed, accuracy and workflow efficiencies. The team have been successful in growing a large client base, with a modest marketing spend to date.

Edge Performance VCT invested £500,000 into Trint, which ended H1 2022 with a run-rate of £9.3 million of ARR ("Annual Recurring Revenue") which is below forecast. Although it remains loss-making, cost reductions and limited hiring have contributed to an EBITDA position which is 50% favourable to budget.

### FundamentalVR Limited

Cost (£'000):	1,000
Valuation (£'000):	1,000
Basis of valuation:	Recent Investment Price
Value movement in year (£'000):	–
Equity holding:	3.4%

FundamentalVR builds and licenses life-like digital VR-content that trains surgeons how to operate on the human body. They sell to life sciences corporates, medical robotics companies, and hospital networks, to train surgeons on new surgical procedures, drug administration, and general surgery. FundamentalVR envisage a future where virtual reality training environments become part of regulatory-mandated medical training and continuous professional assessment for surgeons. FundamentalVR has experienced over 100% year-on-year revenue growth and strong metrics at the time of investment and continues to significantly increase recurring revenue from its existing client base.

### Existing portfolio investments

#### Audioboom Group plc

Cost (£'000):	750
Valuation (£'000):	1,927
Basis of valuation:	Closing price (AIM) at balance sheet date
Value movement in year (£'000):	(4,306) (69% decrease)
Equity holding:	1.74%

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. The company's share price has declined during the period under review as acquisition speculation has subsided; however the company continues to show strong underlying performance metrics. The decline in the company's share price values the Company's holding of 283,333 shares at £1.9 million. At the date of writing this report the share price was £5.90.

### Newsflare Limited (an Edge Creative Enterprise Fund co-investment)

Cost (£'000):	450
Valuation (£'000):	757
Basis of valuation:	25% discount to last round price
Value movement in year (£'000):	(163) (18% decrease)
Equity holding:	2.3%

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. Whilst the business continues to perform, growing its sales, the growth has been slower than anticipated. As a result of slower growth, coupled with the current macroeconomic backdrop, a 25% discount has been applied to the valuation based on the price of the last round. The Investment Manager continues to work closely with the company's management to systemise its sales and marketing approach and streamline its cost base.

#### Unity Software Inc

Cost (£'000):	134
Valuation (£'000):	307
Basis of valuation:	Closing price (NYSE) at balance sheet date
Value movement in year (£'000):	(356) (54% decrease)
Equity holding:	0.003%

Edge Performance VCT acquired its holding in Unity as part of the consideration for its sale of deltaDNA. San Francisco headquartered Unity is the 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. During the year ending 28 February 2022, the Company disposed of 101,154 Unity Software shares realising £12.8 million, a profit of £11.2 million when compared to cost. The share price reached a high in excess of \$200 per share in November 2021 falling to \$106 as at 28 February 2022 and has continued to decline. At the date of writing this report Unity's share price has fallen to \$35.69.

**The Dream Corporation Limited  
(an Edge Creative Enterprise Fund co-investment)**

Cost (£'000):	118
Valuation (£'000):	181
Basis of valuation:	25% discount to last round price
Value movement in year (£'000):	(6) (3% decrease)
Equity holding:	1.0%

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 has opened additional sites in Victoria, London and in Birmingham. Dream Corporation closed a new round during this period, Edge Performance VCT invested its pro-rata share during this round. Prior valuation of the company applied a 25% discount to the price of the new round, this discount was maintained in this period given the current economic climate.

**Mirriad Advertising plc**

Cost (£'000):	390
Valuation (£'000):	78
Basis of valuation:	Closing price (AIM) at balance sheet date
Value movement in year (£'000):	(172) (69% decrease)
Equity holding:	0.34%

Mirriad is a media technology company which uses patented video technology to digitally insert branded products and signage into video content, such as TV programming and music videos, at the point of transmission. The Company held 1,350,150 Mirriad shares at the 31 August 2022 period end. At the date of writing this report the share price stood at 7.00 pence per share.

