

## MOBEUS INCOME & GROWTH VCT PLC

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### Annual Report & Financial Statements for the Year Ended 31 December 2022

#### Results Announcement

The Company has today published on its website [Mobeus Income & Growth VCT plc](#) the Annual Report and Financial Statements for the year ended 31 December 2022.

The highlights Include:

As at 31 December 2022:

Net assets: **£100.32 million**

Net asset value ("NAV") per share: **64.01 pence**

- Net asset value ("NAV") total return<sup>1</sup> per share was (15.8)%<sup>2</sup>.
- Share price total return<sup>1</sup> per share was (8.8)%<sup>3</sup>.
- Dividends paid and declared in respect of the financial year totalled 8.00 pence per share. Cumulative dividends paid to date since inception in 2004 stand at 156.80 pence per share.
- £4.71 million was invested into four new growth capital investments and six existing portfolio companies during the year.
- Net unrealised losses were £(19.52) million in the year.
- The Company realised investments totalling £11.27 million of cash proceeds and generated net realised gains in the year of £0.96 million.

<sup>1</sup> Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of Terms.

<sup>2</sup> Further details on the NAV total return are shown in the Performance and Key Performance Indicators section of the Strategic Report.

<sup>3</sup> The difference in NAV and share price total returns arises principally due to the timing of NAV announcements.

#### Strategic Report

##### Chairman's Statement

I am pleased to present the annual results for the Mobeus Income & Growth VCT plc for the year ended 31 December 2022.

##### Overview

The Company's financial year took place against a backdrop of significant political and economic disruption. The end of 2021 represented a high point for many technology and growth markets which were subsequently impacted by global events such as the Russian invasion of Ukraine, political turmoil in the UK and across Europe as well as rising inflation and the associated increase in interest rates. All of this has led to increased volatility and a substantial downward re-rating of growth stocks across global markets.

It appears that we are learning to live with higher inflation and the Russian/Ukraine war as these have now morphed from one-off shocks to become daily reality. Since the year-end, inflation has moderated somewhat and, against predictions, the UK economy also narrowly avoided recession. The forecast for 2023 however is that the UK will still probably enter recession, although it may be somewhat less severe than had been expected. This will likely result in additional challenges for your portfolio companies, particularly in respect of inflation and dampened customer demand. Your Company is well prepared for most scenarios with its strong liquidity available to support the portfolio and through extensive planning and preparation by Gresham House with each of the portfolio companies' management teams. The Company has continued to provide finance to new and existing investee companies and delivered two notable exits during the year in the form of Media Business Insight (MBI) and Equip Outdoor Technologies (EOTH). The recent equity disposal of EOTH in November was a particular high point as we anticipate a quieter exit environment during 2023 than in previous years.

The Board was pleased to learn of the commitment from the UK Government to extend the VCT 'sunset clause' beyond the end date of 5 April 2025, although Shareholders should note the VCT industry has seen no further detail provided to date and any extension will most likely require parliamentary approval. This clause was due to expire in 2025 and would have meant that investor income tax relief would have no longer been available on new VCT subscriptions.

##### Performance

For the year ended 31 December 2022, the Company experienced a negative NAV total return per share of (15.8)% (2021: +42.2%) and a negative share price total return of (8.8)% (2021: +47.8%). This difference in difference in NAV and share price total returns arises principally due to the timing of NAV announcements and is explained more fully under Performance in the Strategic Report.

The reduction in shareholder value over the financial year resulted from falls in the valuation of the portfolio. This was driven initially by lower benchmark market comparables and, more recently, also by softening trading performance of investee companies. This timing differential is due to markets very quickly factoring in the impact of inflation and higher interest rates on consumer spending and business investment. The full extent of the impact of these on portfolio company trading will only emerge over time.

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At the year-end, the Company was ranked 1st over both five and ten-year periods (out of 37 and 31 Generalist VCTs respectively) in the Association of Investment Companies' analysis of NAV Total Return (assuming dividends are reinvested). Shareholders should note that the AIC's rankings are based on the latest available published NAVs and therefore do not fully reflect the NAV per share decrease up to 31 December 2022. For further details on the performance of the Company, please refer to the Strategic Report.

## Dividends

The Board endeavours to meet the Company's annual dividend target of at least 4.00 pence per share and provide an attractive income stream to Shareholders. The Board was pleased to have announced a second interim dividend of 4.00 pence per share, which was paid on 7 November 2022 to Shareholders on the register on 16 September 2022.

This second interim dividend, together with a first interim dividend of 4.00 pence per share paid on 15 July 2022, to Shareholders on the register on 10 June 2022, brings dividends paid and proposed in respect of the financial year ended 31 December 2022 to 8.00 pence per share. To date, cumulative dividends paid since inception are 156.80 pence per share.

