



PROVEN VCT PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 August 2020



PROVEN VCT PLC

FUND OVERVIEW

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")	67.3p	76.40p	70.1p
Dividends paid per share since conversion/consolidation*	70.25p	66.25p	68.25p
Total return (NAV plus dividends paid*)	137.55p	142.65p	138.35p
Net assets (€'000)	114,902	115,338	105,359

* Dividends paid represent dividends paid since the consolidation of 5p Ordinary Shares into 10p Ordinary Shares on 30 October 2012. Prior to this date, the Company paid dividends totalling 113.95p on the 5p Ordinary Shares.



CHAIRMAN'S STATEMENT

INTRODUCTION

I have pleasure in presenting the half year report for ProVen 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 70.1p to 67.3p at 31 August 2020. This decrease of 2.8p is largely reflective of the final dividend of 2.0p 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 exceeding the uplift in valuation of the portfolio.

The Company released a NAV on 23 March 2020 of 65.1 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 68.0p per share as at 31 May and a further increase in value since then of 1.3 pence per share before taking into account the final dividend of 2.0p paid in the period.

PORTFOLIO ACTIVITY AND VALUATION

At 31 August 2020, the Company's investment portfolio comprised 48 investments at a valuation of £73.6 million.

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

- Commonplace (£1.5 million) – a software-as-a-service platform designed for digital community engagement, enabling developers, local authorities, transport planners, and infrastructure developers to gather feedback from citizens and residents;
- 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) – a software-as-a-service platform for public and private sector organisations to quantify the 'social value' created through their operations and supply chains.

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).

In May 2020, the Company's holding in SPC International Limited was sold. The Company received £544,000 in disposal proceeds.

The investment portfolio showed an overall unrealised gain of £888,000 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 65.1 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 Mycs, My 1st Years and MPB, in particular, having significant increases of £2.0 million, £1.6 million and £1.5 million respectively. There are companies, however, where the impact of the Coronavirus pandemic is having a longer-term adverse effect such as Festicket which has seen a decrease in valuation of £2.6 million.

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 (£0.18 million), POQ Studio (£0.15 million) and DeepCrawl (net investment of £0.86 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 £808,000.

During the six-month period, a final dividend of 2.0p 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 2.2% on the opening NAV per share at 1 March 2020, adjusted for the August dividend of 2.0p 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.

CHAIRMAN'S STATEMENT

CONTINUED

FUND RAISING AND SHARE ISSUES

As detailed in the annual report and accounts, the Company launched a combined offer for subscription with ProVen Growth and Income 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 20,351,020 shares at an average price of 69.8p per share under the Company's offer for subscription. In the same period, the Company allotted a further 856,422 shares at 66.0p per share under the Company's DRIS in respect of the dividend paid on 28 August 2020.

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 779,245 shares at an average price of 64.2p per share and for aggregate consideration (net of costs) of £500,102. This represented 0.52% 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, the portfolio has proved resilient, as demonstrated by the uplift in valuations in this interim statement. Your Board remains optimistic that these companies can continue to adapt and grow in the coming months.

We also believe that there continues 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, with three new additions to the portfolio in the period to 31 August and a strong flow of new investment opportunities.

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.

Neal Ransome

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)				
Infinity Reliance Limited (t/a My 1st Years)	4,731	6,784	1,637	5.9%
Mycs GmbH	4,595	5,859	1,969	5.1%
Zoovu Limited (t/a Smart Assistant)	3,487	4,571	1,167	4.0%
MPB Group Limited	2,511	4,178	1,512	3.6%
Litchfield Media Limited	3,580	4,128	60	3.6%
Thread, Inc.	3,772	3,775	–	3.3%
Monica Vinader Limited	534	3,357	(457)	2.9%
Access Systems, Inc.	3,500	3,229	(271)	2.8%
ContactEngine Limited	1,391	3,211	126	2.8%
Written Byte Limited (t/a DeepCrawl)	1,888	3,029	(264)	2.6%
Rapid Charge Grid Limited	3,150	2,869	170	2.5%
Sannpa Limited (t/a Fnatic)	1,801	2,101	301	1.8%
Commonplace Digital Ltd	1,500	2,072	572	1.8%
Aistemos Limited	1,819	1,821	–	1.6%
Disposable Cubicle Curtains Limited (t/a Hygenica)	2,871	1,705	323	1.5%
Social Value Portal Ltd	1,500	1,500	–	1.3%
Stylescape Limited (t/a EDITED)	1,500	1,500	–	1.3%
Response Tap Limited	1,060	1,419	(492)	1.2%
Exonar Limited	2,496	1,389	(782)	1.2%
Luxury Promise Limited	1,350	1,350	–	1.2%
Other venture capital investments	31,051	13,789	(4,683)	12.2%
Total venture capital investments	80,087	73,636	888	64.2%
Cash at bank and in hand		41,150		35.8%
Total investments		114,786		100.0%

