FORESIGHT VCT PLC
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UNAUDITED HALF-YEARLY FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2023

Financial Highlights

- Total net assets **£211.0 million**
- A final dividend of **4.4p** per share was paid on 30 June 2023, costing **£10.7 million**
- Post-period end, a special dividend of **4.0p** per share was paid on 18 August 2023, costing **£9.8 million**, following the successful realisations of Mowgli Street Food Group Limited, Datapath Group Limited and Innovation Consulting Group Limited
- The value of the investment portfolio increased by £1.4 million, driven by **£9.7 million** of deployment and an increase of **£6.2 million** in the value of investments, offset by realisations of **£14.5 million**
- Net Asset Value per share decreased by **1.8%** from **87.5p** at 31 December 2022 to **85.9p** at 30 June 2023. After adding back the **4.4p** dividend paid on 30 June 2023, NAV Total Return per share was **90.3p**, which made the total return for the half-year **3.2%**
- The offer for subscription launched in January 2023 was closed on 13 April 2023 and raised a total of **£23.1 million** after expenses

Chair's Statement

I am pleased to present the Company's unaudited Half Yearly Financial Report for the period ended 30 June 2023.

Despite the challenging macroeconomic backdrop, the Company's Net Asset Value ("NAV"), including dividends paid during the period, increased by 2.8p per share to 90.3p. This represents a NAV Total Return of 3.2% for the six months to 30 June 2023.

Although the UK has managed to avoid a recession so far this year, real GDP growth has been sluggish, with a mere 0.2% recorded in the second quarter of this year. Inflation has remained sticky and stubbornly high, which has led to a series of interest rate increases. In addition, the financial markets were rocked by the collapse of both Silicon Valley Bank and Credit Suisse in March 2023, but fortunately the turmoil was short-lived and further contagion limited. However, heightened nervousness in the financial markets and recent changes to banks' capital adequacy rules are beginning to reduce the level of funding available for smaller businesses. Understandably, consumer and business confidence in the UK remains fragile.

Nonetheless, the performance of the Company's portfolio in aggregate has remained robust in these circumstances. The Manager has worked closely with the individual companies and developed a good understanding of their current business requirements.

Many of the portfolio companies successfully adapted to the new economic landscape, with some performing extremely well while a minority struggled as a result of a fall in consumer demand, inflationary pressures, surging energy prices, a weak fundraising environment and labour shortages. The overall solid performance of the Company in the first half of 2023 demonstrates the advantages of a well diversified portfolio.

Strategy
The Board and the Manager continue to pursue a strategy for the Company which includes the following four key objectives:

- Growth in Net Asset Value Total Return above a 5% target while continuing to grow the Company's assets
- Payment of annual ordinary dividends of at least 5% of the NAV per share per annum (based on the latest announced NAV per share) while endeavouring, at a minimum, to maintain the NAV per share on a year on year basis
- Implementing a significant number of new and follow-on qualifying investments every year, exceeding deployment requirements to maintain VCT status
- Maintaining a programme of regular share buybacks at a discount of no less than 7.5% to the prevailing NAV per share

The Board and the Manager believe that these key objectives remain appropriate and the Company's performance in relation to each of them over the past six months is reviewed in more detail below.

Net Asset Value and dividends
The NAV of the Company grew over the period from £191.7 million at 31 December 2022 to £211.0 million at 30 June 2023, which is in line with the Board's objective of growing the Company's assets.

At the end of 2022, 89% of the Company's assets were already invested and the Board believed it would be in the Company's best interest to raise further funds to provide liquidity for its activities in 2023 and beyond. On 20 January 2023, the Company launched an offer for subscription to raise up to £20 million, with an over allotment facility to raise up to a further £10 million, through the issue of new shares. The offer was closed on 13 April 2023 having raised gross proceeds of £24.1 million, £23.1 million after expenses. We would like to thank those existing shareholders who supported the offer and welcome all new shareholders to the Company.

The final dividend for the year ended 31 December 2022 of 4.4p per share was paid on 30 June 2023, at a total cost to the Company of £10.7 million, including shares allotted under the dividend reinvestment scheme.

Post-period end, the Company paid a special dividend of 4.0p per share on 18 August 2023 following the successful sales of Mowgli Street Food Group Limited, Datapath Group Limited and Innovation Consulting Group Limited in the first quarter. These generated proceeds of £14.3 million at completion. Since initial investment, the three exits combined have returned to the Company a total of £21.4 million, with a further £2.8 million of deferred consideration due as at the period end. This is an exceptional achievement from a combined initial investment of £4.2 million and represents a cash-on-cash multiple of 5.8 times.

The Company continues to achieve its target dividend yield of 5% of NAV, which was set in 2019 in light of the change in portfolio towards earlier-stage, higher-risk companies, as required by the VCT rules.

The Board and the Manager hope that this level may continue to be exceeded in future by payment of additional "special" dividends as and when particularly successful portfolio disposals are achieved.

Investment performance and portfolio activity
A detailed analysis of the investment portfolio performance over the year is given in the Manager's Review.

In brief, during the six months under review, the Manager completed five new investments, in a range of sectors, and five follow-on investments costing £5.9 million and £3.8 million respectively. The Company also disposed of three investments very successfully, as described above.

The Board and the Manager are confident that a more significant number of new and follow-on investments can be achieved in 2023.

