

THAMES VENTURES VCT 2 PLC

UNAUDITED HALF-YEARLY
FINANCIAL REPORT

30 SEPTEMBER 2023

Foresight
FOR A SMARTER FUTURE

Downing 

Shareholder Information

Financial Calendar

July 2024

September 2024

Announcement of Annual Results

Annual General Meeting

Selling Shares

Information on how to sell your shares can be found on Foresight's website:

www.foresightgroup.eu/products/thames-ventures-vct-2-plc

If you have any queries, Foresight's Customer Team can be contacted at investorrelations@foresightgroup.eu or on 020 3667 8181.

The Company's shares can be bought and sold in the same way as any other company listed on the London Stock Exchange, using a stockbroker. Disposing of shares may have tax implications, so Shareholders are urged to contact their independent financial adviser before making a decision.

The Company has stated that it will, from time to time, consider making market purchases of its own shares, in accordance with the policy set out in the Chairman's Statement. As noted in the Annual Report and Accounts for the year ended 31 March 2023, the Board have temporarily decided not to buyback any shares to conserve cash, which the Board believes is currently in the best interests of Shareholders.

Shareholders who wish to sell their shares should ask their broker to contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure Gordon"). Panmure Gordon can be contacted as follows:

Chris Lloyd
0207 886 2716
chris.lloyd@panmure.com

Paul Nolan
0207 886 2717
paul.nolan@panmure.com

Dividends

Dividends will be paid by the Company's registrar, The City Partnership, on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account, rather than by cheque posted to their registered address, can update their instructions at the Investor Hub currently at:

thames-ventures-vcts.cityhub.uk.com/login

A Dividend Mandate Form is also available from this site that can be completed and emailed to registrars@city.uk.com or sent to The City Partnership (UK) Limited, The Mending Room, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. If you have any queries, The City Partnership can be contacted by the email address above or on 01484 240910.

Share Scam Warning

We are aware that a significant number of shareholders of VCTs managed by both Foresight, Downing and other VCT managers continue to receive unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be a "Boiler Room Scam". **Shareholders are warned to be very suspicious if they receive any similar type of telephone call.**

The FCA has published information about such scams at www.fca.org.uk/scamsmart

If you have any concerns, please contact Foresight at investorrelations@foresightgroup.eu on 020 3667 8181.

Other information for Shareholders

Up-to-date Company information (including financial statements, share prices, and dividend history) may be obtained from Foresight Group's website at:

www.foresightgroup.eu/products/thames-ventures-vct-2-plc

If you have any queries regarding your Shareholding in Thames Ventures VCT 2 plc, please contact the registrar.

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Financial Highlights

	Unaudited 30 September 2023 pence	Unaudited 30 September 2022 pence	Audited 31 March 2023 pence
Ventures Share pool			
Net Asset Value per Ventures Share	50.1	68.5	59.4
Cumulative distributions	9.25	8.0	8.0
Total Return per Ventures Share	59.35	76.5	67.4
Healthcare Share pool			
Net Asset Value per Healthcare Share	52.3	71.7	61.6
Cumulative distributions	10.0	8.75	8.75
Total Return per Healthcare Share	62.3	80.45	70.35
AIM Share pool			
Net Asset Value per AIM Share	100.7	99.0	101.1
Cumulative distributions	-	-	-
Total Return per AIM Share	100.7	99.0	101.1
DSO D Share pool			
Net Asset Value per DSO D Share	2.7	2.6	2.6
Cumulative distributions	102.0	102.0	102.0
Adjusted for Performance Incentive estimate ¹	-	-	-
Total Return per DSO D Share	104.7	104.6	104.6
DP67 Share pool			
Net Asset Value per DP67 Share	25.4	24.4	24.8
Cumulative distributions (since original launch)	67.8	67.8	67.8
Total Return per DP67 Share	93.2	92.2	92.6

¹ Based on Total Return to Shareholders at 30 September 2023, no Performance Incentive is expected to become due to management.

Chairman's Statement

Introduction

I present the Company's unaudited Half-Yearly Financial Report for the six months ended 30 September 2023.

Following an eventful year ended 31 March 2023, with the main Investment Manager changing from Downing LLP to Foresight Group LLP, the six-month period ended 30 September 2023 has been more settled from a management perspective. However, performance during the period has been disappointing, with the UK investment environment continuing to remain challenging.

Although the UK has managed to avoid a recession so far, real GDP growth has been sluggish. Inflation has remained stubbornly high, which has led to a series of interest rate increases, albeit a recent sharp decline in UK inflation rates might provide a glimpse of hope. However, heightened nervousness in the financial markets and recent changes to banks' capital adequacy rules are beginning to reduce the level of funding available for smaller businesses. Understandably, consumer and business confidence in the UK remains fragile, and this has been reflected in some of the portfolio performance for the six-month period ended 30 September 2023.

Evergreen Share pool review

Ventures Share pool

During the period, the Ventures Share pool made one follow-on investment of £0.2 million and received total exit proceeds of £2.2 million. This is against a backdrop of continuing challenges in the UK economy. The Ventures Share class Total Return stood at 59.35p as at 30 September 2023. This is a decrease of 8.05p or 11.9% in Total Return over the period, after adjusting for the dividend of 1.25p per Ventures Share, paid on 29 September 2023.

The NAV decrease over the period is predominantly driven by regulatory factors, with the VCT unable to participate in the recent funding round for Cornelis Networks Inc. due to restrictions resulting from the VCT rules around the gross assets test of the portfolio company. Limitless Limited also suffered due to the lead investor remaining on the UK sanctions list. As a result, both companies experienced valuation reductions in the period.

In June, we exited Imagen returning £1.7 million, with a further distribution of £138k received post period end. There was also a distribution of capital reserves following the sale of Maverick Pubs (Holdings) Limited real estate development company. The investment in Downing Strategic Micro-Cap Investment Trust plc fell in value during the period, broadly in line with the trend for small cap stocks.

A more detailed review of the Ventures Share pool is included in the Ventures Investment Manager's Report

on pages 5 to 8.

Healthcare Share pool

The Healthcare Share pool continues to be managed by Downing LLP, although we hope to move the management to Foresight in due course to align with the Ventures share pool. During the period, the Healthcare Share pool made one follow-on investment of £0.25 million in Cambridge Respiratory Innovations Limited (now trading as Tidal Sense). Proceeds of £0.4 million were generated from two exits completed in the period, DiA Imaging Analysis Limited and an immaterial partial sale of shares in listed company, GENinCode plc.

As at 30 September 2023, the Healthcare Share pool Total Return stood at 62.3p. This is a decrease of 8.05p or 11.4% in Total Return over the period, after adjusting for the dividend of 1.25p per Healthcare Share, paid on 29 September 2023.

The NAV decrease over the period is largely attributable to the fall in the valuation of the two companies which are marked to market: Arecor Therapeutics plc and GENinCode plc. Based on their quoted share prices as at 30 September 2023, Arecor and GENinCode showed unrealised valuation losses totalling £1.2 million for the period. Share market liquidity for both businesses is limited, amplifying the AIM market share price falls and volatility as the general economic climate deteriorates. Additionally, Congenica Limited has been written down to nil resulting in an unrealised valuation loss of £865,000. This is again driven by regulatory factors, with the VCT unable to participate in a funding round which closed following the period-end, materially impacting the Company's position. The remaining investments in the Healthcare portfolio showed a net increase in valuation of £0.2 million for the period.

A more detailed review of the Healthcare Share pool is included in the Investment Manager's Report on pages 9 to 10.

AIM Share pool

Downing continues to provide management services in respect of the AIM Share pool for an interim period.

At the period end, NAV stood at 100.7p. Total Return at 30 September 2023 stood at 100.7p per Share, a 0.4p or 0.4% decrease from 101.1p as at 31 March 2023.

The deal flow for VCT qualifying AIM raises has been disappointing as IPOs have dried up and market sentiment has not supported new fundraises, against a backdrop of deteriorating general economic conditions. However, the Manager continues to see all new qualifying secondary and imminent IPOs and is using this time to conduct enhanced due diligence on potential investments. There were no additions or disposals in the period.

