

Octopus AIM VCT plc

Half-Yearly Results

Octopus AIM VCT plc announces its unaudited half-yearly results for the six months ended 31 August 2024.

Octopus AIM VCT plc (the “Company”TM) is a venture capital trust (VCT) which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predominantly AIM-traded companies. The Company is managed by Octopus Investments Limited (“Octopus”TM or the “Investment Manager”TM).

Financial summary

£	Six months to 31 August 2024	Six months to 31 August 2023	Year to 29 February 2024
Net assets (£’000)	117,750	120,131	129,109
Profit/(Loss) after tax (£’000)	2,521	(15,972)	(17,734)
Net asset value (NAV) per share (p)	57.2	67.2	63.3
Total return (%) ¹	2.1	(11.2)	(13.0)
Dividends per share paid in the period (p)	7.4	2.5	5.0
Special dividend declared (p)	4.9	4.9	4.9
Dividend declared (p) ²	2.5	2.5	2.5

¹Total return is an alternative performance measure calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period.

²The interim dividend of 2.5p will be paid on 10 January 2025 to those shareholders on the register on 20 December 2024.

Chair’s statement

The six months to 31 August 2024 marked the beginning of a positive shift in market sentiment, albeit a gradual one. Some of the key drivers of this shift included better than expected UK GDP figures, a tempering of investor outflows and ongoing corporate activity as private equity funds continued to seek opportunities on public markets taking advantage of lower valuations. Furthermore, lower inflation figures paved the way for an interest rate cut in August, with further cuts anticipated by the end of the year. In summary, the more stable macroeconomic outlook provided a much needed and expected boost to UK capital markets in late Spring and early Summer. The more recent volatility due to uncertainty related to potential measures in the Labour Government’s first Budget, and more specifically possible adjustments to Business Property Relief, have dampened any momentum in positive UK market sentiment, particularly for the AIM market. As a result, by the end of the period under review, the market had given back some of the gains made earlier in the year.

The Net Asset Value (NAV) of the VCT grew by 2.1% during the six-month period, after adding back the final dividend of 2.5p and special dividend of 4.9p. This growth lagged the AIM index which grew by 5.8%. It is encouraging to see the Company return to growth following a lengthy period of negative performance. Furthermore, we anticipate that more recent positive macroeconomic indicators, coupled with the prospect of further interest rate reductions, should benefit the operational performance of companies within your portfolio. Encouragingly, market commentators generally believe that the early signs of recovery evident in the late Spring and early Summer will re-emerge once the fog of uncertainty surrounding the new Government’s first Budget clears.

Encouragingly, the number of IPOs and follow on fundraisings on AIM continued at a steady pace over the period. As a result, the Company made four qualifying investments at a total cost of £2.1 million, an increase on the £0.5 million invested in the corresponding period last year. Three of the qualifying investments made in the period were follow-on investments into existing holdings (Abingdon Health, Cambridge Cognition and PCI Pal). One new investment was made into GETECH Group plc, a world-leading locator of subsurface resources including critical metals vital for the world’s energy transition.

Transactions with the Investment Manager

Details of amounts paid to the Investment Manager are disclosed in Note 8 to the half-yearly report.

Share buybacks

In the six months to 31 August 2024, the Company bought back 2,761,321 Ordinary shares for a total consideration of £1,663,000. It is evident from the conversations that the Investment Manager has that this facility remains an important consideration for investors. The Board remains committed to maintaining its policy of buying back shares at a discount of approximately 5.0% to the selling shareholder after costs.

Share issues

In this period 4,779,938 new shares were issued, 4,742,400 of these being issued through the Dividend Reinvestment Scheme (DRIS).

New share offer

Since the period end the Company has launched a new combined offer for subscription alongside Octopus AIM VCT 2 plc to raise up to £20 million with an over allotment of up to a further £10 million.

Dividends

On 15 August 2024, the Company paid a dividend of 2.5p and 4.9p per share, being the final and special dividend for the year ended 29 February 2024. For the period to 31 August 2024, the Board has declared an interim dividend of 2.5p. This will be paid on 10 January 2025 to shareholders on the register on 20 December 2024. It remains the Board's intention to maintain a minimum annual dividend payment of 5.0p per share or a 5% yield based on the prior year-end share price, whichever is the greater. This will usually be paid in two instalments during each year.