After the period end, in September 2023, £1.7 million was invested in Loopr Ltd, trading as Looper Insights, a data analytics platform to film and TV content distributors and video-on-demand streaming services. The Company also sold its holding in Protean Software Limited on 14 July 2023 which generated proceeds of £5.9 million at completion. Including cash returned to the date of this report, the exit delivered a return multiple of 2.4 times the original investment. Furthermore, the Company sold its holding in Fresh Relevance Limited on 12 September 2023 which generated proceeds of £10.6 million at completion. Including cash returned to the date of this report, the exit delivered a return multiple of 3.8 times the original investment. Further details of these investments and realisations can be found in the Manager's Report.

The Company and Foresight Enterprise VCT plc have the same Manager and share similar investment policies. The Board closely monitors the extent and nature of the pipeline of investment opportunities and is reassured by the Manager's confidence in being able to deploy funds without compromising quality and to satisfy the investment needs of both companies.

Responsible investing
The analysis of environmental, social and governance ("ESG") issues is embedded in the Manager's investment process and these factors are considered key in determining the quality of a business and its long-term success. Central to the Manager's responsible investment approach are five ESG principles that are applied to evaluate investee companies, acquired since May 2018, throughout the lifecycle of their investment, from their initial review and acquisition to their final sale. Every year, the portfolio companies are assessed and progress is measured against these principles. More detailed information about the process can be found on pages 26 to 27 of the Manager's Review in the Unaudited Half-Yearly Financial Report.

Buybacks
During the period the Company repurchased 2,716,894 shares for cancellation at an average discount of 7.5%, in line with its revised objective of maintaining regular share buybacks at a discount of no less than 7.5% to the prevailing NAV per share. The Board and the Manager consider that the ability to offer to buy back shares at no less than 7.5% is fair to both continuing and selling shareholders and continues to help underpin the discount to NAV at which the shares trade.

Share buybacks are timed to avoid the Company's closed periods. Buybacks will generally take place, subject to demand, during the following times of the year:

- April, after the Annual Report has been published
- June, prior to the Half-Yearly reporting date of 30 June
- September, after the Half-Yearly Report has been published
- December, prior to the end of the financial year

Management charges, co-investment and performance incentive
The annual management fee is an amount equal to 2.0% of net assets, excluding cash balances above £20 million, which are charged at a reduced rate of 1.0%.

This has resulted in ongoing charges for the period ended 30 June 2023 of 2.3%, which is at the lower end of the range when compared to competitor VCTs.

Since March 2017, co-investments made by the Manager and individual members of the Manager's private equity team have totalled £1.1 million alongside the Company's investments of £90.7 million.

The co-investment scheme requires that the individual members of the team invest in all of the Company's investments from that date onwards and prohibits selective "cherry picking" of co investments. If any individual team member opts out of co-investment, they cannot invest in anything during that year. The Board believes that the co investment scheme aligns the interests of the Manager's team with those of shareholders and has contributed to the gradual improvement in the Company's investment performance.

In addition to the co-investment scheme, a new performance incentive scheme was formally approved by shareholders at a general meeting of the Company held on 15 June 2023. The new arrangements have superseded the previous scheme and any potential outstanding liabilities relating to it have ended. The Manager will now be able to earn an annual performance incentive fee as summarised below.

A performance incentive fee will be payable in respect of each financial year commencing on or after 1 January 2023 where the Company achieves an average annual NAV Total Return per share, over a rolling five-year period, in excess of an average annual hurdle of 5% (simple not compounded). If this hurdle is met, the Manager would be entitled to an amount equal to 20% of the excess over the hurdle subject to a cap of 1% of the closing Net Asset Value for the relevant financial year. No fee will become due in excess of this cap. Where there is a negative return in the relevant financial year, no fee shall be payable even if the five-year average hurdle is exceeded.

However, the potential fee will be carried forward and may become due at the end of the next financial year if the performance hurdle described above for that next financial year is achieved and the negative return in the preceding financial year is recovered in that next financial year. Any such catch-up fees shall be paid alongside any fee payable for the next financial year, but subject to the 1% cap applying to both fees in aggregate. Any such catch-up fees cannot be rolled further forward to subsequent financial years. The new arrangements will be subject to continual review by the Board to ensure continued alignment with the interests of shareholders.

More information on the current performance incentive arrangements can be found in note 8 of this report.

A total of £1.1 million has been accrued as an estimate of the performance fee due in respect of this financial year, based on the Company's average annual performance over the last four and a half years.

Board composition

The Board continues to review its own performance and undertakes succession planning to maintain an appropriate level of independence, experience, diversity and skills in order to be in a position to discharge its responsibilities. 2023 has seen some planned changes to the composition of the Board.

The Board was delighted to appoint David Ford and Dan Sandhu as Non-Executive Directors in January 2023. After more than 16 years as a Non-Executive Director, including nearly 12 years as Chair of the Audit Committee, Gordon Humphries did not stand for re-election at the AGM on 15 June 2023.

On behalf of the Company, I would once again like to thank Gordon for his significant contribution and dedication to the Company, which has benefited enormously from his wise counsel during his many years of service. We will miss Gordon and we wish him the very best for the future. Gordon has been succeeded as Chair of the Audit Committee by Patty Dimond, who has already served on the Board for over two years.

Shareholder communication

We were delighted to meet with some shareholders in person at the AGM on 15 June 2023. We hope many of you will be available to attend our next in-person investor forum event on 19 October 2023 at The Shard. These events have proven very popular with our shareholders in the past and provide the opportunity to learn first-hand about some of our investee companies from their founders and management.

Sunset clause

As explained in last year's Annual Report, a "sunset clause" applies to the current approved scheme for EIS and VCT tax reliefs. This clause provides that income tax relief will expire on subscriptions made for VCT shares on or after 6 April 2025, unless the legislation is amended to make the scheme permanent, or the "sunset clause" is extended.