Chairman's Statement (continued)

Planned Exit Share pools

As with the AIM Share pool, Downing LLP continues to provide investment management services in respect of the investments held by the planned exit share pools.

DSO D Share pool

The exit from the two final assets in this Share pool completed during the period with £39,000 of liquidation proceeds received.

At the period end, NAV stood at 2.7p. Total Return at 30 September 2023 stood at 104.7p per Share, an increase of 0.1p or 0.1% from 104.6p as at 31 March 2023.

A more detailed review of the DSO D Share pool is included in the Investment Manager's Report on pages 13 to 14.

DP67 Share pool

The DP67 Share pool holds two remaining investments of value. At the period end, NAV stood at 25.4p. Total Return at 30 September 2023 stood at 93.2p per Share, an increase of 0.6p or 0.6% from 92.6p as at 31 March 2023.

The DP67 Share pool has significant exposure to the hospitality sector and progress towards achieving an exit continues to be slow in the aftermath of the pandemic and a particularly challenging economic backdrop. Having said this, the portfolio is performing well and, for this reason, the Manager is hopeful that it will be able to secure exits in 2024, giving the market a chance to recover.

A more detailed review of the DP67 Share pool is included in the Investment Manager's Report on pages 15 to 16.

Dividends

On 29 September 2023, the Company paid dividends in respect of the year ended 31 March 2023 of 1.25p per Ventures Share and 1.25p per Healthcare Share. This brings the total dividends paid to date on each of the Ventures and Healthcare Share pools, to 9.25p and 10.0p respectively.

Dividends in respect of the Ventures and Healthcare Share classes are paid once a year, typically in September. Both share classes target a dividend level of at least 4% of NAV per annum, but as I reported in the 31 March 2023 annual report, the final dividends paid in September 2023 were reduced from their normal levels, following a lower than expected fund raise last year. The Board continues to take a prudent view and be cautious with the Company's uninvested funds.

For the DSO D Share pool, a final dividend will be declared shortly to return funds to Shareholders and the share pool will then be wound up in the coming months. For the DP67 Share pool, the next and final dividends will be declared once further realisations have taken place.

The AIM Share class has no target dividend and is unlikely to pay any dividend in these early years of its life.

Special Administration of the Company's Custodian of Quoted Assets

Since March 2022, the Company has used IBP Markets Limited ("IBP") as custodian for its quoted investments, with exposure across the Ventures, Healthcare and AIM Share classes. Appointing a custodian is a requirement of the FCA, and IBP is an FCA authorised and regulated wholesale broker, providing custody services and access to equity and fixed income securities for non-retail clients (which includes the Company). On 13 October 2023, the FCA published a supervisory notice under section 55L(3)(a) of the Financial Services and Markets Act 2000, imposing certain restrictions on IBP. On the same date, IBP applied to the High Court and special administrators were appointed. The special administrators have yet to publish an estimated outcome statement and therefore the full impact is currently unknown. The Manager is actively collaborating with the special administrators to reach a resolution and will communicate with Shareholders when further information becomes available. Whilst this is being resolved, the Company is unable to trade on the quoted market.

The Manager is in regular dialogue with the special administrators. The outcome remains subject to change particularly as additional claims may be made on custody assets and client money and there remains a risk to the positions. However, considering the information made available to the Company at the date of this report, there is currently little indication that there will be a materially adverse impact to Shareholders with respect to the custody assets. The position with respect to client money remains to be determined, but total cash at IBP relates to the Healthcare Share pool and represented 0.2% of NAV as at 30 September.

Share buybacks

As noted in the most recent annual report, the Board does not expect to undertake share buybacks in the Ventures, Healthcare and AIM share pools for a period while discussions continue with the Manager as to how the Company can best achieve its objectives for Shareholders. We hope to be in a position to notify Shareholders of future plans shortly, once clarity is obtained on the IBP situation noted above.

As the focus for the two remaining Planned Exit Share pools is on returning funds to Shareholders via distributions, the Company will not undertake any further buybacks in respect of those share classes.

Chairman's Statement (continued)

Fundraising

With the uncertainty brought about by the special administration of the custodian of the Company's quoted stocks, we have not been in a position to launch a fundraise so far this year. Once clarity is achieved on the IBP situation (hopefully in the coming weeks), the Board will be able to consider options for fundraising and will communicate this with Shareholders.

Sunset clause

A "sunset clause" applies to the current approved scheme for EIS and VCT tax reliefs. This clause provides that income tax relief will expire on subscriptions made for VCT shares on or after 6 April 2025, unless the legislation is amended to make the scheme permanent, or the "sunset clause" is extended.

The Chancellor confirmed in the autumn statement that the government remains committed to ensuring early-stage, innovative companies have access to the investment they need to grow and develop. As a result it was announced on 22 November 2023 that the government will legislate to extend the Enterprise Investment Scheme ('EIS') and Venture Capital Trusts ('VCT') to 2035.

Change of Company Secretary and Registered Office

I am pleased to announce that Foresight Group LLP was appointed as Company Secretary effective from 12 September 2023, succeeding Grant Whitehouse. I would like to take this opportunity to thank Grant for his many years of dedication and service to the Company.

Outlook

Although there are now significant challenges for businesses in most sectors, the Board believes that young growth companies still have the ability to offer attractive rewards to investors. The Board hopes to see the Ventures investment team continue to leverage the full benefits of the regional office network and other resources of Foresight Group and to identify suitable new potential investments to further diversify the portfolios, while also closely monitoring and supporting the existing investments.

I look forward to updating all Shareholders in my statement with the Annual Report, which we expect to publish in July 2024.



Sir Aubrey Brocklebank Bt.

Chairman

21 December 2023

Investment Manager's Report - Ventures Share Pool

Introduction

We present our review of the investment portfolio for the Ventures Share pool for the six months to 30 September 2023.

This Investment Manager's Report is split into two sections comprising this overview and a review of the portfolio. Overview of Liquidity Investments within the Ventures Share class is detailed on page 6.

Where the Ventures Share pool has invested alongside the Healthcare Share pool, further valuation commentary can be found within the Investment Manager's Report for the Healthcare Share pool, on page 9.

Net Asset Value and results

As at 30 September 2023, the NAV of a Ventures Share stood at 50.1p, a decrease of 8.05p from 31 March 2023, after adding back the dividend of 1.25p which was paid during the period.

The return on ordinary activities for the Ventures Share pool for the period was a loss of £4.3 million, comprising a revenue loss of £0.3 million and a capital loss of £4.0 million.

The Total Return to Shareholders as at 30 September 2023 was 59.35p.

Portfolio Overview

As at 30 September 2023, the Ventures Share pool held a portfolio of 34 ventures investments and one liquidity investment, with a total carrying value of £21.7 million.

Portfolio Performance

Overall, several larger valuation uplifts in the Ventures Share pool were outweighed by a number of valuation decreases during the period, resulting in a net valuation decrease of £4.1 million across the portfolio.

The carrying value of the liquidity investment has been adjusted to reflect its quoted price as at 30 September 2023. This resulted in a valuation decrease of £131,000 for the half-year period.

Investment activity

There was one investment made during the period. £0.2 million was invested into an existing portfolio company, **Cambridge Touch Technologies Limited**, a company developing pressure sensitive multi touch technology.

There were no investments made into new companies during the period, however, shortly after the period-end, £0.1 million was invested in a new company, **Inoviv Limited**. Inoviv has a long-term data play in drug discovery and trials, having developed novel precision biomarker technology which helps pharmaceutical

customers run drug trials more efficiently. This investment will enable Inoviv to further accelerate their commercial plans, including facilitating the development of tests across more diseases.

Exits

There were three full exits in the period, being **Imagen Limited**, a Software as a Service ("SaaS") video management platform which holds both current and archive footage for major sporting organisations and news outlets. The company was sold for initial cash consideration of £1.7 million at a gain over cost of £0.7 million. There is also £0.2 million of deferred consideration taking total proceeds to £1.9 million and a total gain over cost of £0.9 million.

There was also £450,000 received in relation to the exit of **Maverick Pubs (Holdings) Limited**. This was a distribution of capital reserves following the sale of this real estate development company. Maverick Pubs (Holdings) was seeking to build quality freehold pubs in and around London, however it was adversely impacted by the COVID pandemic, being forced to shut sites, and the subsequent impact of the UK economic downturn. Costs invested were £1.0 million, therefore losses realised were £550,000.

