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Income & Growth VCT (The) PLC
14 January 2025

THE INCOME & GROWTH VCT PLC

LEI: 213800FPC15FNM74YD92

ANNUAL FINANCIAL RESULTS OF THE COMPANY FOR THE YEAR ENDED 30 SEPTEMBER 2024

The Income & Growth VCT plc (the "Company") announces the final results for the year ended 30 September 2024. These results were approved by the Board of Directors on 13 January 2025.

You may, in due course, view the Annual Report & Financial Statements, comprising the statutory accounts of the Company by visiting www.incomeandgrowthvct.co.uk

Merger with Mobeus Income & Growth 4 VCT plc
The Company merged with Mobeus Income & Growth 4 VCT plc ("MIG 4 VCT") on 26 July 2024 ("Merger") and following the transfer of its assets and liabilities amounting to £80,712,057 to the Company, MIG 4 VCT was placed in members' voluntary liquidation. As consideration on 26 July 2024 the Company issued 111,563,043 new ordinary 1 pence shares at a price of 72.35 pence per share to each MIG 4 VCT Shareholder. Accordingly, each MIG 4 VCT Shareholder received 1.012 shares in the Company for each MIG 4 VCT share that they held at the date of the merger (rounded down to the nearest whole number).

FINANCIAL HIGHLIGHTS

As at 30 September 2024:
Net assets: **£188.70 million**
Net asset value per share: **70.90 pence**

- There was a positive Net asset value ("NAV") total return (including dividends)[1] per share of 2.0%.
- Dividends paid/payable in respect of the year total 6.00 pence per share. This brings cumulative dividends paid[1] to Shareholders in respect of the past five years to 48.00 pence per share.
- The Company realised investments totalling £3.88 million of cash proceeds.
- £8.96 million was invested into five new companies and seven follow-on investments.

[1] - Definitions of key terms and alternative performance measures shown above and throughout this report are provided in the Glossary of terms in the Annual Report & Financial Statements.
[2] - Further details on the share price total return are shown in the Performance section of the Strategic Report within the Annual Report & Financial Statements.

OUR INVESTMENT OBJECTIVE

The objective of the Company is to provide investors with an attractive return by maximising the stream of tax-free dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments, while continuing at all times to qualify as a VCT.

INVESTMENT POLICY

The Company's Investment Policy is to invest primarily in a diverse portfolio of UK unquoted companies. Investments are generally structured as part loan and part equity in order to receive regular income, to generate capital gain upon sale and to reduce the risk of high exposure to equities. To further spread risk, investments are made in a number of different businesses across different industry sectors.

The Company's cash and liquid resources are held in a range of instruments which can be of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

The Company seeks to make investments in accordance with the requirements of VCT regulation.
The full text of the Company's Investment Policy is set out in the Annual Report & Financial Statements.

CHAIRMAN'S STATEMENT

Overview
The Company's financial year has been set against a backdrop of challenging geopolitical and UK economic conditions although markets as a whole have delivered modest growth. Inflation and interest rates have started to reduce but continue to impact on consumer and business confidence and to affect trading performance in the portfolio companies. We have not yet seen the full effect of the recent Bank of England ("BoE") interest rate cuts from a peak of 5.25% and

there may be further interest rate cuts in the event that inflation continues to meet the BoE's 2% target. The political uncertainty and distraction associated with the general election and subsequent budget looks now to have subsided bringing expectations of a welcomed period of relative stability in the UK, albeit with continued pressures on companies from tax increases and ongoing global economic and geopolitical risk including the potential impacts of the change in US Administration.

The positive NAV performance reported for the first six months of the year for a number of portfolio companies was undermined somewhat by a challenging final quarter of the year for some assets. Overall, however due to continued strong performance of the portfolio's larger assets, the Company's NAV total return remained positive, increasing by 2.0% (2023: 4.3%).

The Company has continued to be an active investor and provided investment finance to five new companies during the year: Ozone API, Azarc, CitySwift, SciLeads and OnSecurity, whilst in February 2024 delivered a highly successful partial exit of Master Removers Group ("MRG"). Follow-on investments were also made into seven existing portfolio companies: RotaGeek, FocalPoint, Orri and MyTutor, ActiveNAV, VivaCity and Dayrize. After the year-end, two new investments were made into Mobility Mojo and Gentianes Solutions (trading as Much Better Adventures), and three further follow-on investments were made into Branchspace, Preservica and FocalPoint.

Through the support and guidance of Gresham House's portfolio directors the portfolio continues to take steps to reposition their cost bases in anticipation of any medium-term challenges. Overall, the investee companies are adequately funded although it is expected that the portfolio's newer additions are likely to accelerate further funding plans. The Company's successful fundraising after the period end ensures strong liquidity is available to seek opportunities within the existing portfolio together with new
investments.

Overall, the portfolio remains diversified and resilient considering the recent uncertainty, however there is a degree of concentration in that the top five assets now represent 54.4% of portfolio value. As is the nature of growth assets, the risk of company failures is ever present. However, the upside for successful investments can be significant which is resulting in value concentration amongst these larger and more stable assets.

Company Objective and Strategy
A Venture Capital Trust ("VCT") is a company listed on the London Stock Exchange that raises money from private investors and uses it to invest in small, young, innovative companies with high potential for growth.

These companies are usually unquoted and often less established. As a consequence they may be considered higher risk and some will not be successful. However, because small company formation is an important source of growth for the UK economy, the government has policies to help those companies grow. The VCT scheme provides investors with generous tax reliefs to help encourage investors for the risk they take with their investment and there are strict guidelines on the type of company that can receive VCT investment. Since incorporation, your Company has helped to create jobs, reward innovation and bolster the UK economy in line with the UK Government's VCT scheme policy.

