



Hargreave Hale
AIM VCT

Cultivating opportunities

**Unaudited interim results
for Hargreave Hale AIM VCT plc
for the six month period ending 31 March 2023**



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Background to the Company

Hargreave Hale AIM VCT plc (the “Company”) is an established Venture Capital Trust that aims to generate capital gains and income from its portfolio and to make distributions to shareholders from capital or income whilst maintaining its status as a Venture Capital Trust. Although the Company’s Qualifying Investments are primarily in companies that are listed on AIM, it also has investments in private companies. The Company may also make Non-Qualifying Investments in equities and exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits and the Marlborough Special Situations Fund as allowed by the VCT Rules.

Hargreave Hale AIM VCT plc was approved as a VCT by HMRC at launch in 2004. It has at all times satisfied the various tests required to maintain its status as a VCT. Canaccord Genuity Asset Management Limited has been the appointed Investment Manager of the Company’s assets since inception.

Investment objectives

The investment objectives of the Company are to generate capital gains and income from its portfolio and to make distributions from capital or income to shareholders whilst maintaining its status as a Venture Capital Trust.

Investment policy

The Company intends to achieve its investment objectives by making Qualifying Investments in companies listed on AIM, private companies and companies listed on the AQSE Growth Market, as well as Non-Qualifying Investments as allowed by the VCT Rules.

Qualifying Investments

The Investment Manager will maintain a diversified portfolio of Qualifying Investments which may include equities and fixed interest securities as permitted by the VCT Rules. Investments will primarily be made in companies listed on AIM but may also include private companies that meet the Investment Manager’s criteria and companies listed on the AQSE Growth Market. These small companies will be UK based or have a UK presence and, whilst of high risk, will have the potential for significant capital appreciation.

To maintain its status as a VCT, the Company must have 80 per cent. of all funds raised from the issue of shares invested in Qualifying Investments throughout accounting periods of the VCT beginning no later than three years after the date on which those shares are issued. To provide some protection against an inadvertent breach of this rule, the Investment Manager targets a threshold of approximately 85 per cent.

Non-Qualifying Investments

The Non-Qualifying Investments must be permitted by the VCT Rules and may include equities and exchange traded funds listed on the main market of the London Stock Exchange, fixed income securities, bank deposits that are readily realisable and the Marlborough Special Situations Fund. Subject to the investment controls below, the allocation to each of these investment classes will vary to reflect the Investment Manager’s view of the market environment and the deployment of funds into Qualifying Companies. The market value of the Non-Qualifying Investments (excluding bank deposits) will vary between nil and 50 per cent. of the net assets of the Company. The value of funds held in bank deposits will vary between nil and 30 per cent. of the net assets of the Company.

Investment controls

The Company may make co-investments in investee companies alongside other funds, including other funds managed by the Investment Manager. Other than bank deposits, no individual investment shall exceed 10 per cent. of the Company’s net assets at the time of investment.

Borrowings

The Articles permit the Company to borrow up to 15 per cent. of its adjusted share capital and reserves (as defined in the Articles). However, it is not anticipated that the Company will have any borrowings in place and the Directors do not intend to utilise this authority.

To the extent that any future changes to the Company’s investment policy are considered to be material, shareholder consent to such changes will be sought.

Financial highlights

for the six month period ending 31 March 2023

Net asset value (NAV) per share	NAV total return	Tax free dividends paid in the period	Share price total return	Ongoing charges ratio
52.84p⁽¹⁾	-5.57%⁽¹⁾	4.00p	-13.94%⁽¹⁾	2.17%⁽¹⁾

- **£9.2 million invested in Qualifying Companies in the period.**
- **95.79% invested by VCT tax value in Qualifying Investments at 31 March 2023.**
- **Offer for subscription closed to further applications by the Company on 10 February 2023, having raised £40 million.**
- **Special dividend of 2.00 pence and final dividend of 2.00 pence per share paid 10 February 2023.**
- **Interim dividend of 1 penny approved by the Board.**

Summary financial data	Six months ending 31-Mar-23	Six months ending 31-Mar-22	Year ending 30 Sept-22
NAV (£m)	174.72	206.37	160.51
NAV per share (p) ⁽¹⁾	52.84	77.13	60.19
NAV total return (%) ⁽¹⁾	-5.57	-17.54	-33.42
Market capitalisation (£m)	165.35	200.00	167.32
Share price (p)	50.00	74.75	62.75
Share price premium/discount to NAV per share (%) ^{(1) (2)}	-5.37	-3.09	+4.25
Share price 5 year average discount to NAV per share (%) ^{(1) (2)}	-5.56	-6.02	-5.65
Share price total return (%) ⁽¹⁾	-13.94	-16.24	-28.06
Loss/gain per share for the period (p)	-3.72	-18.74	-33.42
Dividends paid per share (p)	4.00	5.65	6.65
Ongoing charges ratio (%) ⁽¹⁾	2.17	2.10	2.06

(1) Alternative performance measure illustrations and definitions can be found on pages 35 to 36 and 37 respectively.

(2) The discount/premium is a function of the closing mid-price and the Net Asset Value per share on the balance sheet date which is typically published 5 business days after the period end.

Financial Calendar	
Record date for interim dividend	30 June 2023
Payment of interim dividend	28 July 2023
Announcement of annual results for the year ending 30 September 2023	December 2023
Annual General Meeting	February 2024
Payment of annual dividend (subject to approval by shareholders at the AGM)	February 2024

Chair's statement

Introduction

May I start by welcoming the many new shareholders who have joined us by way of the recent successful fundraising and of course by thanking all shareholders for their continuing support, which is greatly appreciated.

I do not think it is too much of an exaggeration to say that we started the financial year with some significant headwinds, including a forecast by the Bank of England that the United Kingdom would endure the longest recession of the last 100 years. Whilst we would not wish to downplay the hardship that many had to endure over the winter as the cost of living crisis bit hard, nor the impact on many companies as they sought to navigate falling demand and higher input costs, it is also true to say that the outlook is much improved with the United Kingdom now expected to avoid falling into recession this year.

Uncertainty is a theme that we have all learned to live with these past few years; that is not likely to change in the short-term. Whilst we are more encouraged by the improving outlook, we remain mindful of the macro-economic backdrop and alert to the potential for further upset as the impact of significantly tighter credit conditions continues to work its way through financial markets and the wider economy.

When launching the 2022 offer for subscription, we spoke about the opportunity for value creation over the medium term, which we take to mean 5 years. We were cautious about the short-term outlook over the course of the current financial year; our experience over the period under review is consistent with that view. Generating short-term performance is difficult with the market applying asymmetrical responses to news flow - positive updates are not getting full recognition whilst those that disappoint are often treated harshly. Stock market liquidity is a factor in performance. With many active managers now deep into their second year of outflows, there are few institutional buyers of shares in small UK companies. Taken together, this has left the sector in deep value territory. Private equity has taken note and M&A has picked up. This is not something we particularly welcome; we would prefer to see exciting companies with bright futures remain in public ownership for the long term.

Primary issuance has declined. Over the 6 months to 31 March 2023, the number of VCT qualifying deals on AIM has fallen by 33% to 12. The value invested by AIM VCTs over the same period has declined by 58% to £23.1m. IPO activity on AIM is also down very significantly. This is broadly in line with our assumptions at the start of the year. Despite this, we are pleased to report that we have deployed capital ahead of budget. We continue to expect deal flow to pick up later this year. Although only a hypothesis at this stage, it is possible that the failure of Silicon Valley Bank will drive increased demand for equity funding as young companies find banks and shadow banks less willing to lend on terms that are acceptable to them. To be clear, we are not seeing evidence of this yet but it will be interesting to see how this plays out.

Finally, there is a flipside to these difficult markets. As a consequence of the deep value now in evidence, we are being presented with opportunities to invest on favourable terms that we hope will set us up for improved performance in future years.

Performance

At 31 March 2023, the NAV per share was 52.84 pence which, after adjusting for the dividends paid in the half year of 4.00 pence, gives a NAV total return for the period of -5.57%. The NAV total return (dividends reinvested) for the half year was -5.98% compared with +1.09% for the FTSE AIM All-Share Index Total Return (also calculated on a dividends reinvested basis). The Directors consider this to be the most appropriate benchmark from a shareholder's perspective, however, due to the investment restrictions placed on a VCT it is not wholly comparable.

Rolling Returns to end March 2023	Six months	1Y	3Y	5Y	10Y
NAV total return	-5.57%	-25.01%	21.50%	-2.39%	56.51%
Share price total return	-13.94%	-26.42%	29.51%	-1.35%	55.12%
NAV total return (dividends reinvested) ^{(1) (2)}	-5.98%	-25.56%	14.47%	-8.19%	53.94%
Share price total return (dividends reinvested) ^{(1) (2)}	-14.42%	-27.06%	21.89%	-7.15%	52.28%
FTSE AIM All-Share Index Total Return	1.09%	-21.16%	22.53%	-15.30%	25.20%

Source: Canaccord Genuity Asset Management/Bloomberg

(1) Alternative performance measure illustrations and definitions can be found on pages 35 to 36 and 37 respectively.

(2) The NAV total return (dividends reinvested) and Share price total return (dividends reinvested) measures have been included to improve comparability with the FTSE AIM All-Share index Total Return which is also calculated on that basis.

The earnings per share total return for the year was a loss of 3.72 pence (comprising a revenue gain of 0.04 pence and a capital loss of 3.76 pence). Revenue income in the period increased by 173% to £1.0m following increases

in the bank interest rate, additional investment into high yielding equities and material new investment into investment grade corporate bonds.

The share price decreased from 62.75 pence to 50.00 pence over the reporting period which, after adjusting for dividends paid, gives a share price total return of -13.94%.

Investments

The Investment Manager invested £9.2 million into 6 Qualifying Companies during the period. The fair value of Qualifying Investments at 31 March 2023 was £101.6 million (58.2% of NAV), invested across 62 AIM companies and 4⁽¹⁾ unquoted companies. At the half-year end, the fair value of non-qualifying equities and the Marlborough Special Situations Fund were £20.1 million (11.5% of NAV) and £14.3 million (8.2% of NAV) respectively, with most of the non-qualifying equities listed within the FTSE 350 index and offering good levels of liquidity should the need arise. £17.7 million (10.1% of NAV) was held in short-dated investment grade corporate bonds, £2.0 million (1.1% of NAV) was invested in a UK Government bond exchange traded fund and £19.1 million (10.9% of NAV) held in cash at the period end.

Dividend

The Directors continue to maintain their policy of targeting a tax free dividend yield equivalent to 5% of the year end NAV per share (see page 20 for the full policy).

A special dividend of 2.00 pence and a final dividend for the year ending 30 September 2022 of 2.00 pence was paid on 10 February 2023.

An interim dividend of 1 penny (2022: 1 penny) will be paid on 28 July 2023, with an ex-dividend date of 29 June 2023 and a record date of 30 June 2023. The final dividend will be determined at the year end.

Dividend reinvestment scheme

Shareholders may elect to reinvest their dividends by subscribing for new shares in the Company. Further information can be found in the shareholder information section on page 39.

On 10 February 2023, 1,836,516 ordinary shares were allotted at a price of 54.95 pence per share, which was calculated in accordance with the terms and conditions of the dividend reinvestment scheme (DRIS), on the basis of the last reported NAV per share as at 20 January 2023, to shareholders who elected to receive shares as an alternative to the final dividend for the year ended 30 September 2022 and special dividend announced on 19 December 2022.