Board composition

As anticipated in my statement in the Annual Report and Accounts for the year ended 29 February 2024, Stephen Hazell-Smith, who had been a director of the Company since 1998, stepped down from the Board with effect from the Annual General Meeting held on 18 July 2024. I thank Stephen for his extensive contribution to the success of the Company since its inception. Louise Nash has joined the Board as a director with effect from 1 July 2024. Louise brings to the Board her deep experience as a former fund manager specialising in UK small and mid-cap companies.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are set out in Note 7 to the half-yearly report.

Outlook

The UK's improving macroeconomic conditions and rising investor confidence following the recent Autumn Budget should create a more stable market environment in the short to medium term. The focus is now on the timing of further interest rate cuts and their anticipated boost to market certainty and sentiment over the next six months. If this materialises, we expect a re-rating of UK smaller company valuations and an increased appetite for risk, positively impacting the performance of UK smaller growth company shares, including those in your portfolio. Additionally, your VCT is invested in a widely diversified portfolio of companies, and the recent fundraising announcement means our Investment Manager is well-positioned to invest in new opportunities as they arise.

Neal Ransome

Chair

Investment Manager's review

Overview

Following a prolonged period of market and economic uncertainty, investor sentiment in the six months to 31 August 2024 began on a more optimistic note. Improved UK macroeconomic data strengthened market commentators' belief that the threat of a recession had diminished, high inflation was less of a concern, and interest rates had reached their peak. With the UK economy returning to growth this year, driven primarily by improvements in the service and manufacturing sectors, rising consumer confidence, and a robust employment market, the backdrop for market recovery appeared stronger than it had been for a while. In August 2024, the Bank of England cut interest rates for the first time in four years and further boosted market confidence. More recently, since the end of the half year positive market sentiment has tempered. This was fuelled by uncertainty surrounding the future of Business Property Relief and its potential negative impact on AIM and UK capital markets, in the run-up to the new Labour Government's first Budget.

On a positive note, the growing stability of the UK macroeconomic environment has led to improved operational performance for many companies in your portfolio. Additionally, confidence in imminent further interest rate cuts has grown following the recent announcement that inflation is well below the Bank of England's target, now standing at 1.7%. However, the quantum of interest rate cuts this year remains unclear.

We continue to believe that UK equities remain significantly undervalued compared to global peers, despite the intermittent signs of market recovery this year. This is evident in the opportunistic corporate activity, particularly on AIM. Furthermore, the steady rise in IPOs and further fundraisings across UK capital markets this year had begun to renew interest and investment in UK equity markets that had not been seen for a while.

Performance

In the period under review, the NAV total return grew by 2.1% in the six months to 31 August 2024. This compares to a 5.8% rise in the AIM Index, a 19.4% increase of the FTSE Small Cap Index (ex-Investment Trusts) and a 12.6% rise in the FTSE All-Share Index, all on a total return basis. The FTSE All-Share and FTSE Small Cap Index (ex-Investment Trusts) outperformed, reflecting a higher weighting in larger companies (particularly tech companies) which are more liquid and began to see a re-rating this year due to the improved economic and market environment. Despite the improved performance of the larger indices during the period under review, there remains a relative lack of appetite for small growth stocks, which your portfolio is invested in. The UK market continues to experience outflows, with speculation over the Budget adding significant uncertainty to AIM. Potential investors were hesitant, awaiting the implications of the new Labour Government's planned tax changes. Now that this uncertainty has been resolved, we believe the attractive valuations of companies within our universe will gradually draw investors back, leading to a re-rating of smaller company shares over time.

There were several positive contributors to the Company's performance this half. Beeks Financial Cloud Group plc which has now secured contracts with three major global exchanges for its Exchange Cloud product and has a strong pipeline of opportunities with other significant exchanges. The company has also secured a Proximity Cloud contract win and was awarded preferred cloud computing and connectivity vendor

status for one of the world's largest banking groups. Mattioli Woods plc was subject to a bid approach by Pollen Street Capital at a 34% premium to the last traded share price prior to the announcement. The bid was approved by shareholders and completed post the period end. This company contributed strongly over many years to the portfolio with this final price representing over six times the original book cost. We are always disappointed to see companies leave public markets, but this continued corporate activity is a clear demonstration of the wide discount that exists in UK equities, which corporates and private equity are taking advantage of. Breedon Group plc continued to perform strongly across its markets, with construction confidence indicators in the UK and Ireland on the rise. Excitingly, during the period, the company acquired US based BMC for 300 million establishing a footprint in the US, offering new markets particularly in the Mid-West. GENinCode plc announced a NICE recommendation for its ROCA ovarian cancer test, as the preferred test for surveillance of ovarian cancer in high-risk individuals not undertaking surgery. GB Group plc performed well over the period, finishing the year strongly with operating profit and cash exceeding market expectations.

