



PROVEN GROWTH & INCOME VCT PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 August 2021



Managed by BERINGEA LLP

PROVEN GROWTH & INCOME VCT PLC

PRINCIPAL INVESTMENT OBJECTIVE

The Company's investment objective is to achieve long-term returns greater than those available from investing in a portfolio of quoted companies, by investing in:

- a portfolio of carefully selected qualifying investments in small and medium sized unquoted companies with excellent growth prospects; and
- a portfolio of non-qualifying investments permitted for liquidity management purposes

within the conditions imposed on all VCTs and to minimise the risk of each investment and the portfolio as a whole.



FINANCIAL SUMMARY

| | 31 August 2021 | 31 August 2020 | 28 February 2021 |
|--|---------------------------|---------------------------|-----------------------------|
| Net asset value per share ("NAV") | 63.4p | 55.3p | 61.5p |
| Dividends paid since class launch (originally as 'C' Shares) | 69.15p | 66.15p | 67.7p |
| Total return (NAV plus dividends paid since 'C' Share class launch) | 132.55p | 121.45p | 129.2p |
| Net Assets (£'000) | 160,668 | 123,918 | 136,830 |



CHAIRMAN'S STATEMENT

INTRODUCTION

I have pleasure in presenting the half year report for ProVen Growth and Income VCT plc (the "Company" or "Fund") for the six months ended 31 August 2021.

NET ASSET VALUE

During the six-month period, the net asset value ("NAV") per share increased from 61.5p to 63.4p at 31 August 2021. This increase of 1.9p is reflective of the positive six-month return largely driven by positive valuation movements and disposal activity in the period, offset by the final dividend of 1.5p for the year ended 28 February 2021 paid on 30 July 2021.

PORTFOLIO ACTIVITY AND VALUATION

At 31 August 2021, your Fund's investment portfolio comprised 49 investments at a valuation of £109.4 million.

During the six-month period, your Fund invested £7.1 million into four new companies:

- Plu&m Limited (t/a Plum Guide) (£2.8 million) – a vacation rental website offering a curated selection of vacation homes and apartments which can be booked online.
www.plumguide.com
- Utilis Israel Ltd (t/a Asterra) (£2.1 million) – a company which uses satellite-based technology and a patented algorithm derived from techniques developed to search for water on Mars to detect drinking water pipeline leaks.
www.asterra.io
- Moonshot CVE Holdings Ltd (£1.1 million) – a business with a mission to reach those at risk of violent extremism and offer them an alternative path, using data-proven techniques to ensure its clients respond to violent extremism effectively all over the world.
www.moonshotteam.com
- Litta App Limited (£1.1 million) – an innovative rubbish removal app, making rubbish clearance digitally accessible, more affordable, and greener for everyone.
www.litta.co

ProVen Growth and Income VCT plc also continued to support the current portfolio during the period and made follow-on investments in Zoovu (£641,000) and Hygenica (£276,000).

In March 2021, there was a part-disposal of the Company's holding in MPB. ProVen Growth and Income VCT plc received £0.8 million in disposal proceeds. Having performed well since the initial investment by the Company in February 2018, MPB decided to raise additional capital to accelerate its growth. The Company was unable to participate in this investment round owing to restrictions imposed by the VCT

regulations. As part of the funding round, however, ProVen Growth and Income VCT plc had the opportunity to sell some of its existing shares, crystallising a 2.75x return on the initial investment on the shares sold, whilst also retaining 70% of its original holding.

In April 2021, the Company's holding in Response Tap was also sold. Your Fund received initial proceeds of £1.3 million. Following the accrual of future proceeds due to the Company, this results in a loss against cost of £51,000.

In June 2021, ContactEngine was sold. This resulted in a 2.75x return on initial cost with initial proceeds of £6.8 million. Once the additional future proceeds owed to the Company are accrued, this return increases to 2.95x on initial cost.

The Company's shareholding in Utility Exchange Online was also sold in the period. This resulted in a loss against cost of £2.3 million though fair valuation losses on the investment had been recognised in prior periods and therefore had no impact on the NAV during the period.

The investment portfolio showed an overall unrealised gain of £9.3 million compared to the valuation as at 28 February 2021. There were valuation uplifts across the portfolio in the six months since 28 February 2021 with Luxury Promise and Picasso Labs, in particular, seeing significant increases of £1.9 million each. These two positive movements were reinforced by other portfolio companies such as D30 Holdings and MPB, which showed uplifts of £1.6 million and £1.5 million respectively. The positive movements within the portfolio were, however, offset by decreases elsewhere. The most significant among these being in Festicket and My First Years with negative movements of £700,000 and £540,000 respectively.

A summary of the top 20 venture capital investments, by value, is provided in the Summary of Investment Portfolio.