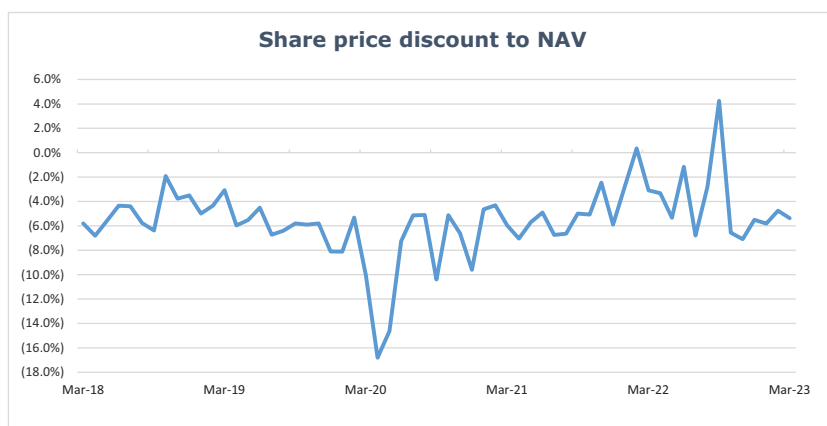
Buybacks

In total, 2,660,431 shares (nominal value: £26,604) were repurchased during the six month period ending 31 March 2023 at a cost of £1,454,426 (average price: 54.67 pence per share). As at 9 June 2023, a further 1,481,360 shares have been repurchased at a cost of £750,823 (average price of 50.68 pence per share).

Share price discount

The Company aims to improve liquidity and to maintain a discount of approximately 5 per cent. to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board (see page 20 for the full policy).

1. Excluding companies in administration or at risk of administration with zero value



We continued to operate the discount control and management of share liquidity policy effectively during the period. The Company has 1 and 5 year average share price discounts of -4.19% and -5.56% respectively. The share price discount as at 31 March 2023 was -5.37% compared to a premium of +4.25% at 30 September 2022. The share price premium as reported for the period ending 30 September 2022 was a consequence of decreases in the valuation of several private companies incorporated into the 30 September 2022 Net Asset Value per share as published on 10 October 2022.

As at 9 June 2023 the discount to NAV is 5.26% of the last published NAV per share.

Offer for subscription

The Directors of the Company announced on 5 September 2022 the launch of an offer for subscription for shares to raise up to £20 million, together with an over-allotment facility of up to a further £30 million. On 10 February 2023, the Company announced it had received valid applications of approximately £40 million. The Board decided not to utilise any further sums under the over-allotment facility and therefore the offer for subscription was closed to further applications.

The offer resulted in gross funds being received of £40 million and the issue of 66 million shares.

Cancellation of share premium

At the general meeting of the Company held on 7 October 2022, a special resolution was passed approving the cancellation of the Company's share premium account in order to create a pool of distributable reserves.

We are pleased to confirm the cancellation of the share premium account of the Company has been approved by the High Court of Justice in England and Wales and accordingly, the amount standing to the credit of the share premium account (£133.2m) of the Company as at 9 May 2023 has been cancelled.

Cost efficiency

Your Board reviews costs incurred by the Company on a regular basis and is focused on maintaining a competitive ongoing charges ratio. The period end ongoing charges ratio was 2.17% (30 Sept 2022: 2.06%) when calculated in accordance with the AIC's "Ongoing Charges" methodology, the increase primarily being a result of the fall in average net assets in the period under review.

Shareholder events

Both your Board and the Investment Manager are keen to improve interaction with our shareholders. On 23 November 2022, the Company held a well-attended shareholder event at Everyman Cinema, Broadgate, City of London. The event included presentations from several portfolio companies, a panel discussion and a presentation from the Investment Manager's VCT team before concluding with the screening of a feature film. A summary recording of the Investment Manager's presentation is available to view on the Company's website <https://www.hargreaveaimvcts.co.uk>.

The 2023 shareholder event will be held at 2pm, Wednesday 29 November at Everyman Broadgate.

Following feedback from shareholders, we plan to trial a series of shorter and more regular in person events, which will be more focussed on performance. These are likely to be held over breakfast or at the end of the day to assist those who cannot attend the lengthier annual review held in November or who would like more frequent access to the Investment Manager and members of the Board. The first event will be at 8am on Wednesday 21 June 2023 at 88 Wood Street, London, EC2V 7QR. Further information on this event and future events will be published on the Company's website and via email.

Shareholders are asked to register their attendance at events via email at aimvct@canaccord.com.

Electronic communications

As ever, we are respectfully asking shareholders to opt into electronic communications and update their dividend payment preference from cheque to bank transfer. Switching to the digital delivery of shareholder communications and dividend distributions is more cost efficient and more secure whilst also helping to reduce our environmental footprint.

To assist with this transition, and as highlighted in the September 2022 annual report and accounts, the Company will no longer print and distribute the interim report to shareholders, unless specifically requested by shareholders.

To support the digital experience, the Company is investing in an upgraded website that will improve the experience and include more regular updates to the content, including recorded updates from the manager and portfolio companies.

The interim results will continue to be available for download on our website <https://www.hargreaveaimvcts.co.uk> and a summary of the results is also published via a Regulatory Information Service on the London Stock Exchange.

Regulatory update

There were no major changes to VCT legislation during the period under review.

On 23 September 2022, the Government announced that it intended to extend the sunset clause that, if not otherwise repealed or extended, would result in the withdrawal of the upfront 30% income tax relief for new investment into VCTs from 6 April 2025.

The sunset clause, introduced as part of the 2015 EU State aid review, does not affect the Capital Gains Tax relief or tax free dividend payments, nor does it affect investors' income tax relief on VCT investments made before 6 April 2025.

The extension of the sunset clause will require legislation to be laid before Parliament.

Consumer Duty

The Financial Conduct Authority (FCA) is introducing a new Consumer Duty from 31 July 2023 to improve the standard of care provided by firms that are involved in the manufacture or supply of products and services to retail clients. Consumer Duty will comprise a new principle and suite of other rules and guidance to be followed by firms involved in the manufacture and distribution of a product to put consumers in a better position to take responsibility for meeting their financial needs and objectives. For consumers, this should:

- give confidence that firms are acting in good faith, in line with their interests;
- allow them to make informed choices about products and services that are fit for purpose and designed to meet a designated target market;
- improve the information available to assist with the review of the products and services most likely to meet their needs;
- support the correct delivery of benefits that consumers should reasonably expect from the product and services they subscribe to;
- improve the standard of customer service; and
- help them obtain fair value from financial products and services.

Canaccord Genuity Asset Management (CGAM) is the designated manufacturer of the Company. Canaccord Genuity Wealth Limited (CGWL) is the distributor for the Company. In its capacity as manufacturer, CGAM has

conducted a fair value assessment and a target market assessment. Having reviewed both pieces of work, the Board is satisfied that CGAM and CGWL have complied with their obligations.

Two of the four pillars that underpin Consumer Duty relate to consumer understanding and consumer support. Although the Board is satisfied that these obligations are met in full, we intend to upgrade the Company's website to enhance the services and benefits derived from an investment in the Company.

VCT status

I am pleased to report that we continue to perform well against the requirements of the legislation and at the period end, the investment test was 95.79% (2022: 85.63%) against an 80% requirement when measured using HMRC's methodology. The Company met all other tests relevant to its status as a Venture Capital Trust.

Key information document

In accordance with the Packaged Retail Investment and Insurance Products (PRIIPs) regulations, the Company's Key Information Document (KID) is published on the Company's website at <https://www.hargreaveaimvcts.co.uk>.

Risk review

Your Board has reviewed the risks facing the Company. Further detail can be found in the principal risks and uncertainties section on page 19.

Outlook

Trading continues to vary quite widely by sector.

The fallout from SVB has been most acutely felt by the life sciences sector. Those companies serving the media industry have noted disruption as content creators review budgets. Technology companies are reporting mixed trading, varying by application and the industry served. The UK consumer continues to spend, albeit selectively, drawing down on accumulated savings. Spending on retail and dining out has stabilised, whilst demand for overseas travel is high. Industrials are reporting stronger end markets as supply chain restrictions continue to ease, whilst the defence sector is trading well and reporting strong growth in order books. We expect these trends to persist through to the year end.

Deal flow remains very quiet. There is a growing pipeline of deal flow that is being held back until the market environment improves. We do not expect a material pick up in activity before the summer recess, perhaps a quarter later than we have previously guided to.

Although the larger benchmark indices are trading well, AIM continues to grind lower. It is difficult to see this dynamic changing until we have more clarity on when and where interest rates will peak and further evidence emerges of improving business and consumer confidence. Given the clear evidence of the value on offer and the gradually improving outlook, we remain optimistic about the opportunity in 2024 and beyond.

David Brock

Chair

Date: 13 June 2023

Investment Manager's report

Introduction

This report covers the first half of the Company's 2022/23 financial year, 1 October 2022 to 31 March 2023. The Investment Manager's report contains references to movements in the NAV per share and NAV total return per share for the period. Movements in the NAV per share do not necessarily mirror the earnings per share total return reported in the accounts and elsewhere, which convey the profit after tax of the Company within the reported period as a function of the weighted average number of shares in issue for the period.

Investment performance measures contained in this report are calculated on a pence per share basis and include realised and unrealised gains and losses.

Investment report

Investor sentiment improved through the first half of the 2023 financial year, as investors became more confident that inflation was close to peaking and, with it, the interest rate tightening cycle that had done so much damage to risk assets in 2022.

A change of Prime Minister and Chancellor helped to restore confidence in UK fiscal policy, allowing the currency to recover and credit markets to stabilise. The economy has withstood the pressure better than many had predicted. All the same, companies and households have had to navigate an immensely difficult period of high inflation and stagnating economic activity. For UK households, real wage growth was strongly negative and budgets came under pressure from higher energy bills and sharp increases in the cost of food. Companies came under pressure too, with weak business and consumer sentiment and higher input costs reflected in company updates. The number of companies reducing guidance was sharply higher year on year.

UK consumers, very short of confidence, drew down on household savings to support spending over the key Christmas trading period. In-store retail bounced back and pubs, bars and restaurants traded marginally ahead of 2019, the most recent non-COVID comparator, in part helped by the 2022 World Cup. Those industries and channels most impacted by COVID (travel, leisure, high street retail) continued to recover whilst COVID beneficiaries (housing, home improvements, consumer tech, durable goods, online retail) reported more difficult trading.

Much of the deep pessimism that dominated the early part of the financial year has moderated. The UK economy continues to outperform against low expectations. The Office of Budget Responsibility and the Bank of England (BoE) raised their real GDP forecasts for 2023 in the quarter and again post period end. In its May 2023 Monetary Policy Report, the BoE significantly upgraded its guidance with the UK economy now expected to grow by 0.9% over the 12 months to June 2024.

UK inflation remains stubbornly high at 10.1% in March 2023, defying predictions that it would fall below 10% in March. In response, the BoE has continued to raise the base rate with market participants predicting a terminal rate of 4.8% in Q4'23 with inflation expected to fall back to around 5% by the end of 2023.

Sentiment was further buoyed by the reopening of the Chinese economy in early 2023, the last of the major economies to relax COVID restrictions. Towards the end of the period under review, concerns started to surface that some mid and large sized US regional banks (subject to a lighter touch regulatory regime than the larger globally systemically important banks) might struggle to operate profitably in the high interest rate environment that emerged in 2022, leading to depositor flight. Silicon Valley Bank (SVB) was the first of several significant bank failures. There were problems in Europe, too, with a hastily arranged distressed sale of Credit Suisse to UBS. For now, the fallout appears well-contained with deposits and taxpayers protected by the actions of the regulators and other market participants.

Terminal interest expectations and the bond market have been unusually volatile as investors responded to fresh economic data, adjusted for the tighter credit conditions and assessed the implications for monetary policy. By some estimates, the failure of SVB might tighten financial conditions by the equivalent of a 1.5% increase in US base rates.

