

proven

PROVEN VCT PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 August 2021



Managed by BERINGEA LLP

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 2021	31 August 2020	28 February 2021
Net asset value per share ("NAV")	75.7p	67.3p	74.8p
Dividends paid per share since conversion/consolidation*	73.75p	70.25p	71.75p
Total return (NAV plus dividends paid*)	149.45p	137.55p	146.55p
Net assets (€'000)	146,545	114,902	126,980

* 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 2021.

Following the unique challenges of the financial year ended 28 February 2021, the Company's investment portfolio emerged from the second wave of the COVID-19 pandemic with many portfolio companies well positioned to continue the robust growth of the previous 12 months. This has resulted in an overall uplift in the valuation of the portfolio in the six-month period.

In addition, as predicted by the Investment Manager in last year's Annual Report and Accounts, and following a surge in confidence in the UK and US economies, increased M&A activity by corporate acquirors has led to a number of disposals in the portfolio, which have generated realised gains.

NET ASSET VALUE

During the six-month period, the net asset value ("NAV") per share increased from 74.8p to 75.7p at 31 August 2021. This increase of 0.9p has been largely driven by positive valuation movements and disposal activity in the period, offset by the final dividend of 2.0p for the year ended 28 February 2021 paid on 30 July 2021.

PORTFOLIO ACTIVITY AND VALUATION

At 31 August 2021, the Company's investment portfolio comprised 49 investments at a valuation of £98.4 million.

During the six-month period, the Company invested £6.837 million into four new companies:

- Plu&m Limited (t/a Plum Guide) (£2.7 million) – a vacation rental website offering a curated selection of vacation homes and apartments which can be booked online.
www.plumguide.com
- Utilis Israel Ltd (t/a Asterra) (£1.8 million) – a company which uses satellite-based technology and a patented algorithm derived from techniques developed to search for water on Mars to detect drinking water pipeline leaks.
www.asterra.io
- Moonshot CVE Holdings Ltd (£1.4 million) – a business with a mission to reach those at risk of violent extremism and offer them an alternative path, using data-proven techniques to ensure its clients respond to violent extremism effectively all over the world.
www.moonshotteam.com
- Litta App Limited (£937,000) – an innovative rubbish removal app, making rubbish clearance digitally accessible, more affordable, and greener for everyone.
www.litta.co

The Company also continued to support the current portfolio during the period and made follow-on investments in Zoovu (£636,000) and Hygenica (£423,000).

In March 2021, there was a part-disposal of the Company's holding in MPB. The Company received £2.3 million in disposal proceeds. Having performed well since the initial investment by the Company in February 2018, MPB decided to raise additional capital to accelerate its growth. The Company was unable to participate in this investment round owing to restrictions imposed by the VCT regulations. As part of the funding round, however, the Company had the opportunity to sell some of its existing shares, crystallising a 2.75x return on the initial investment on the shares sold, whilst also retaining 70% of its original holding.

In April 2021, the Company's holding in Response Tap was also sold. The Company received initial proceeds of £982,000. Following the accrual of future proceeds due to the Company, this results in a loss against cost of £38,000.

In June 2021, ContactEngine was sold. This resulted in a 2.9x return on initial cost with initial proceeds of £4.1 million. Once the additional future proceeds owed to the Company are accrued, this return increases to 3.16x on initial cost.

The Company's shareholding in Utility Exchange Online was also sold in the period. This resulted in a loss against cost of £1.2 million though fair valuation losses on the investment had been recognised in prior periods and therefore had no impact on the NAV during the period.

Additional contingent proceeds of £16,000 and £10,000 have also been received from Think and Chargemaster. These amounts are in addition to amounts already accrued in prior periods.

