

Oxford Technology Venture Capital Trust Plc



UNAUDITED HALF-YEARLY REPORT

For the period 1 March 2021 to 31 August 2021

	6 Months Ended 31 August 2021	Year Ended 28 February 2021
Net Assets At Period End	£2.79m	£2.70m
Net Asset Value (NAV) Per Share	51.4p	49.7p
Cumulative Dividend Per Share	55.0p	55.0p
Total NAV Return Per Share	106.4p	104.7p
Share Price At Period End (Mid-Market)	27.5p	27.5p
Earnings Per Share	1.7p	5.0p

Company Number: 3276063

Registered Address: Magdalen Centre, Oxford Science Park, Oxford OX4 4GA

Statement on behalf of the Board

I am pleased to present the unaudited results for the six month period ended 31 August 2021.

Results and Dividend

As at 31 August 2021, the Company's net asset value (NAV) per ordinary share was 51.4p per share which is:

- an increase of 1.7p per share from the previous year end NAV as at 28 February 2021; and
- an increase of 5.8p per share from the Q1 period end NAV as at 31 May 2021.

No dividends were paid during the period.

Portfolio Review

Uniquely since becoming chairman of OT1 in 2014, I am delighted to report on an unusual development: the addition of a new investee to the Company's portfolio. Arecor Therapeutics Plc ("Arecor"), founded in 2007, has been a long-time holding of your Company's sister VCTs. Arecor was listed on the Alternative Investment Market (AIM) of the London Stock Exchange in June 2021, and OT1 made a £90,000 VCT-qualifying subscription for new Arecor shares in support of this listing.

The Directors see this investment decision as an exceptional case, and there are currently no further plans (or intention) to further expand the Company's portfolio. As reported in the most recent Annual Financial Report, the Directors are of the view that Arecor has a promising future, and that having two AIM-listed holdings in the Company's portfolio will provide resilience as we ensure compliance with the VCT qualifying tests, providing more flexibility in meeting the Company's liquidity requirements.

As at the reporting date of 31 August 2021, Arecor was valued at a bid price of 230p per share, just above the float price of 226p per share. Over the latter part of September 2021, the Arecor share price increased on relatively thin trading volumes. As at 7 October 2021, the Arecor share price was 360p per share, an increase of 57% since the period end. Had Arecor been valued at 31 August 2021 at this bid price of 360p per share (with no other changes to the valuation of any other investment) then at 31 August 2021 the OT1 NAV would have been 52.4p per share, an increase of 1.0p per OT1 share.

As at 31 August 2021 its two largest holdings, Scancell Holdings Plc ("Scancell") and STL Management Limited ("Select Technology"), constituted over 85% of the Company's NAV.

Scancell makes up c. 47% of OT1's NAV, making it the Company's largest portfolio holding. During the last six months Scancell has made useful progress. Scancell announced that the UK's Medicines and Healthcare Products Regulatory Authority has approved the clinical trial application to initiate the first-in-human Phase I/II clinical study of Modi-1. The company expects to enrol patients into the study later this year, following ethics committee sign-off. Initial safety/tolerability data from the open label portion of the trial could be available by the first half of 2022. The Modi-1 clinical trial will be a first-in-human clinical trial in patients with triple negative breast, ovarian, head & neck or renal cancer.

Scancell is also making progress with its Covid-19 vaccine candidates that aim to protect against all variants of the SARS-CoV-2 coronavirus. Its COVIDITY-001 study, including the use of the two PharmaJet needle-free injectors, has been approved by the South African regulatory authority. The COVIDITY programme – a collaboration between Scancell, scientists in the newly established Centre for Research on Global Virus Infections, the new Biodiscovery Institute at the University of Nottingham, and Nottingham Trent University – has received funding from Innovate UK. The trial has now started with the first subject dosed.

Select Technology represents c. 38% of OT1's NAV. Select Technology distributes high quality document management software via its global channel partners while adding significant further value through its development team by providing integrations and bespoke solutions. Sales were significantly affected by Covid-19 and are now being impacted by the global shortage of computer chips. Select Technology's distributors normally sell new software licences alongside the sale of hardware.