The Company's objective is to provide investors with an attractive return by maximising the stream of tax-free dividend distributions from the income and capital gains generated by a diverse and carefully selected portfolio of investments, while continuing at all times to qualify as a VCT. The investment strategy and policy of the Company as set out in the Annual Report & Financial Statements is to invest primarily in a diverse portfolio of UK unquoted companies to support this objective.

Merger Update
The merger of the Company with Mobeus Income & Growth 4 VCT plc as set out in the announcement on 18 June 2024, was approved by Shareholders on 18 July 2024 and completed on 26 July 2024. The assets and liabilities of MIG 4 VCT were transferred to the Company in consideration for shares being issued to the MIG 4 VCT Shareholders on a relative net asset basis. The new share certificates were issued to the MIG 4 VCT Shareholders on MIG 4 VCT entering voluntary liquidation following shareholder approval at the MIG 4 VCT second General Meeting on 26 July 2024. We welcome those new Shareholders to the Company.

On completion of the Merger, Graham Paterson, former Chair of MIG 4 VCT, was appointed and welcomed to the Board. Graham has assumed the role of Senior Independent Director of the Company and Chair of the newly formed Management Engagement Committee and the Nomination and Remuneration Committee. We look forward to working together on behalf of the Company's Shareholders. We would also like to thank the other directors of MIG 4 VCT, Christopher Burke and Lindsay Dodsworth, for their service and contribution.

The Merger payback period of under 18 months, as outlined in the Prospectus, is on track to being achieved. This is based upon Merger costs incurred to date compared with annual cost savings incurred and forecast.

Performance
The Company's NAV total return per share increased by 2.0% (2023: 4.3%) after adding back a total of 10.00 pence per share in dividends paid during the year. The increase was principally the result of valuation uplifts and income returns from cash balances held. Strong valuation contributions were from Veritek Global, Preservica, Active Navigation as well as the legacy investment, Aquasium. The proceeds received on the successful portfolio partial exit of MRG were already fully reflected in the Company's NAV at 30 September 2023 including further proceeds received after the year-end. Income generated from cash held awaiting investment and loan stocks resulted in a positive revenue return.

At the year-end, the Company was ranked 3rd out of 26 Generalist VCTs over ten years, 1st out of 32 Generalist VCTs over five years and 20th out of 32 Generalist VCTs over three years in the Association of Investment Companies' ("AIC") analysis of NAV Total Return (assuming dividends are reinvested). Shareholders should note that, due to the lag in the disclosed performance figures available each quarter, the AIC ranking figures do not fully reflect the final NAV uplift to 30 September 2024, or those of our peers.

Dividends
The Board was pleased to be able to declare two interim dividends of 3.00 pence per share, totalling 6.00 pence per share in respect of the year ended 30 September 2024 to reflect gains and income generated and ensure compliance with the VCT regulations. This was in line with the Company's annual target of 6.00 pence per share which has been

achieved, and often exceeded, in each of the last thirteen financial years. Shareholders should note that following the Merger and, as detailed in the Prospectus, the target annual dividend target was amended to an annual dividend target of 7% of the NAV per Share at the start of the relevant financial year.

The first interim dividend was paid on 7 June 2024, to Shareholders on the Register on 17 May 2024 and the second interim dividend was paid after the year-end on 18 October 2024 to those Shareholders on the Register on 20 September 2024. These dividend payments have brought cumulative dividends paid per share since inception to 165.50 pence, including the second interim dividend paid after the year-end. No further dividends will be paid in respect of the year to 30 September 2024.

It should continue to be noted that the majority of the portfolio now consists of younger growth capital investments. By their nature this results in greater risk than the historic Management Buy-Out portfolio and are very likely to result in increased volatility in the returns Shareholders receive in any given year. Shareholders should also note that there may continue to be circumstances where the Company is required to pay dividends in order to maintain its regulatory status as a VCT, for example, to stay above the minimum percentage of assets required to be held in qualifying investments. Such dividends paid in excess of net income and capital gains achieved will cause the Company's NAV per share to reduce by a corresponding amount.

Dividend Investment Scheme
The Company's Dividend Investment Scheme ("DIS") provides Shareholders with the opportunity to reinvest their cash dividends into new shares in the Company at the latest published NAV per share. New VCT shares attract the same tax reliefs as shares purchased through an Offer for Subscription. A total of 3,970,532 (2023: 2,674,764) Ordinary shares were allotted as a result of dividends paid during the year resulting in £2.80 million (2023: £2.07 million) of cash being retained by the Company. Shareholders wishing to take advantage of the scheme for any future dividends can join the DIS by completing a mandate form available on the Company's website, under the 'Dividends' heading, at: www.incomeandgrowthvct.co.uk, or alternatively, Shareholders can opt-out by contacting City Partnership, using their details provided under Corporate Information in the Annual Report. Shareholders who hold their shares in a Nominee company can still join the DIS scheme by instructing the Nominee provider to elect for the DIS Shares on their behalf. Please note that on the merger, if you were a member of the DIS in MIG 4 VCT but not in the Company's DIS, City Partnership may have created a new account with the different mandate instructions in accordance with the provisions set out in the Prospectus. You can instruct City Partnership to amalgamate the two accounts and have one common DIS membership. The new shares are also eligible for Income Tax Relief.