In addition to realised gains of £1.6 million on the disposals referred to above, the investment portfolio showed an overall unrealised gain of £6.6 million compared to the valuation as at 28 February 2021. There were valuation uplifts across the portfolio in the six months since 28 February 2021 with MPB and Luxury Promise, in particular, seeing significant increases of £2.6 million and £1.8 million respectively. These two positive movements were reinforced by other portfolio companies such as Monica Vinader, Blis Media and Picasso Labs, which experienced uplifts of £926,000, £799,000 and £798,000 respectively. The positive movements within the portfolio were, however, offset by decreases elsewhere. The most significant among these being in Festicket, Exonar and My First Years with negative movements of £1 million, £917,000 and £738,000 respectively.

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

CHAIRMAN'S STATEMENT

CONTINUED

POST PERIOD END PORTFOLIO ACTIVITY

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

- Dealroom.co B.V. (£2.7 million) – a database management company, offering a global data platform for intelligence on startups, innovation, high-growth companies, ecosystems and investment strategies.
www.dealroom.co
- Andcrafted Ltd (t/a Plank Hardware) (£913,000) – a company which designs and sells stylish hardware products in high quality materials at affordable prices.
www.plankhardware.com

The Company also made follow-on investments in Been There Done That (£998,000) and Access Pay (£237,000).

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

RESULTS AND DIVIDENDS

The total return on ordinary activities for the six-month period to 31 August 2021 was £5.85 million.

During the six-month period, a final dividend of 2.0p per share in respect of the year ended 28 February 2021 was paid on 30 July 2021 to Shareholders on the register at 9 July 2021 following Shareholder approval at the Company's AGM.

The Board has declared an interim dividend of 1.5p per share which will be paid on 10 December 2021 to Shareholders on the register at 19 November 2021. The dividend represents a cash return of 2.06% on the opening NAV per share at 1 March 2021, adjusted for the July 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 12 November 2021 to be eligible to receive the forthcoming dividend as new shares.

FUND RAISING AND SHARE ISSUES

As detailed in the Annual Report and Accounts for the year ended 28 February 2021, the Company launched a combined offer for subscription with ProVen Growth and Income VCT plc on 3 December

2020 to raise up to a total of £20 million per company, with an over-allotment facility of up to a further £10 million per company. The offer closed to new applications on 22 February 2021 with £20 million of gross proceeds for the Company.

During the period, the Company allotted 25,836,664 shares at an average price of 77.1p per share under the Company's offer for subscription. In the same period, the Company allotted a further 846,549 shares at 74.4p per share under the Company's DRIS in respect of the dividend paid on 30 July 2021.

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 2,936,893 shares at an average price of 70.7p per share and for aggregate consideration (net of costs) of £2,075,622. This represented 1.73% of the shares in issue at the start of the period. The shares were subsequently cancelled.

OUTLOOK

Having enjoyed a strong recovery in the first half of 2021 from the worst effects of the pandemic, the UK economy now has to face a number of new challenges such as labour shortages, supply chain interruptions, rising energy prices and inflation. Some of these factors may well have a short-term impact on the performance of some of our portfolio companies. However, as was the case during the pandemic, we remain confident that our portfolio as a whole has the resilience to survive these challenges.

The Investment Manager also continues to see a strong flow of interesting new investment opportunities and the additional resources generated in the most recent fundraising have allowed the Company to take advantage of a number of these. Increasing competition for deals means that valuation expectations are rising. However, the Investment Manager continues to take a disciplined approach to evaluating new opportunities, and will only invest where they believe that the pricing will allow the Company to achieve a good return on the investment. As noted above, the Manager made four new additions to the portfolio in the first half of the year, and has made a further two since then.

Whilst there will continue to be challenges in this period of post-pandemic economic volatility, your Board has been pleased with the Company's performance in the first six months of the year and continues to be cautiously optimistic about the Company's prospects for the remainder of this financial year and beyond.