POST PERIOD END PORTFOLIO ACTIVITY

Since 31 August 2021, the Company has made the following investments:

- Dealroom.co B.V. (£2.0 million) – a database management company, offering a global data platform for intelligence on startups, innovation, high-growth companies, ecosystems and investment strategies.
www.dealroom.co
- Andcrafted Ltd (t/a Plank Hardware) (£1.1 million) – a company which designs and sells stylish hardware products in high quality materials at affordable prices.
www.plankhardware.com

The Company also made follow-on investments in Been There Done That (£1.7 million) and Access Pay (£283,000).

CHAIRMAN'S STATEMENT

CONTINUED

Subsequent to the period end, the Company's holdings in D3O Holdings Limited and Inskin Media Limited were sold, each achieving a 1.2x return on initial cost.

RESULTS AND DIVIDENDS

The total return on ordinary activities for the six-month period to 31 August 2021 was £8.9 million.

During the six-month period, a final dividend of 1.5p per share in respect of the year ended 28 February 2021 was paid on 30 July 2021 to Shareholders on the register at 9 July 2021 following Shareholder approval at the Company's AGM.

The Board has declared an interim dividend of 1.5p per share which will be paid on 10 December 2021 to Shareholders on the register at 19 November 2021. The dividend represents a cash return of 2.5% on the opening NAV per share at 1 March 2021, adjusted for the July dividend of 1.5p per share. The payment of this interim dividend will result in an equivalent reduction in the Company's NAV per share.

Shareholders are reminded that the Company operates a Dividend Reinvestment Scheme ("DRIS") for Shareholders who wish to have their dividends reinvested in new shares and obtain further income tax relief on those shares, subject to the usual restrictions. If you are not currently registered for the DRIS and wish to have your dividends paid in the form of new shares, DRIS forms are available from the www.provenvcts.co.uk website or by contacting Beringea on 020 7845 7820. Shareholders will need to be registered for the DRIS prior to 12 November 2021 to be eligible to receive the forthcoming dividend as new shares.

FUND RAISING AND SHARE ISSUES

As detailed in the Annual Report and Accounts, the Company launched a combined offer for subscription with ProVen VCT plc on 3 December 2020 to raise up to a total of £20 million per company, with an over-allotment facility of up to a further £10 million per company. The offer closed to new applications on 24 February 2021 with £20 million of gross proceeds for your Fund.

During the period, the Company allotted 31,760,207 shares at an average price of 62.8p per share under the Company's offer for subscription. In the same period, the Company allotted a further 919,499 shares at 61.8p per share under the Company's DRIS in respect of the dividend paid on 30 July 2021.

SHARE BUYBACKS

ProVen Growth and Income VCT plc continues to operate a policy of purchasing its own shares as they become available in the market at a discount of approximately 5% to the latest published NAV.

During the period, the Company completed purchases of 1,470,794 shares at an average price of 58.2p per share and for aggregate consideration (net of costs) of £857,000. This represented 0.66% of the shares in issue at the start of the period. The shares were subsequently cancelled.

OUTLOOK

Following the unique challenges of the financial year ended 28 February 2021, your Fund's investment portfolio emerged from the second wave of the COVID-19 pandemic with many portfolio companies well-positioned to continue the growth of the previous 12 months. This is evident in the aggregate gain on investments of £11.1 million (Realised: £1.8 million; Unrealised: £9.3 million) delivered in the first six months of the current financial year.

Indeed, as predicted in the prior year financial statements and following a surge in confidence in the UK and US economies, increased M&A activity by corporate acquirors has led to a number of disposals in the portfolio. Having already achieved returns on initial cost of 2.75x for MPB and 2.95x for ContactEngine, successful realisations have continued into the latter half of the year with the disposals of D30 Holdings and InSkin, each achieving a 1.2x return on initial cost.

The Investment Manager has also continued to see a strong flow of interesting new investment opportunities and the additional resources generated in the most recent fundraising have allowed your Fund to take advantage of a number of these. Increasing competition for deals means that valuation expectations are rising rapidly. However, the Investment Manager remains disciplined in their approach, investing selectively where they believe in a company's long-term prospects and where the pricing will allow your Fund to achieve a good investment return. On this basis, there have been four new additions to the portfolio in the six-month period as well as another two in recent months.

Whilst there will inevitably continue to be challenges in these uncertain times, your Board has been pleased with ProVen Growth and Income VCT plc's performance in the first six months of the year and continues to be cautiously optimistic about the Company's prospects for the remainder of this financial year and beyond.