Among the detractors from performance over the period was Equipmake Holdings plc which reported disappointing results. The company achieved its revenue forecast but incurred significantly higher costs than expected to deliver on its contracted pipeline of orders. This weighed heavily on its share price, particularly as it had reduced market expectations earlier in the year. Verici Dx plc's share price declined over the period despite ongoing operational progress, including achieving a significant commercial milestone through its partnership with Thermo Fisher. In its half-year trading update, Learning Technologies Group plc highlighted that reduced corporate spend and hiring activity continued to plague large US customers, further exacerbated by unfavourable foreign exchange rates. Despite these headwinds, profitability remains stable and its focus on improved margins should bear fruit once the current macro headwinds subside.

Portfolio activity

In the first half of the year the Company made four qualifying investments totalling £2.1 million, up from £0.5 million in the same period the year before. Three of these were follow-on investments in existing holdings: £1.1 million in Abingdon Health plc, a diagnostic tests business, to support the development of the company's lab capacity, £0.2 million in PCI-Pal plc, a payments solutions and services business, to bolster its US expansion, and £0.5 million in Cambridge Cognition Holdings plc, a provider of digital solutions to assess brain health, to support the growth of its commercial strategy. We made a new investment of £0.3 million in existing AIM company GETECH Group plc, a world-leading locator of subsurface resources, including critical metals for the world's energy transition. The new money raised by GETECH Group plc will be used to fund business development and R&D.

We also invested £4.0 million into non-qualifying, main list stocks to increase our UK equity market exposure. We invested £0.6 million into GSK plc a multinational pharmaceutical and biotechnology company; £0.6 million into Wise plc a global payments solutions business; £0.5 million into JTC plc a global professional services business, £0.5 million into Bytes Technology Group plc an IT solutions and services business, £0.6 million into Ricardo plc a global strategic, environmental and engineering consultancy group, £0.6 million into Cranswick plc a leading UK food producers and £0.6 million into Bloomsbury Publishing plc a leading independent publisher.

We made a number of disposals in the period which resulted in a net overall loss of £2.7 million over book cost. These included the disposals of our entire holdings in Renalytix plc, LoopUp Group plc, Cordel Group plc, Cirata plc, Spectral AI and Eluceda as well as a partial disposal of Beeks Financial Cloud Group plc where we took profits.

During the interim period, £0.4 million was invested in the FP Octopus Future Generations Fund. The investments in FP Octopus Microcap and FP Octopus Multi Cap have positively impacted performance in the period. We anticipate these funds will continue to generate positive returns once stock markets stabilise and equity valuations recover.

Unquoted investments

The Company is able to make investments in unquoted companies intending to float. At 31 August 2024 8.7% (31 August 2023: 7.1% and 29 February 2024: 7.6%) of the Company's net assets were invested in unquoted companies. This uplift reflects an increase in the valuation of Hasgrove Limited, which continues to trade strongly.

Outlook

The improving macroeconomic conditions in the UK, provide a stronger foundation for continued market recovery. The recent Autumn Budget announcement reaffirmed the new government's commitment to a growth agenda. According to the Office of Budget Responsibility, the UK economy is projected to grow by just over 1% this year, rising to 2% by 2025, before stabilising at 1.5% thereafter. With the uncertainty surrounding the Budget now behind us, there is greater clarity regarding the direction of the new government's tax agenda in the short and medium term, which will enhance investor confidence. Additionally, the Chancellor has expressed strong support of VCT legislation, highlighting the importance of VCTs as a vital funding source for small growth companies and raising awareness of their impact within UK capital markets. This, coupled with the anticipated continuation of monetary easing measures this year, is expected to lead to a more vibrant IPO and further fundraising environment, which had already sparked optimism in UK markets earlier this year.