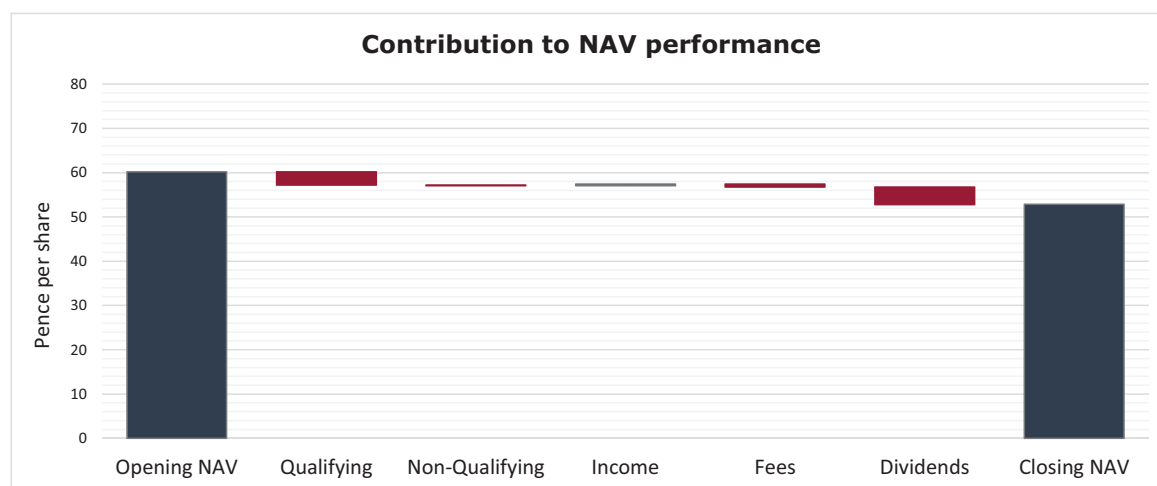
Amidst such uncertainty, monetary policy committees and market participants are scrutinising each employment report, inflation and economic survey for evidence of falling inflation and leading indicators of economic activity. Future monetary policy is now very data dependent, placing enormous weight on each announcement, setting us up for further periods of heightened volatility. Meanwhile, the bond markets continue to forecast a US recession later this year or early next year.

UK stock markets were positive for most of the period under review. Sentiment turned in early March 2023 as investors took increasing note of signs of distress within the US banking industry. AIM (+1.09%) continued to underperform the FTSE 100 (+12.55%) and FTSE 250 (+11.63%) indices as investors continued to favour larger more established companies over smaller, higher risk and less liquid companies.

Performance

In the six months to 31 March 2023, the unaudited NAV per share decreased from 60.19 pence to 52.84 pence. A special dividend of 2.0 pence per share and a final dividend of 2.0 pence per share was paid on 10 February 2023, giving a NAV total return to investors of -3.35 pence per share, which translates to a loss of -5.57%. The NAV total return (dividends reinvested) for the period was -5.98% compared with +1.09% in the FTSE AIM All-Share Index Total Return and +12.25% in the FTSE All-Share Index Total Return (also calculated on a dividends reinvested basis).

The Qualifying Investments made a net contribution of -2.98 pence per share whilst the Non-Qualifying Investments returned -0.13 pence per share. The adjusting balance was the net of running costs and investment income. The contribution to NAV performance is split out in further detail below.



Zoo Digital (+50%, +0.99 pence per share) announced a second strategically significant platform contract with a major Hollywood studio to support the localisation and preparation of content for distribution through its streaming platform. Post period end, the company raised funds and acquired a minority stake in a Japanese localisation company. At the same time, Zoo reported that a temporary disruption at its largest client would leave revenues for the 12 months to March 2023 behind previously upgraded forecasts. Profit guidance was unchanged.

In a January trading update, Learning Technologies Group (+22.9%, +0.36 pence per share) announced FY22 revenues of £595m and adjusted EBIT of at least £100m, in line with market expectations. Margin outperformance was driven by a combination of efficiency gains and organic growth in GP Strategies. Net debt of £119.8m was in line with consensus. The company confirmed that it remained confident of delivering its 2025 targets of £850m run-rate revenue and £175m EBIT. The post period end release of its results for 12 months to December 2022 included a cautious outlook and revealed a higher than expected interest charge from floating rate debt. The shares sold off aggressively.

Equipmake (+16%, +0.29 pence per share) raised £6.2m at 5 pence per share in January. Whilst news has been limited, interim results confirmed trading remained in line with expectations. The company has a strong pipeline which it expects to convert into contracts over the remainder of 2023.

XP Factory (+54.2%, +0.29 pence per share) provided a trading update for FY22 with revenue guidance of £21.9m and pre IFRS15 adjusted EBITDA of £2.6m, in line with market expectations. Including recent site openings, annualised run-rate revenues have reached £33m. The company closed the year with £3.2m cash.

Gousto (-79.7%, -0.70 pence per share) raised new equity in February 2023 to fund capital expenditure and working capital. Operational and financial performance has improved following a difficult period in mid-2022. Gross margins remain healthy despite the demanding supply environment. Adjustments made to overheads and operational footprint (current and future) are starting to feed through to improving operating profit margins and

cash performance. The company continues to focus on quality and choice whilst elevating its value proposition, helping to drive higher levels of customer satisfaction. Although we increased the company's enterprise value, the addition of a new class of share resulted in a reduction to the value of the investment.

Initially, the outlook looked promising for Polarean (-50%, -0.43 pence per share) with the company receiving FDA clearance for Xenoview, its drug-device combination product that allows MRI scanners to provide detailed evaluation of lung function. In subsequent updates, the company revised its growth and cost assumptions, resulting in a substantial cut to guidance. The FY22 closing cash balance of \$16m provides runway until May 2024.

Maxcyte (-32.1%, -0.43 pence per share) reported that FY22 revenues grew +31% to \$44.3m with gross profit margins stable at 88%. Although the company reported a net loss of \$23.6m, it remains very well-funded with cash of \$227.3m as it continues to invest for growth. FY23 guidance was set at 20-25% revenue growth, with potential upside should the first product developed on its platform (Exa-cel, a partnership between Vertex Pharma & CRISPR) receive FDA approval in H2 2023. The longer-term pipeline is positive, with 16 partnered programs currently in the clinic and a pipeline of pre-clinical milestones of over \$1.55bn. Post period end, the company reported a 26% decline in revenues for the 3 months to 31 March 2023 and revised its guidance to revenue growth of 8-12%.

In a January update, Angle (-70.5%, -0.34 pence per share) warned that a weaker economic environment and changes to Canadian R&D tax credits would require the closure of its Canadian operation. The company also announced that it would not continue to develop its molecular diagnostics platform and instead prioritise third party platforms such as those from Thermo Fisher and Illumina. The company is funded into H2 2024 following a £20m fundraise in July 2022 and an ongoing cost reduction programme.

Surface Transform (-25.6%, -0.30 pence per share) revised guidance for a second time following teething problems that emerged with the commissioning of new equipment installed to support the significant increase in revenues forecast this year and next. 2023 revenue forecasts were cut from £23m to £16m. Although disappointing, the company reports the matter is now resolved and continues to expect to transition into profit this year. The company has a £290m order book that includes very large contracts with three leading automotive OEMs.

Within the qualifying portfolio, we exited Diurnal through a takeover, and sold our investment in In The Style following a period of very difficult trading. We reduced our investment in Zoo Digital and Faron Pharma following a period of strong share price performance. We also reduced our investment in Smoove through a tender offer.

Within the non-qualifying portfolio, we sold investments in JD Sports, Natwest, NCC, Shaftesbury, Safestore, Seraphine and Workspace.

Portfolio structure

The VCT is comfortably through the HMRC defined investment test and ended the period at 95.79% invested as measured by the HMRC investment test. By market value, the VCT had a 58.1% weighting to Qualifying Investments.

Qualifying investment activity was strong in the half year with £9.2m invested into 6 Qualifying Companies, including 2 new AIM investments and 3 follow-on investments. There was also one follow on investment into a private company.

In line with the investment policy, we made investments in the Marlborough Special Situations Fund as a temporary home for proceeds from fundraising, increasing the weighting from 2.1% to 8.2%. The non-qualifying equity portfolio increased from 7.7% to 11.1%. For the first time since 2016, we have invested into short-dated investment grade UK corporate credit, building a 10.1% weighting across six issuers. Cash decreased from 26.1% to 10.9% of net assets despite inflows from the offer for subscription.

The HMRC investment tests are set out in Chapter 3 of Part 6 Income Tax Act 2007, which should be read in conjunction with this Investment Manager's report. Funds raised by VCTs are first included in the investment tests from the start of the accounting period containing the third anniversary of the date on which the funds were raised. Therefore, the allocation of qualifying investments as defined by the legislation can be different to the portfolio weighting as measured by market value relative to the net assets of the VCT.

Post period end update

Since the period end, the FTSE AIM All-Share Total Return Index has declined by 1.59%, whilst the FTSE All-Share Total Return Index has increased by 0.78%. The Company's NAV has fallen by 2.1% to 51.72 pence (31 May 2023). As of 9 June 2023, the share price of 49.00 pence represented a discount of 5.26% to the last published NAV per share.

For further information please contact:
Oliver Bedford
Lead Manager

Date: 13 June 2023

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Investment portfolio summary

As at 31 March 2023

	Net Assets %	Cost £000	Cumulative movement in value £000	Valuation £000	Market	COI ⁽¹⁾
Equity Qualifying Investments						
Zoo Digital Group plc	4.91	2,159	6,421	8,580	AIM	YES
Equipmake Holdings plc	3.59	3,740	2,538	6,278	AIM	NO
Learning Technologies Group plc	3.32	2,238	3,562	5,800	AIM	YES
Eagle Eye Solutions Group plc	2.77	1,642	3,206	4,848	AIM	YES
PCI-PAL plc	1.90	2,280	1,042	3,322	AIM	YES
Tortilla Mexican Grill plc	1.65	1,125	1,750	2,875	AIM	YES
Surface Transforms plc	1.64	1,744	1,128	2,872	AIM	YES
Maxcyte Inc	1.63	1,270	1,580	2,850	AIM	YES
Engage XR Holdings plc	1.58	3,453	(690)	2,763	AIM	YES
Infinity Reliance Ltd (My 1st Years) ⁽²⁾	1.57	2,500	243	2,743	Unlisted	YES
Itaconix plc	1.49	3,025	(415)	2,610	AIM	NO
Bidstack Group plc	1.40	2,733	(286)	2,447	AIM	NO
XP Factory plc	1.37	4,068	(1,681)	2,387	AIM	YES
Beeks Financial Cloud Group plc	1.36	1,038	1,341	2,379	AIM	YES
Cohort plc	1.25	619	1,566	2,185	AIM	YES
Eneraqua Technologies plc	1.17	1,955	92	2,047	AIM	NO
Diaceutics plc	1.17	1,550	489	2,039	AIM	YES
Aquis Exchange plc	1.05	765	1,074	1,839	AIM	YES
Abcam plc	1.03	55	1,746	1,801	AIM	NO
CentralNic Group plc	0.92	588	1,024	1,612	AIM	YES
Arecor Therapeutics plc	0.92	1,687	(87)	1,600	AIM	NO
C4X Discovery Holdings plc	0.89	2,300	(742)	1,558	AIM	NO
Polarean Imaging plc	0.85	2,081	(588)	1,493	AIM	NO
Ilika plc	0.85	1,636	(157)	1,479	AIM	NO
Zappar Ltd	0.82	1,600	(170)	1,430	Unlisted	NO
Belvoir Group plc	0.73	762	509	1,271	AIM	YES
Velocys plc	0.71	2,220	(978)	1,242	AIM	NO
Craneware plc	0.65	125	1,002	1,127	AIM	YES
Idox plc	0.64	135	989	1,124	AIM	YES
Kidly Ltd	0.64	1,660	(542)	1,118	Unlisted	NO
Quixant plc	0.61	1,209	(150)	1,059	AIM	NO
Instem plc	0.60	297	748	1,045	AIM	YES
Crimson Tide plc	0.58	1,260	(252)	1,008	AIM	YES
Blackbird plc	0.56	615	369	984	AIM	NO
Intelligent Ultrasound Group plc	0.55	1,550	(586)	964	AIM	NO
EKF Diagnostics Holdings plc	0.53	565	362	927	AIM	NO
Verici DX plc	0.53	1,939	(1,012)	927	AIM	YES
Equals Group plc	0.52	750	152	902	AIM	YES
AnimalCare Group plc	0.52	720	182	902	AIM	YES
The Property Franchise Group plc	0.50	377	501	878	AIM	YES
Skillcast Group plc	0.49	1,570	(721)	849	AIM	NO
OneMedia iP Group plc	0.47	1,141	(326)	815	AIM	YES
Crossword Cybersecurity plc	0.45	2,039	(1,254)	785	AIM	YES
Bivictrix Therapeutics plc	0.45	1,200	(420)	780	AIM	NO
Eden Research plc	0.42	1,355	(621)	734	AIM	NO
Globaldata plc	0.39	173	501	674	AIM	YES
Hardide plc	0.37	3,566	(2,928)	638	AIM	YES
Tristel plc	0.36	543	77	620	AIM	NO
Intercede Group plc	0.35	305	311	616	AIM	YES
Creo Medical Group plc	0.35	2,329	(1,720)	609	AIM	YES
SCA Investments Ltd (Gousto)	0.32	2,484	(1,919)	565	Unlisted	YES
Faron Pharmaceuticals Oy	0.28	1,133	(638)	495	AIM	NO
Angle plc	0.26	1,158	(711)	447	AIM	NO
K3 Business Technology Group plc	0.19	270	60	330	AIM	YES
Everyman Media Group plc	0.15	600	(332)	268	AIM	YES
Science in Sport plc	0.15	1,479	(1,214)	265	AIM	NO
Smooove plc	0.13	621	(392)	229	AIM	NO
Strip Tinning Holdings plc	0.13	1,054	(826)	228	AIM	NO