**Festicket Limited (Event Genius)  
(an Edge Creative Enterprise Fund co-investment)**

Cost (£'000):	1,272
Valuation (£'000):	0
Basis of valuation:	In Administration
Value movement in year (£'000):	(4,790) (100% decrease)
Equity holding:	4.2%

Festicket is a travel and ticketing platform offering 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 Company was converted into Festicket's equity, as part of the company's €3.3 million Series F fundraising led by the Edge Creative Enterprise Fund (with participation from Future Fund).

Trading in the first period in 2022 had been positive with the company generating net revenue of €6.8 million and forecasting to exceed CY2021 revenue. Following the end of the second quarter however, several significant issues came to light indicating a major cash shortfall, at the same time as worsening consumer confidence led to a slowdown in ticket sales for some event organisers. This resulted in the insolvency of one of Festicket's promoter partners and prompted the payments processor to increase the cash it held on reserve for Festicket rather than the cash moving into the company's account. The net effect was that the company was increasingly unable to meet its liabilities as they fell due over the coming months which included the seasonal cash low point of the year.

Unfortunately, there were no existing investors in Festicket who were able to provide the level of capital required to support the business and the company explored an accelerated sale. Although it had promising talks with a US-based acquirer, it chose not to complete a purchase of the company as a going concern and Festicket entered administration after the end of the period. There is no recovery expected for shareholders and as a result the investment has been written down to zero.

### Significant VCT-qualifying investments

The Company and the Investment Manager apply internal diversification guidelines, under which the Company will not at the time of investment 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 in Audioboom based on the valuation of its holding as of 31 August 2022, now exceeding 15% of the net assets of the Company.

### Portfolio performance

As at 31 August 2022, the NAV total return per Share stood at 144.45 pence (259.38 pence as at 28 February 2022), a decrease of (44.3%).

### Non-qualifying investments

Initially, the net proceeds of each of the Company's offers for subscription for shares are invested in various fixed income securities, cash and cash equivalent assets. Subsequently, up to 20% of each Share Fund will be maintained in such investments whilst the balance is reinvested in VCT-qualifying investments.

As at the end of the year under review, the non-qualifying liquidity portfolios were all managed in conjunction with Coutts.

As at 31 August 2022, the value of the non-qualifying liquidity portfolio was £2.38 million.

### Outlook

As at the year end, there remains some funds available for VCT-qualifying investments. The Company benefits from a co-investment arrangement with Create the Future LP. This, together with the pipeline of quality opportunities which the Investment Manager continues to see in the market, gives the Investment Manager some scope to make future investments. The focus for the 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. Where appropriate, the Company also has funds available to invest further in existing portfolio companies.

The Investment Manager continues to devote time and resource to supporting management of these portfolio companies and using its network of experienced executives and advisors to assist the leadership teams of those portfolio companies, with many positioning for exits.

### Edge Investments Limited

Investment Manager

28 November 2022

# Investment Portfolio Summary

as at 31 August 2022

H shares	As at 31 August 2022			As at 28 February 2022		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
<b>Qualifying Investments</b>						
Audioboom Group plc	750	1,927	26.6	750	6,233	24.7
Fundamental VR Limited	1,000	1,000	13.8	–	–	–
Newsflare Limited	450	757	10.5	450	920	3.7
Trint Limited	500	375	5.2	–	–	–
Unity Software Inc.	134	307	4.2	134	663	2.6
The Dream Corporation Limited	118	181	2.5	102	187	0.7
Mirriad Advertising plc	390	78	1.1	390	250	1.0
Festicket Limited*	–	–	–	1,272	4,790	19.0
<b>Total qualifying investments</b>	<b>3,342</b>	<b>4,625</b>	<b>63.9</b>	<b>3,098</b>	<b>13,043</b>	<b>51.7</b>
<b>Total fixed asset investments</b>	<b>3,342</b>	<b>4,625</b>	<b>63.9</b>	<b>3,098</b>	<b>13,043</b>	<b>51.7</b>
Net current assets		2,612	36.1		12,164	48.3
<b>Net assets</b>		<b>7,237</b>	<b>100.0</b>		<b>25,207</b>	<b>100.0</b>

\* In administration and a permanent diminution in value has been recognised as a realised loss.