The UK Chancellor has reconfirmed in his Spring Budget the government's commitment to extend the income tax relief available on new VCT shares beyond the tax year ending in April 2025. The Treasury Select Committee's report on early stage investment published in July supported the important role played by VCTs and called for early action on the "sunset clause". It also noted that the UK should be able to extend the scheme without European Commission approval, as clarified by the new Northern Ireland Protocol, the Windsor Framework.

Trade bodies of which the Manager is a member will continue to lobby the government to provide greater clarity on the timing and nature of its plans for removing this obstacle.

Outlook

We are anticipating that growth in the UK will continue to be weak in 2023: ongoing inflationary pressures, tight monetary policies, supply chain issues, labour shortages and a lack of bank lending appetite may continue to hinder economic recovery. We are conscious that such conditions could prove particularly challenging for our investee companies which are unquoted, small, early-growth businesses and by their nature entail higher levels of risk and lower liquidity than larger listed companies. On the other hand, these younger companies may prove more agile and creative in their approach and better able to adapt their operations swiftly and identify new products and services in response to changing circumstances.

The Company's current portfolio of investments is highly diversified by number, business sector, size and stage of development and overall has already demonstrated its relative resilience in the face of economic and geopolitical difficulties. We are confident that this approach will continue to provide protection in volatile market conditions.

The Manager is continuing to see a promising pipeline of potential investments, both new and follow-on. In addition to the funds raised earlier in the year, we have recently announced our intention to raise further funds in the coming months. These combined funds will provide the necessary resources to make selective acquisitions from the increasing number of investment opportunities that are now emerging out of the recent disruption. Although in the short term there may be considerable economic headwinds, we believe the Company's diversified portfolio is well positioned to generate long-term value for shareholders.

Margaret Littlejohns
Chair
26 September 2023

Manager's Review

The Board has appointed Foresight Group LLP ("the Manager") to provide investment management and administration services.

Portfolio summary
As at 30 June 2023, the Company's portfolio comprised 52 investments with a total cost of £102.6 million and a valuation of £171.2 million. The portfolio is diversified by sector, transaction type and maturity profile. Details of the ten largest investments by valuation, including an update on their performance, are provided on pages 19 to 22 in the Unaudited Half-Yearly Financial Report.

During the six months to 30 June 2023, the value of the portfolio increased by £6.2 million and £9.7 million of new and follow on investment was concluded. There was a strong series of successful exits, realising £14.5 million with a further £2.8 million of deferred consideration recognised at the period end. Overall therefore, the value of the unquoted portfolio increased by £1.4 million in the period.

The Company's portfolio continues to navigate the various economic challenges, including inflation, tight labour markets and soft financial and M&A markets. Many of the portfolio companies are performing extremely well, while others continue to adjust.

In line with the Board's strategic objectives, the investment team remains focused on continuing to grow the Company's assets whilst paying an annual dividend to shareholders of at least 5% of the last announced NAV per share. The Company has so far achieved this target for the current year and this objective remains the Manager's focus.

New investments
Fostering strong relationships with local deal introducers across the UK and Ireland remains central to the private equity team's approach. The team remains focused on attending in-person meetings and events with both deal introducers and prospective investee companies to generate a flow of pipeline opportunities. The regional presence is central to this approach and the Manager opened three offices over the last year, in Leeds, Dublin and Newcastle. These new regional offices are expected to support stronger relationships with local advisers and increase deal flow from these geographies.

Five new investments were completed in the six months to 30 June 2023, totalling £5.9 million. Post-period end, in September 2023, the Manager invested a further £1.7 million in Loopr Ltd. Further details of each of these are provided below. Behind these, there is a strong pipeline of opportunities that the Manager expects to convert during the second half of 2023.

Sprintroom Limited
In January 2023, £1.0 million of growth capital was invested in Sprintroom, which trades as Sprint Electric. The business designs and manufactures drives for controlling electric motors in light and heavy industrial applications, as well as recovering and reusing otherwise lost energy. The investment will be used to further develop and commercialise novel alternating current variable speed drive technology.

Red Flag Alert Technology Group Limited
In March 2023, the Company invested £1.7 million in Reg Flag Alert Technology Group, a Manchester-based proprietary SaaS intelligence platform with modular capabilities spanning compliance, prospecting, risk management and financial health assessments. The growth capital will be used to support continued product development alongside an increased marketing budget which is expected to accelerate new client acquisition with particular focus on larger enterprise-level customers.

Firefish Software Ltd.
In March 2023, the Company invested £1.5 million in Firefish Software, a Glasgow-based customer relationship management and marketing software platform targeting the recruitment sector. The funding will be used to further develop the platform in order to attract a larger enterprise-level customer base and expand its outbound sales team.

Five Wealth Limited
In March 2023, the Company invested £0.7 million in Five Wealth, an established boutique financial planning business operating across the North West of England, headquartered in Manchester. Five Wealth's service offering is focused on the provision of independent private client financial advice and wealth planning. This growth capital investment will be used to support increased marketing and advertising to drive top-line growth and greater regulatory and compliance costs which are forecast to increase commensurately with AUM.

The KSL Clinic Limited
In April 2023, the Company invested £1.0 million in The KSL Clinic, a leading provider of hair replacement treatments, with clinics in Manchester and Kent. The investment will be used to invest in facilities, create high-quality, sustainable jobs and to expand its geographic reach, resulting in significant improvements in the wellbeing of patients.