Marc Vlessing OBE

Chairman

5 November 2021

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2021

| | Cost £'000 | Valuation £'000 | Valuation movement in period £'000 | % of portfolio by value |
|--|---------------|--------------------|---|-------------------------------|
| Top twenty venture capital investments (by value) | | | | |
| Zoovu Limited (t/a SmartAssistant) | 4,294 | 10,250 | 313 | 6.4% |
| Blis Media Limited | 1,083 | 8,539 | 1,028 | 5.3% |
| Sannpa Limited (t/a Fnatic) | 6,718 | 6,789 | 62 | 4.2% |
| Luxury Promise Limited | 2,522 | 5,455 | 1,866 | 3.4% |
| Mycs GmbH | 3,031 | 5,426 | (170) | 3.4% |
| Picasso Labs, Inc. (t/a CreativeX) | 1,470 | 5,175 | 1,861 | 3.2% |
| Infinity Reliance Limited (t/a My 1st Years) | 2,769 | 4,666 | (540) | 2.9% |
| Papier Ltd | 3,458 | 4,399 | 942 | 2.7% |
| Written Byte Ltd (t/a DeepCrawl) | 3,298 | 4,357 | (115) | 2.7% |
| D30 Holdings Limited | 3,550 | 4,317 | 1,643 | 2.7% |
| MPB Group Limited | 1,194 | 4,276 | 1,504 | 2.7% |
| Thread, Inc. | 3,980 | 3,912 | 147 | 2.4% |
| Sealskinz Holdings Limited | 3,116 | 3,116 | – | 1.9% |
| Our Path Ltd (t/a Second Nature) | 2,800 | 2,988 | 188 | 1.9% |
| Monica Vinader Limited | 204 | 2,988 | 353 | 1.9% |
| Plu&m Limited (t/a Plum Guide) | 2,762 | 2,762 | – | 1.7% |
| Been There Done That Global Limited | 1,448 | 2,761 | 794 | 1.7% |
| Arctic Shores Limited | 2,450 | 2,450 | – | 1.5% |
| Utilis Israel Ltd (t/a Asterra) | 2,144 | 2,144 | – | 1.3% |
| Commonplace Digital Ltd | 1,500 | 2,139 | 169 | 1.3% |
| Other venture capital investments | 36,837 | 20,491 | (736) | 12.9% |
| Total venture capital investments | 90,628 | 109,400 | 9,309 | 68.1% |
| Cash at bank and in hand | | 51,336 | | 31.9% |
| Total investments | | 160,736 | | 100.0% |

Other venture capital investments at 31 August 2021 comprise: Access Systems, Inc., Aistemos Limited, Buckingham Gate Financial Services Limited, Cogora Group Limited, Disposable Cubical Curtains Limited (t/a Hygenica), Dryden Holdings Limited, Duncannon Holdings Limited, Exonar Limited, Festicket Ltd, Firefly Learning Limited, InContext Solutions, Inc., Inskin Media Limited, Iridium Topco Limited (formerly Honeycomb.TV Limited), Lantum Limited, Litchfield Media Limited, Litta App Limited, Lupa Foods Limited (formerly Donatantonio Limited), Moonshot CVE Holdings Ltd, Netcall plc, Poq Studio Ltd, Rapid Charge Grid Limited, Senselogix Limited, Simplestream Limited, Skills Matter Limited, Social Value Portal Ltd, Stylescape Limited (t/a EDITED), TVPlayer Limited, Vigilant Applications Limited and Whistle Sports, Inc.

With the exception of Netcall plc which is quoted on AIM, all venture capital investments are unquoted.

All of the above investments, with the exception of Duncannon Holdings Limited and Dryden Holdings Limited were also held by ProVen VCT plc, of which Beringea LLP is the investment manager.

All venture capital investments are registered in England and Wales except for Access Systems, Inc., InContext Solutions, Inc., Picasso Labs, Inc., Thread, Inc. and Whistle Sports, Inc. which are Delaware registered corporations in the United States of America, Mycs GmbH, which is registered in Germany, and Utilis Israel Ltd (t/a Asterra), which is registered in Israel.

SUMMARY OF INVESTMENT MOVEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

Investment activity during the six months ended 31 August 2021 is summarised as follows:

ADDITIONS

| | Cost £'000 |
|--|-----------------------|
| Plu&m Limited (t/a Plum Guide) | 2,762 |
| Utilis Israel Ltd (t/a Asterra) | 2,144 |
| Moonshot CVE Holdings Ltd | 1,112 |
| Litta App Limited | 1,063 |
| Zoovu Limited (t/a Smart Assistant) | 641 |
| Disposable Cubicle Curtains Limited (t/a Hygenica) | 276 |
| Total | 7,998 |