	Net Assets %	Cost £000	Cumulative movement in value £000	Valuation £000	Market	COI ⁽¹⁾
Fusion Antibodies plc	0.13	624	(400)	224	AIM	NO
Trakm8 Holdings plc	0.08	486	(352)	134	AIM	NO
Rosslyn Data Technologies plc	0.04	500	(430)	70	AIM	YES
MYCELX Technologies Corporation	0.04	361	(297)	64	AIM	YES
Renalytix AI plc	0.03	82	(25)	57	AIM	YES
Gfinity plc	0.02	2,026	(1,992)	34	AIM	YES
Yourgene Health plc	0.01	472	(459)	13	AIM	NO
Osirium Technologies plc	–	858	(849)	9	AIM	NO
Honest Brew Ltd ⁽²⁾	–	2,800	(2,800)	–	Unlisted	NO
Laundrapp Ltd ⁽²⁾	–	2,450	(2,450)	–	Unlisted	NO
Airportr Technologies Ltd ⁽²⁾	–	1,888	(1,888)	–	Unlisted	NO
Mporium Group plc	–	33	(33)	–	Unlisted	NO
Flowgroup plc	–	26	(26)	–	Unlisted	NO
Infoserve Group plc ⁽³⁾	–	–	–	–	Unlisted	NO
Total – equity Qualifying Investments	56.03	97,661	206	97,867		
Qualifying fixed income investments						
Kidly Ltd (convertible loan notes)	1.37	2,400	–	2,400	Unlisted	NO
Osirium Technologies plc (convertible loan notes)	0.75	800	511	1,311	Unlisted	NO
Honest Brew Ltd (loan notes)	–	300	(300)	–	Unlisted	NO
Total qualifying fixed income investments	2.12	3,500	211	3,711		
Total Qualifying Investments	58.15	101,161	417	101,578		
Non-Qualifying Investments						
Funds						
Marlborough Special Situations Fund	8.19	16,130	(1,817)	14,313	Unlisted	NO
iShares plc ISHRS UK Gilts 0–5Yr ETF GBP (Dist)	1.14	2,001	(5)	1,996	Main	NO
Total Funds	9.33	18,131	(1,822)	16,309		
Equity Non-Qualifying Investments						
Bodycote plc	0.84	1,534	(66)	1,468	Main	NO
Hollywood Bowl Group plc	0.80	1,566	(171)	1,395	Main	YES
SThree plc	0.80	1,687	(293)	1,394	Main	YES
Bytes Technology Group plc	0.78	1,137	222	1,359	Main	YES
WH Smith plc	0.68	1,220	(24)	1,196	Main	YES
National Grid plc	0.63	1,041	55	1,096	Main	YES
The Watches of Switzerland Group plc	0.58	1,216	(197)	1,019	Main	YES
TP ICAP Group plc	0.58	1,023	(14)	1,009	Main	YES
BAE Systems plc	0.56	782	191	973	Main	NO
Energear plc	0.52	926	(15)	911	Main	YES
Diversified Energy Company plc	0.49	1,050	(199)	851	Main	YES
Chemring Group plc	0.48	920	(86)	834	Main	YES
Hilton Food Group plc	0.47	1,262	(433)	829	Main	YES
Trifast Group plc	0.44	1,318	(542)	776	Main	YES
JD Sports Fashion plc	0.42	771	(34)	737	Main	YES
Harbour Energy plc	0.39	922	(236)	686	Main	YES
Rotork plc	0.38	737	(76)	661	Main	NO
Ashtead Group plc	0.37	771	(127)	644	Main	YES
XP Power plc	0.35	743	(135)	608	Main	YES
Future plc	0.33	599	(20)	579	Main	YES
Wickes Group plc	0.20	585	(240)	345	Main	NO
On the Beach Group plc	0.18	868	(545)	323	Main	YES
Tortilla Mexican Grill plc	0.18	161	152	313	Main	YES
MYCELX Technologies Corporation	0.04	298	(223)	75	Main	YES
Genagro Services Ltd ⁽⁴⁾	–	–	–	–	Unlisted	YES
Total – equity Non-Qualifying Investments	11.49	23,137	(3,056)	20,081		

	Net Assets %	Cost £000	Cumulative movement in value £000	Valuation £000	Market	COI ⁽¹⁾
Fixed Income – bonds						
British Telecommunications plc 5.75% BDS 17/12/28	1.76	3,171	(95)	3,076	Main	NO
NatWest Markets plc 6.375% NTS 08/11/27	1.73	3,067	(51)	3,016	Main	NO
Royal Bank of Canada 5.000% SNR NTS 24/01/28	1.70	3,049	(77)	2,972	Main	NO
Marks & Spencer plc 3.000% NTS 08/12/23	1.69	2,988	(33)	2,955	Main	NO
Next Group plc 4.375% BDS 02/10/26	1.67	2,976	(61)	2,915	Main	NO
Barclays plc 3.25% NTS 12/02/27	1.56	2,859	(131)	2,728	Main	NO
Total Fixed Income – bonds	10.11	18,110	(448)	17,662		
Total – Non-Qualifying Investments	30.93	59,378	(5,326)	54,052		
Total investments	89.08	160,539	(4,909)	155,630		
Cash at bank	10.94			19,130		
Prepayments, accruals	(0.02)			(35)		
Net assets	100.00			174,725		

(1) COI – Co-investments with other funds managed by the Investment Manager at 31 March 2023.

(2) Different classes of shares held in unlisted companies within the portfolio have been aggregated.

(3) Impaired fully through the profit and loss account and therefore shows a zero cost.

(4) Company awaiting liquidation.

The investments listed below are either listed, headquartered or registered outside the UK:

	Listed	Headquartered	Registered
<i>Listed Investments:</i>			
Abcam plc	UK/USA	UK	UK
Bytes Technology Group plc	UK/South Africa	UK	UK
Crimson Tide plc	UK/Republic of Ireland	UK	UK
Craneware plc	UK	UK/USA	UK
Diversified Energy Company plc	UK	USA	UK
Engage XR Holdings plc	UK	ROI	UK
Energean plc	UK/Israel	UK	UK
Faron Pharmaceuticals Oy	UK/Finland	Finland	Finland
Itaconix plc	UK/USA	USA	UK
Maxcyte Inc	UK/USA	USA	USA
Mycelx Technologies Corporation plc	UK/USA	USA	USA
National Grid plc	UK/USA	UK	UK
Polarean Imaging plc	UK	USA	UK
Renalytix AI plc	UK/USA	USA	UK
Verici DX plc	UK	UK/USA	UK
<i>Unlisted private companies:</i>			
Genagro Ltd ⁽¹⁾	-	UK	Jersey

(1) Company awaiting liquidation.

Top ten investments

As at 31 March 2023 (by market value)

The top ten investments are shown below. Each investment is valued by reference to the bid price, or, in the case of unquoted companies, the IPEV guidelines using one or more valuation techniques according to the nature, facts and circumstances of the investment. Forecasts, where given, are drawn from a combination of broker research and/or Bloomberg consensus forecasts. Forecasts are in relation to a period end for which the company results are yet to be released. Published accounts are used for private companies or public companies with no published broker forecasts. The net asset figures and net cash values are from published accounts in most cases.

Zoo Digital Group plc		Share price: 195.0p	
Investment date	April 2017	Forecasts for the year to	March 2023
Equity held	4.98%	Turnover (\$'000)	90,400
Av. Purchase Price	49.1p	Profit before tax (\$'000)	6,800
Cost (£'000)	2,159	Net cash September 2022 (\$'000)	1,498
Valuation (£'000)	8,580	Net assets September 2022 (\$'000)	30,690

Company description

Zoo Digital is a provider of cloud-based dubbing, subtitling, localisation and distribution services for the global entertainment industry. Zoo's clients include major Hollywood studios, global broadcasters and independent distributors. Zoo's point of difference in the marketplace is its development and use of innovative cloud technology that ensures that content is localised in any language and delivered to all the major online platforms with reduced time to market, higher quality and lower costs.

Equipmake Holdings plc		Share price: 7.3p	
Investment date	July 2022	Forecasts for the year to	May 2023
Equity held	10.51%	Turnover (£'000)	4,800
Av. Purchase Price	4.3p	Loss before tax (£'000)	(4,400)
Cost (£'000)	3,740	Net cash November 2022 (£'000)	7,443
Valuation (£'000)	6,278	Net assets November 2022 (£'000)	9,491

Company description

Equipmake has developed a range of electrification products for the provision of electric vehicle (EV) drivetrains to meet the needs of the automotive, aerospace, space and transport sectors in support of the transition to zero emission powertrains. Equipmake products can be applied in a variety of other vehicle electrification contexts, including hybrid, fully electric and fuel cell vehicles. Equipmake provides individual components to full turnkey systems.

Learning Technologies Group plc		Share price: 128.9p	
Investment date	July 2015	Forecasts for the year to	December 2023
Equity held	0.57%	Turnover (£'000)	608,900
Av. Purchase Price	49.7p	Profit before tax (£'000)	94,000
Cost (£'000)	2,238	Net debt December 2022 (£'000)	(119,811)
Valuation (£'000)	5,800	Net assets December 2022 (£'000)	426,300

Company description

Learning Technologies Group provides workplace digital learning and talent management software and services to corporate and government clients. The group offers end-to-end learning and talent solutions ranging from strategic consultancy, through a range of content and platform solutions to analytical insights that enable corporate and government clients to meet their performance objectives.

Eagle Eye Solutions Group plc		Share price: 560.0p	
Investment date	April 2014	Forecasts for the year to	June 2023
Equity held	2.96%	Turnover (£'000)	38,900
Av. Purchase Price	189.7p	Profit before tax (£'000)	3,800
Cost (£'000)	1,642	Net cash December 2022 (£'000)	14,409
Valuation (£'000)	4,848	Net assets December 2022 (£'000)	17,012

Company description

Eagle Eye is a Software-as-a-Service (SaaS) technology company that creates digital connections enabling personalised, real-time marketing solutions for large retailers. Through Eagle Eye AIR, the company's loyalty and promotions omnichannel SaaS platform, companies connect all aspects of the customer journey in real time, unlocking the capability to deliver personalisation, streamline marketing execution and open up new revenue streams through promotions, loyalty apps, gamification, subscriptions and gift services.

Kidly Ltd ⁽¹⁾		Unquoted	
Investment date	March 2020	Results for the year to	March 2022
Voting rights held	9.90%	Turnover (£'000) ⁽²⁾	–
Av. Purchase Price	165.6p	Profit/(loss) before tax (£'000) ⁽²⁾	–
Cost (£'000)	4,060	Net cash March 2022 (£'000)	358
Valuation (£'000)	3,518	Net assets March 2022 (£'000)	(1,490)
Income recognised in period (£)	103,233		

Company description

Kidly is an online children's retail platform that curates a range of attractive third-party brands that sit alongside its own Kidly Label brand, catering to children between the ages of 0-5 years.

⁽¹⁾ Includes equity investment of £1.1 million and convertible loan note investments of £2.4 million.