Loopr Ltd
Post-period end, in September 2023, the Company invested £1.7 million in Loopr Ltd, trading as Looper Insights, a data analytics platform to film and TV content distributors and video-on-demand streaming services. The investment will be used build a sales and marketing team, expand the customer success team and continue the development of the company's software.

Follow on investments
The Manager expects to continue to deploy additional capital into both growing portfolio companies and those that require support to trade through more uncertain periods. Macro factors such as wage, commodity price and energy price inflation may impact some elements of the portfolio, but in general the Manager ensures at the time of initial investment that investee companies are well capitalised to trade through periods of lower market demand or supply challenges. This is evidenced by the portfolio remaining relatively resilient over the COVID-19 period, supported

by the Manager's active style, to ensure risks are identified and mitigated early.

The Company made five follow-on investments in the period, totalling £3.8 million, to support further growth opportunities. Further details are provided below.

Pipeline
At 30 June 2023, the Company held cash of £36.9 million. This will be used to fund new and follow-on investments, buybacks and running expenses, and support the Company's dividend objectives. The Manager has a number of opportunities under exclusivity or in due diligence. The Company remains well positioned to continue pursuing these potential investment opportunities.

Mizaic Ltd (formerly IMMJ Systems Limited)
In February 2023, £0.6 million was invested in Mizaic, a clinical electronic document management solution supplier to the NHS. The investment will be used to grow the leadership team and bolster the business's abilities to support the digitisation of records, providing easy and efficient access to patient records for clinical care across the NHS.

Ten Health & Fitness Limited
In March 2023, Ten Health & Fitness, a multi-site operator in the boutique health, wellbeing and fitness market, received an additional investment of £0.6 million. The funding enabled the company to complete its new flagship Kings Cross site and support the company's transition to profitability from Q1 2023. The Kings Cross site opened in March and is already trading well.

NorthWest EHealth Limited ("NWEH")
In March 2023, the Company invested a further £1.5 million in NWEH, which provides software and services to the clinical trials market, allowing pharmaceutical companies and contract research organisations to conduct feasibility studies, recruit patients and run trials. The investment will be used to support the delivery of a number of new real world trials in FY23, while completing building the company's Connexon platform to be compatible with up to 18 million UK healthcare data sources. Since investment, NWEH has won a number of new customers and is considering changing its business model to focus more on referral revenues, which will mean a lower cost overhead in the business.

Ollie Quinn Limited
In April 2023, the Company invested £1.0 million in Ollie Quinn, a branded retailer of prescription glasses, sunglasses and non-prescription polarised sunglasses based in the UK and Canada. The investment will provide the cash headroom and time for longer-term financing initiatives to be explored.

Additive Manufacturing Technologies Ltd ("AMT")
In April 2023, the Company invested £0.1 million in AMT, which manufactures systems that automate the post-processing of 3D printed parts. See the key valuation changes in the period section on page 14 in the Unaudited Half-Yearly Financial Report for further details.

Exits and realisations
Whilst global M&A markets are relatively soft, the Manager has delivered some strong realisations in the period. The Manager has witnessed particularly strong interest from overseas buyers, particularly those that are US funded. Certain acquirers also strategically need to acquire a UK presence following the UK's exit from the EU. However, M&A activity in the broader market has been lower so far in 2023 than recent years, suggesting the market might be cooling slightly in the face of economic uncertainty and rising interest rates.

Mowgli Street Food Group Limited
In January 2023, the Company announced the successful exit of casual Indian food chain Mowgli to TriSpan, a global private equity firm with extensive restaurant expertise. The Manager invested in 2017, when the business had three restaurant sites. It has since grown to 15 sites nationally. The Manager introduced Dame Karen Jones as chair, Matt Peck as finance director and helped recruit Lucy Worth as operations director and together with founder Nisha Katona, this team built a market-leading hospitality brand. The business also shared the Manager's commitment to sustainability, creating more than 500 jobs and ranking 16th best UK company to work for in 2022 owing to its focus on employee welfare, local charity support and sustainable sourcing.

The exit resulted in proceeds of £5.2 million, of which £1.6 million will be received over 12 months post the completion of the exit, representing a return of 3.5x cost, equivalent to an IRR of 25% since the initial investment in 2017.

Datapath Group Limited
In March 2023, the Company announced the notable exit of Datapath, a global leader in the provision of hardware and software solutions for multiscreen displays. The transaction generated proceeds of £5.0 million at completion with an additional £1.2 million payable over the next 24 months. When added to £5.4 million of cash returned to date, this implies a total cash-on-cash return of 11.6 times the original investment, equivalent to an IRR of 38% since the initial investment in 2007.

Since the original investment, the Manager had supported Datapath through a period of material growth, with revenues growing from approximately £7 million to £25 million. Datapath has developed a market-leading hardware and software product suite for the delivery of multiscreen displays and video walls which are sold globally to a diverse customer base across a range of sectors.

Innovation Consulting Group Limited ("GovGrant")
In March 2023, the Company announced the impressive exit of GovGrant to Source Advisors, a US corporate buyer backed by BV Investment Partners. GovGrant is one of the UK's leading providers of R&D tax relief, patent box relief and other innovation services. The transaction generated proceeds of £6.8 million at completion. When added to £0.5 million of cash returned to date, this implies a total cash-on-cash return of 4.4 times the capital of £1.65 million invested in October 2015, equivalent to an IRR of 24%.

Since the original investment in 2015, the Manager had helped GovGrant through a period of material growth during which it supported the R&D activities of a growing number of customers. GovGrant's high levels of service and innovative products, such as the growing patent box offering, have contributed to driving innovation in the UK economy. The Manager had taken a proactive approach to supporting the exceptional senior management team, all of whom were introduced to the business during the investment period.