NEAL RANSOME

Chairman

5 November 2021

SUMMARY OF INVESTMENT PORTFOLIO

AS AT 31 AUGUST 2021

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top twenty venture capital investments (by value)				
Zoovu Limited (t/a SmartAssistant)	4,122	8,236	209	5.6%
Monica Vinader Limited	534	7,826	926	5.3%
Infinity Reliance Limited (t/a My 1st Years)	4,731	6,947	(738)	4.7%
Blis Media Limited	841	6,635	799	4.5%
MPB Group Limited	1,684	6,217	2,631	4.2%
Mycs GmbH	4,595	5,993	(102)	4.1%
Luxury Promise Limited	2,178	5,035	1,791	3.4%
Thread, Inc.	4,022	3,964	149	2.7%
Written Byte Ltd (t/a DeepCrawl)	2,895	3,838	(138)	2.6%
Access Systems, Inc.	3,500	3,459	(336)	2.3%
Plu&m Limited (t/a Plum Guide)	2,738	2,738	–	1.9%
Disposable Cubical Curtains Limited (t/a Hygenica)	3,294	2,297	(21)	1.6%
Rapid Charge Grid Limited	2,564	2,275	70	1.5%
Lupa Foods Limited (formerly Donatantonio Group)	1,078	2,225	724	1.5%
Picasso Labs, Inc.	630	2,218	798	1.5%
Commonplace Digital Ltd	1,500	2,139	169	1.5%
Sannpa Limited (t/a Fnatic)	1,801	2,071	16	1.4%
Papier Ltd	1,534	1,942	409	1.3%
Social Value Portal Ltd	1,500	1,940	440	1.3%
Litchfield Media Limited	1,405	1,905	3	1.3%
Other venture capital investments	36,283	18,518	(1,221)	12.6%
Total venture capital investments	83,429	98,418	6,578	66.8%
Cash at bank and in hand		49,005		33.2%
Total investments		147,423		100.0%

Other venture capital investments at 31 August 2021 comprise: Aistemos Limited, Arctic Shores Limited, Been There Done That Global Limited, Buckingham Gate Financial Services Limited, Cogora Group Limited, D30 Holdings Ltd, Exonar Limited, Festicket Ltd, Firefly Learning Limited, InContext Solutions, Inc., InSkin Media Limited, Iridium Topco Limited (formerly Honeycomb.TV Limited), Lantum Limited, Litta App

Limited, Macklin Holdings Limited, Monmouth Holdings Limited, Moonshot CVE Holdings Ltd, Netcall plc, Our Path Ltd (t/a SecondNature), Poq Studio Limited, Sealskinz Holdings Limited, Senselogix Limited, Simplestream Limited, Skills Matter Limited, Stylescape Limited (t/a EDITED), TVPlayer Limited, Utilis Israel Ltd (t/a Asterra), 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 Macklin 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 Access Systems, Inc., InContext Solutions, Inc., Picasso Labs, Inc., Thread, Inc. and Whistle Sports, Inc. which are Delaware registered corporations in the United States of America, Mycs GmbH, which is registered in Germany, and Utilis Israel Ltd (t/a Asterra), which is registered in Israel.

SUMMARY OF INVESTMENT MOVEMENTS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

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

ADDITIONS

	Cost £'000
Plu&m Limited (t/a Plum Guide)	2,738
Utilis Israel Ltd (t/a Asterra)	1,809
Moonshot CVE Holdings Ltd	1,388
Litta App Limited	937
Zoovu Limited (t/a Smart Assistant)	636
Disposable Cubicle Curtains Limited (t/a Hygenica)	423
Total	7,931

DISPOSALS

	Cost £'000	Market value at 1 March 2021 £'000	Disposal proceeds £'000	Gain/(loss) against cost £'000	Realised gain/(loss) in period £'000
ContactEngine Limited	1,391	3,456	4,399	3,008	943
MPB Group Limited	827	1,692	2,283	1,456	591
Response Tap Limited	1,060	1,037	1,022	(38)	(15)
Utility Exchange Online Limited (t/a SwitchmyBusiness.com)	1,285	–	84	(1,201)	84
Think Limited	–	–	16	16	16
Chargemaster plc	–	–	10	10	10
Total	4,563	6,185	7,814	3,251	1,629