As reported in previous years, the continuing move of the portfolio towards younger growth capital investments coupled with the realisations of older, more mature companies that have provided a good income yield, are likely to make dividends harder to achieve from income and capital returns generated in any given year. Thus, the Board continues to monitor the sustainability of the annual dividend target. Shareholders should also note that there may continue to be circumstances where the Company is required to pay dividends in excess of income and capital gains in order to maintain its regulatory status as a VCT, for example, to stay above the minimum percentage of assets required to be held in qualifying investments. Such dividends paid in excess of net income and capital gains achieved will cause the Company's NAV per share to reduce by a corresponding amount.

Following a query at the Annual General Meeting held in May 2022, the Board would like to inform Shareholders that it periodically considers the potential for the Company to operate a Dividend Investment Scheme. In line with previous considerations, the Board has concluded that the costs still outweigh the potential benefit to Shareholders and to the Company.

## Investment Portfolio

The portfolio movements across the year were as follows:

	2022 £m	2021 £m
Opening portfolio value	79.81	51.14
New and further investments	4.71	7.54
Disposal proceeds	(11.27)	(15.23)
<i>Net realised gains</i>	<i>0.96</i>	<i>5.45</i>
<i>Valuation movements</i>	<i>(19.52)</i>	<i>30.91</i>
Net investment portfolio (losses)/gains	(18.56)	36.36
<b>Portfolio value at 31 December</b>	<b>54.69</b>	<b>79.81</b>

In the current changing environment, a number of investee companies experienced a decline in consumer confidence with a resultant impact on trading. There was a fall of £18.56 million in the overall value of the portfolio across the year to 31 December 2022 (2021: increase of £36.36 million), or a fall of (23.2)% on a like-for-like basis compared to the value of the portfolio at the start of the year. Notably, almost half of the fall of £18.56 million above relates to Virgin Wines which declined by £8.71 million. Virgin is an AIM-listed investment, which has suffered from the negative sentiment of its sector, in spite of broadly positive news flows from the company itself and relative outperformance versus its peers.

The negative NAV total return for the year principally comprised unrealised falls in the value of investments still held of £19.52 million (primarily Virgin Wines, MyTutor and Buster & Punch) partially mitigated by an uplift of Tharstern together with exit proceeds from EOTH and MBI which contributed to net realised gains of £0.96 million.

During the year, the Company invested a total of £4.71 million into four new and six existing portfolio companies (2021: £7.54 million; four new, eight existing). New investments totalling £2.44 million were made into:

Proximity Insight	retail technology software;
Bidnamic	a marketing technology business;
FocalPoint	a GPS enhancement software supplier; and
Orri	an intensive day care provider for adults with eating disorders

Additional funding totalling £2.27 million was provided across six existing portfolio companies:

Caledonian Leisure:	a provider of UK leisure and experience breaks;
Northern Bloc:	a dairy and allergen-free ice cream brand;
Rotageek:	a workforce management software system;
Andersen EV:	a provider of premium EV chargers;
Vivacity	an AI and Urban Traffic Control business; and
Bleach London:	a hair colourants brand

The Company generated a total of £10.66 million in proceeds from full and partial realisations alongside loan repayments and other capital receipts of £0.61 million. The Company therefore generated total proceeds of £11.27 million in the year to 31 December 2022. More detail on these realisations is provided.

In June 2022, the Company realised its investment in MBI generating proceeds of £4.83 million from the sale (including deferred proceeds and loan repayments made earlier in the year) resulting in a realised gain in the year of £0.54 million. This exit contributed to returns received over the life of the investment amounting to £7.36 million, a 2.2x multiple of cost and an IRR of 13.8%.

In October 2022, Andersen EV, the electric charger provider, was compelled to enter into administration as a result of a substantial deterioration in its trading conditions which resulted in a realised loss of £(0.61) million being recognised during the year. This was particularly disappointing as the Company, alongside the other Mobeus VCTs, made a follow on investment into the company in May 2022. The company had secured some impressive clients and funding was provided to drive product development in a premium brand which operated in the emerging electric car charging market. However, over the summer months, a combination of global supply issues, inflationary cost increases and the removal of Government consumer support for the purchase of EV chargers quickly impacted its ability to continue trading and so necessitated the appointment of administrators. On 22 December 2022, Parsley Box Group PLC delisted from the AIM market and the shares were cancelled. It has subsequently re-registered as a private company.

The end of the year brought the pleasing exit of the equity in EOTH, trading as Rab and Lowe Alpine, with amounts received on completion totalling £6.89 million including preference share dividends, generating a realised gain in the year of £0.49 million. Total proceeds received over the life of this investment are £8.96 million to date, a 6.9x multiple of cost and an IRR

of 23.2%. The Company has retained its interest yielding loan stock to continue to generate income in the future.