Protean Software Limited
In July 2023, the Company achieved a successful exit of its holding in Protean Software to Joblogic, a UK-based direct provider of Field Service Management software to SMEs, and Protean's direct competitor. The Manager invested in Protean in July 2015 as one of the last buyouts prior to the changes in VCT legislation. Over the holding period the Manager helped Protean transition its highly featured legacy product into a modern software product sold on a SaaS basis. The transaction generated proceeds of £5.9 million on completion. When added to £151,000 of cash returned to date, this implies a total cash-on-cash return of 2.4 times the original investment, equivalent to an IRR of 12% since the initial investment.

Fresh Relevance Limited
In September 2023, the Company achieved the successful exit of Fresh Relevance Limited to Dotdigital Group plc, returning £10.6 million to the Company. Including cash returned to date of £0.2 million, the sale implies a 3.8 times cash-on-cash return on the total investment made of £2.9 million; equivalent to an IRR of 27%.

Headquartered in Southampton, Fresh Relevance is an email marketing and e-commerce personalisation platform. It provides online retailers with flexible software tools to improve customer retention and acquisition. Since the initial investment in March 2017, Fresh Relevance grew revenues nearly threefold and created close to 40 high-quality, sustainable jobs – positively impacting the local economy in Southampton. Many of Fresh Relevance's developers were recruited from the University of Southampton.

Disposals in the period ended 30 June 2023

Company	Detail	Total invested[1] (£)	Accounting cost at date of disposal[2] (£)	Exit proceeds and deferred consideration (£)	Total return[3] (£)
Innovation Consulting Group Limited	Full disposal	1,650,000	1,605,000	6,794,768	7,279,469
Mowgli Street Food Group Limited	Full disposal	1,526,750	1,526,750	5,183,006	5,294,466
Datapath Group Limited	Full disposal	1,000,000	7,563,365	6,216,358	11,601,590
200 Degrees Holdings Limited	Loan repayment	225,000	225,000	225,000	322,338
		4,401,750	**10,920,115**	**18,419,132**	**24,497,863**

1. Total invested reflects the total cash investment made by the Company and Foresight 2 VCT plc.
2. The accounting cost includes the valuation of Foresight 2 VCT plc's investment in Datapath at the point it was transferred to the Company as part of the merger in December 2015. The investment cost at the date of transfer was £73,250.
3. Total return includes yield returned to the Company and Foresight 2 VCT plc up to the date of the exit and deferred consideration due in the future at its current holding value.

Key portfolio developments
In the first six months of the year, the portfolio has demonstrated continued resilience in the face of the economic headwinds that started mid-way through 2022.

Material changes in valuation, defined as increasing or decreasing by £1.0 million or more since 31 December 2022, are detailed below. Updates on these companies are included below, or in the Top Ten Investments section on pages 19 to 22 in the Unaudited Half-Yearly Financial Report.

Key valuation changes in the period

Company	Valuation (£)	Valuation change (£)
Callen-Lenz Associates Limited	9,164,253	3,826,007
Fresh Relevance Ltd	7,632,862	1,697,435
Protean Software Limited	5,857,207	1,475,158
Luminet Networks Limited	3,873,045	1,400,516
Aquasium Technology Limited	4,168,765	1,233,488
Fourth Wall Creative Limited	6,481,057	1,084,401
Ollie Quinn Limited	3,642,983	(1,093,390)
Additive Manufacturing Technologies Ltd	—	(1,814,869)

Luminet Networks Limited

Luminet is a provider of primarily fixed wireless access ("FWA") across c.400 sq km of central London. It can provide connectivity to businesses via both FWA and fibre, as well as offering secure hosting and managed services. The company serves over 700 business customers, mostly on contracts of 36 months.

30 June 2023 update
Luminet continues to provide a high quality connectivity to London clients and has seen growth as businesses return to offices following COVID. A significant contract was won recently, which is expected to support continued revenue growth over the financial year.

Ollie Quinn Limited
Ollie Quinn is a branded retailer of prescription glasses, sunglasses and non-prescription polarised sunglasses based in the UK and Canada. The company provides high-quality, branded, prescription glasses at a lower price point than other high-end opticians in order to satisfy a gap in the market for affordable luxury.

30 June 2023 update
The £1.0 million follow-on investment was completed in April and preparations for a crowdfund are close to completion with launch expected in September 2023.

Aquasium Technology Limited
Aquasium manufactures, services and refurbishes electron beam welding ("EBW") equipment and vacuum furnaces ("VF"). EBW is a reliable and efficient method of joining together a wide range of metals, producing clean, high-integrity joints. VFs are used in hardening, tempering and brazing applications.

30 June 2023 update
Trading has been strong for the first half of the financial year, with revenues on budget and materially ahead of the prior year. Both the machine sales and spares and services divisions are trading well, with spares and servicing also benefiting from some degree of catch up, following the pandemic. Discussions are ongoing around the sale of the first EBFLOW machine, with a focus on building the pipeline behind this.

Additive Manufacturing Technologies Ltd ("AMT")
AMT is developing machines for post-production of 3D printed parts: removal of excess polymer ("depowdering"), surface smoothing/polishing, colouring and inspection. AMT's goal is to provide a fully automated end-to-end post-production system, the "DMS", with robots linking each stage.

30 June 2023 update
The business is navigating the challenging economic environment with support from the Manager, providing expertise and guidance in line with its active management approach.