The portfolio's strength is that it is well diversified both in terms of sector exposure and of individual company concentration. At the period end it contained 85 holdings (31 August 2023: 87 holdings and 29 February 2024: 88 holdings) across a range of businesses with exposure to some exciting new technologies in the environmental and healthcare sectors. The Company currently has funds available for new investments as well as supporting those which are still on their journey to profitability. These are challenging times, but the balance of the portfolio towards profitable companies remains, and the Investment Manager is confident that there will continue to be sufficient opportunities to invest our funds in good companies seeking more growth capital at attractive valuations, which we expect will result in improved future returns.

The Octopus Quoted Companies team

Directors' responsibilities statement

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" issued by the Financial Reporting Council;
- the half-yearly financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company;
- the half-yearly report includes a fair review of the information required by the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, being:
 - we have disclosed an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
 - we have disclosed a description of the principal risks and uncertainties for the remaining six months of the year; and
 - we have disclosed a description of related party transactions that have taken place in the first six months of the current financial year that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

Neal Ransome
Chair

Income statement

	Unaudited			Unaudited			Audited		
	Six months to 31 August 2024			Six months to 31 August 2023			Year to 29 February 2024		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
(Loss)/gain on disposal of fixed asset investments	â€‘	(41)	(41)	â€‘	139	139	â€‘	813	813
Loss on disposal of current asset investments	â€‘	â€‘	â€‘	â€‘	(52)	(52)	â€‘	(246)	(246)
Gain/(loss) on valuation of fixed asset investments	â€‘	713	713	â€‘	(13,719)	(13,719)	â€‘	(16,322)	(16,322)
Gain/(loss) on valuation of current asset investments	â€‘	1,851	1,851	â€‘	(1,794)	(1,794)	â€‘	(1,137)	(1,137)
Investment income	1,370	â€‘	1,370	920	â€‘	920	2,060	â€‘	2,060
Investment management fees	(270)	(810)	(1,080)	(304)	(912)	(1,216)	(555)	(1,666)	(2,221)
Other expenses	(292)	â€‘	(292)	(250)	â€‘	(250)	(681)	â€‘	(681)
Profit/(loss) before tax	808	1,713	2,521	366	(16,338)	(15,972)	824	(18,558)	(17,734)
Tax	—	—	—	—	—	—	—	—	—
Profit/(loss) after tax	808	1,713	2,521	366	(16,338)	(15,972)	824	(18,558)	(17,734)
Earnings per share â€‘ basic and diluted	0.4p	0.8p	1.2p	0.2p	(9.1p)	(8.9p)	0.4p	(10.0p)	(9.6p)

- The "Total" column of this statement represents the statutory Income Statement of the Company; the supplementary revenue return and capital return columns have been prepared in accordance with the AIC Statement of Recommended Practice.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has no recognised gains or losses other than those disclosed in the Income Statement.
- The Company has no other comprehensive income for the period.
- The accompanying notes are an integral part of the half-year report.

Balance sheet

	Unaudited		Unaudited		Audited	
	As at 31 August 2024		As at 31 August 2023		As at 29 February 2024	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments	â€‘	86,354	â€‘	87,322	â€‘	80,350
Current assets:	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘

Investments	16,155	14,873	13,897	
Money market funds	13,267	16,485	33,641	
Debtors	266	282	666	
Cash at bank	2,389	1,921	1,276	
Applications cash ¹	5	4	4	
	32,082	33,565	49,484	
Creditors: amounts falling due within one year	(686)	(756)	(725)	
Net current assets		31,396	32,809	48,759
Total assets less current liabilities		117,750	120,131	129,109
Called-up equity share capital		2,058	1,789	2,038
Share premium		20,707	19,807	18,041
Capital redemption reserve		369	301	341
Special distributable reserve		107,619	112,000	124,213
Capital reserve realised		(28,174)	(24,586)	(24,622)
Capital reserve unrealised		15,735	12,650	10,470
Revenue reserve		(564)	(1,830)	(1,372)
Total equity shareholders' funds		117,750	120,131	129,109
NAV per share - basic and diluted		57.2p	67.2p	63.3p

¹Cash held but not yet allotted

The statements were approved by the Directors and authorised for issue on 6 November 2024 and are signed on their behalf by:

Neal Ransome

Chair

Company No: 03477519

Statement of changes in equity

Â	Share capital	Share premium	Capital redemption reserve	Special distributable reserves ¹	Capital reserve realised ¹	Capital reserve unrealised	Revenue reserve ¹	Total
Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000
As at 1 March 2024	2,038	18,041	341	124,213	(24,622)	10,470	(1,372)	129,109
Total comprehensive profit for the period	â€“	â€“	â€“	â€“	(851)	2,564	808	2,521
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(28)	â€“	28	(1,663)	â€“	â€“	â€“	(1,663)
Issue of shares	48	2,666	â€“	â€“	â€“	â€“	â€“	2,714
Share issue costs	â€“	â€“	â€“	â€“	â€“	â€“	â€“	â€“
Dividends paid	â€“	â€“	â€“	(14,931)	â€“	â€“	â€“	(14,931)
Total contributions by and distributions to owners	20	2,666	28	(16,594)	â€“	â€“	â€“	(13,880)
Other movements:								
Cancellation of share premium	â€“	â€“	â€“	â€“	â€“	â€“	â€“	â€“
Prior years' holding losses now realised	â€“	â€“	â€“	â€“	(2,701)	2,701	â€“	â€“
Total other movements	â€“	â€“	â€“	â€“	(2,701)	2,701	â€“	â€“
As at 31 August 2024	2,058	20,707	369	107,619	(28,174)	15,735	(564)	117,750

¹The sum of these reserves is an amount of Â£78,881,000 (31 August 2023: Â£85,584,000 and 29 February 2024: Â£98,219,000) which is considered distributable to shareholders.

Â	Share capital	Share premium	Capital redemption reserve	Special distributable reserves ¹	Capital reserve realised ¹	Capital reserve unrealised	Revenue reserve ¹	Total
Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000
As at 1 March 2023	1,798	18,924	279	118,015	(23,143)	27,545	(2,196)	141,222

Total comprehensive income for the period	â€‘	â€‘	â€‘	â€‘	(825)	(15,513)	366	(15,972)
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(22)	â€‘	22	(1,564)	â€‘	â€‘	â€‘	(1,564)
Issue of shares	13	883	â€‘	â€‘	â€‘	â€‘	â€‘	896
Share issue costs	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘
Dividends paid	â€‘	â€‘	â€‘	(4,451)	â€‘	â€‘	â€‘	(4,451)
Total contributions by and distributions to owners	(9)	883	22	(6,015)	â€‘	â€‘	â€‘	(5,119)
Other movements:								
Cancellation of share premium	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘
Prior yearsâ€™ holding losses now realised	â€‘	â€‘	â€‘	â€‘	(618)	618	â€‘	â€‘
Total other movements	â€‘	â€‘	â€‘	â€‘	(618)	618	â€‘	â€‘
As at 31 August 2023	1,789	19,807	301	112,000	(24,586)	12,650	(1,830)	120,131

¹The sum of these reserves is an amount of Â£85,584,000 which is considered distributable to shareholders.

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	Share capital	Share premium	Capital redemption reserve	Special distributable reserves ¹	Capital reserve realised ¹	Capital reserve unrealised	Revenue reserve ¹	Total
Â	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000
As at 1 March 2023	1,798	18,924	279	118,015	(23,143)	27,545	(2,196)	141,222
Comprehensive income for the year:								
Management fee allocated as capital expenditure	â€‘	â€‘	â€‘	â€‘	(1,666)	â€‘	â€‘	(1,666)
Current year gains on disposal	â€‘	â€‘	â€‘	â€‘	571	â€‘	â€‘	571
Current period gains on fair value of investments	â€‘	â€‘	â€‘	â€‘	â€‘	(17,459)	â€‘	(17,459)
Capital investment income	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘
Profit after tax	â€‘	â€‘	â€‘	â€‘	â€‘	â€‘	824	824
Total comprehensive loss for the year	â€‘	â€‘	â€‘	â€‘	(1,095)	(17,459)	824	(17,730)
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(62)	â€‘	62	(4,083)	â€‘	â€‘	â€‘	(4,083)
Issue of shares	302	20,082	â€‘	â€‘	â€‘	â€‘	â€‘	20,384
Share issue costs	â€‘	(1,158)	â€‘	â€‘	â€‘	â€‘	â€‘	(1,158)
Dividends paid	â€‘	â€‘	â€‘	(9,526)	â€‘	â€‘	â€‘	(9,526)
Total contributions by and distributions to owners	240	18,924	62	(13,609)	â€‘	â€‘	â€‘	5,617
Other movements:								
Cancellation of share premium	â€‘	(19,807)	â€‘	19,807	â€‘	â€‘	â€‘	â€‘
Prior yearsâ€™ holding gains now realised	â€‘	â€‘	â€‘	â€‘	2,871	(2,871)	â€‘	â€‘
Transfer in reserves	â€‘	â€‘	â€‘	â€‘	(3,255)	3,255	â€‘	â€‘
Total other movements	â€‘	(19,807)	â€‘	19,807	(384)	384	â€‘	â€‘
Balance as at 29 February 2024	2,038	18,041	341	124,213	(24,622)	10,470	(1,372)	129,109