Finally, **Live Better With Limited** was formally dissolved on 25 July 2023.

Portfolio valuation

During the period, the portfolio of the Ventures Share pool decreased in value by a net movement of £3.8 million. Nine companies in the portfolio recorded a combined valuation gain of £1.0 million in the period. However this was offset by a number of companies reporting combined valuation losses totalling £4.8 million. This is driven by regulatory reasons in relation to Cornelis and Limitless (further detail below) and by the ongoing challenges for businesses operating in the UK with associated restriction on access to capital. The £1.0 million of uplift in valuation over the period is driven by the following investments.

Carbice Limited (£354,000), the developer of a suite of products based on its carbon material called Carbice Carbon which is primarily used as thermal management solutions to enable greater thermal conductivity, has continued to progress well during the period, with recurring revenues continuing to grow and continued progress on fundraising.

FundingXchange Limited (£353,000), an SME funding platform and B2B technology provider which enables online lending. After a challenging twelve months, this company has negotiated additional funding to deliver its growth plan. The valuation of this investment has therefore been uplifted to reflect this.

Investment Manager's Report - Ventures Share Pool (continued)

Portfolio valuation (continued)

Cambridge Touch Technologies Limited (£116,000), a company developing pressure sensitive multi touch technology. The value of this investment was uplifted to reflect the valuation of the round which completed during the period.

Offsetting these valuation uplifts, are a number of valuation decreases across the portfolio.

Cornelis Networks, Inc. (£2.8 million) is a technology provider delivering purpose-built high-performance fabrics for High Performance Computing, Analytics and Artificial Intelligence to leading commercial, scientific, academic, and government organizations. The valuation decreased to reflect a funding round which closed in the period in which Thames Ventures VCT 2 Plc was unable to participate due to the company not meeting the gross assets test to be VCT-qualifying. Not participating led to a significant dilution of the Company's stake which has been reflected in the movement in valuation.

Limitless Limited (£625,000), the developer of a crowdsourced customer service platform, was subject to a valuation reduction as a result of one of the co-investors being on the UK Sanctions List giving rise to a funding risk.

Congenica Limited (£605,000), has developed a genomics-based diagnostic decision support platform which helps doctors identify rare diseases in patients. This company is co-invested by the Ventures and Healthcare Share class. Further valuation commentary can be found within the Investment Manager's Report for the Healthcare Share pool, on page 9.

CommercelQ Inc. (£394,000), the pioneer in helping brands win on retail ecommerce channels. Their unified platform applies machine learning and automation across marketing, supply chain, and sales operations to help brands gain market share profitably. This valuation movement is simply a reflection of current market conditions. The company continues to perform well growing revenues during the period and supported by a very strong balance sheet.

There are a number of smaller valuation movements which partially offset one another for the half-year period, ultimately resulting in an additional net decrease in value of £243,000.

Liquidity investments

The Ventures Share pool holds one non-qualifying investment in Downing Strategic Micro-Cap Investment Trust plc ("DSM"). This decreased in value by £131,000 over the period. Whilst this is disappointing, it is broadly in line with market conditions, and the valuation decrease continues to narrow over the prior period.

Outlook

The six months to 30 September 2023 has experienced challenging market conditions, with inflation and global interest rates still high, which has had an inevitable impact on the portfolio.

Further to this, there have been a number of events impacting the valuation of investments in the Ventures portfolio which have been unavoidable, as noted with Cornelis Networks and Limitless above.

Despite this, we continue to see improved performance from certain more resilient portfolio companies and anticipate this will continue. Further to this, the economic situation has recently seen its first glimpse of hope with the UK's annual inflation rate falling sharply in October, its lowest level for two years. This being said, we are cognisant that the market has been, and will continue to be, challenging for younger companies to use capital efficiently in order to generate growth. The portfolio companies that survive this economic turbulence may be better placed than beforehand, due to tighter cost and cash management.

We continue to add the skills and experience to our team that is suited to these ongoing market conditions in terms of supporting portfolio companies as well as converting new investment opportunities.

Thames Ventures VCT Team

Foresight Group LLP

21 December 2023

Review of Investments – Ventures Share Pool

The following investments were held at 30 September 2023:

Portfolio of investments	Cost as at 30 September 2023 £'000	Valuation as at 30 September 2023 £'000	Additions / (disposals) in period £'000s	Valuation movement in period £'000	% of portfolio
Virtual Class Limited (Third Space Learning)	1,053	2,088	-	(111)	8.1%
Ayar Labs Inc	764	1,867	-	27	7.2%
Rated People Limited	1,582	1,743	-	(78)	6.8%
Hackajob Limited	1,284	1,654	-	(11)	6.4%
CommerceIQ Inc	1,749	1,337	-	(394)	5.2%
Ecstase Limited (t/a ADAY)	1,000	1,000	-	-	3.9%
Masters of Pie Limited	886	928	-	52	3.6%
Cambridge Touch Technologies Limited	1,159	921	200	116	3.6%
Trinny London Limited	219	897	-	(37)	3.5%
Parsable Inc	766	764	-	11	3.0%
Carbice Corporation Inc	656	760	-	354	2.9%
Upp Technologies Group Limited	1,136	756	-	(167)	2.9%
FVRVS Limited (t/a Fundamental VR)	787	678	-	-	2.6%
FundingXchange Limited	1,050	629	-	353	2.4%
Arecor Therapeutics plc^	418	625	-	(197)	2.4%
Vivacity Labs Limited	493	490	-	-	1.9%
Bulbshare Limited	249	449	-	22	1.7%
Maestro Media Limited	340	419	-	-	1.6%
MIP Discovery Limited	300	300	-	-	1.2%
DSTBTD Limited (Trading as Distributed)	275	275	-	-	1.1%
Audioscenic Limited	200	200	-	-	0.8%
Destiny Pharma plc^	500	159	-	71	0.6%
Cornelis Networks Inc	1,402	115	-	(2,759)	0.4%
Limitless Technology Limited	757	78	-	(625)	0.3%
London City Shopping Centre Limited*	118	-	-	-	0.0%
Glisser Limited	200	-	-	-	0.0%
Odysian (Holdings) Limited	387	-	-	-	0.0%
Lineten Limited	400	-	-	-	0.0%
Congenica Limited	734	-	-	(605)	0.0%
Hummingbird Technologies Limited	750	-	-	-	0.0%
Channel Mum Limited	757	-	-	-	0.0%
Ormsborough Limited	900	-	-	-	0.0%
Empiribox Limited	1,563	-	-	-	0.0%
Lignia Wood Company Limited	1,778	-	-	-	0.0%
Imagen Limited	-	-	(1,746)	43	0.0%
Maverick Pubs (Holdings) Limited	-	-	(450)	6	0.0%
Live Better With Limited	-	-	-	-	0.0%
	26,612	19,132	(1,996)	(3,929)	74.1%
Liquidity investment					
Downing Strategic Micro-Cap Investment Trust plc*^	4,269	2,570	-	(131)	10.0%
	30,881	21,702	(1,996)	(4,060)	84.1%
Cash at bank and in hand					
		4,105			15.9%
Total investments					
		25,807			100.0%

*non-qualifying investment

^listed and traded on the London Stock Exchange

Review of Investments – Ventures Share Pool (continued)

Investment movements for the period ended 30 September 2023

					Cost
Additions					£'000
Cambridge Touch Technologies Limited					200
					200
					Realised
	Cost	Valuation at	Proceeds	Valuation	gain/(loss)
Disposals	£'000	31 March 2023	£'000	movement in	£'000
		£'000	£'000	period	
				£'000	
Imagen Limited	1,000	1,703	1,746	43	746
Maverick Pubs (Holdings) Limited	1,000	444	450	6	(550)
Live Better With Limited	1,211	-	-	-	(1,211)
	3,211	2,147	2,196	49	(1,015)

Investment Manager's Report – Healthcare Share Pool

Introduction

We present a review of the investment portfolio and activity for the Healthcare Share pool over the six-month period to 30 September 2023. As noted earlier in this report, although Foresight Group is now the primary Investment Manager for the Company, Downing LLP continues to be the Investment Manager of the Healthcare Share pool.

