



PROVEN GROWTH & INCOME VCT PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 August 2020



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 2020	31 August 2019	29 February 2020
Net asset value per share ("NAV")	55.3p	63.2p	58.6p
Dividends paid since class launch (originally as 'C' Shares)	66.15p	62.9p	64.4p
Total return (NAV plus dividends paid since 'C' Share class launch)	121.45p	126.1p	123.0p
Net Assets (£'000)	123,918	118,881	117,234



CHAIRMAN'S STATEMENT

INTRODUCTION

I have pleasure in presenting the half year report for ProVen Growth and Income VCT plc (the "Company") for the six months ended 31 August 2020.

NET ASSET VALUE

During the six-month period, the net asset value ("NAV") per share decreased from 58.6p to 55.3p at 31 August 2020. This decrease of 3.3p is largely reflective of the final dividend of 1.75p for the year ended 29 February 2020 paid on 28 August 2020, but also the overall loss in the period. The loss is a result of the standard running costs of the Company and an overall decrease in valuation of the portfolio.

The Company released a NAV on 23 March 2020 of 54.6 pence per share to reflect the initial impact of the Coronavirus pandemic on valuations. The Company has shown signs of recovery, however, with a NAV of 56.2p per share as at 31 May and a further increase in value since then of 0.85 pence per share before taking into account the final dividend of 1.75p paid in the period.

PORTFOLIO ACTIVITY AND VALUATION

At 31 August 2020, the Company's investment portfolio comprised 49 investments at a valuation of £82.6 million.

During the six-month period, the Company invested £4.35 million into three new companies:

- Commonplace (£1.5 million) – a B2B software company that has developed a digital community engagement platform enabling developers, local authorities, transport planners, infrastructure developers and other large project owners to engage with local communities;
- Luxury Promise (£1.35 million) – a platform to buy and sell pre-owned luxury women's handbags and accessories; and
- Social Value Portal (£1.5 million) – provides a platform for organisations to quantify the 'social value' they themselves or their supply chain create.

The Company also continued to support the current portfolio during the period and made follow on investments into Fnatic (£0.8 million), Thread (£0.4 million) and ContactEngine (£0.125 million).

The investment portfolio showed an overall unrealised loss of £873,000 compared to the valuation as at 29 February 2020. The valuation saw a large decrease in value as a result of the initial impact of the Coronavirus pandemic. This was reflected in the NAV announced on 23 March 2020 of 54.6 pence per share. Since then the portfolio has shown good overall recovery from the downturn in valuations to pre-Covid levels.

There were valuation uplifts across the portfolio in the six months since 29 February 2020 with Smart Assistant and My 1st Years, in particular, having significant increases of £1.6 million and £1.4 million

respectively. There are companies, however, where the impact of the Coronavirus pandemic is having a longer-term adverse effect such as D3O and Sealskinz which have seen decreases in valuation of £1.8 million and £1.6 million 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 2020, the Company has continued to support the current portfolio by making follow-on investments into Thread (£0.25 million), Papier (£0.31 million), POQ Studio (£0.15 million) and DeepCrawl (net investment of £1.5 million after part disposal proceeds received).

RESULTS AND DIVIDENDS

The total loss on ordinary activities for the six-month period to 31 August 2020 was £2,641,000.

During the six-month period, a final dividend of 1.75p per share in respect of the year ended 29 February 2020 was paid on 28 August 2020 to Shareholders on the register at 7 August 2020 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 4 December 2020 to Shareholders on the register at 13 November 2020. The dividend represents a cash return of 2.6% on the opening NAV per share at 1 March 2020, adjusted for the August dividend of 1.75p 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 7 November 2020 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 27 January 2020 to raise up to a total of £10 million per company, with an over-allotment facility of up to a further £10 million per company. The offer closed to new applications on 10 March 2020 with £14.2 million of gross proceeds for the Company.

During the period, the Company allotted 24,518,370 shares at an average price of 57.9p per share under the Company's offer for subscription. In the same period, the Company allotted a further 1,102,624 shares at 54.45p per share under the Company's DRIS in respect of the dividend paid on 28 August 2020.

CHAIRMAN'S STATEMENT

CONTINUED

The Company announced on 7 September 2020 the intention to launch a combined Offer for subscription to raise up to a total of £20 million in each Company together with an over-allotment facility of up to a further £10 million in each Company. A Prospectus with full details of the proposed Offer will be published shortly.

SHARE BUYBACKS

The Company 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 1,871,415 shares at an average price of 52.9p per share and for aggregate consideration (net of costs) of £989,395. This represented 0.9% of the shares in issue at the start of the period. The shares were subsequently cancelled.