Investment Portfolio
The portfolio movements across the year were as follows:

	2024	2023
Opening portfolio value	72.72	73.08
MIG 4 VCT acquisition	56.43	-
New and follow-on investments	8.96	3.34
Disposal proceeds	(3.87)	(9.13)
Net unrealised (losses)/gains	(0.23)	0.41
Valuation movements: unrealised	1.94	5.02
Net investment portfolio gains	1.71	5.43
Portfolio value at 30 September 2024	**135.95**	**72.72**

The closing portfolio now reflects the acquisition of MIG 4 VCT's assets and liabilities on 26 July 2024 with portfolio performance of the enlarged entity being reflected from that date. On the portfolio investee companies themselves, despite the continuing uncertain macroeconomic conditions, various investee companies demonstrated some positive revenue and profits growth, in particular Veritek Global, Preservica, and Active Navigation although the consumer facing businesses have found delivery of growth to be harder, such as MyTutor and Bella & Duke. The net result has been positive, and the overall value in the year increased by a modest £1.71 million (2023: £5.43 million), or 1.4% (2023: 7.4%) on a like-for-like basis, compared to the opening portfolio value at 1 October 2023 of £72.72 million and the assets acquired from MIG 4 VCT of £56.43 million. This net increase was comprised of an unrealised increase in portfolio valuations of £1.94 million and net realised losses of £0.23 million.

At the year-end, the portfolio was valued at £135.95 million (2023: £72.72 million) which includes the assets acquired from MIG 4 VCT as part of the Merger. The portfolio is substantially comprised of growth capital investments, particularly of investments made since the VCT rule change in 2015 and, as Shareholders will be aware, these younger, less proven investments have a more variable return profile. Shareholders should continue to note therefore that whilst the potential upside for the Company's Shareholders of these type of investments may be higher, conversely the likelihood of investee company failures also increases. The Company's largest five assets by value represent over 50% of the portfolio's value with Preservica accounting for 26.7%. The overall portfolio value is greatly affected by the performance of these investments and these higher value assets continue to be monitored closely by the Investment Adviser as part of its risk mitigation measures.

During the year under review, the Company invested £4.62 million (2023: £2.72 million) into five new investments:

Ozone	£1.50 million	Open banking software developer
Azarc	£0.53 million	Cross-border customs automation software provider
CitySwift	£0.77 million	Passenger transport data and scheduling software provider
SciLeads	£0.83 million	Digital platform within life science vertical
OnSecurity	£0.99 million	B2B cybersecurity business providing independent third-party penetration testing services

The Company also invested a total of £4.34 million (2023: £0.62 million) into seven existing portfolio companies during the year:

RotaGeek	£0.23 million	Provider of cloud-based enterprise software
FocalPoint	£0.17 million	GPS enhancement software provider
MyTutor	£0.64 million	Digital marketplace connecting school pupils seeking one to one online tutoring
Orri	£0.25 million	An intensive day care provider for adults with eating disorders
ActiveNAV	£1.95 million	A global provider of file analysis software for information governance, security and compliance
VivaCity Labs	£0.94 million	An AI and Urban Traffic Control business
Dayrize	£0.16 million	A provider of a rapid sustainability impact assessment tool

The VCT's portfolio valuation methodology has continued to be applied consistently and in line with IPEV guidelines with four of the top ten largest valuations triangulated by an independent external valuation in the year.

Following the year-end, two new investments were made, £0.55 million of which was made into Mobility Mojo, a software platform supporting accessibility audits and £1.25 million was made into Gentianes Solutions (trading as Much Better Adventures), a Adventure Travel Marketplace, and three further follow-on investments comprising £0.31 million into Branchspace Limited, £0.54 million into Preservica, and £0.12 million info FocalPoint.

The Company received £3.88 million in proceeds from the partial exit of MRG, whose value was fully reflected at the previous year-end. Over the life of this investment, the Company has received total proceeds of £7.35 million (including £0.47 million received after the year-end) which equates to a multiple on cost of 3.3x, an IRR of 26.0%. Conversely, the Company was unable to support further investment into Bleach Holdings Limited and was required to exit its holding for only minimal proceeds. The Company had reduced its valuation of Bleach in previous years such that a modest £0.16 million realised loss was incurred on disposal in the year. Further, the Company's holding in Northern Bloc was fully impaired recognising a loss of £0.07 million in the year.

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

Revenue Account
The results for the year are set out in the Income Statement in the Annual Report and show a revenue return (after tax) of 0.57 pence per share (2023: 1.11 pence per share).

The revenue return for the year of £1.00 million has decreased from last year's figure of £1.66 million due to lower dividends received however loan stock interest receivable has increased over the year. Investment adviser fees have increased due to higher net assets, but other expenses have reduced due to a reduction in trail commission payable. The revenue return also includes the impact of one off costs relating to the Merger.

Liquidity and Fundraising
Cash and liquidity fund balances as at 30 September 2024 amounted to £52.79 million representing 28.0% of net assets. After the year-end, following a 3.00 pence dividend payment, cash and liquid balances reduced to £46.17 million, 25.5% of net assets. The majority of cash resources are held in liquidity funds with AAA credit ratings, the returns on which have benefitted from higher levels of interest rates which will help support future returns to Shareholders. The Board however continues to monitor credit risk in respect of all its cash and near cash resources and still prioritises the security and protection of the Company's capital.

On 2 September 2024, the Company launched a Joint Offer for Subscription alongside Mobeus Income & Growth VCT plc ("MIG") to each raise an initial amount of up to £35 million, as well as an over-allotment facility of £10 million for the tax year 2024/25. Following strong demand, the Company received applications for the full amount sought of £45 million (including the over-allotment facility). Two allotments took place after the year-end, on 1 October 2024 and 28 October 2024, issuing a total of 62,562,671 new Ordinary shares at an average effective offer piece of 71.93 pence per share, raising net funds for the Company of £43.39 million. These additional funds will allow the Company to take advantage of new investment opportunities, fund further expansion of existing portfolio businesses, provide attractive returns for shareholders in the form of dividend payments and buy back its shares from those Shareholders who may wish to sell.

Share buy-backs
During the year, the Company bought back and cancelled 4,163,732 of its own shares (2023: 3,975,746), representing 2.7% (2023: 3.1%) of the shares in issue at the beginning of the year, at a total cost of £2.87 million (2023: £2.98 million), inclusive of expenses.