⁽²⁾ Not available, data taken from abbreviated accounts.

PCI PAL plc		Share Price: 48.0p	
Investment date	January 2018	Forecasts for the year to	June 2023
Equity held	10.55%	Turnover (£'000)	14,900
Av. Purchase Price	32.9p	Loss before tax (£'000)	(2,200)
Cost (£'000)	2,280	Net cash December 2022 (£'000)	1,876
Valuation (£'000)	3,322	Net assets December 2022 (£'000)	(1,477)

Company description

PCI PAL is a provider of SaaS solutions that allows companies to take payments from their customers securely. Its products secure payments and data in any business communications environment including voice, chat, social, email, and contact centre and is integrated to, and resold by, business communications vendors and payment service providers.

Tortilla Mexican Grill plc		Share Price: 115.0p	
Investment date	October 2009	Forecasts for the year to	December 2023
Equity held	7.17%	Turnover (£'000)	69,800
Av. Purchase Price	46.4p	Profit before tax (£'000)	1,000
Cost (£'000)	1,286	Net debt December 2022 (£'000)	(555)
Valuation (£'000)	3,188	Net assets December 2022 (£'000)	3,591

Company description

Tortilla is the UK's largest fast-casual Mexican restaurant brand, offering a California-style Mexican menu. Founded in October 2007, Tortilla operates a multichannel order strategy across dine in, take away, click and collect and delivery options. The current estate includes more than 59 Tortilla restaurants across the UK, 9 UK and 3 overseas franchise stores, 3 UK delivery kitchens and delivery partnerships with Deliveroo, Just Eat and Uber. Following the acquisition of Chilango Ltd in May 2022, the company operates 3 sites across the UK under the Chilango brand.

Surface Transforms plc		Share Price: 29.0p	
Investment date	March 2016	Forecasts for the year to	December 2023
Equity held	5.07%	Turnover (£'000)	16,000
Av. Purchase Price	17.6p	Loss before tax (£'000)	(844)
Cost (£'000)	1,744	Net cash December 2022 (£'000)	13,826
Valuation (£'000)	2,872	Net assets December 2022 (£'000)	33,551

Company description

Surface Transforms develops and produces carbon-ceramic brake discs serving customers that include major OEMs in the global automotive markets. Surface Transforms interweaves continuous carbon fibre to form a 3D multi-directional matrix, producing a stronger, lighter and more durable product with superior heat conductivity compared to standard production components.

Maxcyte Inc		Share Price: 380.0p	
Investment date	March 2016	Forecasts for the year to	December 2023
Equity held	0.73%	Turnover (\$'000)	49,300
Av. Purchase Price	169.3p	(Loss) before tax (\$'000)	(33,500)
Cost (£'000)	1,270	Net cash March 2023 (\$'000)	224,700
Valuation (£'000)	2,850	Net assets March 2023 (\$'000)	247,819

Company description

Maxcyte is a cell-engineering focused company providing enabling platform technologies to advance the discovery, development and commercialization of next-generation cell therapeutics.

Engage XR Holdings Plc		Share Price: 3.20p	
Investment date	March 2023	Forecasts for the year to	December 2023
Equity held	16.45%	Turnover (€'000)	5,400
Av. Purchase Price	4.0p	(Loss) before tax (€'000)	(4,500)
Cost (£'000)	3,453	Net cash December 2022 (€'000)	2,209
Valuation (£'000)	2,763	Net assets December 2022 (€'000)	2,480

Company description

Engage XR is a virtual reality ('VR') technology company with a proprietary cloud-based professional metaverse platform used to deliver immersive corporate communications, remote collaborations and events, training and education. The company has a strong reputation for data security and reliability, with a diverse customer base of more than 200 clients including several blue-chip companies such as Meta, HP, HTC, KIA and BMW.

For further information please contact:

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Principal risks and uncertainties

The principal risks facing the Company relate to the Company's investment activities and include venture capital trust approval, investment, compliance, operational risk and outsourcing, key personnel and exogenous risks such as economic, political, financial, climate change and health risk. Other risks faced by the Company include market risk, currency risk, interest rate risk, liquidity risk and credit 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 30 September 2022 on pages 17 to 18. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Going concern

The Company's business activities and the factors affecting its future development are set out in the Chair's statement on pages 4 to 8 and the Investment Manager's report on pages 9 to 12. The Company's principal risks are set out above.

The Board receives regular reports from the Investment Manager and Administrator and reviews the financial position, performance and liquidity of the Company's investment portfolio. Revenue forecasts and expense budgets are prepared at the start of each financial year and performance against plan is reviewed by the Board. Cash forecasts are prepared and reviewed by the Board as part of the HMRC investment test compliance monitoring.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months. No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board of Directors.

David Brock
Chair

Date: 13 June 2023

Other matters

Dividend policy

The Company's dividend policy is to target a tax-free dividend yield equivalent to 5% of the year end NAV per share. The ability to pay dividends is dependent on the Company's available distributable reserves and cash resources, the Act, the Listing Rules and the VCT Rules. The policy is non-binding and at the discretion of the Board. Dividend payments may vary from year to year in both quantum and timing. The level of dividend paid each year will depend on the performance of the Company's portfolio. In years where there is strong investment performance, the Directors may consider a higher dividend payment, including the payment of special dividends. In years where investment performance is not as strong, the Directors may reduce or even pay no dividend.

Discount control and management of share liquidity policy

The Company aims to improve liquidity and to maintain a discount of approximately 5% to the last published NAV per share (as measured against the mid-price) by making secondary market purchases of its shares in accordance with parameters set by the Board.

This policy is non-binding and at the discretion of the Board. Its operation depends on a range of factors including the Company's liquidity, shareholder permissions, market conditions and compliance with all laws and regulations. These factors may restrict the effective operation of the policy and prevent the Company from achieving its objectives.

Diversity and inclusion

The Board comprises three male non-executive directors and three female non-executive directors with a diverse range of experience, skills, length of service and backgrounds. The Board considers diversity and inclusion when reviewing Board composition and has made a commitment to consider diversity and inclusion when making future appointments. The Board will always appoint the best person for the job. It will not discriminate on the grounds of gender, race, ethnicity, religion, sexual orientation, age or physical ability.

Environmental Social and Governance (ESG) Considerations

The Board seeks to maintain high standards of conduct with respect to environmental, social and governance issues and to conduct the Company's affairs responsibly.

The Company does not have any employees or offices and so the Board does not maintain any specific policies regarding employees, human rights, social and community issues but does expect the Investment Manager to consider them when fulfilling its role. The Company is exempt from the Streamlined Energy and Carbon Reporting requirements.

The management of the Company's investment portfolio has been delegated to its Investment Manager, Canaccord Genuity Asset Management Limited. The Company has not instructed the Investment Manager to include or exclude any specific types of investment on ESG grounds. However, it expects the Investment Manager to take account of ESG considerations in its investment process for the selection and ongoing monitoring of underlying investments. The Board has also given the Investment Manager discretion to exercise voting rights on resolutions proposed by investee companies.

The Investment Manager continues to strengthen its approach to ESG issues.

To minimise the direct impact of its activities, the Company offers electronic communications where acceptable to reduce the volume of paper it uses and uses Carbon Balanced paper manufactured at a FSC accredited mill to print its annual financial reports. Vegetable based inks are used in the printing process where appropriate.

David Brock

Chair

Date: 13 June 2023

Statement of directors' responsibilities in respect of the half-yearly financial report

In accordance with Disclosure Transparency Rule (DTR) 4.2.10, David Brock (Chair), Oliver Bedford, Angela Henderson, Justin Ward, Megan McCracken and Busola Sodeinde, the Directors, confirm that to the best of their knowledge that:

- The half-yearly financial results have been prepared in accordance with UK GAAP and give a true and fair view of the assets, liabilities, financial position and profit of the Company as at 31 March 2023 as required by DTR 4.2.4;
- The interim management report consisting of the Chair's statement, Investment Manager's report, investment portfolio summary, principal risks and uncertainties disclosure and notes to the half-yearly report includes a fair review of the information required by the Financial Conduct Authority Disclosure and Transparency Rules, being;
 - 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;
 - a description of the principal risks and uncertainties for the remaining six months of the year; and
 - 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.

On behalf of the Board of Directors.

David Brock
Chair

Date: 13 June 2023

Condensed income statement

for the six month period to 31 March 2023 (unaudited)

	Note	For the six month period to 31 March 2023 (unaudited)			For the six month period to 31 March 2022 (unaudited)		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Net (loss) on investments held at fair value through profit or loss	5	–	(10,472)	(10,472)	–	(43,893)	(43,893)
Income	2	1,008	–	1,008	370	–	370
		1,008	(10,472)	(9,464)	370	(43,893)	(43,523)
Management fee		(363)	(1,089)	(1,452)	(475)	(1,425)	(1,900)
Other expenses		(515)	(26)	(541)	(587)	(5)	(592)
		(878)	(1,115)	(1,993)	(1,062)	(1,430)	(2,492)
Profit/(loss) on ordinary activities before taxation		130	(11,587)	(11,457)	(692)	(45,323)	(46,015)
Taxation		–	–	–	–	–	–
Profit/(loss) after taxation		130	(11,587)	(11,457)	(692)	(45,323)	(46,015)
Basic and diluted earnings/(loss) per share	3	0.04p	(3.76)p	(3.72)p	(0.28)p	(18.46)p	(18.74)p

The total columns of these statements are the income statements of the Company. All revenue and capital items in the above statements derive from continuing operations. There was no other comprehensive income other than the profits/losses for the six-month periods as set out above. The accompanying notes are an integral part of these financial statements.

Condensed income statement

for the year ended 30 September 2022 (audited)

	Note	For the year to 30 September 2022 (audited)		
		Revenue £000	Capital £000	Total £000
Net (loss) on investments held at fair value through profit or loss	5	–	(85,203)	(85,203)
Income	2	975	13	988
		975	(85,190)	(84,215)
Management fee		(835)	(2,505)	(3,340)
Other expenses		(1,093)	(22)	(1,115)
		(1,928)	(2,527)	(4,455)
(Loss) on ordinary activities before taxation		(953)	(87,717)	(88,670)
Taxation		–	–	–
(Loss) after taxation		(953)	(87,717)	(88,670)
Basic and diluted (loss) per share	3	(0.36)p	(33.06)p	(33.42)p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations. There was no other comprehensive income other than the loss for the year as set out above. The accompanying notes are an integral part of these financial statements.

Condensed balance sheet

as at 31 March 2023 (unaudited)

	Note	31 March 2023 (unaudited) €000	31 March 2022 (unaudited) €000	30 September 2022 (audited) €000
Fixed assets				
Investments at fair value through profit or loss	5	155,631	168,933	119,188
Current assets				
Debtors	7	925	496	408
Cash at bank		19,130	38,082	41,911
		20,055	38,578	42,319
Creditors: amounts falling due within one year	8	(961)	(1,139)	(1,000)
Net current assets		19,094	37,439	41,319
Total assets less current liabilities		174,725	206,372	160,507
Capital and Reserves				
Called up share capital		3,307	2,675	2,666
Share premium		132,541	92,707	93,660
Capital redemption reserve		227	179	201
Capital reserve – unrealised		22,030	63,852	23,935
Special reserve		50,058	68,107	63,931
Capital reserve – realised		(30,456)	(18,297)	(20,774)
Revenue reserve		(2,982)	(2,851)	(3,112)
Total shareholders' funds		174,725	206,372	160,507
Net asset value per share (basic and diluted)	4	52.84p	77.13p	60.19p

The accompanying notes are an integral part of these financial statements.