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

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

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

UNAUDITED CONDENSED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

	(unaudited) Six months ended 31 Aug 2021			(unaudited) Six months ended 31 Aug 2020			(audited) Year ended 28 Feb 2021
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	47	–	47	(251)	–	(251)	26
Realised gains on investments	–	1,629	1,629	–	117	117	35
Unrealised gains on investments	–	6,578	6,578	–	888	888	17,546
Investment management fee	(378)	(1,134)	(1,512)	(280)	(839)	(1,119)	(2,321)
Performance incentive fee	–	(561)	(561)	–	–	–	(132)
Other expenses	(328)	(1)	(329)	(395)	(4)	(399)	(727)
FX Translation	–	–	–	–	(44)	(44)	(35)
(Loss)/return on ordinary activities before taxation	(659)	6,511	5,852	(926)	118	(808)	14,392
Tax on ordinary activities	–	–	–	–	–	–	–
(Loss)/return attributable to equity shareholders	(659)	6,511	5,852	(926)	118	(808)	14,392
Basic and diluted (loss)/return per share	(0.4p)	3.5p	3.1p	(0.6p)	0.1p	(0.5p)	8.7p

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 in the six months ended 31 August 2020 is the result of a provision made against income which had been recognised in a prior period.

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

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

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2021

	(unaudited) 31 Aug 2021 £'000	(unaudited) 31 Aug 2020 £'000	(audited) 28 Feb 2021 £'000
Fixed assets			
Investments	98,418	73,636	90,095
Current assets			
Debtors	673	491	304
Cash at bank and in hand	49,005	41,150	37,014
	49,678	41,641	37,318
Creditors: amounts falling due within one year	(1,551)	(375)	(433)
Net current assets	48,127	41,266	36,885
Net assets	146,545	114,902	126,980
Capital and reserves			
Called up share capital	19,356	17,071	16,982
Capital redemption reserve	884	437	590
Share premium account	70,609	52,379	52,739
Special reserve	35,940	46,311	42,765
Capital reserve – realised	(65)	4,382	3,440
Revaluation reserve	23,931	(2,569)	13,915
Revenue reserve	(4,110)	(3,109)	(3,451)
Total equity shareholders' funds	146,545	114,902	126,980
Basic and diluted net asset value per share	75.7p	67.3p	74.8p

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

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

Six months ended 31 August 2021 (unaudited)

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Special reserve £'000	Capital reserve – realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 March 2021	16,982	590	52,739	42,765	3,440	13,915	(3,451)	126,980
Issue of new shares	2,668	–	17,870	(867)	–	–	–	19,671
Total comprehensive income	–	–	–	–	(67)	6,578	(659)	5,852
Transfer of previously unrealised losses now realised	–	–	–	–	(3,438)	3,438	–	–
Share buybacks and cancellation	(294)	294	–	(2,086)	–	–	–	(2,086)
Dividends paid	–	–	–	(3,872)	–	–	–	(3,872)
At 31 August 2021	19,356	884	70,609	35,940	(65)	23,931	(4,110)	146,545

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 gains 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

The special reserve, capital reserve – realised and revenue reserve are distributable reserves. Reserves available for distribution therefore amount to £31,765,000 (2020: £47,584,000).