Deferred proceeds from Red Paddle and Vectair were also received in the year; both investments were realised in a previous year generating realised gains totalling £0.55 million.

During these uncertain times, the management of the portfolio is absolutely critical and the Investment Adviser is, and has been, focused on deploying its Talent Management team to support its investments. We continue to expect follow-on investments to remain a significant feature of growth capital investments as they seek to achieve scale and move to profitability. Follow-on investment requests are subject to the same scrutiny as new deals and both rely on certain criteria being met, including the HMRC Financial Health Test.

Shareholders should be aware that this is an effective tightening of the interpretation of HMRC policy and practice in a technical aspect of the VCT financing rules, now resulting in the restriction of potential follow-on investments to support certain companies, where more than half their subscribed share capital has been lost. In a small number of cases, this may result in the Company not being able to make follow-on investments, even where a compelling business case exists, which in turn could impact the prospects of the portfolio company. The Board continues to monitor developments in the interpretation of this area of legislation carefully.

Since the year-end, the Company has invested £0.89 million into two new investment companies, Connect Earth and Cognassist, in March 2023. Also following the year-end, again in March 2023, the sale of the Company's total holding in Tharstern Group Limited was completed achieving a 2.6x return against cost over the life of the investment.

#### **Revenue account**

The results for the year are set out in the Income Statement and show a revenue return (after tax) of 1.03 pence per share (2021: 0.54 pence per share). The revenue return for the year of £1.42 million has increased from last year's comparable figure of £0.68 million. This is primarily the result of higher dividends received from EOTH as well as loan interest that was not previously recognised received upon the sale of MBI.

#### **Liquidity & Fundraising**

Cash and cash equivalents held by the Company as at 31 December 2022 amounted to £45.72 million, or 45.6% of net assets. The Board continues to monitor credit risk in respect of its cash and near cash resources and to prioritise the security and protection of the Company's capital.

In January 2022, the Company completed a fundraise of £10 million for the 2021/2022 tax year which was fully subscribed in less than 24 hours. This level of demand was pleasing, but the Board was aware that a number of investors were left disappointed having not been able to subscribe. Later in the year, on considering the future cash requirements of the Company and the potential demand for the Company's shares, the Board approved a further fundraise for the 2022/23 tax year. Having provided a period of time between the launch of the prospectus and acceptance of applications, the Board was pleased that the initial amount of £14m (as well as an over-allotment facility of a further £8m), launched early in October 2022, was fully subscribed by 5 December 2022. Shares were allotted in November 2022 and February 2023 and your Company extends a warm welcome to an equal mix of both new and existing shareholders.

The fundraising launched in October 2022 was to ensure that the Company retained adequate levels of liquidity to continue to take advantage of new investment opportunities and fund further expansion of the businesses in its investment portfolio; seeking the delivery of attractive returns for its Shareholders, including the payment of dividends; and buying back its shares from those Shareholders who may wish to sell shares. It is not the intention of the Board to conduct another fundraise in 2023.

Further details of the Company's investment activity and the performance of the portfolio are contained in the Investment Adviser's Review and the Investment Portfolio Summary of the Annual Report.

#### **Share buybacks**

During the year, the Company bought back and cancelled 1,663,597 of its own shares (2021: 1,259,139), representing 1.1% of the shares in issue at the beginning of the year (2021: 1.0%), at a total cost of £1.07 million, inclusive of expenses (2021: £0.92 million). It is the Company's policy to cancel all shares bought back in this way. The Board regularly reviews its buyback policy and currently seeks to maintain the discount at which the Company's shares trade at no more than 5% below the latest published NAV.

#### **Shareholder Communications & Annual General Meeting**

May I remind you that the Company has its own website which is available at: [www.migvct.co.uk](http://www.migvct.co.uk).

Following the well-received virtual Shareholder Event held on 25 February 2022, the Investment Adviser held another successful virtual Shareholder Event with a live Q&A session on 23 March 2023 with 280 attendees.

Your Board is pleased to be able to hold the next Annual General Meeting ("AGM") of the Company in person at 1.00 pm on Wednesday, 24 May 2023 at the offices of the Company's solicitors, Shoosmiths LLP, 1 Bow Churchyard, London EC4M 9DQ. A joint presentation with Mobeus Income & Growth 4 VCT plc Shareholders by the Investment Adviser will take place at 1.30 pm and a light lunch will be available.