Net Asset Value and results

As at 30 September 2023, the NAV of the Healthcare Shares stood at 52.3p per Share, a decrease of 8.05p per Share from 31 March 2023 after adding back the dividend of 1.25p which was paid during the period. The majority of the fall was from the decrease in the value of Congenica Limited and quoted investments in the portfolio.

The loss on ordinary activities for the Healthcare Share pool for the period was £2.0 million, comprising a revenue loss of £150,000 and a capital loss of £1.9 million. The Total Return to Healthcare Shareholders, as at 30 September 2023, was 62.3p per Share.

Portfolio Overview

As at 30 September 2023, the Healthcare Share pool held a portfolio of 13 ventures investments and one liquidity investment, with a combined value of £10.3 million.

The valuation movements during the period are discussed in more detail in the following sections of this Investment Manager's Report.

Portfolio Performance

There were a number of valuation movements in the Healthcare ventures portfolio during the period, resulting in a net valuation decrease of £1.9 million.

The carrying value of the liquidity investment has been adjusted to reflect the quoted prices as at 30 September 2023. This resulted in a valuation decrease of £22,000 for the period.

Investment activity

During the period, £250,000 was invested in **Cambridge Respiratory Innovations Limited**, an existing portfolio company which provides AI-driven respiratory diagnostic and monitoring technologies.

Exits

DiA Imaging Analysis Limited was exited during the period returning £393,000 to the Company and we continue to recognise £103,000 of deferred consideration related to the exit.

A total of 234,676 **GENinCode plc** shares have been sold during the period, leaving 6,132,642 remaining at 30 September 2023. The remaining shares have experienced a decrease in value from £0.17 per share to

£0.10 per share. The combined result is a fall in net valuation of £438,000. This is 75% off its 2021 high and representative of the malaise within small-cap healthcare stocks since 2021.

Portfolio valuation

There were a number of valuation movements within the portfolio over the period.

Congenica Limited is behind plan as a result of the slower than expected uptake of genomic sequencing and analysis as a routine part of healthcare. Post period-end, Congenica Limited secured funding which resulted in the Company's position being materially impacted. The Company was unable to participate as Congenica Limited is no longer VCT-qualifying. As a result, the valuation of the holding has been written down to £nil, a reduction of £865,000 in the period.

Arecor Therapeutics plc is quoted on AIM and valued at £1.90 per share at 30 September 2023. This is a decrease of £0.60 per share over the period causing a fall in valuation of £724,000. The stock is 50% lower than its post-IPO highs in 2021. Despite this, we remain impressed by progress and expect upcoming clinical data to provide a platform for a substantial rerating.

Following the completion of the sale of **Adaptix Limited** to Avingtrans Plc, the VCT has now become a holder of Avingtrans Plc shares. The Avingtrans Plc shares are quoted on the AIM market and valued at £4.10 per share providing an uplift in valuation of £237,000 in the period.

Destiny Pharma Plc, which is listed on the AIM market, is valued at £0.50 per share at 30 September 2023. This is an increase of £0.23 per share over the period, which results in an uplift in valuation of £108,000. During the period both the chair and CEO were changed, and markets appear to have viewed this positively.

Liquidity investments

The Healthcare Share pool holds a non-qualifying investment in Downing Strategic Micro-Cap Investment Trust plc ("DSM"). This decreased in value by £22,000 over the period.

Outlook

The market environment for the small companies that make up the Healthcare portfolio continues to be challenging, putting pressure on both the ability to build investment rounds and the valuation of those rounds that do come together. There is no evidence of this changing as we enter 2024 and as a result, we are working closely with management teams and existing co-investors in the portfolio companies to ensure that sufficient capital is available to allow these companies to continue to grow.

Downing LLP

21 December 2023

Review of Investments – Healthcare Share Pool

The following investments were held at 30 September 2023:

	Cost as at 30 September 2023 £'000	Valuation as at 30 September 2023 £'000	Additions / (disposals) £'000	Valuation Movement in period £'000	% of portfolio
Portfolio of investments					
Arecor Therapeutics plc^	1,533	2,291	-	(724)	18.4%
Open Bionics Limited	1,000	1,428	-	-	11.4%
FVRVS Limited (t/a Fundamental VR)	1,324	1,169	-	-	9.4%
Cambridge Respiratory Innovations Limited	1,050	1,050	250	-	8.4%
Invizius Limited	927	998	-	-	8.0%
Closed Loop Medicine Limited	650	650	-	-	5.2%
GENinCode plc^	1,158	583	(30)	(438)	4.7%
The Electrospinning Company Limited	478	544	-	-	4.4%
Qkine Limited	303	379	-	-	3.0%
MIP Discovery Limited	300	300	-	-	2.4%
Destiny Pharma plc^	750	239	-	108	1.9%
Adaptix Limited	1,056	237	-	237	1.9%
Congenica Limited	1,184	-	-	(865)	0.0%
DiA Imaging Analysis Limited	-	-	(393)	(171)	0.0%
Live Better With Limited	-	-	-	-	0.0%
	11,713	9,868	(173)	(1,853)	79.1%
Liquidity Investments					
Downing Strategic Micro-Cap Investment Trust plc*^	729	439	-	(22)	3.5%
	12,442	10,307	(173)	(1,875)	82.6%
Cash at bank and in hand		2,172			17.4%
Total investments		12,479			100.0%

*non-qualifying investment

^listed and traded on the London Stock Exchange

Investment movements for the period ended 30 September 2023

	Cost
Additions	£'000
Cambridge Respiratory Innovations Limited	250
	250

		Valuation at 31 March		Valuation movement in period	Realised gain/(loss)
Disposals	Cost £'000	2023 £'000	Proceeds £'000	£'000	£'000
DiA Imaging Analysis	415	564	393	(171)	(22)
GENinCode plc^	44	39	30	(9)	(14)
Live Better With Limited	1,106	-	-	-	(1,106)
	1,565	603	423	(180)	(1,142)

^listed and traded on the London Stock Exchange

Investment Manager's Report - AIM Share Pool

Introduction

Further to our report included in the Annual Report, there has been no new activity during the six -month period ended 30 September 2023. The AIM Share pool holds two investments in a money market and income fund, which were made to generate some yield on the Share pool's assets while options on the longer-term deployment of the funds is being considered.

Net Asset Value

As at 30 September 2023, the NAV of an AIM Share stood at 100.7p, a small decrease of 0.4p as running costs slightly outweighed the yield on the investments over the period.

Outlook

As mentioned in the Chairman's Statement, the AIM Share Class holds its two investments with the Company's main custodian, IBP Markets Limited, where a special administrator has been appointed by the FCA to review the business and restrictions have been put in place on investment transactions. While this is ongoing, any Board decisions about the future strategy of the Share class have been put on hold. Currently VCT-qualifying opportunities in the AIM market remain limited and the share pool is very small. No new investments are being sought while the situation with the custodian persists and before conclusions on the future strategy have been reached.

Downing LLP

21 December 2023

Review of Investments – AIM Share Pool

The following investments were held at 30 September 2023:

	Cost as at 30 September 2023 £'000	Valuation as at 30 September 2023 £'000	Additions / (disposals) £'000	Valuation movement in period £'000	% of portfolio
Portfolio of investments					
BlackRock Cash D Acc*	1,157	1,199	-	27	43.7%
Vanguard FTSE U.K. Equity Income Index Fund*	643	721	-	-	26.3%
	1,800	1,920	-	27	70.0%
Cash at bank and in hand		826			30.0%
Total investments		2,746			100.0%

*non qualifying investment

Investment movements for the period ended 30 September 2023

There were no additions or disposals during the period.

Investment Manager's Report – DSO D Share Pool

Introduction

Proceeds from the two remaining investments in this Share Pool were received in the six-month period ended 30 September 2023. The focus is now on returning funds to DSO D Shareholders ahead of formally winding up the Share pool.

Net Asset Value and results

The Net Asset Value ("NAV") per DSO D Share at 30 September 2023, stood at 2.7p, an increase from 2.6p at 31 March 2023.