Other venture capital investments at 31 August 2020 comprise: Arctic Shores Limited, Been There Done That Global Limited, Blis Media Limited, Buckingham Gate Financial Services Limited, Cogora Group Limited, D3O Holdings Ltd, Firefly Learning Limited, Festicket Ltd, Iridium Topco Limited (formerly honeycomb.TV Limited), InContext Solutions, Inc., Inskin Media Limited, Lantum Limited, Lupa Foods Limited (formerly Donatantonio

Limited), Macklin Holdings Limited, Monmouth Holdings Limited, Netcall plc, Papier Ltd, Our Path Ltd (t/a SecondNature), Picasso Labs, Inc., Poq Studio Limited, Rapid Charge Grid Limited, Sealskinz Holdings Limited, Senselogix Limited, Simplestream Limited, Skills Matter Limited, 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 Monmouth Holdings Limited and Mackin Holdings Limited were also held by ProVen Growth and Income 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 Ltd	1,500
Social Value Portal Ltd	1,500
Luxury Promise Limited	1,350
Sannpa Limited (t/a Fnatic)	772
Thread, Inc.	421
ContactEngine Limited	125
Total	5,668

DISPOSALS

	Cost £'000	Market value at 1 March 2020 £'000	Disposal proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
SPC International Ltd	58	546	544	486	(2)
Chargemaster plc	–	–	165	165	165
MEL Topco Limited (t/a Maplin)	–	–	4	4	4
Think Limited	–	50	–	–	(50)
Total	58	596	713	655	117

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. Think Limited was also realised in a prior period. The realised loss reflects an adjustment to the contingent proceeds value previously recognised.

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	(251)	–	(251)	193	–	193	597
Realised gains on investments	–	117	117	–	886	886	2,266
Unrealised gains/(losses) on investments	–	888	888	–	(5,190)	(5,190)	(12,066)
Investment management fee	(280)	(839)	(1,119)	(301)	(904)	(1,205)	(2,291)
Performance incentive fee	–	–	–	–	–	–	(31)
Other expenses	(395)	(4)	(399)	(274)	(3)	(277)	(536)
FX Translation	–	(44)	(44)	–	–	–	30
(Loss)/return on ordinary activities before taxation	(926)	118	(808)	(382)	(5,211)	(5,593)	(12,031)
Tax on ordinary activities	–	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders	(926)	118	(808)	(382)	(5,211)	(5,593)	(12,031)
Basic and diluted (loss)/return per share	(0.6p)	0.1p	(0.5p)	(0.2p)	(3.7p)	(3.9p)	(8.2p)

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 £251,000 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	73,636	72,700	67,626
Current assets			
Debtors	491	2,426	2,355
Cash at bank and in hand	41,150	41,167	36,310
	41,641	43,593	38,665
Creditors: amounts falling due within one year	(375)	(955)	(932)
Net current assets	41,266	42,638	37,733
Net assets	114,902	115,338	105,359
Capital and reserves			
Called up share capital	17,071	15,105	15,028
Capital redemption reserve	437	214	359
Share premium account	52,379	39,296	39,733
Special reserve	46,311	54,773	50,727
Capital reserve – realised	4,382	5,295	4,620
Revaluation reserve	(2,569)	2,705	(2,969)
Revenue reserve	(3,109)	(2,050)	(2,139)
Total equity shareholders' funds	114,902	115,338	105,359
Basic and diluted net asset value per share	67.3p	76.4p	70.1p