It is the Company's policy to cancel all shares bought back in this way. The Board regularly reviews its buyback policy, where its priority is to act prudently and in the interest of remaining Shareholders, whilst considering other factors, such as levels of liquidity and reserves, market conditions and applicable law and regulations. Under this policy, the Company seeks to maintain the discount at which the Company's shares trade at approximately 5% below the latest published NAV.

Change of Auditor
The Board will be recommending the appointment of Johnston Carmichael to become the Company's auditor for the year ending 30 September 2025. This is to ensure cost and time efficiencies are maintained through the Company and Mobeus Income & Growth VCT plc ("MIG") having the same auditor as well as the same year-end. MIG had reached the 20 year limit for audit tenure with BDO. Following a comprehensive and robust audit tender process for both the Company and MIG, the Boards of both companies will be recommending this appointment to shareholders at their AGM.

Shareholder Communications & Annual General Meeting

Shareholder Communications & Annual General Meeting
May I remind you that the Company has its own website which is available at:
www.incomeandgrowthvct.co.uk.

The Investment Adviser held another virtual shareholder event on 1 March 2024, showcasing some exciting portfolio company growth journeys as well as a presentation by the Investment Adviser and representatives of the four Mobeus VCTs, a recording of which is available on the Company's website or by registering for access here: https://mvcts.connectid.cloud/. It is anticipated that the next Shareholder Event will take place in September 2025.

The Board is pleased to be able to hold the next Annual General Meeting ("AGM") of the Company in person at 2.30 pm on 5 March 2025 at 1st Floor, 8 Fenchurch Place, London EC3M 4PB. The Board is aware that a number of Shareholders hold shares in the Company and the other Mobeus VCT, MIG, which shares a 30 September year-end. A joint presentation by the Investment Adviser to the Company's and MIG VCT Shareholders will therefore take place at 1.30 pm and a light lunch will be available from 1.00 pm. The MIG VCT AGM will be held before the presentation at 1.00 pm.

A webcast will also be available at the same time for those Shareholders who cannot attend in person. However, please note that you will not be able to vote via this method and you are encouraged to return your proxy form before the deadline of 2.30 pm on Monday, 3 March 2025. There will however be the ability to send questions into the meeting via the link.

Information setting out how to join the meeting by virtual means will be shown on the Company's website a few days before the AGM. Directions to the AGM venue will also be available on the website. For further details, please see the Notice of the Meeting which can be found at the end of the Annual Report & Financial Statements.

Votes Against AGM Resolutions
At the Annual General Meeting of the Company held on 29 February 2024, over 20% of the votes received were lodged against the resolutions to approve the Remuneration Report and to approve the disapplication of pre-emption rights. As required under the AIC Code of Corporate Governance Code, those Shareholders that voted against the resolutions were contacted in April 2024 to ascertain the background and reasons for their vote. I thank those Shareholders who responded to the request with their reasons for voting against the resolutions. From the responses, it was clear that the key factors were Shareholders' concerns about the level of fees received by the Board and of new shareholders being added to the Register of Members, thereby diluting current Shareholders' holding and potential dividend income. The Board considers its fees to be competitive, in line with the amount of assets under management and commensurate with the time commitment required to be undertaken by the Board. The Board considers the level of fees on an annual basis, as well as bench-marking against peers.

With regard to the issuance of shares to new investors, the Board consider it in the Company's interest to periodically raise new funds to:

(i) take advantage of new investment opportunities and to support existing portfolio companies and
(ii) maintain (bearing in mind the annual running costs and outflows through dividends and buybacks) and further grow the net asset base of the Company over which to spread the annual running costs.

Further fundraisings are typically raised at an issue price per share of the NAV plus costs, which avoids economic dilution of the existing NAV per share for existing Shareholders. The Board acknowledges that there may be a potential short-term dilutive impact of individual shareholder returns - from sharing gains on existing investments with new Shareholders. At the same time, existing Shareholders are partially "derisked" in cash for part of the very same investments at current market value.

In any event, the Board believes that both these counterveiling arguments are outweighed by having sufficient liquidity to meet its investment objectives and the potential to generate enhanced returns in the future, as well as the ability to support dividend payments.

VCT Regulations - Retirement Date of the UK Government's Venture Capital Schemes
The Board and Investment Adviser were pleased to see the European Commission approve the extension of the VCT scheme until 5 April 2035. This was formalised by UK legislation on 3 September 2024. The regulations bring into effect the extension of the Enterprise Investment Scheme ("EIS") and the Venture Capital Trust ("VCT") Scheme sunset clause to 2035. The Board welcomes this news and would like to thank the Investment Adviser, The Venture Capital Trust Association ("VCTA"), the Association of Investment Companies ("AIC") and other parties involved for their help in getting the new legislation enacted.

Consumer Duty
The Financial Conduct Authority's (FCA) new Consumer Duty regulation came into effect on 31 July 2023. Consumer Duty is an advance on the previous concept of 'treating customers fairly', which sets higher and clearer standards of consumer protection across financial services and requires all firms to put their customers' needs first.

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

The Board will ensure that the principles behind Consumer Duty are upheld and will work with the Investment Adviser on the information now available to assist consumers and their advisers to be able to discharge their obligations under Consumer Duty.

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

Gresham House has a dedicated sustainable investment team which conducts an annual survey of our unquoted portfolio companies to understand how they are responding to relevant ESG risks and opportunities. The results of the November 2023 survey of investee companies highlighted that the portfolio companies who participated were taking action on implementing a range of sustainability initiatives within their businesses. Each portfolio company in the survey identified areas for improvement over the next 12 months which are being monitored by the Investment Adviser and their progress tracked throughout the year.

The FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") do not currently apply to the Company but will be kept under review, the Board being mindful of any recommended changes. The Board is aware of the FCA's Sustainability Disclosure Requirements and investment labels (together the "rules"). As the Company is classified as a Collective Investment Undertaking, the scope of the rules capture such UK-domiciled unauthorised funds, however given that the shares in the Company (the "product") do not have a sustainable investment objective, the rules only apply on a very limited basis (through the Investment Adviser) in relation to the Company. The Gresham House TCFD Report can be found on its website at: TCFD report - Gresham House.

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

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

Outlook
Despite some recent return to stability on the domestic front following the UK election and subsequent budget, the wider geopolitical and economic environment remains uncertain. The Company's portfolio companies have been operating under challenging economic conditions for some time now and the Board and Investment Adviser are encouraged with the level of resilience shown. With a more certain fiscal roadmap now laid out and the prospect for further interest rate reductions, the Board has cautious optimism that portfolio performance can be maintained and improved. The Investment Adviser continues to target new opportunities in exciting new businesses and is reporting a strong pipeline under current review.

The sole successful partial exit of MRG during the year represents a somewhat quiet period for the Mobeus VCT portfolio in terms of realisations compared to past periods. Expectations are that the exit environment will likely remain subdued for the time being. However, a period of stability should facilitate more measured growth which will ultimately lead to exits but with no fixed timescale associated with the Company's investments, there is no imperative to force an exit and the Investment Adviser is able to influence the best time to sell to optimise value.

In summary, the Company continues to add to its large, well-diversified portfolio which is managed by a professional and experienced investment team. The Board and Investment Adviser will continue to work together to drive shareholder returns further.

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

Maurice Helfgott
Chairman
13 January 2025

INVESTMENT ADVISER'S REVIEW

Portfolio Review
The year to date has been marked by a continuing period of uncertainty, against which markets have delivered modest growth. Inflation and interest rates appear to have peaked, but concerns regarding geo-political tensions in Europe and the Middle East persist. The UK and US election results will hopefully allow more clarity on the future economic and political landscape although the impact of the UK Government's first budget has caused an element of market turbulence, potential inflationary pressures and pausing of interest rate reductions.

Despite this unsettled environment, it is encouraging to see that two thirds of the portfolio companies recorded continued growth in either revenues or profits over the year. This steady positive progress contrasts the observation that the portfolio includes several companies contemplating top up rounds to enable them to reach a delayed breakeven. The ability to invest further VCT capital is a useful opportunity to build meaningful stakes as well as enhancing the Company's influence and protecting the VCTs' position. Over 70% of the portfolio recorded profit increases versus the previous year which is very encouraging and demonstrates the responsiveness and effectiveness of portfolio company boards in maintaining close cost management.

The nature of the VCT assets are that many portfolio companies are seeking to prove and develop nascent business models. Most of the recent group of earlier stage investments are steadily building out their pipelines and capability as they balance investment with the rate of commercial development. At this stage of their development Gresham House is still hopeful that the majority will deliver the relevant commercial proof points, albeit it will take longer and probably require additional capital earlier than had originally been envisioned. In some cases, this could be a positive by allowing the Company to amass more significant stakes on possibly more advantageous terms.

We are pleased to have been able to provide new funding to five significant investments during the year as well as provide follow on funding for a number of portfolio companies. The exit environment remains subdued, but the partial exit of MRG at the start of the period illustrates that investee companies can still be realised at attractive prices. Unless there is a change in market dynamics, it is likely that portfolio companies will be held for longer periods although looking forward, there are a number of assets starting to plan for exit in 2024/25. Gresham House believes that these are realistic prospects which could deliver significant realised value to the Company.

The Company's recent successful fundraise after the period end will provide strong liquidity to take advantage of the improving new investment environment for the Company as the UK is starting to see
some stability post the election and budget. Gresham House is seeing a number of interesting investment propositions which are expected in time to be value accretive to the VCT's portfolio.

	2024 £m	2023 £m
Opening portfolio value	72.72	73.08
MIG 4 VCT acquisition	56.43	-
New and follow-on investments	8.96	3.34
Disposal proceeds	(3.87)	(9.13)
Net unrealised (losses)/gains	(0.23)	0.41
Valuation movements: unrealised	1.94	5.02
Net investment portfolio gains	1.71	5.43
Portfolio value at 30 September	**135.95**	**72.72**

The value of the Company's portfolio has materially increased in size due to the acquisition of Mobeus Income & Growth 4 VCT's portfolio of assets, the vast majority in which the Company had existing holdings.

The Company made new and follow-on investments totalling £8.96 million (2023: £3.34 million) during the year, of which £4.62 million was to five new growth capital investments and £4.34 million was to seven follow-on investments. Further details of these investments are on the following pages. After the year end, new investments were made into Mobility Mojo and Much Better Adventures, as well as follow-ons
into Branchspace, Preservica and FocalPoint.

Unless there is a change in market dynamics, it is likely that portfolio companies will be held for longer periods although looking forward, there are a number of assets starting to plan for possible exit in 2024/25. Gresham House believes that these are realistic prospects which could deliver significant realised value to the Company.

The portfolio's largest investments have experienced some strong revenue growth which has continued to drive values over the period, in particular Active Navigation, Preservica and Caledonian Leisure. Pleasingly, Veritek Global, a historic MBO investment has started to see material traction having pivoted its business model in recent years and returned to profitability and finally, legacy investment Aquasium has seen a material uplift in the year. By contrast, there are also some portfolio companies that are experiencing tougher trading such as, MyTutor and Dayrize. The portfolio companies continue to be focused on establishing a path to profitability.

During the year, the MRG partial exit generated proceeds of £3.88 million resulting in a return of 3.3x and an IRR of 26% over the life of the investment.