OUTLOOK

The pandemic has created commercial disruption and financial challenges for many businesses in the portfolio, although some companies have been beneficiaries of increases in demand for their products. However, the Investment Manager has ensured that portfolio companies are supported as they adapt to the turbulent context of the pandemic.

The ongoing impact of the pandemic and the UK's departure from the European Union will create further challenges. Nonetheless, your Board remains optimistic that the companies in the portfolio can continue to adapt and grow in the coming months.

We also believe that there continue to be market opportunities for early-stage businesses, which often demonstrate the agility and innovation to adapt during a downturn. In particular, the pandemic has created a shift towards the digital economy, creating opportunities for technology-enabled companies in the portfolio and the pipeline of potential investments. The Manager, therefore, continues to seek investment opportunities in these areas, with three new additions to the portfolio in the period to 31 August and has a strong flow of new investment opportunities looking further ahead.

The Company is well positioned to harness this healthy pipeline, given the recent successful fundraising. We do, however, anticipate that disposal activity will be subdued until there is more clarity about overall prospects for the economy.

Marc Vlessing OBE

Chairman

29 October 2020

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2020

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top twenty venture capital investments (by value)				
Sannpa Limited (t/a Fnatic)	6,718	6,904	186	5.6%
ContactEngine Limited	2,454	5,355	137	4.3%
Zoovu Limited (t/a Smart Assistant)	2,455	5,197	1,631	4.2%
Mycs GmbH	3,031	5,039	936	4.1%
Dryden Holdings Limited	5,000	4,761	–	3.8%
Infinity Reliance Limited (t/a My 1st Years)	2,769	4,526	1,401	3.7%
Thread, Inc.	3,730	3,722	–	3.0%
Papier Ltd	3,150	3,150	–	2.5%
Written Byte Ltd (t/a DeepCrawl)	1,612	2,922	(255)	2.4%
Our Path Ltd (t/a Second Nature)	2,800	2,800	–	2.3%
MPB Group Limited	1,489	2,784	936	2.2%
Arctic Shores Limited	2,450	2,450	–	2.0%
Commonplace Digital Ltd	1,500	2,072	572	1.7%
Response Tap Limited	1,440	1,928	(669)	1.6%
Picasso Labs, Inc.	1,470	1,813	343	1.5%
Been There Done That Global Limited	1,448	1,752	(291)	1.4%
Blis Media Limited	1,083	1,726	179	1.4%
Aistemos Limited	1,681	1,679	–	1.4%
Litchfield Media Limited	1,420	1,638	24	1.3%
Disposable Cubicle Curtains Limited (t/a Hygenica)	3,286	1,615	415	1.3%
Other venture capital investments	38,915	18,725	(6,418)	14.9%
Total venture capital investments	89,901	82,558	(873)	66.6%
Cash at bank and in hand		41,350		33.4%
Total investments		123,908		100.0%

Other venture capital investments at 31 August 2020 comprise: Access Systems, Inc., Buckingham Gate Financial Services Limited, Cogora Group Limited, Deltadot Limited, Duncannon Holdings Limited, D30 Holdings Limited, Exonar Limited, Firefly Learning Limited, Festicket Ltd, Iridium Topco Limited (formerly honeycomb.TV Limited), InContext Solutions, Inc., Inskin Media Limited, Lantum Limited, Lupa Foods

SUMMARY OF INVESTMENT PORTFOLIO

CONTINUED

Limited (formerly Donatantonio Limited), Luxury Promise Limited, Monica Vinader Limited, Netcall plc, Poq Studio Ltd, Rapid Charge Grid Limited, Sealskinz Holdings Limited, Senselogix Limited, Simplestream Limited, Skills Matter Limited, Social Value Portal Ltd, Stylescape Limited (t/a EDITED), TVPlayer Limited, Utility exchange Online 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 InContext Solutions, Inc., Picasso Labs, Inc., Thread, Inc. and Whistle Sports, Inc. which are Delaware registered corporations in the United States of America, and Mycs Gmbh, which is registered in Germany.

SUMMARY OF INVESTMENT MOVEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2020

Investment activity during the six months ended 31 August 2020 is summarised as follows:

ADDITIONS

	Cost £'000
Commonplace Digital Ltd	1,500
Social Value Portal Ltd	1,500
Luxury Promise Limited	1,350
Sannpa Limited (t/a Fnatic)	771
Thread, Inc.	421
ContactEngine Limited	125
Total	5,667

DISPOSALS

	Cost £'000	Market value at 1 March 2020 £'000	Disposal proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
Chargemaster plc	–	–	72	72	72
MEL Topco Limited (t/a Maplin)	–	–	4	4	4
Total	–	–	76	76	76

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 MEL Topco Limited (t/a Maplin) reflect a final distribution in respect of the company's administration in excess of the amounts previously accrued.