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 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	15,028	359	39,733	50,727	4,620	(2,969)	(2,139)	105,359
Issue of new shares	2,121	–	12,646	(502)	–	–	–	14,265
Total comprehensive income	–	–	–	–	(726)	888	(970)	(808)
Transfer of previously unrealised losses now realised	–	–	–	–	488	(488)	–	–
Share buybacks and cancellation	(78)	78	–	(502)	–	–	–	(502)
Dividends paid	–	–	–	(3,412)	–	–	–	(3,412)
At 31 August 2020	17,071	437	52,379	46,311	4,382	(2,569)	(3,109)	114,902

Six months ended 31 August 2019 (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 2019	10,504	102	3,367	60,820	6,412	6,799	(1,668)	86,336
Issue of new shares	4,713	–	35,929	(1,418)	–	–	–	39,224
Total comprehensive income	–	–	–	–	(21)	(5,190)	(382)	(5,593)
Transfer of previously unrealised gains now realised	–	–	–	–	(1,096)	1,096	–	–
Share buybacks and cancellation	(112)	112	–	(861)	–	–	–	(861)
Dividends paid	–	–	–	(3,768)	–	–	–	(3,768)
At 31 August 2019	15,105	214	39,296	54,773	5,295	2,705	(2,050)	115,338

The special reserve, capital reserve – realised and revenue reserve are distributable reserves. Reserves available for distribution therefore amount to £47,584,000 (2019: £58,018,000).

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	(1,627)	(6,737)	(7,711)
Cash flows from investing activities				
Purchase of investments		(5,668)	(6,791)	(10,888)
Sale of investments		2,218	101	3,810
Net cash (used in)/from investing activities		(3,450)	(6,690)	(7,078)
Cash flows from financing activities				
Proceeds from share issue		14,201	39,998	39,999
Share issue costs		(502)	(1,418)	(1,418)
Purchase of own shares		(936)	(759)	(1,740)
Equity dividends paid		(2,846)	(3,124)	(5,639)
Net cash from/(used in) financing activities		9,917	34,697	(31,202)
Increase/(decrease) in cash and cash equivalents	B	4,840	21,270	16,413
Notes to the cash flow statement:				
A. Cash used in operating activities				
Loss on ordinary activities before taxation		(808)	(5,593)	(12,031)
(Gain)/loss on investments		(1,005)	4,304	9,800
Decrease/(increase) in prepayments, accrued income and other debtors		309	(128)	(92)
Decrease in accruals and other creditors		(123)	(5,320)	(5,388)
Net cash used in operating activities		(1,627)	(6,737)	(7,711)
B. Analysis of net funds				
Beginning of period/year		36,310	19,897	19,897
Net cash inflows		4,840	21,270	16,413
End of period/year		41,150	41,167	36,310

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.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

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; 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 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 164,424,062 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 170,706,535 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 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	2.5	–	–	–	–	3,768	3,768	3,768
2020 Interim	2.0	–	–	–	–	–	–	3,019
2020 Final	2.0	–	3,412	3,412	–	–	–	–
Total dividends paid		–	3,412	3,412	–	3,768	3,768	6,787

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 20,351,020 Ordinary Shares for an aggregate consideration of £14.2 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 27 January 2020. Share issue costs thereon amounted to £500,000.

In the same period, the Company allotted a further 856,422 shares at 66.0p 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 779,245 shares at an average price of 64.2p per share and for aggregate consideration (net of costs) of £500,102. This represented 0.52% 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 2020				(audited) 29 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	190	–	–	190	171	–	–	171
Loan notes	–	–	9,463	9,463	–	–	9,463	9,463
Unquoted equity	–	–	63,983	63,983	–	–	57,992	57,992
Total	190	–	73,446	73,636	171	–	67,455	67,626

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, £1,119,000 (2019: £1,205,000) was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £nil (2019: £197,000).

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 £33,000 (2019: £31,000) of which £nil (2019: £15,000) remained outstanding at the period end.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

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 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 £61,000 (2019: £61,000) 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.

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 a minimal 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 (£0.18 million), POQ Studio (£0.15 million) and DeepCrawl (net investment of £0.86 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	PVN
Latest share price 29 October 2020	62.5p 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 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

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: **03911323**

DIRECTORS

Neal Ransome (Chairman)

Barry Dean

Malcolm Moss

Lorna Tilbian

all of:

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Tel: 020 7845 7820

INVESTMENT MANAGER

Beringea LLP

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Tel: 020 7845 7820
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REGISTRAR

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(calls cost 10p per minute plus network extras)

www.linkassetservices.com

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