# Statement of 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 10 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

## **ISCA Administration Services Limited**

Company Secretary

28 November 2022

## 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 Strategic 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 2022. 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 2022

	Six months ended 31 August 2022 (unaudited)			Six months ended 31 August 2021 (unaudited)*			Year ended 28 February 2022 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on valuation of investments at fair value through profit or loss	–	(9,827)	(9,827)	–	2,270	2,270	–	12,439	12,439
Income	–	–	–	–	–	–	2	–	2
Investment Manager's fees	(71)	(212)	(283)	(44)	(134)	(178)	(89)	(267)	(356)
Performance fee	–	(2,586)	(2,586)	–	–	–	–	–	–
Other expenses	(326)	–	(326)	(148)	–	(148)	(540)	–	(540)
VAT Refund	–	–	–	194	–	194	194	–	194
<b>(Loss)/return before tax</b>	<b>(397)</b>	<b>(12,625)</b>	<b>(13,022)</b>	<b>2</b>	<b>2,136</b>	<b>2,138</b>	<b>(433)</b>	<b>12,172</b>	<b>11,739</b>
Tax	–	–	–	–	–	–	–	–	–
<b>(Loss)/return for the period</b>	<b>(397)</b>	<b>(12,625)</b>	<b>(13,022)</b>	<b>2</b>	<b>2,136</b>	<b>2,138</b>	<b>(433)</b>	<b>12,172</b>	<b>11,739</b>
Other comprehensive income	–	–	–	–	–	–	–	1	1
<b>Total comprehensive income attributable to equity shareholders</b>	<b>(397)</b>	<b>(12,625)</b>	<b>(13,022)</b>	<b>2</b>	<b>2,136</b>	<b>2,138</b>	<b>(433)</b>	<b>12,173</b>	<b>11,740</b>
<b>Return per H share (pence)</b>	<b>(3.46)</b>	<b>(109.90)</b>	<b>(113.36)</b>	<b>0.02</b>	<b>18.42</b>	<b>18.44</b>	<b>(3.73)</b>	<b>105.00</b>	<b>101.27</b>

\* The presentation of the 2021 figures reflects the conversion of the previous I share class into H shares. The returns per share have been restated to reflect the share class conversions.

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 supplementary revenue return and capital return columns are prepared in accordance with the Statement of Recommended Practice ("AIC SORP") issued in July 2022 by the Association of Investment Companies. 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 Financial Position

as at 31 August 2022

**Company Registration No: 05558025 (England and Wales)**

	As at 31 August 2022 £'000	Restated* As at 31 August 2021 £'000	As at 28 February 2022 £'000
<b>Fixed assets</b>			
Investments	4,625	13,538	13,043
<b>Current assets</b>			
Debtors	330	1,111	18
Bank deposits	–	2,953	–
Cash at bank	2,378	530	12,280
	<b>2,708</b>	<b>4,594</b>	<b>12,298</b>
Creditors: amounts falling due within one year	(96)	(50)	(134)
<b>Net current assets</b>	2,612	4,544	12,164
<b>Net assets</b>	<b>7,237</b>	<b>18,082</b>	<b>25,207</b>
<b>Capital and reserves</b>			
Called up share capital	1,073	8,470	1,160
Share premium account	–	3,319	3,319
Special reserve	43,088	35,769	33,292
Capital redemption reserve	87	4,115	11,425
Realised capital reserve	(42,373)	(47,587)	(38,306)
Unrealised capital reserve	1,283	9,085	9,841
Revenue reserve	4,079	4,911	4,476
<b>Share capital and reserves</b>	<b>7,237</b>	<b>18,082</b>	<b>25,207</b>
<b>Net asset value per H share (pence)</b>	<b>67.45</b>	<b>155.94</b>	<b>217.38</b>

\* To aid comparison, the presentation of the 2021 figures reflects the conversion of the previous I share class into H shares, as detailed in note 15 on page 47 of the Annual Report. The net asset value reflects the H shares in issue, after the merger of the H and I shares, as detailed in note 17 on page 48 of the Annual Report.