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 2020, elements of which will have been accrued in prior periods.

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2020

	(unaudited) Six months ended 31 Aug 2020			(unaudited) Six months ended 31 Aug 2019			(audited) Year ended 29 Feb 2020
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	(109)	–	(109)	179	–	179	430
Realised gains on investments	–	76	76	–	337	337	325
Unrealised losses on investments	–	(873)	(873)	–	(4,859)	(4,859)	(10,082)
Investment management fee	(304)	(912)	(1,216)	(305)	(916)	(1,221)	(2,430)
Performance incentive fee	–	–	–	–	–	–	–
Other expenses	(471)	(4)	(475)	(292)	(1)	(293)	(587)
FX Translation	–	(44)	(44)	–	–	–	30
Loss on ordinary activities before taxation	(884)	(1,757)	(2,641)	(418)	(5,439)	(5,857)	(12,314)
Tax on ordinary activities	–	–	–	–	–	–	–
Loss attributable to equity shareholders	(884)	(1,757)	(2,641)	(418)	(5,439)	(5,857)	(12,314)
Basic and diluted loss return per share	(0.4p)	(0.9p)	(1.3p)	(0.2p)	(3.1p)	(3.3p)	(6.6p)

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 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 2020

	(unaudited) 31 Aug 2020 £'000	(unaudited) 31 Aug 2019 £'000	(audited) 29 Feb 2020 £'000
Fixed assets			
Investments	82,558	74,142	77,763
Current assets			
Debtors	514	944	829
Cash at bank and in hand	41,350	44,760	39,789
	41,864	45,704	40,618
Creditors: amounts falling due within one year	(504)	(965)	(1,147)
Net current assets	41,360	44,739	39,471
Net assets	123,918	118,881	117,234
Capital and reserves			
Called up share capital	3,624	3,044	3,239
Capital redemption reserve	88	32	58
Share premium account	55,152	31,852	40,766
Special reserve	55,688	65,489	61,164
Capital reserve – realised	14,827	18,071	15,667
Revaluation reserve	(2,033)	2,583	(1,160)
Revenue reserve	(3,428)	(2,190)	(2,500)
Total equity shareholders' funds	123,918	118,881	117,234
Basic and diluted net asset value per share	55.3p	63.2p	58.6p

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 2020

Six months ended 31 August 2020 (unaudited)

	Called up share capital £'000	Capital redem- ption 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

Six months ended 31 August 2019 (unaudited)

	Called up share capital £'000	Capital redem- ption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve – realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2019	2,331	19	946	70,856	19,050	7,043	(1,772)	98,473
Issue of new shares	726	–	30,906	(1,149)	–	–	–	30,483
Total comprehensive income	–	–	–	–	(580)	(4,859)	(418)	(5,857)
Transfer of previously unrealised gains now realised	–	–	–	–	(399)	399	–	–
Share buybacks and cancellation	(13)	13	–	(540)	–	–	–	(540)
Dividends paid	–	–	–	(3,678)	–	–	–	(3,678)
At 31 August 2019	3,044	32	31,852	65,489	18,071	2,583	(2,190)	118,881

The special reserve, capital reserve – realised and revenue reserve are distributable reserves. Reserves available for distribution therefore amount to £67,087,000 (2019: £81,370,000).

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 2020

	Note	(unaudited) Six months ended 31 Aug 2020 £'000	(unaudited) Six months ended 31 Aug 2019 £'000	(audited) Year ended 29 Feb 2020 £'000
Net cash used in operating activities	A	(1,659)	(1,686)	(3,115)
Cash flows from investing activities				
Purchase of investments		(5,667)	(16,300)	(25,616)
Sale of investments		107	136	835
Net cash used in investing activities		(5,560)	(16,164)	(24,781)
Cash flows used in financing activities				
Proceeds from share issue		14,200	31,077	39,735
Share issue costs		(577)	(1,151)	(1,539)
Purchase of own shares		(1,537)	(574)	(1,230)
Equity dividends paid		(3,306)	(3,122)	(5,661)
Net cash from financing		8,780	26,230	31,305
Increase in cash and cash equivalents	B	1,561	8,380	3,409
Notes to the cash flow statement:				
A. Cash flow from operating activities				
Loss on ordinary activities before taxation		(2,641)	(5,857)	(12,314)
Loss on investments		797	4,522	9,757
Decrease/(increase) in prepayments, accrued income and other debtors		285	(194)	(318)
Decrease in accruals and other creditors		(100)	(157)	(240)
Net cash used in operating activities		(1,659)	(1,686)	(3,115)
B. Analysis of net funds				
Beginning of period/year		39,789	36,380	36,380
Net cash inflows		1,561	8,380	3,409
End of period/year		41,350	44,760	39,789