Shortly before the period end I joined the board of Select Technology to represent the VCT's interests as we seek to maximise shareholder value.

BioCote Ltd ("BioCote") had a productive period and increased its annual dividend. We have increased our valuation of BioCote and it now represents c. 9% of NAV.

Trading at Getmapping Plc ("Getmapping") has also been promising, with various new existing and new business initiatives making progress. We remain cautious regarding our Getmapping valuation, and will revisit this if and when further commercial progress is made. Getmapping now represents c. 3% of NAV.

Overall, as seen in the Income Statement, the net impact of valuation rises, income received and cost incurred across the portfolio during the first half of the 2021/2022 year was a gain of £90k.

The Directors, along with the Investment Adviser, continue to take an active interest in the companies within the portfolio, both to support their management teams to achieve company development, but also to prepare companies for realisation at the appropriate time. It should however be noted that approaches do occur at other times, and the ability of the Directors and Investment Adviser to be able to provide support when such approaches occur is essential for maximising value.

VCT qualifying status

The decreasing size of the VCT means significant focus is required to ensure we retain sufficient working capital to manage the Company whilst meeting all the conditions laid down by HMRC for maintaining approval as a VCT. The Board has procedures in place to ensure that the Company continues to comply with these conditions, in particular the new 80% qualifying holding limit which has been in place since 1 March 2020.

Presentation of half-yearly report

In order to reduce the length of this report, we have omitted details of the Company's objectives and investment strategy, its Advisers and Registrar and how to buy and sell shares in the Company. These details are all included in the Annual Reports, which together with previous half-yearly reports, are available for viewing on the Oxford Technology website.

Shareholder Events

Your Company held two events and the AGM in July and August to give shareholders an opportunity to discuss the Directors' plans for the VCT. We are very grateful to those shareholders who attended these meetings (whether in person or remote) and those who engaged by email – this gave the Board useful feedback.

Share Capital – Sub-division and Reclassification, and Reduction of Capital

Shareholders voted overwhelmingly in favour of the relevant resolution at the Annual General Meeting. As a result each ordinary share of 10p in the capital of the Company was sub-divided to an ordinary share of 1p and a deferred share of 9p. The Company subsequently repurchased and cancelled the deferred shares for the aggregate sum of 1p. A shareholder now holds exactly the same number of shares as before, but the nominal value of each share has reduced from 10p to 1p. The NAV of each ordinary share was unaffected by this change, which has no adverse consequences for shareholders and is being done to enable the creation of additional distributable reserves in the future, which may in time allow the Company to pay out more to shareholders. The Company now has 5,431,655 ordinary shares of 1p each (and no deferred shares of 9p each). Existing share certificates remain valid.

Outlook

The Directors are delighted to have had helpful engagement from shareholders during the various shareholder events held over the summer – many thanks to those of you that were able to attend our in-person and remote events, as well as those that submitted verbal and written feedback. Please do not hesitate to be in touch – we will endeavour to respond, either directly or by incorporating your questions and feedback into our regular shareholder communications.

We continue to believe your VCT is an appropriate structure to hold your Company's investment, but it would be preferable to have a larger asset base to share the operating costs.

**OT1**

I have reported previously of our efforts to seek prospective parties who are potentially interested in entering the VCT industry. Detailed discussions are underway and a further announcement will be made if or when such discussion reach a suitable stage. We have always made clear that there is no certainty such a route can be achieved, but the Directors will continue seeking such opportunities when the future outlook has become clearer.

Apart from the change to investment qualifying levels, there have been no recent changes to VCT legislation, or their potential impact on both the VCT and its investee companies. Your Board and Investment Adviser continue to work to best position your VCT such that, when valuations and liquidity allow, holdings can be exited and proceeds distributed to shareholders, whilst keeping a keen eye on maintaining costs as low as possible in the interim.

Finally, I would like to take this opportunity to thank shareholders for their continued support. We were delighted a significant number of you managed to attend our shareholder meetings and AGM, and we are considering how we can provide an optimum blend of in-person and remote options for future shareholder events.