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

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

	Note	(unaudited) Six months ended 31 Aug 2021 £'000	(unaudited) Six months ended 31 Aug 2020 £'000	(audited) Year ended 28 Feb 2021 £'000
Net cash used in operating activities	A	(1,904)	(1,627)	(2,808)
Cash flows from investing activities				
Purchase of investments		(7,931)	(5,668)	(8,551)
Sale of investments		7,500	2,218	5,268
Net cash used in investing activities		(431)	(3,450)	(3,283)
Cash flows from financing activities				
Proceeds from share issue		19,909	14,201	14,201
Share issue costs		(867)	(502)	(502)
Purchase of own shares		(1,473)	(936)	(1,941)
Equity dividends paid		(3,243)	(2,846)	(4,963)
Net cash from financing activities		14,326	9,917	6,795
Increase in cash and cash equivalents	B	11,991	4,840	704
Notes to the cash flow statement:				
A. Cash used in operating activities				
Return/(loss) on ordinary activities before taxation		5,852	(808)	14,392
Gain on investments		(8,207)	(1,005)	(17,581)
(Increase)/decrease in prepayments, accrued income and other debtors		(55)	309	447
Increase/(decrease) in accruals and other creditors		506	(123)	(66)
Net cash used in operating activities		(1,904)	(1,627)	(2,808)
B. Analysis of net funds				
Beginning of period/year		37,014	36,310	36,310
Net cash inflows		11,991	4,840	704
End of period/year		49,005	41,150	37,014

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

NOTES TO THE HALF-YEARLY REPORT

FOR THE SIX MONTHS ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES

Basis of accounting

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

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

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

Presentation of Income Statement

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

Investments

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

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 28 February 2021 and the six-month period ended 31 August 2020.
 6. Basic and diluted return per share for the period has been calculated on 186,500,059 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 193,566,539 shares, being the number of shares in issue at the period end.

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

8. DIVIDENDS

		(unaudited) Six months ended 31 Aug 2021			(unaudited) Six months ended 31 Aug 2020			(audited) Year ended 28 Feb 2021
	Pence	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
2020 Final	2.0	–	–	–	–	3,399	3,399	3,399
2021 Interim	1.5	–	–	–	–	–	–	2,554
2021 Final	2.0	–	3,872	3,872	–	–	–	–
Total dividends paid		–	3,872	3,872	–	3,399	3,399	5,953

9. CONTINGENT LIABILITIES, GUARANTEES AND FINANCIAL COMMITMENTS

Based on the NAV per share at 31 August 2021, before any performance fee accrual, and cumulative dividends paid and payable ahead of 28 February 2022, a maximum performance fee of £1.0 million would become payable in relation to certain fundraisings for which the performance hurdles have been achieved. However, the performance fee structure contains certain restrictions to ensure that hurdles continue to be met after the payment of a performance fee and to encourage the payment of tax-free dividends. After applying these restrictions, an accrual for a performance fee of £561,000 has been made at 31 August 2021 and has been reflected in the NAV per share. The actual performance incentive fee, if any, will only be payable once the full year results have been finalised. As a result, no performance fee is payable at 31 August 2021.

A contingent liability of £439,000, being the difference between the maximum performance fee and the amount accrued at 31 August 2021, therefore exists at the period end.

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

10. CALLED UP SHARE CAPITAL

During the period, the Company issued 25,836,664 Ordinary Shares for an aggregate consideration of £19.9 million under the combined offer for subscription with ProVen Growth and Income VCT plc which launched on 3 December 2020. Share issue costs thereon amounted to £867,000.

In the same period, the Company allotted a further 846,549 shares at 74.4p per share under the Company's DRIS in respect of the dividend paid on 30 July 2021.

During the period, the Company completed purchases of 2,936,893 shares at an average price of 70.7p per share and for aggregate consideration (net of costs) of £2,075,622. This represented 1.73% of the shares in issue at the start of the period. The shares were subsequently cancelled.

11. FINANCIAL INSTRUMENTS

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

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

Level 1 Reflects instruments quoted in an active market.