¹The sum of these reserves is an amount of Â£98,219,000 which is considered distributable to shareholders.

Cash flow statement

		Unaudited six months to 31 August 2024 Â£â€™000	Unaudited six months to 31 August 2023 Â£â€™000	Audited year to 29 February 2024 Â£â€™000
Cash flows from operating activities	Â	Â	Â	
Profit/(loss) before tax		2,521	(15,972)	(17,734)
Adjustments for:	Â	Â	Â	
Decrease in debtors		400	72	131
(Decrease) in creditors		(39)	(105)	(134)
Loss/(gain) on disposal of fixed assets		41	(139)	(813)
Loss on disposal of current assets		â€“	52	246
(Gain)/loss on valuation of fixed asset investments		(713)	13,719	16,322
(Gain)/loss on valuation of current asset investments		(1,851)	1,794	1,137
Net cash generated by/(used) in operating activities		359	(579)	(845)
Cash flows from investing activities	Â	Â	Â	
Purchase of fixed asset investments		(6,129)	(453)	(7,149)
Purchase of current asset investments		(408)	(1,259)	(1,080)
Proceeds from sale of fixed asset investments		797	2,218	13,517
Proceeds from sale of current asset investments		â€“	728	1,988
Net cash (used in)/generated by investing activities		(5,740)	1,234	7,276
Cash flows from financing activities	Â	Â	Â	
Movement in applications account		1	1	(1)
Purchase of own shares		(1,663)	(1,564)	(4,083)
Proceeds from share issues		24	28	18,558
Share issues costs		â€“	â€“	(1,157)
Dividends paid (net of DRIS)		(12,241)	(3,583)	(7,700)
Net cash (used in)/generated by financing activities		(13,879)	(5,118)	5,617
(Decrease)/increase in cash and cash equivalents		(19,260)	(4,463)	12,048
Opening cash and cash equivalents		34,921	22,873	22,873
Closing cash and cash equivalents	Â	15,661	18,410	34,921
		Â	Â	Â
Cash and cash equivalents comprise				
Cash at bank		2,389	1,921	1,276
Applications cash		5	4	4
Money market funds		13,267	16,485	33,641
Total cash and cash equivalents		15,661	18,410	34,921

Notes to the financial statements

1.Â Basis of preparation

The unaudited financial statements which covers the six months to 31 August 2024 has been prepared in accordance with the Financial Reporting Councilâ€™s (FRC) Financial Reporting Standard 104 â€“Interim Financial Reportingâ€™ (September 2024) and the Statement of Recommended Practice (SORP) for Investment Companies reâ€™ issued by the Association of Investment Companies in July 2022.

The principal accounting policies have remained unchanged from those set out in the Companyâ€™s 2024 Annual Report and Accounts

2. Publication of non-statutory accounts

The unaudited financial statements for the six months ended 31 August 2024 does not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006 and has not been delivered to the Registrar of Companies. The comparative figures for the year ended 29 February 2024 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditorâ€™s report on those financial statements, in accordance with chapter 3, part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Companyâ€™s auditor.

3. Earnings per share

The earnings per share is calculated on the basis of 202,899,157 Ordinary shares (31 August 2023: 178,768,443 and 29 February 2024: 185,664,255), being the weighted average number of shares in issue during the period.

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

4. Net asset value per share

The net asset value per share is based on net assets as at 31 August 2024 divided by 205,846,926 shares in issue at that date (31 August 2023: 178,882,114 and 29 February 2024: 203,828,309).