Outlook
The global and UK markets have experienced a volatile past six months following a strong recovery in consumer and business demand after the COVID-19 pandemic. The recovery has been somewhat stalled due to various economic factors following the pandemic. Rising input prices, driven by supply chain constraints during COVID-19 and rapidly increasing energy prices following Russia's invasion of Ukraine in Q1 2022, drove inflation to a high of 11.1% in October 2022. This was initially slow to decrease, with inflation remaining at 10.1% in March 2023 and 7.9% in June 2023, partly driven by wage inflation resulting from a tight labour market in the UK.

The Bank of England responded by steadily raising the base interest rate from 0.1% in December 2021 to 5.25% in August 2023. While this is now taking effect with inflation reducing, many analysts predict further increases to interest rates in the short term. The Bank of England is expected to maintain interest rates at their current level in the medium term, with most analysts predicting no meaningful reduction during 2024. Rising wage inflation is limiting the impact of interest rate rises, suggesting a further tightening of monetary policy, which would potentially drive the UK into recession in late 2023 or 2024.

Despite this backdrop, the Company's portfolio is reasonably well positioned to withstand the market volatility and economic headwinds. We have worked to balance risk, with the portfolio exposed to a broad base of both well-established and earlier-stage growth companies across a range of sectors. In the period to 30 June 2023, the portfolio continued to perform well, with the Company realising three investments in this time.

Notable examples that demonstrate our ability to capitalise on high-quality regional opportunities in a variety of sectors are the sale of Mowgli Street Food Group, a UK-wide casual Indian food chain, to TriSpan, delivering a 3.5x return, the sale of Innovation Consulting Group, a St Albans provider of R&D tax relief, patent box relief and other innovation services, to a US corporate buyer backed by BV Investment Partners that generated a 4.4x return on investment, and Datapath Group, a Derbyshire-based global leader in the provision of visual solutions, achieving an impressive cash-on-cash return of 11.7x the original investment. The current portfolio is well diversified with a good mix of earlier-stage and more mature investments that will yield attractive opportunities for the Company over time.

The Manager continues to leverage its regional offices to source the highest quality growth companies where we can employ our extensive advisory network and proactive portfolio management style to drive growth and add value to each investee company. There remains a strong appetite for funding from the smaller UK businesses with growth potential, which manifested itself in a number of exciting deals completed in the past year. Despite shifts in the investment landscape, we continue to see excellent opportunities to support small companies in many sub sectors, such as health, technology and compliance systems, amongst others.

While the macro environment is precarious, we believe that the Company's portfolio is well placed to cope with a period of uncertainty. The UK undoubtedly remains an exceptional place to start, fund and grow a small business, and the Manager remains committed to supporting the best UK entrepreneurs on their journey.

James Livingston
Foresight Group LLP
26 September 2023

Unaudited Half-Yearly Results and Responsibilities Statements

Principal risks and uncertainties
The principal risks faced by the Company are as follows:

- Market risk
- Strategic and performance risk
- Internal and financial control risk
- Legislative and regulatory risk
- VCT qualifying status risk
- Investment valuation and liquidity risk

The Board reported on the principal risks and uncertainties faced by the Company in the Annual Report and Accounts for the year ended 31 December 2022. A detailed explanation can be found on pages 47 to 49 of the Annual Report and Accounts, which is available on the Company's website **www.foresightvct.com** or by writing to Foresight Group at The Shard, 32 London Bridge Street, London SE1 9SG.

In the view of the Board, there have been no changes to the fundamental nature of these risks since the previous report. The emerging risks identified in the previous report included those of climate change, inflationary pressures, interest rates, supply chain issues, energy prices, the Russian invasion of Ukraine and increased tension between the United States and China over the future of Taiwan. These emerging risks continue to apply and be monitored. The Board and the Manager continue to follow all emerging risks closely with a view to identifying where changes affect the areas of the market in which portfolio companies operate. This enables the Manager to work closely with portfolio companies, preparing them so far as possible to ensure they are well positioned to endure potential volatility.

Directors' responsibility statement
The Disclosure and Transparency Rules ("DTR") of the UK Listing Authority require the Directors to confirm their responsibilities in relation to the preparation and publication of the Half-Yearly Financial Report.

The Directors confirm to the best of their knowledge that:

a. The summarised set of financial statements has been prepared in accordance with FRS 104
b. The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year)
c. The summarised set of financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by DTR 4.2.4R
d. The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein)

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report of the Annual Report. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Chair's Statement, Strategic Report and Notes to the Accounts of the 31 December 2022 Annual Report. In addition, the Annual Report includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with investments and income generated therefrom across a variety of industries and sectors. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Half-Yearly Financial Report has not been audited nor reviewed by the auditors.

On behalf of the Board

Margaret Littlejohns
Chair
26 September 2023

Unaudited Income Statement
For the six months ended 30 June 2023

	Six months ended	Six months ended	Year ended

	30 June 2023 (Unaudited)			30 June 2022 (Unaudited)			31 December 2022 (Audited)		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	**—**	**3,595**	**3,595**	—	12,992	12,992	—	13,207	13,207
Investment holding gains/(losses)	**—**	**5,048**	**5,048**	—	(5,070)	(5,070)	—	2,138	2,138
Income	**1,915**	**—**	**1,915**	486	—	486	1,536	—	1,536
Investment management fees	**(503)**	**(2,619)**	**(3,122)**	(464)	(1,096)	(1,560)	(949)	(2,550)	(3,499)
Other expenses	**(438)**	**—**	**(438)**	(295)	—	(295)	(680)	—	(680)
Return/(loss) on ordinary activities before taxation	**974**	**6,024**	**6,998**	(273)	6,826	6,553	(93)	12,795	12,702
Taxation	**(93)**	**93**	**—**	—	—	—	—	—	—
Return/(loss) on ordinary activities after taxation	**881**	**6,117**	**6,998**	(273)	6,826	6,553	(93)	12,795	12,702
Return/(loss) per share	**0.4p**	**2.6p**	**3.0p**	(0.1)p	3.1p	3.0p	(0.1)p	5.9p	5.8p

The total columns of this statement are the profit and loss account of the Company and the revenue and capital columns represent supplementary information.