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

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

	(unaudited) 31 August 2021				(audited) 28 February 2021			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
AIM quoted	380	–	–	380	321	–	–	321
Loan notes	–	–	8,183	8,183	–	–	8,183	8,183
Unquoted equity	–	–	89,855	89,855	–	–	81,591	81,591
Total	380	–	98,038	98,418	321	–	89,774	90,095

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 2021,

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

£1,512,000 (2020: £1,119,000) was payable to Beringea LLP in respect of these services. At the period end the Company owed Beringea LLP £nil (2020: £nil).

Beringea LLP was also the Company's Administration Manager during the period. Fees paid to Beringea in its capacity as Administration Manager for the six months ended 31 August 2021 amounted to £33,000 (2020: £33,000) of which £nil (2020: £nil) remained outstanding at the period end.

As the Company's investment manager, Beringea LLP is also entitled to receive a performance incentive fee based on the Company's performance for each financial year to 28 February. The performance incentive fee arrangements are set out, in detail, in the Annual Report and Accounts. In respect of the year ending 28 February 2022, a performance incentive fee of £561,000 has been accrued. The actual performance incentive fee, if any, will only be payable once the full year results have been finalised. As a result, no performance incentive fee is payable at 31 August 2021.

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

During the six months to 31 August 2021, an amount of £66,000 (2020: £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.

As part of the combined offer for subscription with ProVen Growth and Income VCT plc launched on 3 December 2020, Beringea LLP received £442,000 in promoter's fees. Out of this promoter fee, the Manager is responsible for paying all the costs on the offer, including professional fees and marketing expenses. The £442,000 above formed part of the £867,000 offer issue costs referenced elsewhere in these financial statements. The remainder of this amount was paid to financial advisers, as agreed between them and their respective clients. All offer allotments are made net of fees. The fees outlined above do not therefore impact the NAV of the Company.

- 13.** The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with Financial Reporting Standard 104 issued by the Financial Reporting Council and the half-yearly financial report includes a fair review of the information required by:
- a.** DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b.** DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

14. RISK AND UNCERTAINTIES

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

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

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

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

NOTES TO THE HALF-YEARLY REPORT

CONTINUED

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 2021, the Company has made the following investments:

- Dealroom.co B.V. (£2.7 million) – a database management company, offering a global data platform for intelligence on startups, innovation, high-growth companies, ecosystems and investment strategies
- Andcrafted Ltd (t/a Plank Hardware) (£913,000) – a company which designs and sells stylish hardware products in high quality materials at affordable prices.

The Company also made follow on investments in Been There Done That (£998,000) and Access Pay (£237,000).

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

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 at 5 November 2021	70.0p per share

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

DIVIDENDS

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

BUYING AND SELLING SHARES

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

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

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

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

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

SHAREHOLDER INFORMATION

CONTINUED

UNSOLICITED COMMUNICATION WITH SHAREHOLDERS

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

NOTIFICATION OF CHANGE OF ADDRESS

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

WEBSITES

Latest financial information, including information on recent investment transactions, newsletters and electronic copies of Annual Reports and Half-Yearly Reports can be found on the Company'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:

39 Earlham Street
London WC2H 9LT

COMPANY SECRETARY AND ADMINISTRATION MANAGER

Beringea LLP

39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820

INVESTMENT MANAGER

Beringea LLP

39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820
www.provenvcts.co.uk

AUDITORS

BDO LLP

55 Baker Street
London W1U 7EU

REGISTRAR

Link Group

10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL
Tel: 0371 664 0324

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

VCT STATUS ADVISER

Philip Hare & Associates LLP

1 Temple Avenue
Temple
London EC4Y 0HA

SOLICITORS

Howard Kennedy LLP

No. 1 London Bridge
London SE1 9BG

BANKERS

Royal Bank of Scotland

London Victoria Branch
119-121 Victoria Street
London SW1E 6RA

CORPORATE BROKER

Panmure Gordon (UK) Limited

One New Change
London EC4M 9AF

REGISTERED OFFICE

39 Earlham Street
London WC2H 9LT



MIX
Paper from
responsible sources
FSC® C005244

