



RISK FACTORS

Prospective Investors should carefully consider the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on either of the Companies' business, financial condition or results of operations. The risks and uncertainties described below are the only known material risks which the Companies or their Shareholders will face. Further risks, unknown by the Companies, may exist. **Any decision to invest under the Offers should be based on consideration of this document as a whole.**

Risk factors relating to the Shares

The market price of the New Shares may not fully reflect their underlying Net Asset Value. The value of an investment in the Companies, and the income derived from it, may go down as well as up. VCTs exist to address a market failure, providing funding where the risk profile of returns is not sufficient for there to be active market participants; an Investor may not get back the full amount invested, even taking into account the available tax reliefs.

Although the existing Shares have been (and it is anticipated that the New Shares will be) admitted to the Official List and are (or will be) traded on the London Stock Exchange's market for listed securities, the secondary market for VCT shares is generally illiquid. Therefore, there may not be a liquid market for the Shares, which may be partly attributable to the fact that the initial income tax relief is not available for VCT shares generally bought in the secondary market and because VCT shares usually trade at a discount to their net asset value, the price of the Shares may be volatile and Shareholders may find it difficult to realise their investment. An investment in the Companies should, therefore, be considered as a long-term investment.

The disposal of New Shares within five years of their issue will result in some or all of the 20 per cent income tax relief available on investment becoming repayable. On this basis, investing in New Shares should be considered a long-term investment. The availability of income tax relief on an application for shares issued in a VCT is restricted where the application is "linked" to a sale of shares in the same VCT or another VCT which is known to be merging with that VCT. For these purposes, linked means i) the sale of shares in the VCT was conditional on the application for shares in the same VCT (or vice versa) or ii) the application and sale are within six months of each other (irrespective of which comes first). If the application is "linked", the amount on which the upfront income tax relief can be claimed will be reduced by the amount of consideration of any linked revenue. In addition, if a VCT makes a payment to its shareholders which amounts to a repayment of share capital (including the payment of a dividend or a distribution), other than for the purpose of redeeming or repurchasing such shares, before the end of the third accounting period following the accounting period in which the shares were issued, the VCT status of the VCT will be withdrawn.

The Companies will only pay dividends on their Shares to the extent that they have distributable reserves and cash available for that purpose. A reduction in income received, or in capital gains realised, from the Companies' investments may adversely affect the dividends payable to Shareholders.

The tax rules, or their interpretation, in relation to an investment in Shares and/or the rates of tax may change during the life of the Companies and may apply retrospectively, which may adversely affect the performance of the Companies.

Risk factors relating to the Companies

There can be no guarantee that each Company's investment objective will be achieved or that suitable investment opportunities will be available.

An investment in unquoted companies, by its nature, involves a higher degree of risk than investment in companies traded on the main market for listed securities of the London Stock Exchange. In particular, smaller companies often have limited product lines, markets or financial resources and may be dependent for their management on a smaller number of key individuals.

UK inflation is tracking more closely to the Bank of England's target, but cost of living pressures persist for households and businesses following the sharp price rises of recent years. Elevated costs, particularly for housing, food and energy, continue to affect consumer behaviour and business costs. This backdrop may lead to reduced demand and investment uncertainty, which could negatively impact the performance and value of the Companies' portfolio investments, and in turn, their future returns.

Any change in governmental, economic, fiscal, monetary or political policy (in particular government spending reviews) may affect levels of unemployment, stock market volatility, consumer confidence and interest rates. There may also be an impact on these factors from global political instability, including current conflicts such as those in Ukraine and the Middle East. A change in government in the UK or other regions may also cause a change in these factors. Resultant negative impacts on these metrics may have an adverse impact on the performance of the Companies' portfolio investments, reducing their value, and in turn, the future investment returns of the Companies.

Government policy uncertainty and continuing long term challenges for the UK economy, such as trade barriers between the UK and its trading partners, and continued low productivity growth due to low levels of public and private investment, may have an adverse effect on the future investment returns of the Companies.

Ongoing trade tensions, including the imposition of tariffs by the United States and retaliatory measures by other major economies, may contribute to increased market volatility and uncertainty in global supply chains. These developments could adversely affect the operating environment for UK-based portfolio companies, particularly those with international exposure or reliance on imported goods and materials. Such disruptions may impact the performance and valuation of the Companies' investments, and consequently, their future returns.

Future changes to UK tax rates and exemptions could impact the returns of the Companies. Potential adjustments to capital gains tax rates and pension tax reliefs may alter the attractiveness of the United Kingdom for establishing new businesses, reducing the volume of investment opportunities for the Companies.

The UK government may alter the financial benefits associated with an investment in VCTs, such as reducing the upfront income tax relief available on an investment into a VCT; removing the tax-free status of dividends; or removing the capital gains tax exemption available on disposal of shares in a VCT.

Realisation of the Companies' investments may be difficult. There may also be constraints imposed on the realisation of investments in order to maintain the tax status of the Companies. The market for stock in smaller companies is less liquid than for stock in larger companies, bringing with it potential difficulties in acquiring and valuing such stock. The lack of liquidity will also give rise to difficulties in disposing of, or realising investments at market value should there be a need to realise within a short term. The valuation of each Company's portfolio and opportunities for realisation may also depend on stock market conditions.