DISPOSALS

| | Cost £'000 | Market value at 1 March 2021 £'000 | Disposal proceeds £'000 | Gain/(loss) against cost £'000 | Realised gain/(loss) in period £'000 |
|--|-----------------------|---|--|---|---|
| ContactEngine Limited | 2,455 | 5,747 | 7,251 | 4,796 | 1,504 |
| Response Tap Limited | 1,440 | 1,446 | 1,389 | (51) | (57) |
| MPB Group Limited | 295 | 604 | 815 | 520 | 211 |
| Utility Exchange Online Limited (t/a SwitchmyBusiness.com) | 2,415 | – | 156 | (2,259) | 156 |
| Chargemaster plc | – | – | 4 | 4 | 4 |
| Total | 6,605 | 7,797 | 9,615 | 3,010 | 1,818 |

Of the disposals above, Chargemaster plc was realised in a prior period, but proceeds were recognised in the current period in excess of the amounts previously accrued.

The proceeds received in respect of ContactEngine Limited, Response Tap Limited and Utility Exchange Online Limited include amounts accrued in excess of cash proceeds already received.

The total disposal proceeds outlined above do not match those recorded in the statement of cash flows as the cashflow figure represents total disposal proceeds received in cash in the six-month period to 31 August 2021, elements of which will have been accrued in prior periods. Furthermore, the disposal proceeds figure above includes accruals in excess of amounts already received in cash.

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

| | (unaudited) Six months ended 31 Aug 2021 | | | (unaudited) Six months ended 31 Aug 2020 | | | (audited) Year ended 28 Feb 2021 |
|---|--|------------------|----------------|--|------------------|----------------|--|
| | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Total £'000 |
| Income | 55 | – | 55 | (109) | – | (109) | 328 |
| Realised gains/(losses) on investments | – | 1,818 | 1,818 | – | 76 | 76 | (237) |
| Unrealised gains/(losses) on investments | – | 9,309 | 9,309 | – | (873) | (873) | 17,675 |
| Investment management fee | (409) | (1,227) | (1,636) | (304) | (912) | (1,216) | (2,498) |
| Performance incentive fee | – | (319) | (319) | – | – | – | – |
| Other expenses | (356) | – | (356) | (471) | (4) | (475) | (765) |
| FX Translation | – | – | – | – | (44) | (44) | (55) |
| (Loss)/return on ordinary activities before taxation | (710) | 9,581 | 8,871 | (884) | (1,757) | (2,641) | 14,448 |
| Tax on ordinary activities | – | – | – | – | – | – | – |
| (Loss)/return attributable to equity shareholders | (710) | 9,581 | 8,871 | (884) | (1,757) | (2,641) | 14,448 |
| Basic and diluted (loss)/ return per share | (0.3p) | 4.0p | 3.7p | (0.4p) | (0.9p) | (1.3p) | 6.9p |

All revenue and capital items in the above statement derive from continuing operations. The total column within this statement represents the Unaudited Condensed Income Statement of the Company.

The loss of £109,000 recognised as income in the six months ended 31 August 2020 is the result of a provision made against income which had been recognised in a prior period.

The Company has no recognised gains or losses other than the results for the six-month period as set out above.

The accompanying notes form an integral part of this half-yearly report.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2021

| | (unaudited) 31 Aug 2021 £'000 | (unaudited) 31 Aug 2020 £'000 | (audited) 28 Feb 2021 £'000 |
|--|-------------------------------------|-------------------------------------|-----------------------------------|
| Fixed assets | | | |
| Investments | 109,400 | 82,558 | 99,888 |
| Current assets | | | |
| Debtors | 931 | 514 | 614 |
| Cash at bank and in hand | 51,336 | 41,350 | 36,669 |
| | 52,267 | 41,864 | 37,283 |
| Creditors: amounts falling due within one year | (999) | (504) | (341) |
| Net current assets | 51,268 | 41,360 | 36,942 |
| Net assets | 160,668 | 123,918 | 136,830 |
| Capital and reserves | | | |
| Called up share capital | 4,103 | 3,624 | 3,598 |
| Capital redemption reserve | 153 | 88 | 129 |
| Share premium account | 75,650 | 55,152 | 55,656 |
| Special reserve | 45,436 | 55,688 | 50,992 |
| Capital reserve – realised | 16,897 | 14,827 | 13,605 |
| Revaluation reserve | 22,752 | (2,033) | 16,463 |
| Revenue reserve | (4,323) | (3,428) | (3,613) |
| Total equity shareholders' funds | 160,668 | 123,918 | 136,830 |
| Basic and diluted net asset value per share | 63.4p | 55.3p | 61.5p |

The accompanying notes form an integral part of this half-yearly report.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