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

	2024 £m	2023 £m
Increase in the value of unrealised investments	10.63	11.49
Decrease in the value of unrealised investments	(8.69)	(6.47)
Net increase in the value of unrealised investments	**1.94**	**5.02**
Realised gains	-	1.28
Realised losses	(0.23)	(0.87)
Net realised (losses)/gains in the year	**(0.23)**	**0.41**
Net investment portfolio movement in the year	**1.71**	**5.43**

New investments during the year
The Company made five new investments totalling £4.62 million during the year, as detailed below:

Company	Business	Date of Investment	Amount of new investment (£m)
Ozone API	Open banking software provider	December 2023	1.50
Ozone API (https://ozoneapi.com) is a software developer providing banks and financial institutions with a low cost, out-of-the box solution enabling them to deliver open APIs which comply with open banking and finance standards globally. The software goes beyond compliance and enables customers to monetise open banking and finance opportunities which are growing significantly following regulatory & market development. This funding is the first equity investment into Ozone and enables the team to invest into their product and go-to-market teams as they look to capitalise on the large and fast-growing global market.			
	Cross-border customs	December 2023	0.53

Azarc	automation software provider		
Azarc.io (https://azarc.io) specialises in business process automation using distributed ledger technology. Its Verathread® product has been applied to automating cross-border customs clearances, albeit it has wider supply chain applications. Founded in 2021, Azarc successfully secured British Telecom as a customer and a long-term strategic partner in the UK and aims to improve efficiencies over traditional paper-based customs clearances for import and export trade. This investment will support the company's growth trajectory with BT and expedite its expansion into international import/export hubs through new partnerships.			
Cityswift	Passenger transport data and scheduling software provider	December 2023	0.77
Huddl Mobility Limited (trading as CitySwift) (https://cityswift.com) is a software business that works with bus operators and local authorities to aggregate, cleanse and access insight from complex data sources from across their networks, enabling them to optimise schedules and unlock revenue generating or cost reduction opportunities. This investment will be used to accelerate new customer acquisition and unlock significant opportunities within the existing customer base - CitySwift already works with major bus operators and local transport authorities including National Express, Stagecoach and Transport for Wales.			
SciLeads	Digital Platform within the life science verticals	March 2024	0.83
Based in Belfast, SciLeads (https://scileads.com) is a data and lead generation platform operating within life science verticals, allowing customers to identify, track and convert potential leads. SciLeads has grown ARR significantly and this investment will be used to accelerate new customer acquisition and professionalise the product and customer success functions to cross-sell opportunities within the existing customer base.			
OnSecurity	B2B cybersecurity business providing independent third-party penetration testing	June 2024	0.99
Based in Bristol, OnSecurity ((https://www.onsecurity.io) is a B2B cybersecurity business providing independent third-party penetration testing services, a type of ethical hacking that simulates a real-world attack on a computer system, network, or web application to identify and remediate vulnerabilities that could be exploited by malicious actors. OnSecurity is an agile and collaborative platform solution that provides high quality human pentesting with elements of automation to minimise low value, menial tasks. This investment will be used to drive growth through developing their platform to target larger potential clients and develop economies of scale.			

Further investments during the year
A total of £4.34 million was invested into seven existing portfolio companies during the year, as detailed below:

Company	Business	Date of Investment	Amount of new investment (£m)
RotaGeek	Provider of cloud-based enterprise software	November 2023	0.23
RotaGeek (https://www.rotageek.com/) is a provider of cloud-based enterprise software to help larger retail, leisure and healthcare organisations to schedule staff effectively. RotaGeek has proven its ability to solve the scheduling issue for large retail clients, competing due to the strength of its technologically advanced proposition. Since investment it has also diversified and started to prove its applicability in other verticals such as healthcare and hospitality. This investment will help the company focus on operational delivery and continue sales and client contract win momentum.			
Focal Point Positioning	GPS enhancement software provider	December 2023	0.17
Focal Point Positioning Limited (https://focalpointpositioning.com/) is a deep tech business with a growing IP and software portfolio. Its proprietary technology applies advanced physics and machine learning to dramatically improve the satellite-based location sensitivity, accuracy, and security of devices such as smartphones, wearables, and vehicles and reduce costs. The further investment was agreed at the time of the original funding in September 2022.			
MyTutor	Digital marketplace for online tutoring	January 2024	0.64
MyTutorweb (trading as MyTutor) ((https://mytutor.co.uk) is a digital marketplace that connects school age pupils who are seeking private online tutoring with university students. The business is satisfying a growing demand from both schools and parents to improve pupils' exam results. This further investment will aim to drive changes in product and margin through operating business improvements and seek to expand its offering to school and channel partners.			
Orri	Specialists in eating disorder support	March 2024, July 2024	0.25
Orri Limited (https://orri-uk.com) is an intensive daycare provider for adults with eating disorders. Orri provides an alternative to expensive residential in-patient treatment and lighter-touch outpatient services by providing highly structured day and half day sessions either online or in-person at its clinic on Hallam Street, London. This additional funding represents a bridging round to provide sufficient funding to allow the business to reach break-even. Potential further funding will allow a targeted geographic roll out once the core business is proven.			