The Companies intend to manage their affairs in respect of each accounting period so as to obtain and thereafter maintain approval as a VCT. However, there can be no guarantee that the Companies will be able to maintain their VCT status. If either Company fails to maintain approval as a VCT before Qualifying Investors have held their Shares for five years, Qualifying Investors' associated income tax relief will have to be repaid. In addition, dividends paid in an accounting period where VCT status is lost will become taxable and a liability to capital gains tax may arise on any subsequent disposal of Shares. Where either Company's VCT status is not maintained, that Company will also lose its exemption from paying tax on capital gains tax. If at any time VCT status is lost by either Company, Dealings in the Shares will normally be suspended until such time as that Company has published proposals either to continue as a VCT or to be wound up.

There is a risk that the Companies fail to comply with VCT rules, breach of which could result in the loss of VCT status by the Companies with a resultant clawback of VCT tax reliefs from investors. The VCT rules include:

- (i) a maximum age limit for companies receiving investments from VCTs (generally seven years from first commercial sale or ten years for Knowledge Intensive Companies), and a maximum amount of Risk Finance State Aid which a company can receive over its lifetime (£24 million, or £40 million for Knowledge Intensive Companies);
- (ii) a prohibition on companies receiving VCT funds to use those funds to acquire existing shares, businesses or certain intangible assets;
- (iii) a "risk-to-capital" condition for Qualifying Investments, designed to focus investments towards earlier stage, growing businesses, and away from investments which could be regarded as lower risk;

- (iv) a prohibition on VCTs making certain non-Qualifying Investments, including those which breach the “risk-to-capital” condition;
- (v) a requirement to comply with HMRC’s financial health requirement, as a result of which VCTs may not be able to make follow on investments in portfolio companies which are (a) more than seven years old (or ten years if Knowledge Intensive Companies) or (b) if their accumulated losses exceed half of the subscribed share capital. This may mean that there are fewer opportunities for investment, and that the Companies may not necessarily be able to provide further investment funds for companies already in their portfolios; and
- (vi) dividends (or other forms of distribution or payments made to investors) cannot be paid from capital within three years of the end of the accounting period in which shares were issued to investors. This may reduce the amount of distributable reserves available to the Companies to fund dividends and Share buy-backs.

Any change of governmental, economic, fiscal, monetary, or political policies, or in particular current government spending reviews and cuts, could materially affect, directly or indirectly, the operation of the Companies and/or their portfolio of companies in which they invest and the value of and returns from securities and/or their ability to achieve or maintain VCT status. Changes in legislation concerning VCTs, in particular in relation to Qualifying Holdings and qualifying trades, may limit the number of Qualifying Investment opportunities, reduce the level of returns which would otherwise have been achievable, increase the risk profile of future investments or result in the Companies not being able to meet their objectives.

The Companies, their service providers, including in particular, the Manager, and their portfolio companies rely heavily on information technology systems for their respective operations, including the storage and processing of sensitive data. As such, the Companies and, in particular, their portfolio companies which may be early stage and may have limited resources to implement robust cybersecurity measures, are exposed to risks associated with cyber threats and cybercrime, including, but not limited to, unauthorised access to IT systems, data breaches, phishing attacks, ransomware, and other forms of cyber attack or disruption. Artificial intelligence tools are becoming increasingly sophisticated and may be used to orchestrate increasingly complex and/or automated cyber attacks. A successful cyber attack could result in the loss or theft of confidential or commercially sensitive information, disruption of operations, reputational damage, regulatory investigations, and potential financial loss, which could in turn negatively impact the value of the portfolios and the Companies’ NAV per Share. Although the Companies’ service providers, including the Manager, employ security protocols and work with third-party providers to mitigate such risks, no assurance can be given that these measures will be sufficient to prevent all cyber incidents. Any such occurrence could adversely impact the value of the Companies’ investments and their overall performance.

In relation to unquoted investments in software and other technology businesses, with the increasing use and importance of Artificial Intelligence (AI) for the collection, processing and use of information and the development of products (especially of applications and digital tools), the ability of developments in AI to quickly outpace products and processes (both existing and those that are currently being developed) may have a material effect on the valuation of such software/technology businesses. Products and technologies developed by such businesses may prove not to be commercially or technically successful (including the risks of such technologies not becoming generally accepted by the market or otherwise obsolescent). The difficulty of assessing such businesses and their technologies (and those of competitors) may make the valuation of those businesses (which are often valued at a high multiple of their revenues) on an ongoing basis, and the realisation of such businesses, more difficult. This could have a negative effect on the Companies’ NAV, which in turn can decrease the value of the Shares and reduce Investor returns.

On 26 November 2025, HM Treasury published “Tax Support for entrepreneurs: Call for evidence”. As part of this, HM Treasury are seeking input on the efficacy of the VCT scheme and in particular whether conditions imposed by VCTs and EIS funds act as a barrier for investee companies. The findings of this call for evidence may lead to further changes to the VCT Rules and EIS rules which could be positive or negative for the VCT industry and, therefore, the Companies.

Full information for determining the value or the risks to which unquoted companies are exposed may also not be available.

The past performance of the Companies or other funds managed or advised by the Manager is not a reliable indicator of the future performance of the Companies. The value of the Shares depends on the performance of the Companies’ underlying assets.

The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. The tax rules, or their interpretation in relation to an investment in the Companies and/or rates of

tax, may change during the life of the Companies and can be retrospective. The value of tax reliefs depends on the personal circumstances of the Investor, who should consult their own tax advisers before making an investment.