Six months ended 31 August 2021 (unaudited)

| | Called up share capital £'000 | Capital redemption reserve £'000 | Share premium account £'000 | Special reserve £'000 | Capital reserve – realised £'000 | Revaluation reserve £'000 | Revenue reserve £'000 | Total £'000 |
|--|----------------------------------|-------------------------------------|--------------------------------|--------------------------|-------------------------------------|------------------------------|--------------------------|----------------|
| At 1 March 2021 | 3,598 | 129 | 55,656 | 50,992 | 13,605 | 16,463 | (3,613) | 136,830 |
| Issue of new shares | 529 | – | 19,994 | (899) | – | – | – | 19,624 |
| Total comprehensive income | – | – | – | – | 272 | 9,309 | (710) | 8,871 |
| Transfer of previously unrealised gains now realised | – | – | – | – | 3,020 | (3,020) | – | – |
| Share buybacks and cancellation | (24) | 24 | – | (862) | – | – | – | (862) |
| Dividends paid | – | – | – | (3,795) | – | – | – | (3,795) |
| At 31 August 2021 | 4,103 | 153 | 75,650 | 45,436 | 16,897 | 22,752 | (4,323) | 160,668 |

Six months ended 31 August 2020 (unaudited)

| | Called up share capital £'000 | Capital redemption reserve £'000 | Share premium account £'000 | Special reserve £'000 | Capital reserve – realised £'000 | Revaluation reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---------------------------------|----------------------------------|-------------------------------------|--------------------------------|--------------------------|-------------------------------------|------------------------------|--------------------------|----------------|
| At 1 March 2020 | 3,239 | 58 | 40,766 | 61,164 | 15,667 | (1,160) | (2,500) | 117,234 |
| Issue of new shares | 415 | – | 14,386 | (576) | – | – | – | 14,225 |
| Total comprehensive income | – | – | – | – | (840) | (873) | (928) | (2,641) |
| Share buybacks and cancellation | (30) | 30 | – | (993) | – | – | – | (993) |
| Dividends paid | – | – | – | (3,907) | – | – | – | (3,907) |
| At 31 August 2020 | 3,624 | 88 | 55,152 | 55,688 | 14,827 | (2,033) | (3,428) | 123,918 |

The special reserve, capital reserve – realised and revenue reserve are distributable reserves. Reserves available for distribution therefore amount to £58,010,000 (2020: £67,087,000).

The accompanying notes form an integral part of this half-yearly report.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

| | Note | (unaudited) Six months ended 31 Aug 2021 £'000 | (unaudited) Six months ended 31 Aug 2020 £'000 | (audited) Year ended 28 Feb 2021 £'000 |
|---|----------|--|--|--|
| Net cash used in operating activities | A | (1,589) | (1,659) | (3,071) |
| Cash flows from investing activities | | | | |
| Purchase of investments | | (7,998) | (5,667) | (10,010) |
| Sale of investments | | 9,041 | 107 | 5,354 |
| Net cash from/(used in) investing activities | | 1,043 | (5,560) | (4,656) |
| Cash flows from financing activities | | | | |
| Proceeds from share issue | | 19,955 | 14,200 | 14,201 |
| Share issue costs | | (899) | (577) | (577) |
| Purchase of own shares | | (616) | (1,537) | (2,880) |
| Equity dividends paid | | (3,227) | (3,306) | (6,137) |
| Net cash from financing activities | | 15,213 | 8,780 | 4,607 |
| Increase/(decrease) in cash and cash equivalents | B | 14,667 | 1,561 | (3,120) |
| Notes to the cash flow statement: | | | | |
| A. Cash flow from operating activities | | | | |
| Return/(loss) on ordinary activities before taxation | | 8,871 | (2,641) | 14,448 |
| (Gain)/loss on investments | | (11,127) | 797 | (17,438) |
| Decrease in prepayments, accrued income and other debtors | | 258 | 285 | 185 |
| Increase/(decrease) in accruals and other creditors | | 409 | (100) | (266) |
| Net cash used in operating activities | | (1,589) | (1,659) | (3,071) |
| B. Analysis of net funds | | | | |
| Beginning of period/year | | 36,669 | 39,789 | 39,789 |
| Net cash inflows/(outflows) | | 14,667 | 1,561 | (3,120) |
| End of period/year | | 51,336 | 41,350 | 36,669 |

The accompanying notes form an integral part of this half-yearly report.

NOTES TO THE HALF-YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES

Basis of accounting

The Company has prepared its financial statements under Financial Reporting Standard 104 (“FRS104”) and in accordance with the Statement of Recommended Practice ‘Financial Statements of Investment Trust Companies and Venture Capital Trusts’ (the “SORP”) issued by the Association of Investment Companies (“AIC”) in December 2018.