Alex Starling
Chairman
8 October 2021

Investment Portfolio as at 31 August 2021

Company	Description	Net Cost of investment £'000	Carrying value at 31/08/21 £'000	Change in value for the 6 month period £'000	% Equity held OT1	% Equity held All OTVCTs	% Net assets
Scancell (bid price 22.5p)	Antibody based cancer therapeutics	295	1,328	(42)*	0.7	1.5	47.6
Select STL Management	Specialist Photocopier interfaces	488	1,061	55	30.0	58.6	38.0
BioCote	Bactericidal additives	85	253	45	6.6	6.6	9.1
Arecor (bid price 230p)	Protein stabilisation	90	92	92**	0.1	5.7	3.3
Getmapping	Aerial photography	518	85	10	3.8	3.8	3.0
Total Investments		1,476	2,819	160			101.0
Other Net Liabilities			(28)				(1.0)
Net Assets			2,791				100.0

* The decrease in value for the period relates to share disposals.
185,435 shares were sold at an average price of 22.2p.

** £90k increase in value for the period relates to an acquisition and £2k to the increase in the AIM share price since the purchase.

Responsibility Statement of the Directors in respect of the half-yearly report

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the statement “Interim Financial Reporting” issued by the Financial Reporting Council;
- the half-yearly report includes a fair review of the information required by the Financial Services Authority Disclosure and Transparency Rules, being:
 - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.
 - a description of the principal risks and uncertainties for the remaining six months of the year.
 - a description of related party transactions that have taken place in the first six months of the current financial year that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.
- The assets of the Company include cash and shares in two AIM quoted companies which are quite liquid and readily accessible. After reviewing the forecast for the Company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the half year accounts.

On behalf of the Board:

Alex Starling
Chairman
8 October 2021

Income Statement

	Six months to 31 Aug 2021			Six months to 31 Aug 2020			Year to 28 Feb 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/gain on sale of fixed asset investments	-	(1)	(1)	-	7	7	-	59	59
Unrealised gain/(loss) on valuation of fixed asset investments	-	112	112	-	(445)	(445)	-	269	269
Investment income	17	-	17	10	-	10	10	-	10
Investment management fees	(7)	-	(7)	(6)	-	(6)	(12)	-	(12)
Other expenses	(31)	-	(31)	(27)	-	(27)	(53)	-	(53)
Return on ordinary activities before tax	(21)	111	90	(23)	(438)	(461)	(55)	328	273
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
Return on ordinary activities after tax	(21)	111	90	(23)	(438)	(461)	(55)	328	273
Earnings per share – basic and diluted	(0.4)p	2.1p	1.7p	(0.4)p	(8.1)p	(8.5)p	(1.0)p	6.0p	5.0p

There was no other Comprehensive Income recognised during the year.

The 'Total' column of the Income Statement is the Profit and Loss Account of the Company, the supplementary Revenue and Capital return columns have been prepared under guidance published by the Association of Investment Companies.

All Revenue and Capital items in the above statement derive from continuing operations.

The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

Balance Sheet

	As at 31 Aug 2021		As at 31 Aug 2020		As at 28 Feb 2021	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments at fair value		2,819		1,972		2,659
Debtors	14		4		1	
Cash at Bank	88		36		71	
Creditors: amounts falling due within one year	(129)		(45)		(30)	
Net current (liabilities)/assets		(27)		(5)		42
Net assets		2,791		1,967		2,701
Called up share capital		54		543		543
Capital redemption reserve		489		-		-
Share premium reserve		176		176		176
Unrealised capital reserve		1,343		555		1,263
Profit and Loss account		729		693		719
Total equity shareholders' funds		2,791		1,967		2,701
Net asset value per share		51.4p		36.2p		49.7p