Condensed statement of changes in equity

for the six month period to 31 March 2023 (unaudited)

	Note	Non-distributable reserves				Distributable reserves ⁽¹⁾			Total £000
		Share capital £000	Share premium £000	Capital redemption reserve £000	Capital reserve unrealised £000	Special reserve £000	Capital reserve realised £000	Revenue reserve £000	
At 1 October 2022		2,666	93,660	201	23,935	63,931	(20,774)	(3,112)	160,507
Loss and total comprehensive income for the period									
Realised loss on investments	5	–	–	–	–	–	(5,075)	–	(5,075)
Unrealised loss on investments	5	–	–	–	(5,397)	–	–	–	(5,397)
Management fee charged to capital		–	–	–	–	–	(1,089)	–	(1,089)
Income allocated to capital	2	–	–	–	–	–	–	–	–
Due diligence investment costs		–	–	–	–	–	(26)	–	(26)
Revenue profit after taxation for the period		–	–	–	–	–	–	130	130
Total loss after taxation for the period		–	–	–	(5,397)	–	(6,190)	130	(11,457)
Contributions by and distributions to owners									
Subscription share issues	9	649	38,720	–	–	–	–	–	39,369
Issue costs	14	–	(830)	–	–	–	–	–	(830)
Share buybacks	9	(26)	–	26	–	(1,454)	–	–	(1,454)
DRIS share issues	9	18	991	–	–	–	–	–	1,009
Equity dividends paid	6	–	–	–	–	(12,419)	–	–	(12,419)
Total contributions by and distributions to owners		641	38,881	26	–	(13,873)	–	–	25,675
Other movements									
Diminution in value	5	–	–	–	3,492	–	(3,492)	–	–
Total other movements		–	–	–	3,492	–	(3,492)	–	–
At 31 March 2023		3,307	132,541	227	22,030	50,058	(30,456)	(2,982)	174,725

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 31 March 2023 were £16.6 million. The accompanying notes are an integral part of these financial statements.

(1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 31 March 2023, none of the special reserve was subject to this restriction.

Condensed statement of changes in equity

for the six month period to 31 March 2022 (unaudited)

	Note	Share capital £000	Share premium £000	Non-distributable reserves		Special reserve £000	Distributable reserves ⁽¹⁾		Total £000
				Capital redemption reserve £000	Capital reserve unrealised £000		Capital reserve realised £000	Revenue reserve £000	
At 1 October 2021		2,280	53,802	158	102,311	84,004	(11,433)	(2,159)	228,963
Loss and total comprehensive income for the period									
Realised loss on investments	5	–	–	–	–	–	(2,161)	–	(2,161)
Unrealised loss on investments	5	–	–	–	(41,732)	–	–	–	(41,732)
Management fee charged to capital		–	–	–	–	–	(1,425)	–	(1,425)
Income allocated to capital	2	–	–	–	–	–	–	–	–
Due diligence investment costs		–	–	–	–	–	(5)	–	(5)
Revenue (loss) after taxation for the period		–	–	–	–	–	–	(692)	(692)
Total (loss) after taxation for the period		–	–	–	(41,732)	–	(3,591)	(692)	(46,015)
Contributions by and distributions to owners									
Subscription share issues		406	38,794	–	–	–	–	–	39,200
Issue costs		–	(729)	–	–	–	–	–	(729)
Share buybacks		(21)	–	21	–	(1,739)	–	–	(1,739)
DRIS share issues		10	840	–	–	–	–	–	850
Equity dividends paid		–	–	–	–	(14,158)	–	–	(14,158)
Total contributions by and distributions to owners		395	38,905	21	–	(15,897)	–	–	23,424
Other movements									
Diminution in value		–	–	–	3,273	–	(3,273)	–	–
Total other movements		–	–	–	3,273	–	(3,273)	–	–
At 31 March 2022		2,675	92,707	179	63,852	68,107	(18,297)	(2,851)	206,372

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 31 March 2022 were £47.0 million. The accompanying notes are an integral part of these financial statements.

- (1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 31 March 2022, none of the special reserve was subject to this restriction.

Condensed statement of changes in equity

for the year ended 30 September 2022 (audited)

		Non-distributable reserves				Distributable reserves ⁽¹⁾			
	Note	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Capital Reserve Unrealised £000	Special Reserve £000	Capital Reserve Realised £000	Revenue Reserve £000	Total £000
At 1 October 2021		2,280	53,802	158	102,311	84,004	(11,433)	(2,159)	228,963
Loss and total comprehensive income for the year									
Realised gains on investments	5	–	–	–	–	–	2,056	–	2,056
Unrealised (losses) on investments	5	–	–	–	(87,259)	–	–	–	(87,259)
Management fee charged to capital		–	–	–	–	–	(2,505)	–	(2,505)
Income allocated to capital	2	–	–	–	–	–	13	–	13
Due diligence investments costs		–	–	–	–	–	(22)	–	(22)
Revenue (loss) after taxation for the year		–	–	–	–	–	–	(953)	(953)
Total (loss) after taxation for the year		–	–	–	(87,259)	–	(458)	(953)	(88,670)
Contributions by and distributions to owners									
Subscription share issues		416	39,579	–	–	–	–	–	39,995
Issue costs	–	–	(746)	–	–	–	–	–	(746)
Share buybacks		(43)	–	43	–	(3,243)	–	–	(3,243)
DRIS share issues		13	1,025	–	–	–	–	–	1,038
Equity dividends paid	6	–	–	–	–	(16,830)	–	–	(16,830)
Total contributions by and distributions to owners		386	39,858	43	–	(20,073)	–	–	20,214
Other movements									
Diminution in value		–	–	–	8,883	–	(8,883)	–	–
Total other movements		–	–	–	8,883	–	(8,883)	–	–
At 30 September 2022		2,666	93,660	201	23,935	63,931	(20,774)	(3,112)	160,507

Reserves available for distribution are capital reserve realised, special reserve and revenue reserve. Total distributable reserves at 30 September 2022 were £40 million. The accompanying notes are an integral part of these financial statements.

- (1) The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special (distributable) reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 30 September 2022, none of the special reserve was subject to this restriction.

Condensed statement of cash flows

for the six month period to 31 March 2023 (unaudited)

	Note	31 March 2023 (unaudited) £000	31 March 2022 (unaudited) £000	30 September 2022 ⁽¹⁾ (audited) £000
Total (loss) on ordinary activities before taxation		(11,457)	(46,015)	(88,670)
Realised losses/(gains) on investments	5	5,075	2,161	(2,056)
Unrealised losses on investments	5	5,397	41,732	87,259
(Increase) in debtors	7	(517)	(166)	(78)
(Decrease)/increase in creditors	8	(39)	(44)	(183)
Non-cash distributions	2	–	(54)	(126)
Amortisation		(26)	–	–
Net cash (outflow) from operating activities		(1,567)	(2,386)	(3,854)
Purchase of investments	5	(51,920)	(22,737)	(29,460)
Sale of investments	5	5,031	12,765	27,995
Net cash (used in) investing activities		(46,889)	(9,972)	(1,465)
Share buybacks	9	(1,454)	(1,739)	(3,243)
Issue of share capital	9	39,369	39,200	39,995
Issue costs	14	(830)	(729)	(746)
Dividends paid	6	(11,410)	(13,308)	(15,792)
Net cash provided by financing activities		25,675	23,424	20,214
Net (decrease)/increase in cash		(22,781)	11,066	14,895
Opening cash		41,911	27,016	27,016
Closing cash		19,130	38,082	41,911

The accompanying notes are an integral part of these financial statements.

(1) 30 September 2022 cash flow represents annual results

Explanatory notes

for the six month period to 31 March 2023 (unaudited)

Basis of preparation

The Company has prepared its half-yearly financial results for the six month period ending 31 March 2023. The condensed financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), including Financial Reporting Standard 104 ("FRS 104") and with the Companies Act 2006 and the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies and Venture Capital Trusts" July 2022 ("SORP").

They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

1. Significant accounting policies

Hargreave Hale AIM VCT plc has applied the same accounting policies and methods of computation in its interim condensed financial statements as in its 2022 annual financial statements.

Segmental reporting

There is considered to be one operating segment being investment in equity and debt securities.

Key judgements and estimates

The preparation of the financial statements requires the Board to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. Key judgements and estimates mainly relate to the determination of the fair valuation of unquoted investments.

The assessment of fair value will reflect the market conditions at the measurement date irrespective of which valuation technique is used. The IPEV guidelines describe a range of valuation techniques, as described in the "financial instruments" section on pages 30 to 31.

Further areas requiring judgement and estimation are recognising and classifying unusual or special dividends as either capital or revenue in nature. The estimates and underlying assumptions are under continuous review with particular attention paid to the carrying value of the investments.

2. Income

	Six months to 31 March 2023 (unaudited) £000	Six months to 31 March 2022 (unaudited) £000	Year ended 30 September 2022 (audited) £000
Income from investments			
Revenue:			
Dividend income	467	251	744
Interest from bonds	146	–	–
Interest from loan notes	151 ⁽¹⁾	116 ⁽²⁾	184 ⁽³⁾
Bank interest	244	3	47
	1,008	370	975
Capital:			
Return of capital	–	–	–
In-specie dividend	–	–	13 ⁽⁴⁾
	–	–	13
Total income	1,008	370	988

- (1) Loan stock interest of £18k in respect of the previous financial year has been recognised in the period following reversal of the impairment being carried at 30 September 2022.
- (2) The Company's accrued fixed interest from a convertible loan note in XP Factory plc (£54.0k) was converted into shares on 2 February 2022.
- (3) As noted above, the Company's accrued fixed income from a convertible loan note in XP Factory (£54k) was converted into shares on 2 February 2022. The Company also converted tranche 1 of the Kidly 2025 convertible loan note at the principal plus accrued fixed income of £59k into equity in line with the terms of the agreement to meet HMRC investment requirements ahead of a follow-on investment into the Company in August 2022. Total loan stock interest due but not recognised in the year was £50.7k. This was due to Honest Brew Ltd being placed into administration in June 2022 and impairment of the Osirium plc loan note.
- (4) EKF Diagnostics plc distribution in specie of Verici shares (£13k).

3. Basic and diluted (loss) per share

	Six months to 31 March 2023 (unaudited)	Six months to 31 March 2022 (unaudited)	Year ended 30 September 2022 (audited)
(Loss) per share	(3.72p)	(18.74p)	(33.42)p
Net (loss) for the period	(£11,457,253)	(£46,014,820)	(£88,670,119)
Weighted average number of shares	308,143,674	245,572,062	265,292,558

4. Net asset value per share

	Six months to 31 March 2023 (unaudited)	Six months to 31 March 2022 (unaudited)	Year ended 30 September 2022 (audited)
Net asset value per share	52.84p	77.13p	60.19p
Net assets	£174,724,979	£206,371,986	£160,507,390
Number of shares in issue at period end	330,697,542	267,559,694	266,652,209

5. Investments

	Listed Investments 31-Mar-23 £000	Unlisted Investments ⁽¹⁾ 31-Mar-23 £000	Total Investments 31-Mar-23 £000	Total Investments 31-Mar-22 £000	Total Investments 30-Sep-22 £000
Opening valuation	105,321	13,867	119,188	202,800	202,800
Re-classification adjustment	–	–	–	–	–
Purchases at cost	39,201	12,719	51,920	22,737	29,460
Effective yield adjustment	26	–	26	–	–
Non-cash distribution	–	–	–	54 ⁽²⁾	126 ⁽³⁾
Sale proceeds	(5,031)	–	(5,031)	(12,765)	(27,995)
Realised (losses)/gains	(5,075)	–	(5,075)	(2,161) ⁽⁴⁾	2,056 ⁽⁴⁾
Unrealised (losses)	(2,691)	(2,706)	(5,397)	(41,732) ⁽⁴⁾	(87,259) ⁽⁴⁾
Closing valuation	131,751	23,880	155,631	168,933	119,188
Cost at period end	125,468	35,071	160,539	122,917	118,699
Unrealised gains/(losses) at period end	26,024	(3,994)	22,030	63,852	23,935
Diminution in value at period end ⁽⁵⁾	(19,741)	(7,197)	(26,938)	(17,836)	(23,446)
Valuation at period end	131,751	23,880	155,631	168,933	119,188

(1) Includes £14.3 million invested in the Marlborough Special Situations Fund.

(2) The Company elected to convert accrued fixed interest from a convertible loan note in XP Factory into shares (£54k).

(3) As noted above accrued fixed interest of £54k from a loan note in XP Factory converted into shares, EKF Diagnostics plc distribution in specie of Verici shares (£13k) and the Company elected to convert accrued fixed interest from a convertible loan note in Kindly into shares (£59k).