<table>
<tr><td>ActiveNav</td><td>A provider of enterprise-level file analysis software</td><td>May 2024</td><td>1.95</td></tr>
<tr><td colspan="4">Data Discovery Solutions, trading as ActiveNav (https://activenav.com), is a data analysis software solution which makes it easier for companies to clean up network drives, respond to new data protection laws and dispose of redundant and out-dated documents. ActiveNav's solution is used by significant blue-chip customers, particularly those in highly regulated industries such as energy and professional services, as well as government entities in the USA, Canada, Australia and the UK. This further funding will assist the development of ActiveNav's exciting new cyber breach response division 'Actfore', which was established in late 2022.</td></tr>
<tr><td>Dayrize</td><td>A provider of a rapid sustainability impact assessment tool</td><td>June 2024, September 2024</td><td>0.16</td></tr>
<tr><td colspan="4">Founded in 2020, Amsterdam-based Dayrize (https://dayrize.io/) has developed a rapid sustainability impact assessment tool that delivers product-level insights for consumer goods brands and retailers, enabling them to be leaders in sustainability. Its proprietary software platform and methodology bring together an array of data sources to provide a single holistic product level sustainability score that is comparable across product categories in under two seconds. This funding round is to help refine its business plan, establish greater product-market fit and drive conversion of its customer pipeline. Capital structure terms have also been amended to encourage further funding from its existing angel network.</td></tr>
<tr><td>Vivacity</td><td>Provider of artificial intelligence & urban traffic control systems</td><td>August 2024</td><td>0.94</td></tr>
<tr><td colspan="4">Vivacity (https://vivacitylabs.com) develops camera sensors with on-board video analytics software that enables real-time anonymised data gathering of road transport system usage. It offers city transport authorities the ability to manage their road infrastructure more effectively, enabling more efficient monitoring of congestion and pollution levels as well as planning for other issues, such as the changing nature of road usage (e.g. the increasing number of cyclists). The technology and software represent a significant leap forward for local planning authorities which have traditionally relied upon manual data collection.</td></tr>
</table>

Valuation changes of portfolio investments still held

The total valuation increases were £10.63 million with the main increases being:

- Veritek Group: £1.82 million
- Aquasium Technology: £1.23 million
- Active Navigation: £1.20 million
- Preservica: £1.15 million

Veritek Global has undertaken a marked turnaround having pivoted its business model in recent years. Aquasium Technology, a legacy investment is seeing growing international interest for its product. Active Navigation continues to gain momentum for its incident response platform and Preservica has had a challenging few months, but continues to grow its recurring revenues.

The main reductions within total valuation decreases of £(8.69) million were:

- MyTutor: £(3.26) million
- Bella & Duke: £(1.05) million
- Dayrize B.V.: £(0.66) million
- Virgin Wines: £(0.65) million

MyTutor and Bella & Duke have been impacted by a challenging environment for consumer facing businesses. IPV has experienced delays in securing new contracts and partnerships, although through cost-saving initiatives has improved its profitability. Dayrize has secured several new contracts, however its cash requirement has been higher than anticipated. Unfortunately, Dayrize's need for further capital has accelerated over recent months such that, post the year end, the VCT has agreed to a capital structure plan to facilitate further funding from its existing angel network without requiring further funding from the VCT. This will result in a staged recovery of the Company's loan capital over the next two years, but only a nominal recovery for the Company's equity instruments. Although disappointing, this is believed to be the best outcome for Shareholders. Finally, Virgin Wines, despite releasing positive trading news has been subject to wider AIM market volatility over the past year.

The Company's investment values have been partially insulated from market movements and lower revenue growth by the preferred investment structures utilised in the financing of many of the portfolio companies. This acts to moderate valuation swings and the net result can be more modest falls when portfolio company values decline.

Realisation during the year

The Company completed one exit during the year, as detailed below:

Company	Business	Period of Investment	Total cash proceeds over the life of the investment/ Multiple over cost
Master Removers Group	A specialist logistics, storage and removals business	December 2014 to February 2024	£7.35 million 3.3x cost

The Company sold its investment in Master Removers Group (2019) Limited to Elanders AB and alongside this, sold its shares in MRG's domestic removals business to management. The Company received £3.88 million from the sale plus £0.82 million after the year end. Total proceeds received by the Company to date over the life of the investment are £7.35 million compared to an original investment cost of £2.26 million. On a combined I&G and MIG 4 VCT basis (MIG 4 VCT amounts being received prior to the Merger), including amounts received after year end, total proceeds are £12.86 million compared to an original cost of £3.95 million. Overall, this investment generated a multiple on cost of 3.3x and an IRR of 26%.

Other losses during the year

The Company realised its investment in Bleach Holdings Limited ("Bleach") during the year. Bleach had significantly underperformed in the face of issues such as Covid-19 and the subsequent consumer downturn. Despite a restructuring in 2023, against a challenging backdrop across the retail sector, Bleach required further funding to support its scaling which the VCTs could not provide under current VCT rules. A well-known hair-care provider agreed to acquire the business and safeguard important jobs but disappointingly only at a level that generated a minimal return for the VCTs. The Company had reduced its valuation of Bleach materially in previous periods such that upon realisation a modest loss of just £0.16 million was recognised in the year. Northern Bloc Ice Cream has had similar trading difficulties such that this investment was recognised as a permanent impairment resulting in a £0.07 million realised loss.

Portfolio and income yield

In the year under review, the Company received the following amounts of income:

	2024 £m	2023 £m
Interest received in the year	0.63	0.58
Dividends received in the year	0.05	0.64
OEIC and bank interest received in the year	2.04	1.97
Total portfolio income in the year	**2.79**	**3.19**
Net asset Value at 30 September	188.70	122.78
Income Yield (Income as a % of Net asset Value at 30 September)*	**1.4%**	**2.6%**

* Yield appears lower compared to the prior year due to the acquisition of MIG 4 VCT's assets being reflected in the net asset value at the year-end with interest and dividend income only reflected for the period since the merger.

