

THE INCOME & GROWTH VCT PLC
LEI: 213800FPC15FNM74YD92

UNAUDITED HALF-YEAR RESULTS FOR THE SIX MONTHS TO 31 MARCH 2023

The Income & Growth VCT plc ("the Company") today announces its Half-Year results for the six months to 31 March 2023.

You may, in due course, view the Half-Year Report, comprising the Unaudited Condensed Financial Statements of the Company by visiting www.incomeandgrowthvct.co.uk.

FINANCIAL HIGHLIGHTS

As at 31 March 2023:
Net assets: **£122.93 million**
Net asset value ("NAV") per share: **79.38 pence**

Results for the six months to 31 March 2023:

- Net asset value ("NAV") total return¹ per share was (0.4)%.
- Share price total return¹ per share was (3.1)%.
- The Board has declared an interim dividend in respect of the current year of 4.00 pence per share which was paid to Shareholders on 26 May 2023.
- The Company made two new investments of £1.01 million.
- Proceeds of £9.13 million were received from realisations, generating net realised gains of £0.41 million.

¹ Alternative Performance Measure ("APM"). See Glossary of Terms in the Half-Year Report.

PERFORMANCE SUMMARY

The table below shows the recent past performance of the Company's existing class of shares for each of the last five years, and the current year to date.

Reporting date	Net assets	NAV per Share	Share Price ¹	Cumulative dividends paid per share	Cumulative total return per share to shareholders ²		Dividends per share paid and proposed in respect of each year
					(NAV basis)	(Share price basis)	
As at	(£m)	(p)	(p)	(p)	(p)	(p)	(p)
31 March 2023	122.93	79.38	75.00	148.50	227.88	223.50	4.00 ³
30 September 2022	108.42	83.73	81.50	144.50	228.83	226.00	8.00
30 September 2021	119.09	100.45	93.00	136.50	236.95	229.50	9.00
30 September 2020	83.13	70.06	59.50	131.50	201.56	191.00	14.00
30 September 2019	81.73	79.12	75.50	113.00	192.12	188.50	6.00
30 September 2018	82.58	78.32	69.50	108.00	186.32	177.50	6.00

¹ Source: Panmure Gordon & Co (mid-market price).

² Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (share price basis) plus cumulative dividends paid since launch of the current share class.

³ An interim dividend of 4.00 pence per share, referred to in the Financial Highlights above, was paid to Shareholders on 26 May 2023. This dividend has subsequently reduced the NAV per share to 75.38 pence and increased cumulative dividends paid per share to 152.50 pence.

Detailed performance data, including a table of dividends paid to date for all share classes and fundraising rounds, is shown in the Performance Data appendix in the Half-Year Report. The tables, which give information by allotment date on NAVs and dividends paid per share, are also available on the Company's website at www.incomeandgrowthvct.co.uk where they can be accessed by clicking on "table" under "Reviewing the performance of your investment" on the home page.

CHAIR'S STATEMENT

I present the Company's Half-Year Report for the six months to 31 March 2023.

Overview

The first six months of the Company's financial year occurred against a backdrop of challenging UK economic conditions. Increasing inflation and rising interest rates have both impacted consumer and business confidence which has pulled down market valuation

inflation and rising interest rates have both impacted consumer and business confidence which has putted down market valuation benchmarks and caused a general softening of trading performance. In line with this, the Company's NAV total return fell marginally by 0.4%.

So far in 2023, despite the wider market concerns, stock market multiples appeared to stabilise following the material downward re-rating of growth stocks experienced over much of 2022. However, the collapse of Silicon Valley Bank and other similar failures mean that confidence remains fragile. The ongoing threat of a potential UK recession will likely result in additional challenges for your portfolio companies. However, the portfolio is well diversified and the Company is well prepared for most scenarios via its strong liquidity available to support the winners in the portfolio.

The Company continued to be an active investor and provided new investment finance to two new companies, Connect Earth and Cognassist. The Company also delivered two highly successful exits, Equip Outdoor Technologies (EOTH) and Tharstern Group.