(4) The net (loss) on investments held at fair value through profit or loss in the income statement is the sum of the realised (losses)/gains and unrealised (losses) for the period as detailed in the table above.

(5) Diminishments of £7,110,352 were made in the six month period ending 31 March 2023. Once adjusted for disposals of £3,617,829 diminishments at the period end are £26,938,099.

Financial Instruments – fair value measurement hierarchy

The table below sets out fair value measurements using FRS102 (appendix to section 2 fair value measurement) fair value hierarchy. The Company has one class of assets, being at fair value through profit or loss.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valued by reference to valuation techniques using inputs that are not based on observable market data.

	Level 1 Investments £'000	Level 2 Investments £'000	Level 3 Investments £'000	Total Investments £'000
Six months ended 31 March 2023 (unaudited)	143,615	2,449	9,567	155,631
Year ended 30 September 2022 (audited)	104,999	3,561	10,558	119,188
Six months ended 31 March 2022 (unaudited)	144,368	–	24,570	168,933

The following table sets out the basis of valuation for the material Level 3 investments and those where the value has materially changed during the period, held within the portfolio at 31 March 2023.

Level 3 Unquoted Investments	
SCA Investments Ltd (Gousto)	The company raised new equity in February 2023 to fund capital expenditure and working capital. Revenue and EBITDA continues to improve following a difficult period in mid-2022. Although the assessment of value has resulted in an increased enterprise value, the addition of a new class of share has resulted in a reduction to the value of the investment. EV/Sales and EV/EBITDA peer group ratios and discounted cash flow analysis were used to support the valuation.
Kidly Ltd	Trading remained difficult over the winter period with the company closing FY23 with revenues lower year on year. Losses were marginally lower than in the prior year. The company has made changes to its operating model to increase efficiency and reduce losses in FY24. The company successfully raised new financing from debt and equity investors (including the Company) during the period under review and post period end, potentially sufficient to take the company through to break even. The fair value of the equity investment, which was reviewed against EV/Sales multiples across a peer group of listed companies, was unchanged. The fair value of the convertible loan note investment was also unchanged. The conversion option is valued using the Black-Scholes option pricing model.
Infinity Reliance Ltd (My 1st Years)	Despite the difficult environment, trading remained resilient and in line with expectations in FY22 with the company continuing to generate positive EBITDA. The company expects to generate modest growth in revenues in FY23. The fair value of the investment, which was unchanged, was reviewed against EV/Sales multiples across a peer group of listed companies.
Portr Ltd	The company continues to generate modest revenues from operations in the United Kingdom and Switzerland. Much of its recent focus has been on securing a new funding to support a growth plan that includes launches into several new territories. The assessment of fair value was set with reference to FY23 projections and EV/Sales multiples across a peer group of listed peers and led to a reduction in value following a review of several funding scenarios.
Zappar Ltd	The company modestly reduced revenue guidance for FY23 to reflect lengthening sales cycles. Profit forecasts were unchanged. Despite a considerably more cautious outlook, the company expects to deliver further growth in FY24. The valuation, which was unchanged, was reviewed against the revised financial projections for FY23 and EV/Sales multiples across a peer group of listed companies, many of which had increased in value over the period.
Osirium Technologies plc – convertible loan note	The company raised new equity in November 2022 and, as a result, set a new lower strike price for the value of the option to convert the loan note into the company's ordinary shares, which increased the value of the option to convert and, as a result, the value of the convertible loan note. The value of the conversion option was calculated using the Black-Scholes option pricing model.

Level 3 Unquoted Investment disposals

There were no disposals of unquoted investments in the period.

6. Dividends paid

Summary of dividends paid in the six months to 31 March 2023 and the financial year ending 30 September 2022 are detailed below:

	Six months ended 31 March 2023 (unaudited) £'000	Year ended 30 September 2022 (audited) £'000
Special capital dividend of 2.50 pence per share paid on 29 October 2021	–	5,704
Final capital dividend of 3.15 pence for the year ended 30 September 2021 paid on 10 February 2022	–	8,455
Interim capital dividend of 1.00 pence per share for the year ended 30 September 2022 paid on 29 July 2022	–	2,671
Special capital dividend of 2.00 pence per share paid on 10 February 2023	6,216	–
Final capital dividend of 2.00 pence per share for the year ended 30 September 2022 paid on 10 February 2023	6,216	–
Unclaimed dividends ⁽¹⁾	(13)	–
Total	12,419⁽²⁾	16,830⁽³⁾

(1) Unclaimed dividends for a period of 12 years reverted to the Company.

(2) The difference between total dividends paid for the period ending 31 March 2023, and the cash flow statement is £1,009,000 which is the amount of dividends reinvested under the DRIS for the period.

(3) The difference between total dividends paid for the period ending 30 September 2022 and the cash flow statement is £1,038,000 which is the amount of dividends reinvested under the DRIS for the period.

7. Debtors

	Six months to 31 March 2023 (unaudited) £000	Six months to 31 March 2022 (unaudited) £000	Year ended 30 September 2022 (audited) £000
Prepayments and accrued income	925	496	408

8. Creditors: amounts falling due within one year

	Six months to 31 March 2023 (unaudited) £000	Six months to 31 March 2022 (unaudited) £000	Year ended 30 September 2022 (audited) £000
Trade Creditors	–	20	8
Accruals and deferred income	961	1,119	992
	961	1,139	1,000

9. Transactions in shares

Buybacks

In total, the Company repurchased 2,660,431 shares during the six month period ending 31 March 2023 at a total cost of £1,454,426. The repurchased shares represent 1% of ordinary shares in issue on 1 October 2022. The acquired shares have been cancelled.

Share issues

In total, the Company issued 64,869,248 new shares (nominal value £648,692) through an offer for subscription during the six month period ending 31 March 2023, raising gross proceeds of £39,369,083. Once adjusted for issue costs this resulted in net proceeds of £38,538,938.

The Company also issued 1,836,516 shares under the dividend reinvestment scheme.

10. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at 31 March 2023.

11. Legal form and principal activities

The Company was incorporated and registered in England and Wales on 16 August 2004 under the Companies Act 1985, registered number 5206425.

The Company has been approved as a Venture Capital Trust by HMRC under section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 29 October 2004 and can be found under the TIDM code "HHV". The Company is premium listed.

In common with many other VCTs, the Company revoked its status as an investment company as defined in Section 256 of the Companies Act 1985 on 23 May 2006 to facilitate the payment of dividends out of capital profits.

The Company's principal activity is to invest in a diversified portfolio of qualifying small UK based companies, primarily trading on AIM, with a view to generating capital returns and income from its portfolio and to make distributions from capital and income to shareholders whilst maintaining its status as a VCT.

The Company is registered as a small UK Alternative Investment Fund Manager (AIFM) with a Board comprising of six non-executive directors, five of whom are independent. Oliver Bedford is not considered independent as he is an employee of Canaccord Genuity Asset Management Limited, the Company's Investment Manager. Canaccord Genuity Wealth Limited acts as administrator and custodian and JTC (UK) Limited provide company secretarial services to the Company.

The Board has overall responsibility for the Company's affairs including the determination of its investment policy, however, the Board may exercise these responsibilities through delegation to Canaccord Genuity Asset Management Limited, Canaccord Genuity Wealth Limited and JTC (UK) Limited as it considers appropriate.

The Directors have managed and continue to manage the Company's affairs in such a manner as to comply with Section 259 of the Income Taxes Act 2007.

12. Cautionary statement

The results should not be taken as a guide to the results for the financial period ending 30 September 2023. This report may contain forward looking statements with regards to the financial condition and results of the Company, which are made in the light of current economic and business circumstances. Nothing in this report should be considered as a profit forecast.

13. Publication of non-statutory accounts

The financial information contained in the 31 March 2023 income statement, balance sheet, statement of cash flows and statement of changes in equity has not been audited and does not comprise full financial statements within the meaning of Section 434 of the Companies Act 2006. No statutory accounts in respect of any period after 30 September 2022 have been reported on by the Company's auditor.

The comparative figures for the financial year ended 30 September 2022 have been extracted from the latest published audited Annual Report and Financial Statements. Those accounts have been reported on by the Company's auditor and lodged with the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

14. Related party transactions and conflicts of interest

The remuneration of the Directors, who are key management personnel of the Company is disclosed in the table below.

Director	Role	Fees for the six-month period ending 31 March 2023 (£)
David Brock	Chair	19,500
Oliver Bedford	Director	14,000
Angela Henderson	Director (Chair of Management and Service Provider Engagement Committee)	16,000
Justin Ward	Director (Chair of Audit Committee)	16,750
Megan McCracken	Director	15,250
Busola Sodeinde	Director	15,250

Transactions with the manager

As the Company's Investment Manager, Canaccord Genuity Asset Management is a related party to the Company for the purposes of the Listing Rules. As the Investment Manager and CGWL are part of the same CGWL group, CGWL also falls into the definition of related party.

Oliver Bedford, a non-executive director of the Company is also an employee of the Investment Manager which received fees of £14,000 for the period ended 31 March 2023 in respect of his position on the Board (2022: £12,875). Of these fees £7,000 was owed at the period end.

CGWL act as administrator and custodian to the Company.

	31 March 2023 (£)	31 March 2022 (£)	30 September 2022 (£)
Custody	15,000	15,000	30,000
Administration	97,500	97,500	195,000
Total	112,500	112,500	225,000
Still owed at the period end	55,975	55,980	55,240

Under an offer agreement dated 5 September 2022, CGWL were appointed by the Company to administer the offer for subscription and acted as receiving agent in relation to the offer. Under the terms of the agreement CGWL received a fee of 3.5% of the gross proceeds of the offer for providing these services. The Administrator agreed to discharge commissions payable to financial advisers in respect of accepted applications for Offer Shares submitted by them, including any trail commission.

The Administrator also agreed to discharge and/or reimburse all costs and expenses of and incidental to the offer and the preparation of the prospectus, including without limitation to the generality of the foregoing, FCA vetting fees in relation to the prospectus, sponsor and legal fees, expenses of the Company and CGWL, the Company's tax adviser's fees and expenses, registrar's fees, costs of printing, postage, advertising, publishing and circulating the prospectus and marketing the offer, including any introductory commission and discounts to investors. However, the Administrator was not responsible for the payment of listing fees associated with the admission of the ordinary shares to the premium segment of the Official List and to trading on the main market of the London Stock Exchange.

During the half year, the Company issued 64,869,248 ordinary shares of 1 penny (nominal value £648,692) in an offer for subscription which resulted in gross funds being received of £39,369,083. As marketing adviser and receiving agent to the Company, CGWL was entitled to 3.5% of the gross proceeds (£1,377,918), often referred to as the 'premium'. From this, CGWL paid for the allotment of additional shares to investors with a value of £547,773. A further reduction of £755 introductory commission was made resulting in net fees payable to CGWL of £829,390 which were then used to pay other costs associated with the prospectus and marketing.

Following the final allotment under the offer, CGWL rebated £100,000 to the Company, being the maximum rebate available under the offer agreement for a £40 million raise.

Canaccord Genuity Asset Management Limited is appointed as Investment Manager to the Company and receives an investment management fee of 1.7% per annum.

Investment management fees for the half-year are £1,451,972 (2022: £1,900,193). Of these fees £701,058 was still owed at the period end. As the Investment Manager to the Company and the investment advisor to the Marlborough Special Situations Fund (in which the Company may invest), the Investment Manager makes an adjustment as necessary to its investment management fee to ensure the Company is not charged twice for their services.

Upon completion of an investment, the Investment Manager is permitted under the investment management agreement to charge private investee companies a fee equal to 1.5% of the investment amount. This fee is subject to a cap of £40,000 per investment and is payable directly from the investee company to the Investment Manager. The Investment Manager may recover external due diligence and transactional services costs directly from private investee companies. No fees were charged to investee companies in the period to 31 March 2023 under this agreement.

Total commission of £48,447 was paid to CGWL in the half year for broker services.