A webcast will also be available at the same time for those Shareholders who cannot attend in person. However, please note that you will not be able to vote via this method and you are encouraged to return your proxy form before the deadline of 22 May 2023. Information setting out how to join the meeting by virtual means will be shown on the Company's website. For further details, please see the Notice of the Meeting which can be found at the end of the Annual Report & Financial Statements.

#### **Fraud Warning**

Shareholders continue to be contacted in connection with sophisticated but fraudulent financial scams which purport to come from or to be authorised by the Company. This is often by a phone call or an email usually originating from outside of the UK, claiming or appearing to be from a corporate finance firm offering to buy your shares at an inflated price.

The Board strongly recommends Shareholders take time to read the Company's Fraud warning section, including details of who to contact, contained within the Information for Shareholders section of the Annual Report.

#### **Environmental, Social and Governance ("ESG")**

The Board and the Investment Adviser believe that the consideration of environmental, social and corporate governance ("ESG") factors throughout the investment cycle will contribute towards enhanced Shareholder value.

Gresham House has a team which is focused on sustainability and the Board views this as an opportunity to enhance the Company's existing protocols and procedures through the adoption of the highest industry standards.

The future FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures, which commenced on 1 January 2021, do not currently apply to the Company but will be kept under review, the Board being mindful of any recommended changes.

#### **Consumer Duty**

The Financial Conduct Authority (FCA) has introduced the concept of Consumer Duty, the rules and principles of which come into effect during the course of 2023. Consumer Duty is an advance on the existing concept of 'treating customers fairly' and looks to ensure good outcomes for purchasers of investment products.

As a quoted equity, VCTs and other investment trusts are not themselves subject to Consumer Duty. But the investment advisers to the Company, Gresham House, is in their role as promoter of the VCTs, as are your financial advisers or any

adviser to the Company, Gresham House, is in their role as promoter of the VCTs, as are your financial adviser or any investment platform you may use, if they are FCA regulated.

It is incumbent on all parties to uphold the principles behind Consumer Duty and to that end we are working with the Investment Adviser to review what information we should provide to assist consumers and their advisers to discharge their obligations under Consumer Duty.

## Outlook

The geopolitical and economic context for the next year is liable to be challenging although this can also provide an opportunity for the Company to make high quality investments and build strategic stakes in businesses with great potential for the future. Notwithstanding the successful exit of EOTH in November, the exit environment will most likely be subdued in comparison to recent years. However, this is not seen as a significant issue given that the Company is not time-limited. The combined impact of inflation, interest rates and restrictions in Government spending can be expected to impact both consumer and business confidence. We therefore anticipate that further stresses will become evident across the UK business population over the forthcoming year. We expect that all sectors will be vulnerable, although the Company has a reasonably large and diverse portfolio, managed by a professional and capable investment team, which mitigates the challenges that lie ahead.

I would like to take this opportunity once again to thank all Shareholders for their continued support.

## Clive Boothman

Chairman

4 April 2023

# Investment Adviser's Report

## Portfolio Review

Many quoted market values declined significantly in the year to 31 December 2022 and the current economic conditions continue to create challenging circumstances. UK Business has seen both demand and operating margins come under pressure in the face of widely reported increases in inflation, interest rates and the associated threat of recession. The impact of this is now being seen on consumer confidence and business investment.

Portfolio value change in the early half of 2022 was therefore characterised by declining market multiples with relatively stable company level trading performance carried over in part from the momentum gained during 2021. However, in the latter months of 2022 and into 2023, the situation has reversed. Markets and multiples appear to be stabilising while value change has been driven by the challenging economic conditions which have started to feed through to portfolio company trading performance. The Company's investment values have been insulated partially from market movements by the preferred investment structures employed in many of the portfolio companies. These act to moderate valuation swings and the net result is a more modest decline in portfolio value.

Whilst inflation is moderating following the rises in base rates, it is still at a very high level and therefore a recession is expected in the UK during 2023 - albeit recent comment suggests this may be shallower and shorter than originally feared. There are also early signs that supply chains are returning to normality, that the labour shortage is easing and that there are pockets of positive market sentiment. The outlook is therefore mixed, and the emphasis is thus on robust funding structures and on being prepared for all eventualities. The Gresham House non-executive directors who sit on each portfolio company board have responded by working with their boards to ensure that appropriate scenario planning has been done to achieve the best results during these uncertain times. There is also now a greater focus on cash management and capital efficiency. With ample liquidity following the recent fund raise, the Company is also well placed to support portfolio companies with follow-on funding where it is appropriate and can be done on attractive terms.

There are some specific highs in the portfolio such as Preservica which continues to see strong trading and is outperforming budget. The partial exit from EOTH was also an excellent result after a long running process which had to negotiate numerous economic and geo-political hurdles. By contrast, there were also some significant falls. The largest was at Virgin Wines, where market sentiment shifted heavily against the whole sector despite Virgin itself outperforming its peers. MyTutor was also impacted by declining sector multiples combined with slower than anticipated growth over the year.