Â	31 August 2024	31 August 2023	29 February 2024
Net assets (Â£â€™000)	117,750	120,131	129,109
Shares in issue	205,846,926	178,882,114	203,828,309
Net asset value per share	57.2p	67.2p	63.3p

5. Dividends

The interim dividend declared of 2.5p per Ordinary share will be paid on 10 January 2025 to those shareholders on the register on 20 December 2024.

6. Buybacks and share issues

During the six months ended 31 August 2024 the Company repurchased the following shares.

Date	No. of shares	Price (p)	Cost (Â£)
21 March 2024	691,776	62.1	429,600
25 April 2024	406,159	61.2	248,600
23 May 2024	346,056	63.2	218,700
20 June 2024	428,126	61.7	264,100
18 July 2024	230,467	62.3	143,600
15 August 2024	658,737	54.4	358,400
Total	2,761,321		1,663,000

The weighted average price of all buybacks during the period was 60.2p per share.

During the six months ended 31 August 2024 the Company issued the following shares.

Date	No. of shares	Price (p)	Gross proceeds (Â£)
16 May 2024 ¹	37,538	65.1	24,000
15 August 2024 (DRIS)	4,742,400	56.7	2,690,000
Total	4,779,938		2,714,000

¹ Shares issued as a result of reduced adviser charges.

The weighted average allotment price of all shares issued during the period was 56.8p per share.

7. Principal risks and uncertainties

The Company's principal risks are investment performance, VCT qualifying status risk, operational risk, information security, economic and price risk, regulatory and reputational/legislative risk, liquidity/cash flow risk and valuation risk. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 29 February 2024. The Board has also considered emerging risks, including geo-political protectionism and climate change. The Board seeks to mitigate risks by setting policy and reviewing performance. Otherwise, the Company's principal risks and uncertainties have not changed materially since the date of that report.

8. Related party transactions

The Company has employed Octopus Investments Limited throughout the period as Investment Manager. Octopus has also been appointed as Custodian of the Company's investments under a Custodian Agreement. The Company has been charged Â£1,080,000 by Octopus as a management fee in the period to 31 August 2024 (31 August 2023: Â£1,216,000 and 29 February 2024: Â£2,221,000). The management fee is payable quarterly and is based on 2% of net assets at six-month intervals.

The Company has invested a further Â£0.4 million in Octopus managed funds (31 August 2023: Â£1.3 million and 29 February 2024: Â£1.9 million), being the Multi Cap Income Fund, Micro Cap Growth Fund and Future Generations Fund. The Company had no disposals of its holding in the Multi Cap Income Fund (31 August 2023: Â£0.7 million and 29 February 2024: Â£2.6 million) and has made no loss over book cost (31

August 2023: £0.02 million and 29 February 2024: £0.2 million). To make sure the Company is not double charged management fees on these products, the Company receives a reduction in the management fee as a percentage of the value of these investments. This amounted to £43,000 in the period to 31 August 2024 (31 August 2023: £43,000 and 29 February 2024: £80,000). For further details please refer to the Company's Annual Report and Accounts for the year ended 29 February 2024.

In the period, Octopus Investments Nominees Limited (OINL) purchased shares in the Company from shareholders to correct administrative issues, on the understanding that shares will be sold back to the Company in subsequent share buybacks at the prevailing market price. As at 31 August 2024, OINL held nil shares (31 August 2023: nil shares and 29 February 2024: nil shares) in the Company as beneficial owner, with a nil book cost (31 August 2023: £nil and 29 February 2024: £nil). Throughout the period to 31 August 2024 OINL purchased nil shares (31 August 2023: 2,657 shares and 29 February 2024: 2,791 shares) at a cost of £nil (31 August 2023: £2,372 and 29 February 2024: £2,000) and sold nil shares (31 August 2023: 10,255 shares and 29 February 2024: 10,389 shares) for proceeds of £nil (31 August 2023: £7,238 and 29 February 2024: £7,000). This is classed as a related party transaction as Octopus, the Investment Manager and OINL are part of the same group of companies. Any such future transactions, where OINL takes over the legal and beneficial ownership of Company shares, will be announced to the market and disclosed in annual and financial statements.

9. Fixed asset investments

Accounting policy

The Company's principal financial assets are its investments and the policies in relation to those assets are set out below.

Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date).