All revenue and capital items in the above Income Statement are derived from continuing operations. No operations were acquired or discontinued in the year.

The Company has no recognised gains or losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented.

The Company has only one class of business and one reportable segment, the results of which are set out in the Income Statement and Balance Sheet.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted earnings per share figures are relevant. The basic and diluted earnings per share are, therefore, identical.

Unaudited Reconciliation of Movements in Shareholders' Funds
For the six months ended 30 June 2023

	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Distributable reserve[1] £'000	Capital reserve[1] £'000	Revaluation reserve £'000	Total £'000
As at 1 January 2023	2,192	56,380	1,195	47,701	16,602	67,659	191,729
Share issues in the period	290	25,936	—	—	—	—	26,226
Expenses in relation to share issues	—	(1,019)	—	—	—	—	(1,019)
Repurchase of shares	(27)	—	27	(2,219)	—	—	(2,219)
Realised gains on disposal of investments	—	—	—	—	3,595	—	3,595
Investment holding gains	—	—	—	—	—	5,048	5,048
Dividends paid	—	—	—	(10,711)	—	—	(10,711)
Management fees charged to capital	—	—	—	—	(2,619)	—	(2,619)
Revenue return for the period before taxation	—	—	—	974	—	—	974
Taxation for the period	—	—	—	(93)	93	—	—
As at 30 June 2023	2,455	81,297	1,222	35,652	17,671	72,707	211,004

1. Reserve is available for distribution; total distributable reserves at 30 June 2023 total £53,323,000 (31 December 2022: £64,303,000).

Unaudited Balance Sheet
At 30 June 2023

Registered number: 03421340

	As at 30 June 2023 (Unaudited) £'000	As at 30 June 2022 (Unaudited) £'000	As at 31 December 2022 (Audited) £'000
Fixed assets		As at	As at
Investments held at fair value through profit or loss	**171,153**	157,171	169,775
Current assets			
Debtors	**4,545**	12,309	3,037
Cash and cash equivalents	**36,938**	28,565	19,525
Total current assets	**41,483**	40,874	22,562
Creditors			
Amounts falling due within one year	**(1,632)**	(156)	(608)
Net current assets	**39,851**	40,718	21,954
Net assets	**211,004**	197,889	191,729
Capital and reserves			
Called-up share capital	**2,455**	2,237	2,192
Share premium account	**81,297**	54,692	56,380
Capital redemption reserve	**1,222**	1,129	1,195
Distributable reserve	**35,652**	61,539	47,701
Capital reserve	**17,671**	17,841	16,602
Revaluation reserve	**72,707**	60,451	67,659
Equity shareholders' funds	**211,004**	197,889	191,729
Net Asset Value per share	**85.9p**	88.5p	87.5p

Unaudited Cash Flow Statement

For the six months ended 30 June 2023

	Six months ended 30 June 2023 (Unaudited) £'000	Six months ended 30 June 2022 (Unaudited) £'000	Year ended 31 December 2022 (Audited) £'000
Cash flow from operating activities			
Loan interest received from investments	**850**	311	1,249
Dividends received from investments	**580**	96	132
Deposit and similar interest received	**487**	27	220
Investment management fees paid	**(2,011)**	(1,843)	(3,789)
Secretarial fees paid	**(65)**	(65)	(130)
Other cash payments	**(340)**	(168)	(457)
Net cash outflow from operating activities	**(499)**	(1,642)	(2,775)
Cash flow from investing activities			
Purchase of investments	**(8,721)**	(3,170)	(11,051)
Net proceeds on sale of investments	**14,515**	10,272	21,922
Net proceeds on deferred consideration	**—**	51	266
Net cash inflow from investing activities	**5,794**	7,153	11,137
Cash flow from financing activities			
Proceeds of fundraising	**23,692**	18,531	18,531
Expenses of fundraising	**(589)**	(455)	(473)
Repurchase of own shares	**(2,313)**	(4,468)	(9,234)
Equity dividends paid	**(8,672)**	(8,075)	(15,182)
Net cash inflow/(outflow) from financing activities	**12,118**	5,533	(6,358)
Net inflow of cash in the period	**17,413**	11,044	2,004
Reconciliation of net cash flow to movement in net funds			
Increase in cash and cash equivalents for the period	**17,413**	11,044	2,004

Net cash and cash equivalents at start of period	**19,525**	17,521	17,521
Net cash and cash equivalents at end of period	**36,938**	28,565	19,525

Analysis of changes in net debt

	At 1 January 2023 £'000	Cash flow £'000	**At 30 June 2023 £'000**
Cash and cash equivalents	19,525	17,413	**36,938**

Notes to the Unaudited Half-Yearly Results
For the six months ended 30 June 2023

1
The Unaudited Half-Yearly Financial Report has been prepared on the basis of the accounting policies set out in the statutory accounts of the Company for the year ended 31 December 2022. Unquoted investments have been valued in accordance with IPEV Valuation Guidelines.