Distributable reserves at 31 August 2022 were therefore:

	£'000
Special reserve	43,088
Realised capital reserve	(42,373)
Revenue reserve	4,079
<b>Distributable reserves</b>	<b>4,794</b>

# Statement of Changes in Equity

for the six months ended 31 August 2022

	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserve £'000	Total £'000
At 1 March 2022	1,160	3,319	33,292	11,425	(38,306)	9,841	4,476	25,207
Cancellation of Share premium account	–	(3,319)	3,319	–	–	–	–	–
Cancellation of Capital redemption reserve	–	–	11,425	(11,425)	–	–	–	–
Dividends paid	–	–	(4,059)	–	–	–	–	(4,059)
Shares bought back for cancellation	(87)	–	(889)	87	–	–	–	(889)
Comprehensive income for the period	–	–	–	–	(4,067)	(8,558)	(397)	(13,022)
<b>At 31 August 2022</b>	<b>1,073</b>	<b>–</b>	<b>43,088</b>	<b>87</b>	<b>(42,373)</b>	<b>1,283</b>	<b>4,079</b>	<b>7,237</b>
	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserve £'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)
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>
	Called up share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserve £'000	Total £'000
At 1 March 2021	8,470	3,319	44,301	4,115	(33,031)	(7,607)	4,909	24,476
Transfer on disposals	–	–	–	–	(7,051)	7,051	–	–
Cancellation of I share class	(7,310)	–	–	7,310	–	–	–	–
Dividends paid	–	–	(11,009)	–	–	–	–	(11,009)
Comprehensive income for the year	–	–	–	–	1,776	10,397	(433)	11,740
<b>At 28 February 2022</b>	<b>1,160</b>	<b>3,319</b>	<b>33,292</b>	<b>11,425</b>	<b>(38,306)</b>	<b>9,841</b>	<b>4,476</b>	<b>25,207</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. Previously, the share premium account included any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares were deducted from share premium. The special reserve was created on the cancellation of the share premium account in respect of shares issued and the capital redemption reserve in respect of shares bought back and is primarily used for the distribution of dividends. The remaining 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).

At a general meeting of the Company held on 17 January 2022 (the "General Meeting"), a special resolution was passed to cancel the amounts standing to the credit of the Company's share premium account and capital redemption reserve. Following the passing of that resolution, such cancellation was subject to the approval of the High Court. High Court approval was given on 8 March 2022 and the associated court order was registered by the Registrar of Companies on 22 March 2022. Accordingly, the cancellation became effective as of 22 March 2022.

As explained in the Company's circular to Shareholders in relation to the General Meeting, the purpose of the cancellation was to increase the Company's distributable reserves in order to enable the Company to resume payment of dividends and to offer Shareholders a share buy-back facility. The cancellation resulted in an increase of £14.74 million in the Company's distributable reserves.