The portfolio movements in the year are summarised as follows:

	2022 £m	2021 £m
Opening portfolio value	79.81	51.14
New and follow-on investments	4.71	7.54
Disposal proceeds	(11.27)	(15.23)
Net investment portfolio movement in the year	(18.56)	36.36
<b>Portfolio value at 31 December</b>	<b>54.69</b>	<b>79.81</b>

The Company made four new growth capital investments during the year totalling £2.44 million:

Proximity Insight - £0.73 million. Retail technology software;  
Bidnamic - £0.58 million. Marketing technology business;  
FocalPoint - £0.60 million. A GPS enhancement software provider; and  
Orri Limited - £0.53 million. An intensive day care provider for adults with eating disorders.

These investments were made by all six VCTs managed by Gresham House, including the two Baronsmead VCTs.

During the year, the Company also made follow-on investments into six portfolio companies totalling £2.27 million, a breakdown of which is included later in this review.

Two good exits were achieved during the year at MBI and EOTH. On MBI, the Company received a total of £4.83 million in proceeds during the year generating a realised gain of £0.54 million. For EOTH the Company received a total of £5.83 million in proceeds during the year producing a realised gain of £0.49 million and the interest yielding loan stock was also retained. These were both extremely successful investments which, over their lifetime, produced returns of 2.2x and 6.9x as a multiple of the original investment cost.

As alongside these successes, it was disappointing that Andersen EV went into administration towards the end of the year despite securing some large clients such as Porsche and UBS. Andersen encountered very challenging

the year despite securing some large clients such as Porsche and JLR. Andersen encountered very challenging trading conditions with substantially reduced demand, supply chain issues, cost pressures and the removal of government consumer support for the purchase of EV chargers. A realised loss of £0.61 million was recognised during the financial year as a result.

The investment and divestment activity during the year has further increased the proportion of the portfolio comprised of investments made since the 2015 VCT rule change to 80.3% by value at the year-end (31 December 2021: 63.6%).

The portfolio's valuation changes in the year are summarised as follows:

	2022	2021
Investment Portfolio Capital Movement	£m	£m
Increase in the value of unrealised investments	0.98	32.82
Decrease in the value of unrealised investments	(20.50)	(1.91)
<b>Net (decrease)/increase in the value of unrealised investments</b>	<b>(19.52)</b>	<b>30.91</b>
Realised gains	1.57	5.53
Realised losses	(0.61)	(0.08)
<b>Net realised gains in the year</b>	<b>0.96</b>	<b>5.45</b>
<b>Net investment portfolio movement in the year</b>	<b>(18.56)</b>	<b>36.36</b>

#### New Investments during the year

The Company made four new investments totalling £2.44 million during the year, as detailed below:

	Company	Business	Date of Investment	Amount of new Investment (£m)
	Proximity Insight	Retail software	February 2022	0.73

Proximity Insight ([proximityinsight.com](https://proximityinsight.com)) is a retail technology business that offers a 'Super-App' that is used by the customer-facing teams of brands and retailers to engage, inspire and transact with customers. Headquartered in London with offices in New York and Sydney, Proximity Insight has a global client base that includes over 20 brands, boutiques and department stores in fashion, beauty, jewellery, electronics and homewares. These clients use Proximity Insight's platform to blur the lines between physical and digital retail, enhancing the customer experience and improving the lifetime value of their customers by upwards of 35%. The business grew annual recurring revenue by 117% to £2.2 million in 2021, and the investment will support Proximity Insight's continued product development and international growth.

	Bidnamic	Marketing technology business	May 2022	0.58
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Lads Store Limited, trading as "Bidnamic" ([bidnamic.com](https://bidnamic.com)) is a marketing technology business that offers a SaaS platform for online retailers to manage their search engine marketing spend. The technology was all developed internally and uses bespoke machine learning algorithms to automate the management and optimisation of online retailers' Google shopping spend. The ARR of the business has grown substantially over the last two years and this is projected to continue. The investment round will be used to further to enhance the product's capabilities and drive continued ARR growth through expanding the sales & marketing team and building a presence in North America.

	FocalPoint	GPS enhancement software provider	September 2022	0.60
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Focal Point Positioning Limited ([focalpointpositioning.com](https://focalpointpositioning.com)) is a deep tech business with a growing IP and software portfolio. Its proprietary technology applies advanced physics and machine learning dramatically to improve the satellite-based location sensitivity, accuracy, and security of devices such as smartphones, wearables and vehicles and reduce costs.