Total Return stands at 104.7p per Share compared to initial cost to Shareholders, net of income tax relief, of 70.0p per Share.

The gain on ordinary activities after taxation for the period was £15,000, comprising a revenue loss of £7,000 and a capital gain of £22,000.

Ventures investments

As at 31 March 2023, the DSO D Share pool held two investments, Pearce and Saunders Limited and Pearce and Saunders DevCo Limited, with a total value of £16,000. The final pub was sold some time ago and an Insolvency Practitioner was appointed to distribute funds via a liquidation.

During the six-month period ended 30 September 2023, final distributions were made returning £39,000 in liquidation proceeds from Pearce & Saunders Limited. There were no further distributions from Pearce and Saunders DevCo Limited. Both investments have been treated as disposed at the period end.

Outlook

Having now realised the remaining investments in the DSO D Share pool, the focus is on returning funds to Shareholders ahead of formally winding up the Share pool. The process of completing this is underway and a final distribution will be paid to Shareholders in early 2024.

Foresight Group LLP

21 December 2023

Review of investments - DSO D Share Pool

The following investments were held at 30 September 2023:

	Cost as at 30 September 2023 £'000	Valuation as at 30 September 2023 £'000	Additions / (disposals) £'000	Valuation movement in period £'000	% of portfolio
Portfolio of investments					
Pearce and Saunders Limited	-	-	(39)	39	0.0%
Pearce and Saunders DevCo Limited*	-	-	-	(16)	0.0%
	-	-	(39)	23	0.0%
Cash at bank and in hand		167			100.0%
Total investments		167			100.0%

* non-qualifying investment

Investment movements for the period ended 30 September 2023

There were no additions during the period.

	Cost £'000	Valuation at 31 March 2023 £'000	Proceeds £'000	Valuation movement in period £'000	Realised gain/(loss) £'000
Disposals					
Pearce & Saunders Ltd	255	-	39	39	(216)
Pearce and Saunders Devco Limited*	19	16	-	(16)	(19)
	274	16	39	23	(235)

* non-qualifying investment

Investment Manager's Report - DP67 Share Pool

Introduction

The process of realising the investments and returning funds to DP67 Shareholders continues. The market remains challenging and therefore the process continues to be slow, especially with the remaining assets all in the hospitality sector.

Net Asset Value and results

The Net Asset Value ("NAV") per DP67 Share at 30 September 2023 stood at 25.4p, an increase of 0.6p over the period. Total Return stands at 93.2p per DP67 Share, compared to initial cost to Shareholders, net of income tax relief, of 70.0p per Share.

The gain on ordinary activities after taxation for the period was £68,000, comprising a revenue gain of £77,000 and a capital loss of £9,000.

We continue to try to work towards achieving optimal returns for Shareholders from the remaining investments in the DP67 Share pool.

Ventures investments

As at 30 September 2023, the DP67 Share pool held a portfolio of two active investments, with a total value of £1.1 million.

Portfolio activity

During the six-month period ended 30 September 2023, Yamuna Renewables Limited was formally removed from the Share pool following the dissolution of the Company. This investment was held at £nil value.

There were no realisations during the period.

Portfolio valuation

The DP67 portfolio valuation was unchanged during the period.

Cadbury House Holdings is performing well but the current market for hotel and conference centre assets is subdued. Therefore, the Manager recognises that it is best to be patient in pursuit of a good valuation and cash realisation. The DP67 Share pool's holding value of this investment as at 30 September 2023 is £0.8 million, in line with 31 March 2023 valuation, with interest accrued of £1.1 million, which is recognised in full. This has provided the Share pool with £97,000 of income during the six-month period ended 30 September 2023.

Outlook

The challenge continues to be achieving an exit from Cadbury House Holdings Limited at an acceptable valuation. We strongly believe it is in the best interests of Shareholders not to sell at undervalue even if this means the final exit takes longer, which is proving to be the case.

The process of placing Gatewales Limited into liquidation has begun and liquidation proceeds, equal to the holding value, are anticipated to be received once this is complete.

Final dividends will be paid once the remaining realisations have taken place.

Foresight Group LLP

21 December 2023

Review of Investments – DP67 Share Pool

The following investments were held at 30 September 2023:

	Cost as at 30 September 2023 £'000	Valuation as at 30 September 2023 £'000	Additions / (disposals) £'000	Valuation movement in period £'000	% of portfolio
Portfolio of investments					
Cadbury House Holdings Ltd	1,409	791	-	-	42.0%
Gatewales Limited*	344	344	-	-	18.3%
London City Shopping Centre Limited^	99	-	-	-	0.0%
Yamuna Renewables Limited	-	-	-	-	0.0%
	1,852	1,135	-	-	60.3%
Cash at bank and in hand		748			39.7%
Total investments		1,883			100.0%

*partially qualifying investment

^non qualifying investment

Investment movements for the period ended 30 September 2023

There were no additions during the period.

	Cost £'000	Valuation at 31 March 2023 £'000	Proceeds £'000	Valuation movement in period £'000	Realised gain/(loss) £'000
Disposals					
Yamuna Renewables Limited	400	-	-	-	(400)
	400	-	-	-	(400)

Unaudited Income Statement

for the six months ended 30 September 2023

Company	Six months ended 30 Sep 2023			Six months ended 30 Sep 2022			Year ended 31 Mar 2023
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
Income	120	-	120	158	-	158	284
Losses on investments	-	(5,621)	(5,621)	-	(17)	(17)	(6,307)
	120	(5,621)	(5,501)	158	(17)	141	(6,023)
Investment management fees	(262)	(262)	(524)	(168)	(168)	(336)	(944)
Other expenses	(218)	-	(218)	(512)	-	(512)	(689)
Loss on ordinary activities before tax	(360)	(5,883)	(6,243)	(522)	(185)	(707)	(7,656)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-	-
Loss attributable to equity Shareholders, being total comprehensive income for the period	(360)	(5,883)	(6,243)	(522)	(185)	(707)	(7,656)
Basic and diluted return/(loss) per Share:							
Ventures Share	(0.5)p	(7.6)p	(8.1)p	(0.5)p	3.9p	3.4p	(6.5)p
Healthcare Share	(0.7)p	(7.9)p	(8.6)p	(0.7)p	(9.1)p	(9.8)p	(21.4)p
AIM Share	(0.9)p	0.5p	(0.4)p	(0.5)p	(0.2)p	(0.7)p	3.9p
DSO D Share	(0.1)p	0.3p	0.2p	0.3p	(0.3)p	-	(0.1)p
DP67 Share	0.7p	(0.1)p	0.6p	(1.4)p	(1.0)p	(2.4)p	(2.0)p

A Statement of Total Recognised Gains and Losses has not been prepared as all gains and losses are recognised in the Income Statement as noted above.

Unaudited Income Statement (continued)

Analysed by Share pool

for the six months ended 30 September 2023

	Six months ended 30 Sep 2023			Six months ended 30 Sep 2022			Year ended 31 Mar 2023
	Revenue	Capital	Total	Revenue	Capital	Total	Total
Ventures Share pool	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	23	-	23	27	-	27	64
(Losses)/gains on investments	-	(3,899)	(3,899)	-	1,993	1,993	(2,401)
	23	(3,899)	(3,876)	27	1,993	2,020	(2,337)
Investment management fees	(151)	(151)	(302)	(95)	(95)	(190)	(556)
Other expenses	(127)	-	(127)	(160)	-	(160)	(280)
(Loss)/profit on ordinary activities before tax	(255)	(4,050)	(4,305)	(228)	1,898	1,670	(3,173)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-	-
(Loss)/profit attributable to equity Shareholders, being total comprehensive income for the period	(255)	(4,050)	(4,305)	(228)	1,898	1,670	(3,173)

	Six months ended 30 Sep 2023			Six months ended 30 Sep 2022			Year ended 31 Mar 2023
	Revenue	Capital	Total	Revenue	Capital	Total	Total
Healthcare Share pool	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	-	-	-	-	-	-	4
Losses on investments	-	(1,772)	(1,772)	-	(1,876)	(1,876)	(3,857)
	-	(1,772)	(1,772)	-	(1,876)	(1,876)	(3,853)
Investment management fees	(89)	(89)	(178)	(62)	(62)	(124)	(322)
Other expenses	(61)	-	(61)	(85)	-	(85)	(115)
Loss on ordinary activities before tax	(150)	(1,861)	(2,011)	(147)	(1,938)	(2,085)	(4,290)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-	-
Loss attributable to equity Shareholders, being total comprehensive income for the period	(150)	(1,861)	(2,011)	(147)	(1,938)	(2,085)	(4,290)