# Statement of Cash Flows

for the six month period ended 31 August 2022

	Period ended 31 August 2022		Period ended 31 August 2021		Year ended 28 February 2022	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>						
(Loss)/gain for the period	(13,022)		2,138		11,739	
Adjustments for:						
Realised/unrealised losses/(gains) on investments held at fair value through the profit or loss	9,827		(2,270)		(12,439)	
Interest written off	104		–		–	
Accrued income	(5)		–		(2)	
(Increase)/decrease in other debtors and prepayments	(312)		(461)		711	
(Decrease)/increase in other creditors and accruals	(38)		(5)		80	
<b>Cash (outflow)/inflow from operating activities</b>		(3,446)		(598)		89
<b>Cash flows from investing activities</b>						
Sales of unquoted investments held at fair value	–		10,802		21,688	
Purchases of investments held at fair value	(1,508)		–		(300)	
<b>Net cash (outflow)/inflow from investing activities</b>		(1,508)		10,802		21,388
<b>Cash flows from financing activities</b>						
Sale of fractional H shares	–		–		1	
Purchase of shares for cancellation	(889)		–		–	
Dividends paid	(4,059)		(8,532)		(11,009)	
<b>Net cash outflow used in financing activities</b>		(4,948)		(8,532)		(11,008)
<b>Net (decrease)/increase in cash</b>		(9,902)		1,672		10,469
<b>Reconciliation of cash and cash equivalents</b>						
(Decrease)/increase in cash	(9,902)		1,672		10,469	
Opening cash and cash equivalents position	12,280		1,811		1,811	
Closing cash and cash equivalents position	2,378		3,483		12,280	
<b>Cash and cash equivalents</b>						
Bank deposits	–		2,953		–	
Cash at bank	2,378		530		12,280	
	<b>2,378</b>		<b>3,483</b>		<b>12,280</b>	

# Notes to the Half Yearly Condensed Financial Statements

## 1. Accounting policies

The financial information for the six months ended 31 August 2022 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 2022. 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 2022. No statutory accounts in respect of any period after 28 February 2022 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

## 2. Going concern

After making enquiries 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 2022, the Company held cash balances and current asset investments with a combined value of £2.4 million. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contractual expenditure and its discretionary expenses.

## 3. Transactions with the Investment Manager and 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 2023: (a) an annual management fee of 2.25% of the net asset value attributable to the H shares as at 28 February 2022 plus VAT (if applicable) and (b) a performance fee. As a result of the new investment management agreement approved by Shareholders, the Investment Manager did 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 £3 million 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 5 to the financial statements in the Company's annual report & financial statements for the year ended 28 February 2022. During the period, the Company has incurred investment management fees of £283,579 (exclusive of VAT) and a performance related incentive fee of £2,586,146 (exclusive of VAT). The Investment Manager currently owes the Company £nil in respect of the cap on the Company's annual running costs.

There are no related party transactions to report.

## 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 2022 of:

Share Class	Six months ended 31 August 2022	Six months ended 31 August 2021*	Six months ended 28 February 2022
H share	11,487,368	11,593,115	11,593,115

\* To aid comparison the return per share at 31 August 2021 has been restated based on the weighted average number of shares in issue after the merger of the H and I shares.

**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 2022:

	31 August 2022	31 August 2021*	28 February 2022
Net assets	£7.2m	£18.1m	£25.2m
H shares in issue	10,729,167	11,595,682	11,595,682
NAV per share	67.45p	155.94p	217.38p
Net asset total return per share	144.45p	197.94p	259.38p

\* To aid comparison the net asset value per share at 31 August 2021 has been restated based on the number of shares in issue after the merger of the H and I shares.

During the six months ended 31 August 2022, the Company bought back 866,515 shares, being 7.5% of the issued share capital of the Company at the start of the period, at a price of 102.06 pence per share for cancellation.

Copies of the Half Yearly Financial Report are being made available to all Shareholders by reference to the Company's website at [www.edge.vc](http://www.edge.vc).

# Corporate Information

## Directors

Terry Back (Chairman)  
Sir Peter Bazalgette  
Sir Aubrey Brocklebank

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;  
firm reference number 455446)

## Company Secretary

(until 19 April 2022)

### The City Partnership (UK) Limited

110 George Street  
Edinburgh EH2 4LH

## Company Secretary

(from 19 April 2022)

### ISCA Administration Services Limited

Suite 8  
Bridge House  
Courtenay Street  
Newton Abbot TQ12 2QS

## Taxation Advisers

### Philip Hare & Associates LLP

4-6 Staple Inn  
High Holborn  
London WC1V 7QH

## Auditor

### Hazlewoods LLP

Staverton Court  
Staverton  
Cheltenham  
GL15 0UX

## Bankers

### Coutts & Co

440 Strand  
London  
WC2R 0QS

## Receiving Agent and Registrar

### The City Partnership (UK) Limited

The Mending Rooms  
Park Valley Mills  
Meltham Road  
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