The following accounting policies have been applied consistently throughout the period. Further details of principal accounting policies were disclosed in the Annual Report and Accounts for the year ended 28 February 2021. There has been no change to the accounting policies from those disclosed in the financial statements for the year ended 28 February 2021.

The unaudited financial statements set out herein have not been subject to review by the auditor and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The figures for the year ended 28 February 2021 have been extracted from the financial statements for that period, which have been delivered to the Registrar of Companies; the Auditor’s report on those financial statements was unqualified.

Presentation of Income Statement

In order to better reflect the activities of an investment company and, in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue return attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company’s compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Investments

Investments, comprising equity and loan stock, are recognised at their trade date and measured at “fair value through profit or loss” due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company’s documented investment policy. The fair value of an investment upon acquisition is deemed to be cost. Thereafter investments are measured at fair value in accordance with International Private equity and Venture Capital Valuation Guidelines (“IPEV Guidelines”) issued in December 2018, together with Sections 11 and 12 of FRS102.

Publicly traded investments are measured using bid prices in accordance with the IPEV Guidelines.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

Key judgements

The valuation methodologies used by the Directors for estimating the fair value of unquoted investments are in accordance with the IPeV guidelines and as follows:

- where a company is in the early stage of development, the estimate of fair value is calculated based on market data and assumptions as to the potential outcomes, benchmarked against alternative valuation methodologies during this time;
- where a company is well established after an appropriate period, the investment may be valued by applying a suitable earnings or revenue multiple to that company's maintainable earnings or revenue. The multiple used is based on comparable listed companies or a sector, but discounted to reflect factors such as the different sizes of the comparable businesses, different growth rates and the lack of marketability of unquoted shares;
- where a value is indicated by a material arm's-length transaction by a third party in the shares of the company, the valuation will normally be based on this;
- where alternative methods of valuation, such as net assets of the business, are more appropriate then such methods may be used; and
- where repayment of the equity is not probable, redemption premiums will be recognised.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value. Methodologies are applied consistently from year to year except where a change results in a better estimate of fair value.

Where an investee company has gone into receivership or liquidation, or the loss in value below cost is considered to be permanent, or there is little likelihood of a recovery from a company in administration, the loss on the investment, although not physically disposed of, is treated as being realised.

All investee companies are held as part of an investment portfolio and measured at fair value. Therefore, it is not the policy for investee companies to be consolidated and any gains or losses arising from changes in fair value are included in the Unaudited Condensed Income Statement for the period as a capital item.

Gains and losses arising from changes in fair value are included in the Unaudited Condensed Income Statement for the period as a capital item and transaction costs on acquisition or disposal of the investment are expensed.

Investments are derecognised when the contractual rights to the cash flows from the asset expire or the Company transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

Key estimates

The key estimates involved in determining the fair value of a company can include:

- identifying a relevant basket of market comparables;
- deducing the discount to take on those market comparables;
- determining reoccurring revenue;
- determining reoccurring earnings; or
- identifying surplus cash.

2. All revenue and capital items in the Unaudited Condensed Income Statement derive from continuing operations.
3. There are no other items of comprehensive income other than those disclosed in the Unaudited Condensed Income Statement.
4. The Company has only one operating segment as reported to the Board of Directors in their capacity as chief operating decision makers and derives its income from investments made in shares, securities and bank deposits.
5. The comparative figures are in respect of the year ended 28 February 2021 and the six-month period ended 31 August 2020.
6. Basic and diluted return per share for the period has been calculated on 238,200,947 shares, being the weighted average number of shares in issue during the period.
7. Basic and diluted NAV per share for the period has been calculated on 253,542,525 shares, being the number of shares in issue at the period end.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

8. DIVIDENDS

| | | (unaudited) Six months ended 31 Aug 2021 | | | (unaudited) Six months ended 31 Aug 2020 | | | (audited) Year ended 28 Feb 2021 |
|-----------------------------|-------|--|------------------|----------------|--|------------------|----------------|--|
| | Pence | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Total £'000 |
| 2020 Final | 1.75 | – | – | – | – | 3,906 | 3,906 | 3,906 |
| 2021 Interim | 1.5 | – | – | – | – | – | – | 3,350 |
| 2021 Final | 1.5 | – | 3,795 | 3,795 | – | – | – | – |
| Total dividends paid | | – | 3,795 | 3,795 | – | 3,906 | 3,906 | 7,256 |

9. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 31 August 2021, before any performance fee accrual, and cumulative dividends paid and payable ahead of 28 February 2022, a maximum performance fee of £1.7 million would become payable in relation to certain fundraisings for which the performance hurdles have been achieved. However, the performance fee structure contains certain restrictions to ensure that hurdles continue to be met after the payment of a performance fee and to encourage the payment of tax-free dividends. After applying these restrictions, an accrual for a performance fee of £319,000 has been made at 31 August 2021 and has been reflected in the NAV per share. The actual performance incentive fee, if any, will only be payable once the full year results have been finalised. As a result, no performance fee is payable at 31 August 2021.