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 2020

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 29 February 2020. There has been no change to the accounting policies from those disclosed in the financial statements for the year ended 29 February 2020.

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 29 February 2020 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.

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;
- where repayment of the equity is not probable, redemption premiums will be recognised; and
- 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.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

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 29 February 2020 and the six-month period ended 31 August 2019.
 6. Basic and diluted return per share for the period has been calculated on 209,645,678 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 223,886,810 shares, being the number of shares in issue at the period end.

8. DIVIDENDS

		(unaudited) Six months ended 31 Aug 2020			(unaudited) Six months ended 31 Aug 2019			(audited) Year ended 29 Feb 2020
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
2019 Final	2.0	–	–	–	–	3,678	3,678	3,678
2020 Special Interim	1.5	–	–	–	–	–	–	3,011
2020 Final	1.75	–	3,907	3,907	–	–	–	–
Total dividends paid		–	3,907	3,907	–	3,678	3,678	6,689

9. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 31 August 2020, before any performance fee accrual, and cumulative dividends paid and payable ahead of 28 February 2021, no performance fee is currently payable. The performance fee structure contains certain restrictions to ensure that hurdles are met before the payment of a performance fee and to encourage the payment of tax-free dividends. After applying these restrictions, no accrual has been made for a performance fee at 31 August 2020.

A performance incentive fee, if any, will only be payable once the full year results have been finalised.

The Company has no contingent liabilities, guarantees or financial commitments at 31 August 2020.

10. CALLED UP SHARE CAPITAL

During the period, the Company issued 24,518,370 Ordinary Shares for an aggregate consideration of £14.2million under the combined offer for subscription with ProVen VCT plc which launched on 27 January 2020. Share issue costs thereon amounted to £577,000.

In the same period, the Company allotted a further 1,102,624 shares at 54.45p per share under the Company's DRIS in respect of the dividend paid on 28 August 2020.

During the period, the Company completed purchases of 1,871,415 shares at an average price of 52.9p per share and for aggregate consideration (net of costs) of £989,395. This represented 0.94% of the shares in issue at the start of the period. The shares were subsequently cancelled.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

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 2020				(audited) 28 February 2020			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	214	–	–	214	193	–	–	193
Loan notes	–	–	16,295	16,295	–	–	16,295	16,295
Unquoted investments	–	–	66,049	66,049	–	–	61,275	61,275
Total	214	–	82,344	82,558	193	–	77,570	77,763

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

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 2020, £1,216,000 (2019: £1,221,000) was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £nil (2019: £219,000).

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 2020 amounted to £30,000 (2019: £27,000) of which £nil (2019: £14,000) 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. For the six-month period ended 31 August 2020, no performance incentive fee has been accrued. The actual performance incentive fee, if any, will only be payable once the full year results have been finalised.

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 2020, £309,000 (2019: £316,000) 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 2020 amounted to £167,000 (2019: £253,000).

During the six months to 31 August 2020, an amount of £74,000 (2019: £60,000) was payable to the Directors of the Company as remuneration for services provided to the Company. No amount was outstanding at the period-end.

- 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.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

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 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 2020, the Company has continued to support the current portfolio by making follow-on investments into Thread (£0.25 million), Papier (£0.31 million), POQ Studio (£0.15 million) and DeepCrawl (net investment of £1.5 million after part disposal proceeds received).

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 29 October 2020	50.8p 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 Asset Services, by calling 0371 664 0324 (calls charged at 10p per minute plus network extras), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, BR3 4TU.

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 Investment Manager's 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
Malcolm Moss
Anna Kuriakose

all of:

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London WC2H 9LT
Tel: 020 7845 7820

INVESTMENT MANAGER

Beringea LLP

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London WC2H 9LT
Tel: 020 7845 7820
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REGISTRAR

Link Asset Services

The Registry
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Beckenham
Kent BR3 4TU
Tel: 0371 664 0324

(calls cost 10p per minute plus network extras).

www.linkassetservices.com

VCT STATUS ADVISER

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