	Orri	Specialists in eating disorder support	September 2022	0.53
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Orri Limited ([orri-uk.com](https://orri-uk.com)) is an intensive day care provider for adults with eating disorders. Orri provides an alternative to expensive residential in-patient treatment and lighter-touch outpatient services by providing highly structured day and half day sessions either online or in-person at its clinic on Hallam Street, London. Orri opened its current clinic in London in February 2019 which provides a homely environment in a converted 4-storey house but which is operating at capacity. The plan sees a larger site being leased nearby with Hallam Street being used to provide a step-down outpatient service.

#### Further investments during the year

A total of £2.27 million was invested into six existing portfolio companies during the year, as detailed below:

	Caledonian Leisure	UK Leisure and experience breaks	January / February 2022	0.27
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Caledonian Leisure works with accommodation providers, coach businesses and other experienced providers (such as entertainment destinations and theme parks) to deliver UK-based leisure and experience breaks to its customers. It comprises two brands, Caledonian Travel ([caledoniantravel.com](https://caledoniantravel.com)) and UK Breakaways ([ukbreakaways.com](https://ukbreakaways.com)). The domestic leisure and experience travel market was devastated by the COVID-19 pandemic, but the company was well-placed to expand as lockdown and travel restrictions eased. A series of planned investment tranches has helped the company prepare for and capitalise on the strong demand for UK staycation holidays.

	Northern Bloc	Dairy and allergen-free ice cream producer	April 2022	0.17
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Northern Bloc Ice Cream ([northern-bloc.com](https://northern-bloc.com)) is an established food brand in the emerging and rapidly growing vegan market. By focusing on chef quality and natural ingredients, Northern Bloc has carved out an early mover position in the dairy and allergen-free ice cream sector. The company's focus on plant-based alternatives has strong environmental credentials as well as it being the first ice cream brand to move wholly into sustainable packaging. Following the initial investment in December 2020, Northern Bloc has grown and strengthened its prospects against a challenging market backdrop. This further investment provides additional working capital and funds a new production facility to increase its resilience, flexibility and margins in the future.

	Andersen EV	Premium EV chargers	May 2022	0.34
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Muller EV Limited (trading as Andersen EV) ([andersen-ev.com](https://andersen-ev.com)) was a design-led manufacturer of premium electric vehicle (EV) chargers. Incorporated in 2016, this business secured high profile partnerships with household brands, establishing an attractive niche position in charging points for the high-end EV market. This follow-on funding was to further support its premium brand and product positioning whilst ensuring all new and existing products met the most recent and highest safety and compliance standards. Unfortunately, external factors caused its market and trading prospects to worsen rapidly, including substantially reduced demand, global supply chain issues, inflation and the removal of government consumer support for the purchase of EV chargers. The company therefore entered administration before the year end.

	RotaGeek	Workforce management software	June 2022	0.28
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RotaGeek ([rotageek.com](https://rotageek.com)) is a provider of cloud-based enterprise software to help larger retail, leisure and healthcare organisations to schedule staff effectively. RotaGeek has proven its ability to solve the scheduling issue for large retail clients competing due to the strength of its technologically advanced proposition. The company has made significant commercial progress since the VCTs first investment nearly doubling Annual Recurring Revenues (ARR). This investment aims to help boost ARR and enable the company to take advantage of further large client opportunities.

	Vivacity	Provider of artificial intelligence & urban traffic	July 2022	0.78
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Vivacity ([vivacitylabs.com](https://vivacitylabs.com)) develops camera sensors with on-board video analytics software that enables real-time anonymised data gathering of road transport system usage. It offers city transport authorities the ability to manage their road infrastructure more effectively, enabling more efficient monitoring of congestion and pollution levels as well as planning for other issues, such as the changing nature of road usage (e.g. the increasing number of cyclists). The technology and software represent a significant leap forward for local planning authorities which have traditionally relied upon manual data collection methods. This new investment will help boost the company's revenues through development of new functionality to enhance its product suite which can also be installed into the existing asset base.

	Bleach	Hair Colourants brand	August 2022	0.43
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Bleach London Holdings ("Bleach") ([bleachlondon.com](https://bleachlondon.com)) is an established brand which develops and markets a range of innovative haircare and colouring products. Bleach is regarded as a leading authority in the hair colourant market having opened one of the world's first salons focused on colouring and subsequently launched its first range of products in 2013. This further investment was part of a wider £5.5 million investment round alongside existing shareholders and a strategic partner. The funds will be used to drive further expansion into the strategically important North American market and to consolidate the brand's position in the UK.