A contingent liability of £1.4 million, being the difference between the maximum performance fee and the amount accrued at 31 August 2021, therefore exists at the period end.

The Company has no other contingent liabilities, guarantees or financial commitments at 31 August 2021.

10. CALLED UP SHARE CAPITAL

During the period, the Company issued 31,760,207 Ordinary Shares for an aggregate consideration of £20.0 million under the combined offer for subscription with ProVen VCT plc which launched on 3 December 2020. Share issue costs thereon amounted to £899,000.

In the same period, the Company allotted a further 919,499 shares at 61.8p per share under the Company's DRIS in respect of the dividend paid on 30 July 2021.

During the period, the Company completed purchases of 1,470,794 shares at an average price of 58.2p per share and for aggregate consideration (net of costs) of £857,000. This represented 0.66% of the shares in issue at the start of the period. The shares were subsequently cancelled.

11. FINANCIAL INSTRUMENTS

Investments are valued at fair value as determined using the measurement policies described in note 1.

The Company has categorised its financial instruments that are measured subsequent to initial recognition at fair value, using the fair value hierarchy as follows:

Level 1: Reflects instruments quoted in an active market.

Level 2: Reflects financial instruments that have been valued using inputs, other than quoted prices, that are observable.

Level 3: Reflects financial instruments that have been valued using valuation techniques with unobservable inputs.

| | (unaudited) 31 August 2021 | | | | (audited) 28 February 2021 | | | |
|----------------------|--------------------------------------|--------------------------------|--------------------------------|------------------------------|--------------------------------------|--------------------------------|--------------------------------|------------------------------|
| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total £'000 |
| AIM quoted | 429 | – | – | 429 | 363 | – | – | 363 |
| Loan notes | – | – | 11,834 | 11,834 | – | – | 11,834 | 11,834 |
| Unquoted investments | – | – | 97,137 | 97,137 | – | – | 87,691 | 87,691 |
| Total | 429 | – | 108,971 | 109,400 | 363 | – | 99,525 | 99,888 |

There have been no transfers between the three levels outlined above.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

12. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

In the opinion of the Directors there is no immediate or ultimate controlling party.

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company's Investment Manager during the period. During the six months ended 31 August 2021, £1,636,000 (2020: £1,216,000) was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £nil (2020: £nil).

Beringea LLP was also the Company's Administration Manager during the period. Fees paid to Beringea in its capacity as Administration Manager for the six months ended 31 August 2021 amounted to £30,000 (2020: £30,000) of which £nil (2020: £nil) remained outstanding at the period end.

As the Company's investment manager, Beringea LLP is also entitled to receive a performance incentive fee based on the Company's performance for each financial year to 28 February. The performance incentive fee arrangements are set out, in detail, in the Annual Report and Accounts. In respect of the year ending 28 February 2022, a performance incentive fee of £319,000 has been accrued. The actual performance incentive fee, if any, will only be payable once the full year results have been finalised. As a result, no performance incentive fee is payable at 31 August 2021.

Beringea LLP may charge arrangement fees, in line with industry practice, to companies in which it invests. It may also receive directors' fees or monitoring fees from investee companies. These costs are borne by the investee company not the Company. In the six-month period to 31 August 2021, £185,000 (2020: £309,000) was payable to Beringea LLP for arrangement fees under such arrangements. Directors' and monitoring fees payable to Beringea LLP in the six-month period to 31 August 2021 amounted to £261,000 (2020: £167,000).

During the six months to 31 August 2021, an amount of £66,000 (2020: £74,000) was payable to the Directors of the Company as remuneration for services provided to the Company. No amount was outstanding at the period-end.

As part of the combined offer for subscription with ProVen VCT plc launched on 3 December 2020, Beringea LLP received £434,000 in promoter's fees. Out of this promoter fee, the Manager is responsible for paying all the costs on the offer, including professional fees and marketing expenses. The £434,000 above formed part of the £899,000 offer issue costs referenced elsewhere in these financial statements. The remainder of this amount was paid to financial advisers, as agreed between them and their respective clients. All offer allotments are made net of fees. The fees outlined above do not therefore impact the NAV of the Company.

- 13.** The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with Financial Reporting Standard 104 issued by the Financial Reporting Council and the half-yearly financial report includes a fair review of the information required by:
- a.** DTR 4.2.7R of the Disclosure 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, and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b.** DTR 4.2.8R of the Disclosure 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.