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them has to be provided internally on that basis to the Board. Accordingly, as permitted by FRS 102, the investments are measured as being fair value through profit or loss on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. The Company's investments are measured at subsequent reporting dates at fair value.

In the case of investments quoted on a recognised stock exchange, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending upon convention of the exchange on which the investment is quoted. This is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve unrealised. All investments are initially recognised at transaction price and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

In the preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

Fair value hierarchy

Paragraph 34.22 of FRS 102 suggests following a hierarchy of fair value measurements for financial instruments measured at fair value in the Balance Sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This methodology is adopted by the Company and requires disclosure of financial instruments to be dependent on the lowest significant applicable input, as laid out below:

Level 1: The unadjusted, fully accessible and current quoted price in an active market for identical assets or liabilities that an entity can access at the measurement date.

Level 2: Inputs for similar assets or liabilities other than the quoted prices included in Level 1 that are directly or indirectly observable, which exist for the duration of the period of investment.

Level 3: This is where inputs are unobservable, where no active market is available and recent transactions for identical instruments do not provide a good estimate of fair value for the asset or liability.

There have been no reclassifications between levels in the year. The change in fair value for the current and previous year is recognised through the profit and loss account.

Disclosure	£	£		
	Level 1: Quoted equity investments £'000	Level 3: Unquoted investments £'000	Total £'000	
Cost as at 1 March 2024	68,725	5,268	73,993	
Opening unrealised gain at 1 March 2024	780	5,577	6,357	
Valuation at 1 March 2024	69,505	10,845	80,350	

Purchases at cost	6,129	â€“	6,129
Disposal proceeds	(789)	(8)	(797)
Gain on realisation of investments	(49)	8	(41)
Change in fair value in year	276	437	713
Closing valuation at 31 August 2024	75,072	11,282	86,354

Cost at 31 August 2024	71,614	4,969	76,583
Closing unrealised gain at 31 August 2024	3,458	6,313	9,771
Valuation at 31 August 2024	75,072	11,282	86,354

Level 1 valuations are valued in accordance with the bidâ€“price on the relevant date. Further details of the fixed asset investments held by the Company are shown within the Investment Managerâ€™s review.

Level 3 investments are reported at fair value in accordance with FRS 102 Sections 11 and 12, which is determined in accordance with the latest IPEV guidelines. In estimating fair value, there is an element of judgement, notably in deriving reasonable assumptions, and it is possible that, if different assumptions were to be used, different valuations could have been attributed to some of the Companyâ€™s investments.

Level 3 investments include Â£1,080,000 (31 August 2023: Â£600,000 and 29 February 2024: Â£1,080,000) of convertible loan notes held at cost, which is deemed to be current fair value. In addition to this the Company holds eight unquoted investments which are classified as level 3 in terms of fair value hierarchy. These are valued based on a range of valuation methodologies, determined on an investment specific basis. The price of recent investment is used where a transaction has occurred sufficiently close to the reporting date to make this the most reliable indicator of fair value. Where recent investment is not deemed to indicate the most reliable indicator of fair value i.e. the most recent investment is too distant from the reporting date for this to be deemed a reasonable indicator, other marketâ€“based approaches including earnings multiples, annualised recurring revenues, discounted cash flows or net assets are used to determine a fair value for the investments.

All capital gains or losses on investments are classified at FVTPL (fair value through profit or loss). Given the nature of the Companyâ€™s venture capital investments, the changes in fair value of such investments recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and accordingly these gains are treated as holding gains or losses.

10. Post balance sheet events

The following events occurred between the balance sheet date and the signing of these financial statements.

- A full disposal with proceeds totalling Â£3,180,000 completed in Mattioli Woods plc.
- On 23 September 2024, a prospectus offer was launched alongside Octopus AIM VCT 2 plc to raise a combined total of up to Â£20 million with a Â£10 million over-allotment facility. The Offer will close on 22 September 2025, or earlier if fully subscribed.
- A final order to cancel share premium amount to Â£18.1 million was granted on 10 September 2024.

11. Half Yearly Report

The unaudited half-yearly report for the six months ended 31 August 2024 will shortly be available to view on the Companyâ€™s website <http://www.octopusinvestments.com>

A copy of the half-yearly report will be submitted to the National Storage Mechanism and will shortly be available for inspection at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>

For further enquiries, please contact: Â Â Â Â Â Â Â Â

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