Statement of Changes in Equity

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Reserve £'000	Unrealised Capital Reserve £'000	Profit & Loss Account £'000	Total £'000
As at 1 March 2020	543	-	176	1,005	704	2,428
Revenue return on ordinary activities after tax	-	-	-	-	(23)	(23)
Current period gains on disposal	-	-	-	-	7	7
Prior year unrealised gains now realised	-	-	-	(5)	5	-
Current period losses on fair value of investments	-	-	-	(445)	-	445
Balance as at 31 August 2020	543	-	176	555	693	1,967
As at 1 March 2020	543	-	176	1,005	704	2,428
Revenue return on ordinary activities after tax	-	-	-	-	(55)	(55)
Current period gains on disposal	-	-	-	-	59	59
Current period gains on fair value of investments	-	-	-	269	-	269
Prior year unrealised gains now realised	-	-	-	(11)	11	-
Balance as at 28 February 2021	543	-	176	1,263	719	2,701
As at 1 March 2021	543	0	176	1,263	719	2,701
Revenue return on ordinary activities after tax	-	-	-	-	(21)	(21)
Current period loss on disposal	-	-	-	-	(1)	(1)
Current period gains on fair value of investments	-	-	-	112	-	112
Prior year unrealised gains now realised	-	-	-	(32)	32	-
Share capital reclassification	(489)	489	-	-	-	-
Balance as at 31 August 2021	54	489	176	1,343	729	2,791

Statement of Cash Flows

	Six months to 31 Aug 2021 £'000	Six months to 31 Aug 2020 £'000	Year to 28 Feb 2021 £'000
Cash flows from operating activities			
Return on ordinary activities before tax	90	(461)	273
Adjustments for:			
(Gain)/loss on valuation of fixed asset investments	(112)	445	(269)
Loss/(gains) on disposal of fixed asset investments	1	(7)	(59)
Increase/(decrease) in creditors	99	5	(10)
(Increase)/decrease in debtors	(13)	6	9
Outflow from operating activities	65	(12)	(56)
Cash flows from investing activities			
Purchase of fixed asset investments	(90)	-	-
Disposal of investments	41	30	109
Total cash flows from investing activities	49	18	109
Cash flows from financing activities			
Total cash flows from financing activities	-	-	-
Increase in cash and cash equivalents	16	18	53
Opening cash and cash equivalents	71	18	18
Closing cash and cash equivalents	87	36	71

Notes to the Half-Yearly Report

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 August 2021 have been prepared in accordance with the Financial Reporting Council's (FRC) Financial Reporting Standard 104 Interim Financial Reporting ('FRS 104') and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (revised 2019)'. Details of the accounting policies and valuation methodologies are included in the Annual Report.

2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 August 2021 do not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006. The comparative figures for the year ended 28 February 2021 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements, in accordance with chapter 3, part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

3. Earnings per share

The calculation of earnings per share for the period is based on the return attributable to shareholders divided by the weighted average number of shares in issue during the period. There are no potentially dilutive capital instruments in issue and, therefore, no diluted returns per share figures are relevant.

4. Net asset value per share

The net asset value per share is based on the net assets at the period end divided by the number of shares in issue at that date (5,431,655 in each case).

5. Share Capital – Sub-division and Reclassification, and Reduction of Capital

As referred to in the Chairman's statement, each ordinary share of 10p in the capital of the Company was sub-divided and reclassified into one ordinary share of 1p and one deferred share of 9p, and then all of the deferred shares were repurchased and cancelled for the aggregate sum of 1p. The Company now has 5,431,655 ordinary shares of 1p each (and no deferred shares of 9p each).

6. Principal risks and uncertainties

The Company's assets consist of equity and fixed interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a Venture Capital Trust, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 28 February 2021. The Company's principal risks and uncertainties have not changed materially since the date of that report.

7. Related party transactions

OT1 Managers Ltd, a wholly owned subsidiary, provides investment management services to the Company for a fee of 0.5% of net assets per annum. For operational reasons, OT1 received £50k loans from each of Oxford Technology 2 VCT Plc and Oxford Technology 4 VCT Plc (OT4) under the Common Payments and Liquidity agreement held between the VCTs. The loan from OT4 has subsequently been repaid.

Copies of this statement are available from Oxford Technology Management, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA and on the Company's website.

Board Directors: Alex Starling, Robin Goodfellow, Richard Roth and David Livesley

Investment Manager: OT1 Managers Ltd with services contracted to Oxford Technology Management Ltd

Website: www.oxfordtechnologyvct.com/vct1.html