2
These are not statutory accounts in accordance with S436 of the Companies Act 2006 and the financial information for the six months ended 30 June 2023 and 30 June 2022 has been neither audited nor formally reviewed. Statutory accounts in respect of the year ended 31 December 2022 have been audited and reported on by the Company's auditors and delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under S498(2) or S498(3) of the Companies Act 2006. No statutory accounts in respect of any period after 31 December 2022 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

3
Copies of the Unaudited Half-Yearly Financial Report will be sent to shareholders via their chosen method and will be available for inspection at the Registered Office of the Company at The Shard, 32 London Bridge Street, London SE1 9SG.

4 Net Asset Value per share
The Net Asset Value per share is based on net assets at the end of the period and on the number of shares in issue at the date.

	Net assets	Number of shares in issue
30 June 2023	**£211,004,000**	**245,495,673**
30 June 2022	£197,889,000	223,678,255
31 December 2022	£191,729,000	219,151,944

5 Return per share
The weighted average number of shares used to calculate the respective returns are shown in the table below.

	Shares
Six months ended 30 June 2023	**232,668,471**
Six months ended 30 June 2022	215,848,355
Year ended 31 December 2022	218,519,391

Earnings for the period should not be taken as a guide to the results for the full year.

6 Income

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022 £'000
Loan stock interest	**848**	337	1,184
Dividends receivable	**580**	122	132
Deposit and similar interest received	**487**	27	220
	1,915	486	1,536

7 Investments at fair value through profit or loss

	£'000
Book cost as at 1 January 2023	103,766

Investment holding gains	66,009
Valuation at 1 January 2023	169,775
Movements in the period:	
Purchases	9,711
Disposal proceeds[1]	(14,515)
Realised gains	3,595
Investment holding gains[2]	2,587
Valuation at 30 June 2023	**171,153**
Book cost at 30 June 2023	102,557
Investment holding gains	68,596
Valuation at 30 June 2023	**171,153**

1. The Company received £14,515,000 from the disposal of investments during the period. The book cost of these investments when they were purchased was £10,920,000. These investments have been revalued over time and until they were sold any unrealised gains or losses were included in the fair value of the investments.
2. Investment holding gains in the Income Statement include the deferred consideration debtor increase of £2,461,000. The debtor movement reflects the recognition of amounts receivable in respect of Mowgli Street Food Group Limited (£1,647,000) and Datapath Group Limited (£1,167,000), offset by an FX movement in respect of Codeplay Software Limited (£42,000) and provisions made against balances in respect of Mologic Ltd. (£241,000) and FFX Group Limited (£70,000). Post-period end, £824,000 of deferred consideration was received in relation to Mowgli Street Food Group Limited.

8 Performance incentive fee
In order to incentivise the Manager to generate enhanced returns for shareholders, the Manager will potentially be entitled to performance incentive payments in respect of each financial year commencing on or after 1 January 2023 where the Company achieves an average annual NAV Total Return per share, over a rolling five-year period, in excess of an average annual hurdle of 5% (simple not compounded). If the hurdle is met, the Manager would be entitled to an amount equal to 20% of the excess over the hurdle subject to a cap of 1% of the closing Net Asset Value for the relevant financial year (and no fee will be due in excess of this cap).

Where there is a negative return in the relevant financial year, no fee shall be payable even if the hurdle is exceeded. However, the potential fee will be carried forward and will become due at the end of the next financial year if the performance hurdle described above for that next financial year is achieved and the negative return in the preceding financial year is recovered in that next financial year. Any such catch-up fees shall be paid alongside any fee payable for the next financial year subject to the 1% cap applying to both fees in aggregate. Any such catch-up fees cannot be rolled further forward to subsequent financial years.

The new performance incentive scheme, as described above, in the Chair's Statement of the Company's 31 December 2022 Annual Report and Accounts and the Circular dated 18 May 2023, was formally approved by shareholders at the General Meeting held on 15 June 2023.

Estimation of the financial effect
As at 30 June 2023, the NAV Total Return since 31 December 2018 was 33.2p (being the aggregation of NAV per share as at 30 June 2023, before any performance incentive provision, of 86.4p and dividends paid per share in the period totalling 24.9p less the NAV per share as at 31 December 2018 of 78.1p) giving an average annual NAV Total Return per share of 6.6p. This compares to the average annual hurdle of 3.9p based on the opening NAV per share of 78.1p as at 31 December 2018 and therefore an excess of 2.7p over the hurdle.

If NAV Total Return for the year ending 31 December 2023, the Net Asset Value of the Company as at 31 December 2023 and the weighted average number of shares in issue over the five year period to 31 December 2023 remained unchanged from their positions as at 30 June 2023, the Manager would be entitled to a performance incentive payment of £1.1 million, which has been provided for in the financial statements.

9 Related party transactions
No Director has an interest in any contract to which the Company is a party other than their appointment and payment as Directors.

10 Transactions with the Manager
Foresight Group LLP was appointed as Manager on 27 January 2020 and earned fees of £2,011,000 up to 30 June 2023 (30 June 2022: £1,857,000, 31 December 2022: £3,499,000). Performance incentive fees of £1.1 million have been accrued as at 30 June 2023 (30 June 2022: £nil, 31 December 2022: £nil).

Foresight Group LLP is the Company Secretary (appointed in November 2017) and received, directly and indirectly, for accounting and company secretarial services, fees of £65,000 during the period (30 June 2022: £65,000, 31 December 2022: £130,000).

At the balance sheet date there was £nil due to Foresight Group LLP (30 June 2022: £7,000, 31 December 2022: £nil).

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