On 5 October 2022, the Company launched an Offer for Subscription alongside the three other Mobeus VCTs ("Offers") with the full amount being raised in a matter of weeks. The Board was very pleased with this support and extends a warm welcome to new and existing investors.

Performance

The Company's NAV total return per share was (0.4)% for the six months to 31 March 2023 (2022: 2.3%), and the share price total return was (3.1)% pence (2022: 1.6%). The difference between the NAV total return and share price total return figures above arises principally due to the timing of NAV announcements which are usually made retrospectively. The fall in NAV total return for the period was principally the result of unrealised declines in the value of investments. Two successful portfolio exits generated realised gains for the Company, however these were partially offset by impairments applied to the holdings of two other companies.

Investment portfolio

In the current challenging environment, a number of investee companies experienced a decline in consumer confidence with a resultant impact on trading. The overall value decreased by a modest £(0.60) million (2022: £4.20 million), or (0.8)% (2022: 4.8%) on a like-for-like basis, compared to the opening portfolio value at 1 October 2022 of £73.08 million. This net decrease comprised net realised gains of £0.41 million and net unrealised declines in portfolio valuations of £(1.01) million, over the period.

At the period-end, the portfolio was valued at £64.36 million after taking account of investments purchased and sold in the period, together with the net realised gains and net unrealised losses referred to above.

As the portfolio continues its move from being comprised mainly of MBO investments made under the previous strategy, towards predominantly growth capital investments which have a more variable return profile, shareholders should note that the likelihood of investee company failures is higher. A further impact of the strategy change in 2015 is that at 31 March 2023, nearly 60% of the portfolio is comprised by the top five assets by value. The Investment adviser ensures that all necessary focus is on these higher value assets.

During the six months under review, the Company invested £1.01 million into two new investments:

Connect Earth **£0.34 million**

Environmental data provider

Cognassist **£0.67 million**

Education and neuro-inclusion solutions

The Company generated a total of £9.06 million in proceeds from realisations alongside loan repayments of £0.07 million. The Company therefore generated total proceeds of £9.13 million in the six months to 31 March 2023. More detail on these realisations is provided below.

In November 2022, it was pleasing to exit the equity investment held in EOTH (trading as Rab and Lowe Alpine), receiving £7.34 million including preference share dividends received upon completion. This exit generated a realised gain in the period of £0.42 million. Total proceeds received over the life of this investment are £9.54 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 for the VCT in the future.

In March 2023, the Company achieved a full exit of Tharstern Group Limited generating proceeds of £2.85 million and a realised gain of £0.86 million. Over the life of this investment, the Company has received £4.00 million which equates to a multiple on cost of 2.6x and an IRR of 15.0%.

After the period end, Spanish Restaurant Group Limited (trading as Tapas Revolution) went into administration. Tapas Revolution had experienced very challenging conditions since COVID-19 and under the HMRC Financial Health Test (more detail below), the Company was unable to invest further in this portfolio company. It was therefore necessary for an Administrator to be appointed. A total of £0.87 million has been recognised as a realised loss in the period across two companies (including Tapas Revolution) which are experiencing significant trading issues.

Shareholders should be aware that the Financial Health test 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. The Board continues to monitor developments in the interpretation of this area of legislation carefully and supports the lobbying of HMRC by the VCTA to change its stance.

After the period-end, the Company invested £0.63 million into Dayrize B.V., a sustainability impact assessment tool provider.

Further details of this investment activity and the performance of the portfolio are contained in the Investment Adviser's Review and the Investment Portfolio Summary of the Half-Year Report.

Revenue account

The results for the period are set out in the Unaudited Condensed Income Statement and show a revenue return (after tax) of 0.60 pence per share (2022: 0.51 pence per share). The revenue return for the period of £0.87 million represents an increase from last year's comparable figure of £0.61 million. This is due primarily to higher dividend receipts and interest income.

Dividends

The Board is pleased to have declared an Interim dividend of 4.00 pence per share for the year ending 30 September 2023.

This dividend was paid on 26 May 2023, to Shareholders on the Register on 21 April 2023, and combined with a 4.00 pence dividend paid in November 2022 in respect of the previous financial year has brought cumulative dividends paid per share to 152.50 pence per share.