Unaudited Income Statement (continued)

Analysed by Share pool

for the six months ended 30 September 2023

	Six months ended 30 Sep 2023			Six months ended 30 Sep 2022			Year ended 31 Mar 2023
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
AIM Share pool							
Income	-	-	-	-	-	-	-
Gains on investments	-	27	27	-	-	-	93
	-	27	27	-	-	-	93
Investment management fees	(12)	(12)	(24)	(6)	(6)	(12)	(36)
Other expenses	(13)	-	(13)	(8)	-	(8)	(21)
Loss/(profit) on ordinary activities before tax	(25)	15	(10)	(14)	(6)	(20)	36
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-	-
Loss/(profit) attributable to equity Shareholders, being total comprehensive income for the period	(25)	15	(10)	(14)	(6)	(20)	36

	Six months ended 30 Sep 2023			Six months ended 30 Sep 2022			Year ended 31 Mar 2023
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
DSO D Share pool							
Income	-	-	-	24	-	24	24
Gains/(losses) on investments	-	23	23	-	(27)	(27)	(27)
	-	23	23	24	(27)	(3)	(3)
Investment management fees	(1)	(1)	(2)	-	-	-	(2)
Other expenses	(6)	-	(6)	(1)	-	(1)	(3)
(Loss)/profit on ordinary activities before tax	(7)	22	15	23	(27)	(4)	(8)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-	-
(Loss)/profit attributable to equity Shareholders, being total comprehensive income for the period	(7)	22	15	23	(27)	(4)	(8)

Unaudited Income Statement (continued)

Analysed by Share pool

for the six months ended 30 September 2023

	Six months ended 30 Sep 2023			Six months ended 30 Sep 2022			Year ended 31 Mar 2023
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Total £'000
DP67 Share pool							
Income	97	-	97	107	-	107	192
Losses on investments	-	-	-	-	(107)	(107)	(115)
	97	-	97	107	(107)	-	77
Investment management fees	(9)	(9)	(18)	(5)	(5)	(10)	(28)
Other expenses	(11)	-	(11)	(258)	-	(258)	(270)
Profit/(loss) on ordinary activities before tax	77	(9)	68	(156)	(112)	(268)	(221)
Tax on total comprehensive income and ordinary activities	-	-	-	-	-	-	-
Profit/(loss) attributable to equity Shareholders, being total comprehensive income for the period	77	(9)	68	(156)	(112)	(268)	(221)

Unaudited Balance Sheet

as at 30 September 2023

Company number: 06789187

Company	Note	As at 30 September 2023 £'000	As at 30 September 2022 £'000	As at 31 March 2023 £'000
Fixed assets				
Investments	10	35,064	48,181	43,157
Current assets				
Debtors		2,270	1,729	2,510
Cash at bank and in hand		8,018	10,290	6,082
		10,288	12,019	8,592
Creditors: amounts falling due within one year		(621)	(679)	(1,214)
Net current assets		9,667	11,340	7,378
Net assets		44,731	59,521	50,535
Capital and reserves				
Called up share capital		118	120	117
Capital redemption reserve		4	58	4
Special reserve		49,523	21,904	50,483
Share premium account		1,398	31,726	-
Funds held in respect of shares not yet allotted		-	8	-
Revaluation reserve		(3,045)	5,696	93
Capital reserve – realised		1,382	3,943	4,127
Revenue reserve		(4,649)	(3,934)	(4,289)
Total equity Shareholders' funds		44,731	59,521	50,535
Basic and diluted Net Asset Value per Share:				
Ventures Share		50.1p	68.5p	59.4p
Healthcare Share		52.3p	71.7p	61.6p
AIM Share		100.7p	99.0p	101.1p
DSO D Share		2.7p	2.6p	2.6p
DP67 Share		25.4p	24.4p	24.8p

At 30 September 2023, there was an inter-share debtor/creditor of £313,000, which has been eliminated on aggregation.

Unaudited Balance Sheet (continued)

Analysed by Share pool

as at 30 September 2023

	As at 30 September 2023 £'000	As at 30 September 2022 £'000	As at 31 March 2023 £'000
Ventures Share pool			
Fixed assets			
Investments	21,702	32,596	27,758
Current assets			
Debtors	1,205	523	925
Cash at bank and in hand	4,105	4,910	3,430
	5,310	5,433	4,355
Creditors: amounts falling due within one year	(365)	(288)	(730)
Net current assets	4,945	5,145	3,625
Net assets	26,647	37,741	31,383
Capital and reserves			
Called up share capital	67	69	67
Capital redemption reserve	3	58	3
Special reserve	31,373	15,012	32,039
Share premium account	237	19,901	-
Funds held in respect of shares not yet allotted	-	1	-
Revaluation reserve	(1,830)	4,443	1,170
Capital reserve – realised	613	1,552	1,665
Revenue reserve	(3,816)	(3,295)	(3,561)
Total equity Shareholders' funds	26,647	37,741	31,383

Unaudited Balance Sheet (continued)

Analysed by Share pool

as at 30 September 2023

	As at 30 September 2023 £'000	As at 30 September 2022 £'000	As at 31 March 2023 £'000
Healthcare Share pool			
Fixed assets			
Investments	10,307	13,782	12,355
Current assets			
Debtors	109	10	455
Cash at bank and in hand	2,172	2,596	860
	2,281	2,606	1,315
Creditors: amounts falling due within one year	(280)	(212)	(221)
Net current assets	2,001	2,394	1,094
Net assets	12,308	16,176	13,449
Capital and reserves			
Called up share capital	29	29	28
Capital redemption reserve	1	-	1
Special reserve	15,101	6,877	15,395
Share premium account	1,161	9,132	-
Funds held in respect of shares not yet allotted	-	7	-
Revaluation reserve	(1,118)	1,881	(295)
Capital reserve – realised	(859)	(18)	177
Revenue reserve	(2,007)	(1,732)	(1,857)
Total equity Shareholders' funds	12,308	16,176	13,449
AIM Share pool			
Fixed assets			
Investments	1,920	-	1,893
Current assets			
Debtors	1	2	2
Cash at bank and in hand	826	2,689	850
	827	2,691	852
Creditors: amounts falling due within one year	(31)	(21)	(19)
Net current assets	796	2,670	833
Net assets	2,716	2,670	2,726
Capital and reserves			
Called up share capital	3	3	3
Special reserve	2,673	-	2,673
Share premium account	-	(8)	-
Funds held in respect of shares not yet allotted	-	2,693	-
Revaluation reserve	120	-	93
Capital reserve – realised	(12)	-	-
Revenue reserve	(68)	(18)	(43)
Total equity Shareholders' funds	2,716	2,670	2,726

Unaudited Balance Sheet (continued)

Analysed by Share pool

as at 30 September 2023

	As at 30 September 2023 £'000	As at 30 September 2022 £'000	As at 31 March 2023 £'000
DSO D Share pool			
Fixed assets			
Investments	-	16	16
Current assets			
Debtors	64	112	21
Cash at bank and in hand	167	87	176
	231	199	197
Creditors: amounts falling due within one year	(16)	(11)	(13)
Net current assets	215	188	184
Net assets	215	204	200
Capital and reserves			
Called up share capital	8	8	8
Special reserve	422	423	422
Revaluation reserve	-	(258)	(258)
Capital reserve – realised	(214)	22	22
Revenue reserve	(1)	9	6
Total equity Shareholders' funds	215	204	200
DP67 Share pool			
Fixed assets			
Investments	1,135	1,787	1,135
Current assets			
Debtors	1,204	1,082	1,107
Cash at bank and in hand	748	8	766
	1,952	1,090	1,873
Creditors: amounts falling due within one year	(242)	(147)	(231)
Net current assets	1,710	943	1,642
Net assets	2,845	2,730	2,777
Capital and reserves			
Called up share capital	11	11	11
Special reserve	(46)	(400)	(46)
Revaluation reserve	(217)	(370)	(617)
Capital reserve – realised	1,854	2,387	2,263
Revenue reserve	1,243	1,102	1,166
Total equity Shareholders' funds	2,845	2,730	2,777