#### Portfolio valuation movements

Across the portfolio, comparable market multiples that are used as the basis of valuation have declined over the year, some by over 30%, but the levels at the year-end reflect a degree of stabilisation over the final quarter. Together with several downward revisions to trading forecasts in the latter half of the year, this has driven a general decline in investee company values. As noted, the preference investment structures used in many of the portfolio companies serve to moderate the impact of such company value movements on VCT value. The need to protect and develop value going forwards in such an uncertain environment underlines the need for portfolio readiness and planning, robust funding and close monitoring by the Gresham House team.

The main reductions within total valuation decreases of £(20.50) million, were:

• Virgin Wines	£(8.71) million
• MyTutor	£(2.03) million
• Buster and Punch	£(1.64) million
• Wetsuit Outlet	£(1.36) million
• Active Navigation	£(1.30) million

Virgin Wines has suffered from negative sentiment across its sector despite outperforming its peers. More recently, it also experienced some short term operational difficulties particularly in the last quarter of 2022. MyTutor's growth has slowed post COVID coupled with a decline in market multiples. Buster and Punch and Wetsuit Outlet are both consumer facing businesses that have experienced challenging trading conditions which resulted in profit downgrades. ActiveNav has developed a new business line which has gained significant traction and offers potential but the core business has grown more slowly than planned which has led to an overall reduction in its valuation.

The uplifts within the total valuation increase of £0.98 million were:

• Tharstern	£0.55 million
• Orri	£0.26 million
• Preservica	£0.17 million

Tharstern has continued to deliver strong trading performance. Following the year-end, in March 2023, the Company completed a successful sale of Tharstern generating a 2.6x return. Preservica continues to build its high retention, long

contract term Software-as-a-Service ("SaaS") business, improving recurring revenues year on year. Orri is performing as planned and the valuation uplift simply reflects the first time recognition of the preferential investment structure.

Growth capital investing involves companies which often have not achieved profitability and as a result, have to be measured on other metrics. The table below shows the proportion of the portfolio that is represented by pre-profit companies (often valued by reference to revenue multiple), compared with more mature, established companies with a history of profitability and which are therefore valued on an earnings multiple:

Valuation methodology	2022 £m	2022 % of total investments	2021 £m	2021 % of total investments
Revenue multiple	38.60	70.6%	41.28	51.7%
Earnings multiple	10.90	19.9%	25.67	32.3%
Average Price	3.32	6.1%	12.52	15.7%
Recent investment price (reviewed for impairment)	0.60	1.1%	0.27	0.3%
Other	1.27	2.3%	0.07	0.1%
Total	54.69	100%	79.81	100%

#### Portfolio Realisations during the year

The Company realised two investments, one of which was a partial realisation, as detailed below:

	Company	Business	Period of Investment	Total cash proceeds over the life of the investment/ Multiple over cost
	MBI	Publishing and events business	January 2015 to June 2022	£7.36 million 2.2x cost

The Company realised its whole investment in MBI for £4.83 million (realised gain in the year: £0.54 million) including deferred proceeds received since completion. Total proceeds received over the life of the investment were £7.36 million compared to an original investment cost of £3.28 million, representing a multiple on cost of 2.2x and an IRR of 13.8%.

	EOTH	Branded clothing (Rab and Lowe Alpine)	October 2011 to November 2022	£8.96 million 6.9x cost
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The Company realised its equity investment in EOTH for £6.89 million (realised gain in the year: £0.49 million) including preference dividends. Total proceeds received over the life of the investment were £8.96 million compared to an original investment cost of £1.30 million, representing a multiple on cost of 6.9x and an IRR of 23.2%. The Company has retained its interest yielding loan stock investment. Once repaid, this should increase the multiple on cost to 7.9x.

#### Loan stock repayments and other gains/(losses) during the year

The Company also received loan repayments totalling £0.07 from Jablite Holdings Limited.

In addition, deferred consideration totalling £0.55 million in realised gains was received in respect of investments realised in a previous year. Conversely, as discussed earlier, Muller EV (trading as Andersen EV) generated a realised loss in the year of £(0.61) million.

#### Portfolio income and yield

In the year under review, the Company received the following amounts in loan interest and dividend income:

	2022 £m	2021 £m
<b>Investment Portfolio Yield</b>		
Interest received in the year	0.91	1.26
Dividends received in the year	1.24	0.45
<b>Total portfolio income in the year<sup>1</sup></b>	<b>2.15</b>	<b>1.71</b>
<b>Portfolio Value at 31 December</b>	<b>54.69</b>	<b>79.81</b>
<b>Portfolio Income Yield (Income as a % of Portfolio value at 31 December)</b>	<b>3.9%</b>	<b>2.1%</b>

<sup>1</sup> Total portfolio income in the year is generated solely from investee companies within the portfolio.