The Company intends to maintain its target of paying a dividend of at least 6.00 pence per share in respect of each financial year and this has been achieved in each of the last eleven financial years. The Board continues to monitor the sustainability of its dividend

and has been achieved in each of the past eleven financial years. The Board continues to monitor the sustainability of its dividend target given the continued movement of the portfolio to a larger share of younger growth capital investments which have the potential for increased volatility, which may affect the return in a given year.

Offer for Subscription and Dividend Investment Scheme

The Board approved a further fundraise for the 2022/23 tax year in October 2022 after considering the future cash requirements of the Company and the potential demand for the Company's shares following the successful fundraise in January 2022. 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 £14 million (as well as an over-allotment facility of a further £8 million), launched on 5 October 2022, was fully subscribed by 8 November 2022. Shares were allotted in November 2022 and February 2023.

The Company's Dividend Investment Scheme ("DIS") provides Shareholders with the opportunity to reinvest their cash dividends into new shares in the Company at the latest published NAV per share (adjusted for any subsequent dividends). New VCT shares attract the same tax reliefs as shares purchased through an Offer for Subscription. There were 1,197,652 shares allotted through the DIS during the period at a price of 79.73 pence.

Shareholders can opt-in to the DIS by completing a mandate form available on the Company's website at: www.incomeandgrowthvct.co.uk or can opt-out by contacting Link Group, using the details provided in the Half Year Report. Please note that instructions take 15 days to become effective.

Cash Available for investment

The Board continues to monitor credit risk in respect of its cash balances and to prioritise the security and protection of the Company's capital. Cash and liquidity fund balances as at 31 March 2023 amounted to £58.52 million. This figure has been bolstered by the funds raised under the Offer and includes £52.58 million held in money market funds with AAA credit ratings and £5.94 million held in deposit accounts with two well-known financial institutions. The rises in the Bank of England base rate over recent months have significantly increased the yield on these balances which will help provide future returns to Shareholders.

Share buybacks

During the six months ended 31 March 2023, the Company bought back and cancelled 2.41 million of its own shares, representing 1.9% (2022: 0.4%) of the shares in issue at the beginning of the period, at a total cost of £1.84 million (2022: £0.40 million), inclusive of expenses.

It is the Company's policy to cancel all shares bought back in this way. The Board regularly reviews its buyback policy, where its priority is to act prudently and in the interest of remaining Shareholders, whilst considering other factors, such as levels of liquidity and reserves, market conditions and applicable law and regulations. Under this policy, the Company seeks to maintain the discount at which the Company's shares trade at no more than 5% below the latest published NAV.

Shareholder Event & Communications

May I remind you that the Company has its own website which is available at: www.incomeandgrowthvct.co.uk. The Investment Adviser last held a Shareholder Event on behalf of the Mobeus VCTs on the afternoon of 23 March 2023 with a live Q&A session which we hope you were able to join. Double the number of attendees joined the meeting compared to last year. A recording of the event is available via a link on the Company's website.

Fraud Warning

Shareholders continue to be contacted in connection with sophisticated but fraudulent financial scams which purport to come from the Company or to be authorised by it. 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.

Further information and fraud advice plus details of who to contact, can be found in the Shareholder Information section in the Half-Year 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 in July 2023. Consumer Duty is an advance on the existing concept of 'treating customers fairly'. It sets higher and clearer standards of consumer protection across financial services and requires all firms to put their customers' needs first.

As the Company is not regulated by the FCA it does not directly fall into the scope of Consumer Duty. However, Gresham House as the Investment Adviser and any IFAs or financial platforms used to distribute future fundraising offers, are subject to Consumer Duty.

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 the 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. However, this can also provide an opportunity for the Company to source and make high quality investments whilst building strategic stakes in existing portfolio businesses with great potential for the future. The prospects for new investment flow are good. Notwithstanding the successful exits of EOTH and Tharstern, the exit environment will likely be subdued in comparison to recent years. However, the Company has ample liquidity and 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 in the near term. We therefore anticipate that further stresses will become evident over the forthcoming year. We expect that all sectors will be vulnerable, although the Company has a large and well diversified portfolio, managed by a professional and capable investment team, which helps to mitigate the challenges that lie ahead.