Statement of Changes in Equity for the six months ended 30 September 2023

Company	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Revaluation reserve £'000	Capital reserve - realised £'000	Revenue reserve £'000	Total £'000
At 31 March 2022	113	58	24,063	29,284	7	6,995	3,769	(3,412)	60,877
Total comprehensive income	-	-	-	-	-	(6,448)	(331)	(877)	(7,656)
Transfer between reserves*	-	-	(2,540)	-	-	(454)	2,994	-	-
Unallotted shares	-	-	-	-	(7)	-	-	-	(7)
<i>Transactions with owners</i>									
Dividend paid	-	-	-	-	-	-	(2,305)	-	(2,305)
Cancellation of share premium	-	(58)	31,785	(31,727)	-	-	-	-	-
Purchase of own shares	(4)	4	(2,825)	-	-	-	-	-	(2,825)
Issue of shares	8	-	-	2,500	-	-	-	-	2,508
Share issue costs	-	-	-	(57)	-	-	-	-	(57)
At 31 March 2023	117	4	50,483	-	-	93	4,127	(4,289)	50,535
Total comprehensive income	-	-	-	-	-	(3,138)	(2,745)	(360)	(6,243)
<i>Transactions with owners</i>									
Dividend paid	-	-	(960)	-	-	-	-	-	(960)
Issue of shares	1	-	-	1,412	-	-	-	-	1,413
Share issue costs	-	-	-	(14)	-	-	-	-	(14)
At 30 September 2023	118	4	49,523	1,398	-	(3,045)	1,382	(4,649)	44,731

* A transfer of £nil (year ended 31 March 2023: £454,000) representing previously recognised realised gains and losses on disposal of investments during the period has been made between the Revaluation Reserve and the Capital reserve - realised. A transfer of £nil (year ended 31 March 2023: £2,540,000) representing the total of: realised losses on the disposal of investments, cumulative impairment losses, capital expenses and capital dividends in the period, has been made between the Capital Reserve - realised and the Special reserve.

Unaudited Statement of Cash Flows for the six months ended 30 September 2023

	Ventures Share pool £'000	Healthcare Share pool £'000	AIM Share pool £'000	DSO D Share pool £'000	DP67 Share pool £'000	Total £'000
Cash flow from operating activities						
(Loss)/return on ordinary activities before taxation	(4,305)	(2,011)	(10)	15	68	(5,631)
Losses/(gains) on investments	3,899	1,772	(27)	(23)	-	5,009
(Decrease)/increase in creditors	(365)	59	12	3	11	(280)
(Increase)/decrease in debtors	(235)	6	1	(43)	(97)	(368)
Net cash outflow from operating activities	(1,006)	(174)	(24)	(48)	(18)	(1,270)
Corporation tax paid	-	-	-	-	-	-
Net cash outflow generated from operating activities	(1,006)	(174)	(24)	(48)	(18)	(1,270)
Cash flow from investing activities						
Purchase of investments	(200)	-	-	-	-	(200)
Proceeds from disposal of investments	2,196	423	-	39	-	2,658
Proceeds from deferred consideration	114	195	-	-	-	309
Net cash inflow from investing activities	2,110	618	-	39	-	2,767
Net cash inflow/(outflow) before financing	1,104	444	(24)	(9)	(18)	1,497
Cash flows from financing activities						
Issue of share capital	237	1,176	-	-	-	1,413
Cost of issue of share capital	-	(14)	-	-	-	(14)
Equity dividends paid	(666)	(294)	-	-	-	(960)
Net cash (outflow)/inflow from financing activities	(429)	868	-	-	-	439
Net change in cash	675	1,312	(24)	(9)	(18)	1,936
Cash and cash equivalents at start of the year	3,430	860	850	176	766	6,082
Cash and cash equivalents at end of the year	4,105	2,172	826	167	748	8,018
Cash and cash equivalents comprise						
Cash at bank and in hand	4,105	2,172	826	167	748	8,018
Total cash and cash equivalents	4,105	2,172	826	167	748	8,018

Unaudited Statement of Cash Flows

for the six months ended 30 September 2022

	Ventures Share pool £'000	Healthcare Share pool £'000	AIM Share pool £'000	DSO D Share pool £'000	DP67 Share pool £'000	Total £'000
Cash flows from operating activities						
Return/(loss) on ordinary activities before taxation	1,670	(2,085)	(20)	(4)	(268)	(707)
(Gains)/losses on investments	(1,993)	1,876	-	27	107	17
(Decrease)/increase in creditors	(202)	(98)	-	(9)	23	(286)
Decrease/(increase) in debtors	1,278	623	602	(51)	136	2,588
Net cash inflow/(outflow) from operating activities	753	316	582	(37)	(2)	1,612
Corporation tax paid	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	753	316	582	(37)	(2)	1,612
Cash flow from investing activities						
Purchase of investments	(3,457)	(805)	-	-	-	(4,262)
Proceeds from disposal of investments	4,113	1,092	-	-	-	5,205
Net cash inflow from investing activities	656	287	-	-	-	943
Net cash inflow/(outflow) before financing	1,409	603	582	(37)	(2)	2,555
Cash flows from financing activities						
Repurchase of shares	(551)	(243)	-	-	-	(794)
Issue of share capital	1,276	552	678	-	-	2,506
Cost of issue of share capital	(28)	(12)	(17)	-	-	(57)
Funds held in respect of shares not yet allotted	(1)	2	-	-	-	1
Equity dividends paid	(1,516)	(789)	-	-	-	(2,305)
Net cash (outflow)/inflow from financing activities	(820)	(490)	661	-	-	(649)
Net change in cash	589	113	1,243	(37)	(2)	1,906
Cash and cash equivalents at start of the year	4,321	2,483	1,446	124	10	8,384
Cash and cash equivalents at end of the year	4,910	2,596	2,689	87	8	10,290
Cash and cash equivalents comprise						
Cash at bank and in hand	4,910	2,596	2,689	87	8	10,290
Total cash and cash equivalents	4,910	2,596	2,689	87	8	10,290

Notes to the Unaudited Financial Statements

1. General Information

Thames Ventures VCT 2 plc ("the Company") is a Venture Capital Trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales.

2. Basis of accounting

The unaudited half-yearly financial results cover the six months to 30 September 2023 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2023, which were prepared in accordance with the Financial Reporting Standard 102 ("FRS 102") and the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued in July 2022 ("SORP").

3. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
4. The comparative figures are in respect of the six months ended 30 September 2022 and the year ended 31 March 2023 respectively.
5. Net Asset Value per share at the period end has been calculated on the number of shares in issue at the period end as follows:

Ventures Shares*	53,236,858
Healthcare Shares*	23,555,015
AIM Shares	2,695,803
DSO D Shares	7,867,247
DP67 Shares	11,192,136

**Excludes Management Shares*

6. Return per share for the period has been calculated on the weighted average number of shares in issue in the period as follows:

Ventures Shares*	53,223,619
Healthcare Shares*	23,479,184
AIM Shares	2,695,803
DSO D Shares	7,867,247
DP67 Shares	11,192,136

**Excludes Management Shares*

7. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies.

8. Dividends

		Six months ended 30 September 2023		
	Pence per Share	Revenue £'000	Capital £'000	Total £'000
Ventures Shares				
Paid		-	666	666
Final (year ended 31 March 2023)	1.25	-	666	666
Healthcare Shares				
Paid		-	294	294
Final (year ended 31 March 2023)	1.25	-	294	294

Notes to the Unaudited Financial Statements (continued)

9. Reserves

	30 Sep 2023 £'000	30 Sep 2022 £'000	31 Mar 2023 £'000
Capital redemption reserve	4	58	4
Special reserve	49,523	21,904	50,483
Share premium account	1,398	31,726	-
Funds held in respect of shares not yet allotted	-	8	-
Revaluation reserve	(3,045)	5,696	93
Capital reserve – realised	1,382	3,943	4,127
Revenue reserve	(4,649)	(3,934)	(4,289)
	44,613	59,401	50,418

The Revenue reserve, Special reserve and Capital reserve - realised are distributable reserves and are reduced by revaluation losses of £17.4 million. Distributable reserves at 30 September 2023 were £28.8 million.