14. RISK AND UNCERTAINTIES

Under the Disclosure and Transparency Directive, the Board is required in the Company's half-yearly results, to report on the principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board has concluded that the key risks facing the Company over the remainder of the financial year are as follows:

- (i)** investment risk associated with investing in small and immature businesses;
- (ii)** investment risk arising from volatile stock market conditions and their potential effect on the value of the Company's venture capital investments and the exit opportunity for those investments; and
- (iii)** breach of VCT regulations.

In the case of (i), the Board is satisfied with the Company's approach. The Investment Manager follows a rigorous process in vetting and careful structuring of new investments and, after an investment is made, close monitoring of the business. In respect of (ii), the Company seeks to hold a diversified portfolio. However, the Company's ability to manage this risk is quite limited, primarily due to the restrictions arising from the VCT regulations.

The Company's compliance with the VCT regulations is continually monitored by the Administration Manager, who reports regularly to the Board on the current position. The Company also retains

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

Philip Hare & Associates LLP to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to an appropriate level.

15. GOING CONCERN

The Directors have reviewed the Company's financial resources at the period end and concluded that the Company is well placed to manage its business risks.

The Board confirms that it is satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the Board believes that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

Copies of the unaudited half yearly results will be sent to Shareholders. Further copies can be obtained from the Company's registered office and will be available for download from www.provenvcts.co.uk.

16. POST BALANCE SHEET EVENTS

Since 31 August 2021, the Company has made the following investments:

- Dealroom.co B.V. (£2.0 million) – a database management company, offering a global data platform for intelligence on startups, innovation, high-growth companies, ecosystems and investment strategies.
- Andcrafted Ltd (t/a Plank Hardware) (£1.1 million) – a company which designs and sells stylish hardware products in high quality materials at affordable prices.

The Company also made follow-on investments in Been There Done That (£1.7 million) and Access Pay (£283,000).

Subsequent to the period end, the Company's holdings in D30 Holdings Limited and Inskin Media Limited were sold, each achieving a 1.2x return on initial cost.

SHAREHOLDER INFORMATION

SHARE PRICE

The Company's share prices can be found on various financial websites, including the London Stock exchange (www.londonstockexchange.com) with the following TIDM/ePIC codes:

| | |
|---------------------------------------|-----------------|
| TIDM/ePIC code | PGOO |
| Latest share price at 5 November 2021 | 57.5p per share |

A link to the share price is also available on Beringea's dedicated VCT website (www.provenvcts.co.uk).

DIVIDENDS

Dividends are paid by the registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends and requests for mandate forms should therefore be directed to the Company's registrar, Link Group, by calling 0371 664 0324 (calls are charged at the standard geographic rate and will vary by provider), or by writing to them at Link Group, 10th Floor, PXS1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

BUYING AND SELLING SHARES

The Company's shares can be bought and sold in the same way as those of any other company listed on the London Stock exchange via a stockbroker. Shareholders are advised to seek advice from their tax adviser, before selling shares.

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your shares or trading them in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure").

Panmure is able to provide details of close periods (when the Company is prohibited from buying in shares) and of the price at which they will buy shares. Panmure can be contacted as follows:

Chris Lloyd – 020 7886 2716 chris.lloyd@panmure.com

Paul Nolan – 020 7886 2717 paul.nolan@panmure.com

SHAREHOLDER INFORMATION

CONTINUED

UNSOLICITED COMMUNICATION WITH SHAREHOLDERS

We are aware of cases in previous years of Shareholders in VCTs having received unsolicited telephone calls, e-mails or correspondence concerning investment matters. Please note that it is very unlikely that the Company, Beringea or the Company Registrar, Link Asset Services, would make unsolicited telephone calls, or send e-mails, to Shareholders. Shareholders can, however, expect official documentation in connection with the Company and may receive details of investment activity and new VCT offers from the Investment Manager. Furthermore, please be assured that the Company limits access to the Company's share register by third parties to the maximum extent permissible under the Companies Act 2006. If you receive either an unexpected telephone call or correspondence about which you have concerns, please contact Beringea LLP, the Company Secretary, on **020 7845 7820**.

NOTIFICATION OF CHANGE OF ADDRESS

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Link Asset Services, under the signature of the registered holder.

WEBSITES

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports and half-Yearly Reports can be found on the Companies' website: www.provenvcts.co.uk. Shareholders can also check details of their shareholdings using Link Asset Services' website www.signalshares.com. Please note that to access this facility investors will need to quote the reference number shown on their share/dividend certificate.

COMPANY INFORMATION

Company number: **04125326**

DIRECTORS

Marc Vlessing (Chairman)
Natasha Christie-Miller
Anna Kuriakose
Malcolm Moss

all of:

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(calls are charged at the standard geographic rate and will vary by provider) www.linkgroup.eu

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