I would like to take this opportunity once again to thank all Shareholders for your continued support and to extend a warm welcome to new Shareholders.

INVESTMENT ADVISER'S REVIEW

Portfolio review

The continuing harsh economic conditions continue to create challenging circumstances for portfolio companies. UK business has seen both demand and operating margins come under pressure in the face of marked increases in inflation and interest rates which have not been experienced by a generation of management teams.

In the latter months of 2022 and into 2023, market multiples began to stabilise. However, portfolio companies' trading performance has now begun to experience the impact of declining consumer confidence and business investment.

Whilst inflation is expected to moderate following the rises in base rates, it is still at a very high level and has impacted economic growth expectations. In contrast to this, there are early signs that supply chains are returning to normality, that labour shortages are easing and that there are pockets of positive market sentiment. Furthermore, the direct impact of high interest rates on the Company's portfolio is negligible as most portfolio companies do not have any significant third-party debt. The outlook is therefore mixed, and the emphasis is thus on robust funding structures and being prepared for all eventualities.

The Gresham House non-executive directors who sit on each portfolio company board have responded by working with their management teams 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 structured on attractive terms. Strong liquidity will also benefit the attractive new investment environment for the Company which, in our view is strong and we are seeing a number of interesting investment propositions.

There are some specific highs in the portfolio such as Preservica which continues to see strong trading and is out-performing budget. The exits from EOTH and Tharstern were also excellent results after long running processes which had to negotiate numerous economic and geo-political hurdles. By contrast, there were also some significant falls, the largest were MyTutor and Connect Childcare with a further fall in the quoted share price of Virgin Wines UK plc. Disappointingly, after experiencing very difficult trading conditions since the onset of COVID-19, Tapas Revolution has entered administration since the period-end with no expected recovery for the VCTs.

The portfolio movements in the period are summarised as follows:

	2023 £m	2022 £m
Opening portfolio value	73.08	88.15
New and follow-on investments	1.01	3.25
Disposal proceeds	(9.13)	(6.24)
Net realised gains	0.41	1.21
Unrealised valuation movements	(1.01)	2.99
Portfolio value at 31 March	64.36	89.36

Valuation changes of portfolio investments still held

The portfolio generated net unrealised losses of £(1.01) million in the first half of its financial year.

The total valuation increases were £4.36 million. The main valuation increases were in:

Preservica - £3.44 million
Aquasium - £0.32 million
Orri - £0.29 million

Preservica is performing well and increasing its recurring revenues whilst Aquasium has started to gain significant traction with its products. Finally, Orri has benefitted from a first time valuation uplift due to the investment structuring.

The total valuation decreases were £(5.37) million. The main valuation decreases were:

MyTutor - £(1.15) million
Connect Childcare - £(1.07) million
Virgin Wines - £(0.66) million

MyTutor has been impacted by declining sector multiples combined with slower than anticipated growth over the year. Connect Childcare has not grown revenues as quickly as hoped and is now prioritising capital efficiency. Virgin Wines continues to suffer from negative sentiment across the consumer sector. Following announcements of operational issues over its key Christmas period, it has seen a further decline in its quoted share price, although underlying trading remains resilient and compares very favourably to its peers.

The Company's investment values have been insulated partially from market movements and lower revenue growth by the preferred investment structures employed in many of the portfolio companies. This acts to moderate valuation swings and the net result is a more modest decline in portfolio value.

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

Investment Portfolio Capital Movement	2023 £m	2022 £m	2020 £m
Increase in the value of unrealised investments	4.36	11.98	26.68
Decrease in the value of unrealised investments	(5.37)	(8.99)	(0.61)
Net increase in the value of unrealised investments	(1.01)	2.99	26.07
Realised gains	1.28	1.21	3.67
Realised losses	(0.87)	-	(0.08)
Net realised gains in the period	0.41	1.21	3.59
Net investment portfolio movement in the period	(0.60)	4.20	29.66

New investments during the period

The Company made one new investment of £1.01 million during the period, as detailed below:

Company	Business	Date of Investment	Amount of new investment (£m)
Connect Earth	Environmental data provider	March 2023	0.34
Founded in 2021, Connect Earth (connect.earth) is a London-based environmental data company that seeks to facilitate 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	0.67
Cognassist (cognassist.com) is an education and neuro-inclusion solutions company that provides a Software-as-a-Service (SaaS) platform focused on identifying and supporting individuals with hidden learning needs. The business is underpinned by extensive scientific research and an extensive cognitive dataset. Cognassist has scaled its underlying business within the education market. 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 during the period

The Company completed two exits during the period, as detailed below:

Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
EOTH	Branded clothing (Rab and Lowe Alpine)	October 2011 to November 2022	£9.54 million 6.9x cost
The Company realised its equity investment in EOTH for £7.34 million (realised gain in the period: £0.42 million) including preference dividends. Total proceeds received over the life of the investment were £9.54 million compared to an original investment cost of £1.38 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.			
Tharstern	Software based management information systems	July 2014 to March 2023	£4.00 million 2.6x cost
The Company realised its investment in Tharstern Group for £2.85 million (realised gain in period: £0.86 million). Total proceeds received over the life of the investment were £4.00 million compared to an original cost of £1.54 million, representing a multiple on cost of 2.6x and an IRR of 15.0%.			

Loan repayments and other proceeds in the period

The Company received a loan repayment from Jablite Holdings Limited of £0.07 million.

Investment portfolio yield

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

Investment Portfolio Yield	2022 £m	2022 £m
Interest received in the period	0.31	0.84
Dividends received in the period	0.56	0.40
Total portfolio income in the period¹	0.87	1.24
Portfolio Value at 31 March	64.36	89.36
Portfolio Income Yield (Income as a % of Portfolio value at 31 March)	1.4%	1.4%

¹ Total portfolio income in the period is generated solely from investee companies within the portfolio

New investments made after the period-end

The Company made one new investment of £0.63 million after the period-end, as detailed below:

Company	Business	Date of Investment	Amount of further investment (£m)
Dayrize	Sustainability impact assessment tool provider	May 2023	0.63
Founded in 2020, Amsterdam-based Dayrize has developed a rapid sustainability impact assessment tool that delivers product-level insights for consumer goods brands and retailers, enabling them to be leaders in sustainability. Its proprietary software platform and methodology bring together an array of data sources to provide a single holistic product-level sustainability score that is comparable across product categories in under two seconds. This funding round is to drive product development and develop its market strategy to build on an opportunity to emerge as a market leader in the industry.			

Environmental, Social, Governance considerations

Gresham House is committed to sustainable investment as an integral part of its business strategy. During the year, the Investment Adviser has formalised its approach to sustainability and has put in place several processes to ensure environmental, social and governance factors and stewardship responsibilities are built into asset management across all funds and strategies, including venture capital trusts, for example, individual members of the investment team now have their own individual ESG objectives set which align with the wider ESG goals of Gresham House. For further details, Gresham House published its third Sustainable Investment Report in April 2023, which can be found on its website at: www.greshamhouse.com.

Outlook

Whilst the period under review has once again been marked with volatility and uncertainty as a result of a number of factors affecting both the global and UK economy, the portfolio has continued to trade well under the circumstances. Rising costs and recessionary pressures will place further strains on the portfolio. However, the portfolio is well diversified and Gresham House has an experienced team working closely with them to help them navigate the challenges that lie ahead. In terms of new investment, evidence shows that investing through the economic cycle has the potential to yield strong returns and Gresham House is seeing a number of opportunities, both new deals and further investment into the existing portfolio, which have the potential to drive shareholder value over the medium term.

Gresham House Asset Management Limited

Investment Adviser

13 June 2023

Half-Year Report

Copies of this statement are being sent to all shareholders. Further copies are available free of charge from the Company's registered office, 5 New Street Square, London, EC4A 3TW, or can be downloaded via the Company's website at www.incomeandgrowthvct.co.uk.

Contact

Gresham House Asset Management Limited

Company Secretary

mobeusvcts@greshamhouse.com

+44 20 7382 0999



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR FXLLFXQLBBBE