#### New investment made after the year-end

£0.89 million was invested into two new investments after the year-end, as detailed below:

	Company	Business	Date of investment	Amount of new Investment (£m)
	Connect Earth	Environmental data provider	March 2023	0.30

Founded in 2021, Connect Earth is a London-based environmental data company that democratises easy access to sustainability data. With its carbon tracking API technology, Connect Earth supports financial institutions in offering their

customers transparent insights into the climate impact of their daily spending and investment decisions. Connect Earth's defensible and scalable product platform suite has the potential to be a future market winner in the nascent but rapidly growing carbon emission data market, for example, by enabling banks to provide end retail and business customers with carbon footprint insights of their spending. This funding round is designed to facilitate the delivery of the technology and product roadmap to broaden the commercial reach of a proven product.

	Cognassist	Education and neuro-inclusion solutions	March 2023	0.59
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Cognassist (cognassist.com) is an education and neuro-inclusion solutions company that provides a Software-as-a-Service (SaaS) platform focussed on identifying and supporting individuals with hidden learning needs. The business is underpinned by extensive scientific research and a vast cognitive dataset. Founded in 2019 by Chris Quickfall, Cognassist has scaled its underlying business within the education market, enabling apprentices to unlock government funding and helping diverse minds to thrive. This investment will empower Cognassist to continue its growth within the education market and penetrate the enterprise market, where demand for neuro-inclusive solutions to adequately support employees is rapidly emerging.

#### Realisations after the year-end

Company	Business	Period of investment	Total cash proceeds over the life of the investment / Multiple over cost
Tharstern	Software based management information systems	July 2014 to March 2023	£3.79 million 2.6x cost

The Company realised its investment in Tharstern Group for £2.70 million. Total proceeds received over the life of the investment were £3.79 million compared to an original cost of £1.46 million, representing a multiple on cost of 2.6x and an IRR of 15.0%.

#### Environmental, Social and Governance considerations

The Board and the Investment Adviser believe that the consideration of environmental, social and corporate governance ("ESG") factors throughout the investment cycle should contribute towards enhanced Shareholder value.

The Investment Adviser has a team which is focused on sustainability as well as the Investment Adviser's Sustainability Committee who provide oversight and accountability for the Investment Adviser's approach to sustainability across its operations and investment practices. This is viewed as an opportunity to enhance the Company's existing protocols and procedures through the adoption of the highest industry standards. Each investment executive is responsible for setting and achieving their own individual ESG objectives in support of the wider overarching ESG goals of the Investment Adviser. The Investment Adviser's Private Equity division has its own Sustainable Investment Policy, in which it commits to:

- Ensure its team understands the imperative for effective ESG management and is equipped to carry this out through management support and training.
- Conduct regular monitoring of ESG risks, opportunities and performance in its investments.
- Incorporate ESG into its monitoring processes.

#### Outlook

With inflation, political uncertainty and the threat of recession impacting consumer confidence and business investment, the number of UK businesses experiencing financial stress is set to increase. This will impact all sectors and businesses to varying degrees and may present attractive opportunities for a selective investor with the advantage of being able to take a longer term view, such as your Company. However, the economic backdrop will also impact our existing portfolio companies and would present a challenge to less experienced management teams and their advisers. Markets are volatile and uncertain and business planning is acutely difficult. As such, the experience of seasoned investment managers will be increasingly important in the coming year as they seek to support their portfolio management teams in navigating through some particularly challenging short-term trading conditions. In this respect, Gresham House feels well placed in having one of the largest and most experienced portfolio teams in the industry with an average of over 18 years relevant industry experience. The Company has ample liquidity to provide further support to its portfolio businesses through this period and is keen to make such investments where there is a commercial case to do so over the medium to long-term.

#### Gresham House Asset Management Limited

Investment Adviser

4 April 2023

## Annual General Meeting

The AGM will be held on Wednesday, 24 May 2023 at the offices of Shoosmiths LLP, 1 Bow Churchyard, London EC4M 9DQ and will also be webcast for those Shareholders who are unable to attend in person. Details of how to join the meeting by virtual means will be shown on the Company's website. Shareholders joining virtually should note you will not be able to vote at the meeting and therefore you are encouraged to lodge your proxy form. For further details, please see the Notice of the Meeting which can be found at the end of the Annual Report & Financial Statements.

## Further Information

The Annual Report and Accounts for the year ended 31 December 2022 will be available shortly on [Mobeus Income & Growth VCT plc](#).

It will also be submitted shortly in full unedited text to the Financial Conduct Authority's National Storage Mechanism and will be available for inspection at [data.fca.org.uk/#/nsm/nationalstoragemechanism](https://data.fca.org.uk/#/nsm/nationalstoragemechanism) in accordance with DTR 6.3.5(1A) of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Contact:



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