Investments made after the year-end

The Company made two new and three follow-on investments of £2.77 million after the year-end, as detailed below:

New:

Company	Business	Date of Investment	Amount of new investment (£m)
Mobility Mojo	A software platform supporting accessibility audits	October 2024	0.55
Based in Dublin, Mobility Mojo (https://mobilitymojo.com) was founded in 2018 and empowers organisations worldwide to create more accessible and inclusive spaces. Mobility Mojo's innovative software platform enables companies to capture, track, enhance, promote and benchmark the accessibility of their buildings in a standardised and cost-effective way across their entire portfolio. The solution significantly reduces the time and expense typically associated with traditional paper-based accessibility audits and it is adaptable to a diverse set of environments, including office spaces, hotels and retail banks. The funding will support Mobility Mojo in expanding its marketing and sales teams, enhancing its SaaS platform with new AI-driven capabilities and recruiting key talent to its leadership team.			
Much Better Adventures	Online travel operator specialising in creating unique 'adventure' group trips	November 2024	1.25
Much Better Adventures (https://muchbetteradventures.com)) has developed a reliable, engaging, user-friendly platform that resonates with customers. This is reflected in the positive customer reviews and strong repeat rates. It has built a strong organic search presence in the UK through a combination of a high-quality website and social content, and curating trips that appeal to its clear Ideal Customer Profile, a highly marketable segment that fits with the product offering. With this investment the business will be robustly funded with the ability to tune expenditure to market conditions.			

Existing:

Company	Business	Period of Investment	Amount of further investment (£m)
[illegible]	Digital retail software provider to aviation and [illegible]	[illegible]	[illegible]

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<tr><td>Branchspace</td><td>provider to aviation and travel industry</td><td>November 2024</td><td>0.31</td></tr>
<tr><td colspan="4">Branchspace (https://www.branchspace.com/) is a well-established specialist digital retailing consultancy and software provider to the aviation and travel industry. Branchspace's offering helps customers to transform their technology architecture to unlock best-in-class digital retailing capabilities, driving distribution efficiencies and an improved customer experience. Across two complementary service offerings Branchspace can effectively cover the entire airline tech stack and has carved a defensible position as sector experts, serving clients including IAG, Lufthansa and Etihad. This funding round which was agreed at the time of the original transaction will seek to support its growth plans.</td></tr>
<tr><td>Focal Point Positioning</td><td>GPS enhancement software provider</td><td>December 2024</td><td>0.12</td></tr>
<tr><td colspan="4">Azarc.io (https://azarc.io) specialises in business process automation using distributed ledger technology. Its Verathread® product has been applied to automating cross-border customs clearances, albeit it has wider supply chain applications. Founded in 2021, Azarc successfully secured British Telecom as a customer and a long-term strategic partner in the UK and aims to improve inefficiencies over traditional paper-based customs clearances for import and export trade. This investment will support the company's growth trajectory with BT and expedite its expansion into international import/export hubs through new partnerships.</td></tr>
<tr><td>Preservica</td><td>Seller of proprietary digital archiving software</td><td>December 2024</td><td>0.54</td></tr>
<tr><td colspan="4">Preservica (https://preservica.com) is a SaaS software business with blue chip customers and strong recurring revenues. It has developed market leading software for the long-term preservation of digital records, ensuring that digital content can remain accessible, irrespective of future changes in technology. The business has seen annual recurring revenues nearly double over the last two financial years. This additional funding will give the business extra headroom to deliver 20-25% ARR growth whilst seeking an exit in 2025.</td></tr>
</table>

Environmental, Social, Governance considerations

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

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

The Investment Adviser's Private Equity division has its own Sustainable Investment Policy, in which it commits to:

- Ensure its team understands the imperative for effective ESG management and is equipped to support and training.
- Incorporate ESG into the monitoring processes of the unquoted portfolio companies.
- Engage with the dedicated sustainable investment team and conduct regular monitoring of ESG risks, sustainability initiatives and performance in its investments.

Further detail on ESG can be found in the Chair's statement and in the Director's Report in the Annual Report.

Outlook

Geo-political flux is likely to persist throughout 2025, although domestically the economic landscape is expected to be on a surer footing. This environment should also present attractive opportunities for your Company but, as a selective investor, still has the advantage of being able to take a longer-term view of both new and portfolio follow-on investments. The early stage cohort of investments are taking on the challenges presented and are expected to accelerate their funding plans, however this should also produce attractive further investment opportunities.

The first Budget under the new Labour Government was held after the year-end. Of particular note and concern for the portfolio and its companies, there is an expected impact of increased Employer's National Insurance contributions on portfolio companies.

Gresham House's seasoned investment managers and advisers are a vital source of knowledge and experience available to support the Company's portfolio of management teams. In this respect, Gresham House is well placed by having one of the largest and most experienced portfolio teams in the industry with an average of over 18 years' relevant industry experience.

Pleasingly, the portfolio continues to perform in delivering growth against a challenging backdrop, although the early-stage companies will need careful monitoring and guidance. The new and further investment landscape should provide continued opportunities to expand the portfolio with assets with the potential to generate strong returns for investors. The Company's strong liquidity provides Gresham House with ample capacity to fulfil these prospects.

Gresham House Asset Management Limited
Investment Adviser
13 January 2025

Annual General Meeting

The AGM will be held at 2.30 pm on Wednesday, 5 March 2025 at 1st Floor, 8 Fenchurch Place, London EC3M 4PB and will also be available by webcast for those Shareholders who are unable to attend in person. Details of how to join the meeting by virtual means will be shown on the Company's website. Shareholders joining virtually should note you will not be able to vote at the meeting and therefore you are encouraged to lodge your proxy form either by returning their proxy form or voting on-line using the Vote Here button on the Company's website: www.incomeandgrowthvct.co.uk. Directions to the AGM venue will be available on the website.

For further details, please see the Notice of the Meeting which can be found at the end of the Annual Report & Financial Statements.

Further Information

The Annual Report & Financial Statements for the year ended 30 September 2024 will be available shortly on www.incomeandgrowthvct.co.uk.

It will also be submitted shortly in full unedited text to the Financial Conduct Authority's National Storage Mechanism and will be available for inspection at National Storage Mechanism | FCA in accordance with DTR 6.3.5(1A) of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

Contact:
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