The Investment Manager has agreed to indemnify the Company and keep indemnified the Company in respect of the amount by which the annual running costs of the Company exceed 3.5% of the net assets of the Company,

such costs shall exclude any VAT payable thereon and any payments to financial intermediaries, the payment of which is the responsibility of the Company. No fees were waived by the Investment Manager in the first half of the financial year under the indemnity.

As at 31 March 2023, the Company had cash deposits of £19,130,255. Of this, £8,856,608 was held in the client account at CGWL.

15. Post balance sheet events

Buybacks

Since the period end, a further 1,481,360 ordinary shares have been purchased at an average price of 50.68 pence and a total cost of £750,823.

Share issues

Since the period end, a further 1,047,986 new shares have been issued (nominal value £10,480) raising net proceeds of £554,210. The offer is now fully subscribed and closed.

Cancellation of share premium

In accordance with a special resolution passed at a general meeting of the Company on 7 October 2022, the amount standing to the credit of the share premium account on 9 May 2023 (£133.2m) has been cancelled.

New investments

The Company has made the following investments since the period end:

	Amount Invested £000	Investment into existing company
Qualifying Companies		
Fadel Partners Inc	2,300	No
Non-Qualifying Companies		
Ashtead Group plc	344	Yes
On the Beach Group plc	320	Yes

Alternative performance measures

An alternative performance measure ("APM") is a financial measure of the Company's historic or future financial performance, financial position or cash flows which is not defined or specified in the applicable financial reporting framework.

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for a VCT.

APM definitions are available on page 37. Where the calculation of the APM is not detailed within the financial statements, an explanation of the methodology employed is below:

NAV total return

		31 March 2023	31 March 2022
Opening NAV per share	A	60.19p	100.39p
Special dividend paid	B	2.00p	2.50p
Final dividend paid	C	2.00p	3.15p
Closing NAV per share	D	52.84p	77.13p
NAV total return	$[(B+C+D-A)/A]*100$	-5.57%	-17.54%

NAV total return (dividends reinvested)

		31 March 2023	% Return
Opening NAV per share (30 September 2022)	A	60.19p	
Closing NAV per share (31 March 2023)		52.84p	
	Special dividend paid February 2023	2.00p	
	Final dividend for year paid February 2023	2.00p	
Total dividend payments		4.00p	
Closing NAV per share plus dividends paid		56.84p	-5.57% (-17.54% 31 March 2022)
In year performance of reinvested dividends		-0.25p	
NAV total return (dividends reinvested)	$((B-A)/A)*100$	B 56.59p	-5.98% (-18.49% 31 March 2022)

Share price total return

		31 March 2023	31 March 2022
Opening share price	A	62.75p	93.00p ⁽¹⁾
Special dividend paid	B	2.00p	-
Final dividend paid	C	2.00p	3.15p
Closing share price	D	50.00p	74.75p
Share price total return	$[(B+C+D-A)/A]*100$	-13.94%	-16.24%

(1) Ex-dividend (special).

Share price total return (dividends reinvested)

		31 March 2023	% Return
Opening share price (30 September 2022)	A	62.75p	
Closing share price (31 March 2023)		50.00p	
	Special dividend paid February 2023	2.00p	
	Final dividend for year paid February 2023	2.00p	
Total dividend payments		4.00p	
Closing share price plus dividends paid		54.00p	-13.94% (-16.24% 31 March 2022)
In year performance of reinvested dividends		-0.30p	
Share price total return (dividends reinvested)	$((B-A)/A)*100$	B 53.70p	-14.42% (-16.67% 31 March 2022)

Ongoing charges ratio

The ongoing charges ratio has been calculated using the AIC's "Ongoing Charges" methodology.

		31 March 2023 £000	31 March 2022 £000
Investment management fee ⁽¹⁾		2,904	3,800
Other expenses ^{(1) (2)}		932	1,086
VCT proportion of MSSF expenses ⁽¹⁾		113	34
Ongoing charges	A	3,949	4,920
Average net assets	B	182,015	234,128
Ongoing charges ratio	(A/B)*100	2.17%	2.10%

(1) Figures for the period ending 31 March 2022/23 have been annualised to calculate the ongoing charges ratio.

(2) Other expenses exclude London Stock Exchange fees of £75k (2023) and £49k (2022) for admission of shares under the offer for subscription as the Board do not consider this cost to be an ongoing cost to the fund.

Share price discount

		31 March 2023	31 March 2022
Share price	A	50.00p	74.75p
NAV per share	B	52.84p	77.13p
(Discount) / premium	[(A/B)-1]*100	-5.37%	-3.09%

The 1 year average discount of -4.19% is calculated by taking the average of the share price discount at each month end between 30 April 2022 and 31 March 2023.

The 5 year average discount of -5.56% is calculated by taking the average of the share price discount at each month end between 30 April 2018 and 31 March 2023.

Alternative performance measures

An alternative performance measure is a financial measure of the Company's historic or future financial performance, financial position or cash flows which is not defined or specified in the applicable financial reporting framework.

The Company uses the following alternative performance measures:

Net Asset Value (NAV)

The value of the Company's assets, less its liabilities.

Net Asset Value (NAV) per share

The net asset value divided by the total number of shares in issue at the period end.

NAV total return

The NAV total return shows how the NAV per share has performed over a period of time in percentage terms taking into account both capital returns and dividends paid. We calculate this by adding the dividends paid in the period to the closing NAV per share and measuring the percentage change relative to the opening NAV per share.

NAV total return (dividends reinvested)

The NAV total return (dividends reinvested) shows the percentage movement in the NAV total return per share over time taking into account both capital returns and dividends paid assuming dividends are re-invested into new shares. To be consistent with industry standard practice, the allotment price of the new shares issued in place of the cash dividend is assumed to be the prevailing ex-dividend NAV per share on the day the shares go ex-dividend. This differs from the methodology followed by the registrar when issuing shares under the Company's dividend reinvestment scheme.

Ongoing charges ratio

The ongoing costs of managing and operating the Company divided by its average net assets. Calculated in accordance with AIC guidance, this figure excludes 'non-recurring costs'.

Share price discount

As stock markets and share prices vary, the Company's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, this situation is called a premium.

Share price total return

The share price total return shows performance over a period of time in percentage terms by reference to the mid-price of the Company's shares taking into account dividends paid and payable having past the ex-dividend date in the period and any return of capital if applicable.

We calculate this by adding the dividends paid and payable having past the ex-dividend date in the period to the closing mid-price and measuring the percentage change relative to the opening mid-price.

Share price total return (dividends reinvested)

The performance of the Company's share price on a total return basis assuming dividends are reinvested in new shares at the mid-price of the shares on the ex-dividend date.

Glossary of terms

Administrator

Canaccord Genuity Wealth Limited.

AIM

The Alternative Investment Market operated by the London Stock Exchange.

AQSE Growth Market

The Growth Market of the Aquis Stock Exchange, a recognised investment exchange for growth companies operated by Aquis Exchange plc.

CGWM

In the UK & Europe, Canaccord Genuity Wealth Management ('CGWM') is the trading name of Adam & Company Investment Management Limited (AIM), Canaccord Genuity Wealth Limited ('CGWL'), Canaccord Genuity Financial Planning Limited ('CGFPL'), CG Wealth Planning Limited ('CGWPL'), Canaccord Genuity Asset Management Limited ('CGAM'), Punter Southall Wealth Limited (PSW) and Canaccord Genuity Wealth (International) Limited ('CGWIL').

Earnings per share total return

Total profit/(loss) for the reporting period divided by the weighted average number of shares in issue.

FTSE AIM All-Share Index Total Return

Measures the total return of the underlying FTSE AIM All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

FTSE All-Share Index Total Return

Measures the total return of the underlying FTSE All-Share index combining both capital performance and income. Calculated on a dividends re-invested basis.

Investment Manager

Canaccord Genuity Asset Management Limited.

ITA

Income Tax Act 2007, as amended.

Non-Qualifying Company or Non-Qualifying Investment

An investment made by the Company which is not a Qualifying Investment and is permitted under the VCT Rules.

Offer Shares

New ordinary shares of 1 penny each in the capital of the Company issued or to be issued pursuant to the Offer for Subscription of Ordinary Shares in Hargreave Hale AIM VCT plc launched on 5 September 2022.

Qualifying Company or Qualifying Investment

An investment made by a Venture Capital Trust in a trading company which comprises a qualifying holding under Chapter 4 of Part 6 ITA.

VCT or Venture Capital Trust

Venture capital trust as defined in section 259 ITA.

VCT Rules

All rules and regulations that apply to VCTs from time to time, including the ITA.

Shareholder information

The Company's ordinary shares (TIDM code: HHV) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, <https://www.londonstockexchange.com>, for the latest news and share prices of the Company. Further information for the Company can be found on its website at <https://www.hargreaveaimvcts.co.uk>.

Net Asset Value per share

The Company's NAV per share as at 31 May 2023 was 51.72 pence per share. The Company publishes its unaudited NAV per share on a weekly basis.

Dividends

The Board has approved the payment of an interim dividend of 1 penny in respect of the six months ended 31 March 2023.

Shareholders who wish to have future dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's registrar, Equiniti.

Dividend reinvestment scheme

The Company offers a dividend reinvestment scheme ("DRIS") allowing shareholders to elect to receive all of their dividends from the Company in the form of new ordinary shares. Shareholders may elect to join the DRIS at any time by completing a DRIS mandate form. Mandates can be obtained by contacting the Company's registrar, Equiniti or by visiting the Company's website at <https://www.hargreaveaimvcts.co.uk>. As new ordinary shares will be issued, shareholders are also able to claim tax relief on the shares, including 30% income tax relief on their investment (subject to the terms of the VCT legislation and the personal circumstances of the shareholder).

Selling your shares

The Company aims to improve the liquidity in its ordinary shares and to maintain a discount of approximately 5% to the last published NAV per share (as measured against the mid-price of the shares) by making secondary market purchases. This policy is non-binding and at the discretion of the Board. The effective operation of the policy is dependent on a range of factors which may prevent the Company from achieving its objectives. As a result, there is no guarantee you will be able to sell your shares or of the discount to NAV per share at which they will be sold.

VCT share disposals are exempt of capital gains tax when the disposal is made at arm's length, which means a shareholder should sell their shares to a market maker through a stockbroker or another share dealing service. In practice, this means that the price achieved in a sale is likely to be below the mid-price of the Company's shares and, therefore, the discount is likely to be more than 5% to the last published NAV per share.

VCT share disposals settle two business days post trade if the shares are already dematerialised or placed into CREST ahead of the trade, or ten days post trade if the stock is held in certificated form.

Investors who sell their VCT shares before the fifth anniversary of the share issue are likely to have to repay their income tax relief. Canaccord Genuity Wealth Management can facilitate the sale of VCT shares and is able to act for VCT shareholders who wish to sell their shares. However, you are free to nominate any stockbroker or share dealing service to act for you. If you would like further information from Canaccord Genuity Wealth Management please contact the VCT administration team at aimvct@canaccord.com or call 01253 376622.

Please note that Canaccord Genuity Wealth Limited will need to be in possession of the share certificate and a completed CREST transfer form before executing the sale. If you have lost your share certificate, then you can request a replacement certificate from the Company's registrar Equiniti. The registrar will send out an indemnity form, which you will need to sign. The indemnity form will also need to be countersigned by a UK insurance company or bank that is a member of the Association of British Insurers. Since indemnification is a form of insurance, the indemnifying body will ask for a payment to reflect their risk. Fees will reflect the value of the potential liability.

Shareholder enquiries:

For general shareholder enquiries, please contact Canaccord Genuity Wealth Limited on 01253 376622 or by e-mail to aimvct@canaccord.com. For enquiries concerning the performance of the Company, please contact the Investment Manager on 0207 523 4837 or by e-mail to aimvct@canaccord.com.

Electronic copies of this report and other published information can be found on the Company's website at <https://www.hargreaveaimvcts.co.uk>.

Change of address

To notify the Company of a change of address please contact the Company's registrar at the address on page 41.

Company information

Directors

David Brock, Chair
Oliver Bedford
Angela Henderson
Justin Ward
Megan McCracken
Busola Sodeinde

Administrator and Custodian

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