10. Fixed assets – investments

	Liquidity investments £'000	Quoted VC investments £'000	Unquoted VC investments £'000	Total £'000
Opening cost at 1 April 2023	6,798	4,403	40,774	51,975
Unrealised (losses)/gains at 1 April 2023	(1,743)	704	906	(133)
Unrealised foreign exchange gains at 1 April 2023	-	-	226	226
Realised losses arising on permanent fair value change at 1 April 2023	-	-	(8,911)	(8,911)
Opening fair value at 1 April 2023	5,055	5,107	32,995	43,157
Movements in the period:				
Purchased at cost	-	-	450	450
Disposals – proceeds	-	(30)	(2,628)	(2,658)
– realised losses on disposals*	-	(14)	(2,778)	(2,792)
Unrealised foreign exchange gains	-	-	59	59
Unrealised losses*	(126)	(1,166)	(1,860)	(3,152)
Closing value at 30 Sept 2023	4,929	3,897	26,238	35,064
Closing cost at 30 Sept 2023	6,798	4,359	35,818	46,975
Unrealised losses at 30 Sept 2023	(1,869)	(462)	(3,672)	(6,003)
Unrealised foreign exchange gains at 30 Sept 2023	-	-	285	285
Realised losses arising on permanent fair value change at 30 Sept 2023	-	-	(6,193)	(6,193)
Closing value at 30 Sept 2023	4,929	3,897	26,238	35,064

*Losses on investments in the Income Statement include realised gains relating to the deferred consideration receipt from ADC Biotechnology Limited (£309,000).

*Losses on investments in the Income Statement also include unrealised gains which are a result of the deferred consideration debtor decrease of £45,000. The debtor movement reflects the recognition of amounts receivable in respect of DIA Imaging Analysis Limited (£103,000) and Imagen Limited (£156,000), offset by receipts in respect of ADC Biotechnology Limited (£309,000) and an FX uplift made against balances in respect of Efundamentals Group Limited (£5,000).

Notes to the Unaudited Financial Statements (continued)

10. Fixed assets – investments (continued)

The fair value of investments is determined using the detailed accounting policy as shown in the audited financial statements for the year ended 31 March 2023. The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level 1	Reflects financial instruments quoted in an active market (quoted companies, investment funds and fixed interest bonds);
Level 2	Reflects financial instruments that have prices that are observable either directly or indirectly; and
Level 3	Reflects financial instruments that use valuation techniques that are not based on observable market data (investments in unquoted shares and loan note investments).

	30 September 2023				31 March 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liquidity investments	4,929	-	-	4,929	5,055	-	-	5,055
Quoted equity	3,897	-	-	3,897	5,107	-	-	5,107
Unquoted loan notes	-	-	2,013	2,013	-	-	2,013	2,013
Unquoted equity	-	-	24,225	24,225	-	-	30,982	30,982
	8,826	-	26,238	35,064	10,162	-	32,995	43,157

11. Risk and uncertainties

Under the Disclosure and Transparency Directive, the Board is required in the Company's half-year results to report on the principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board has concluded that the key risks facing the Company over the remainder of the financial period are as follows:

- (i) compliance risk of failure to maintain approval as a VCT;
- (ii) market, liquidity and counterparty risk associated with Private Equity investments; and
- (iii) investment risk associated with investing in small and immature businesses.

The Company's compliance with the VCT regulations is continually monitored by the Manager, who reports regularly to the Board on the current position. The Company also retains Philip Hare & Associates LLP ("Philip Hare") to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations.

In order to make VCT qualifying investments, the Company has to invest in small businesses which are often immature. It also has a limited period in which it must invest the majority of its funds into VCT qualifying investments. The Manager follows a rigorous process in vetting and carefully structuring new investments, including taking a charge over the assets of the business wherever possible and, after an investment is made, closely monitoring the business.

12. Going concern

The Directors have reviewed the Company's financial resources at the period end and conclude that the Company is well placed to manage its business risks.

The Board confirms that it is satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the Board believes that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

13. Contingent liability

As outlined in the Chairman's Statement on page 3, since March 2022, the Company has used IBP Markets Limited ("IBP") as custodian for its quoted investments, with exposure across the Ventures, Healthcare and AIM Share classes. IBP is an FCA authorised and regulated wholesale broker, providing custody services and access to equity and fixed income securities for non-retail clients (which includes the Company). On 13 October 2023, the FCA published a supervisory notice under section 55L(3)(a) of the Financial Services and Markets Act 2000, imposing certain restrictions on IBP. On the same date, IBP applied to the High Court and special administrators were appointed. The special administrators have yet to publish an estimated outcome statement and therefore the full impact is currently unknown. The Manager is actively collaborating with the special administrators to reach a resolution and will communicate with Shareholders when further information becomes available.

Notes to the Unaudited Financial Statements (continued)

13. Contingent liability (continued)

The Manager is in regular dialogue with the special administrators. The outcome remains subject to change particularly as additional claims may be made on custody assets and client money and there remains a risk to the positions. However, considering the information made available to the Company at the date of this report, there is currently little indication that there will be a materially adverse impact to Shareholders with respect to the custody assets. The position with respect to client money remains to be determined, but total cash at IBP relates to the Healthcare Share pool and represented 0.2% of NAV as at 30 September.

14. The Directors confirm that, to the best of their knowledge, the Half-Yearly Report has been prepared in accordance with the “Statement: Half-Yearly Financial Reports” issued by the UK Accounting Standards Board as well as in accordance with FRS 104 Interim Financial Reporting, and the half-yearly financial report includes a fair review of the information required by:
- a. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
15. Copies of the Half-Yearly Report will be sent to Shareholders shortly. Further copies can be obtained from the Company’s registered office or downloaded from www.foresightgroup.eu/products/thames-ventures-vct-2-plc

Performance Incentive Arrangements

Performance Incentive arrangements are in place for each Share Pool except the DP67 and AIM pools. The various schemes are summarised as follows:

DSO D Shares

The Performance Incentive in respect of the DSO D Shares is structured as a simple fee when the hurdle is met. A fee is payable when:

- (i) Shareholders receive total proceeds of at least 100.0p per DSO D Share (excluding income tax relief); and
- (ii) Shareholders achieve a tax-free compound return of at least 7% per annum (after allowing for income tax relief on investment).

If the hurdle is met, the fee will be 3.0p per DSO D Share plus 20% of Shareholder proceeds above 100.0p per DSO D Share. The Performance Incentive is restricted to a maximum of 7.0p per DSO D Share.

As at 30 September 2023, the estimated performance fee is £nil.

Ventures and Healthcare Share Pools

A Performance Incentive scheme is in place in respect of the Ventures and Healthcare Management Shares, which will represent 20% of the total number of Ventures and Healthcare Shares in issue. As part of the arrangement, in order to prevent dilution to the Shareholders of the Ventures and Healthcare Shares, the management team will waive their voting rights granted by these Management Shares at any general meeting of the Company and income or Capital distributions otherwise payable on these Management Shares will be waived unless the relevant share class has achieved the relevant Total Return hurdle (based on audited results) at each year end date.

The Performance Incentive arrangements are structured such that the Ventures and Healthcare Management Shares will receive 20% of dividends paid in respect of the Company's Ventures and Healthcare Share pools, only when the Total Return hurdle is met. For the hurdle to be met, the Total Return to Ventures or Healthcare Shareholders must exceed £1.12 per Share for the year ended 31 March 2024. For subsequent years, the Total Return hurdle increases by 3.0p per annum such that for the year ended 31 March 2025 the hurdle is £1.15, and for the year ended 31 March 2026 the hurdle is £1.18. The performance incentive arrangements in respect of the Ventures and Healthcare Share pools are assessed on each of the two Share pools individually.

Directors

Sir Aubrey Brocklebank (Chairman)
Christopher Allner
Steven Clarke
Dr Andrew Mackintosh

Company Secretary and registered office

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