

The Income
& Growth VCT plc
A Venture Capital Trust

Unaudited Half-Year Report
for the six months ended 31 March 2021



The Income & Growth VCT plc (“the Company”) is a Venture Capital Trust (“VCT”) listed on the London Stock Exchange. Its investment portfolio is advised by Mobeus Equity Partners LLP (“Mobeus”, “Investment Adviser”).

Company Objective

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

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YOUR PRIVACY

We are committed to protecting and respecting your privacy. To understand how we collect, use and otherwise process personal data relating to you, or that you provide to us, please read our privacy notice, which can be found at www.incomeandgrowthvct.co.uk

Financial Highlights

Results for the Half-Year ended 31 March 2021

As at 31 March 2021:
Net assets: **£111.95 million**
Net asset value (“NAV”) per share: **94.71 pence**

- Net asset value (“NAV”) total return¹ per share was 35.2%.
- Share price total return¹ per share was 31.9%.
- The Board has declared an interim dividend in respect of the year ending 30 September 2021 of 5.00 pence per share to be paid to Shareholders on 23 July 2021.
- The Company made four new investments totalling £3.07 million and four follow-on investments totalling £1.35 million.
- £26.07 million of net unrealised gains were achieved in the period from strong portfolio performance.
- The Company realised investments totalling £10.22 million of cash proceeds and generated net realised gains in the period of £3.59 million.

¹ Definitions of key terms and alternative performance measures (“APMs”) / Key performance indicators (“KPIs”) shown above and throughout this Report are shown in the Glossary of terms on page 33

Performance Summary

The table below shows the recent past performance of the Company’s existing class of shares for each of the last five years, and the current year to date.

Reporting date	Net assets	NAV per share	Share price ¹	Cumulative dividends paid per share	Cumulative total return per share to Shareholders ²		Dividends paid and proposed in respect of each year
					(NAV basis)	(Share price basis)	
As at	(£m)	(p)	(p)	(p)	(p)	(p)	(p)
31 March 2021	111.95	94.71	78.50	131.50	226.21	210.00	5.00 ⁴
30 September 2020	83.13	70.06	59.50	131.50	201.56	191.00	14.00
30 September 2019	81.73	79.12	75.50 ³	113.00	192.12	188.50	6.00
30 September 2018	82.58	78.32	69.50	108.00	186.32	177.50	6.00
30 September 2017	64.35	81.24	73.00	102.50	183.74	175.50	21.00
30 September 2016	70.84	98.51	88.80	80.50	179.01	169.30	10.00

¹ Source: Panmure Gordon & Co (mid-market price).

² Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (share price basis) plus cumulative dividends paid since launch of the current share class.

³ The share price at 30 September 2019 has been adjusted to add back the dividend of 4.50 pence per share paid on 18 October 2019, as the listed share price was quoted ex this dividend at this year-end.

⁴ An interim dividend of 5.00 pence per share, referred to in the Financial Highlights above, is payable to Shareholders on 23 July 2021.

Detailed performance data, including a table of dividends paid to date for all share classes and fundraising rounds, is shown in the Performance Data appendix on pages 30 to 32. The tables, which give information by allotment date on NAVs and dividends paid per share, are also available on the Company’s website at www.incomeandgrowthvct.co.uk where they can be accessed by clicking on “table” under “Reviewing the performance of your investment” on the home page.

Chairman's Statement

I present the Company's Half-Year Report for the six months to 31 March 2021.

Overview

The first six months of the Company's financial year have been very satisfactory for Shareholders, with the Company achieving a NAV total return per share of 35.2% for the period. At the time of my last Statement in the Company's Annual Report for the year ended 30 September 2020, I was able to report on the resilience of the portfolio and the Company's strong recovery beyond the initial shock of COVID-19 on the UK economy last March, restoring the momentum it had built up over prior financial periods. I am pleased to say that this momentum has been sustained into the new financial year with a period of unprecedented value growth and activity, driven fundamentally by strong trading performance across the portfolio and characterised by a number of landmark transactions for the VCT.

Whilst the longer-term economic impact of COVID-19 is yet to be fully understood, and with teething issues following Brexit, most of the investee companies in the portfolio have proven their ability to adapt well in a rapidly changing environment. Your Board has been encouraged by their adeptness in facing challenges by swiftly identifying new opportunities and capitalising on them. In addition, favourable trading conditions have emerged for a number of technology-related companies in the portfolio, particularly those businesses operating direct-to-consumer models.

During the period under review and despite considerable COVID-19 related restrictions, the Company has maintained a high level of investment activity. The Company added four new investments to its portfolio, deployed follow-on funding into four existing portfolio companies, achieved three profitable realisations, and supported the successful admission to AIM of a further two of its investments. The Board has particularly valued the efforts and achievements of the Investment Adviser over this tumultuous period.

Performance

The Company's NAV total return per share was 35.2% for the six months to 31 March 2021 (2020: a fall of (7.8)%), and the share price total return was 31.9% (2020: a fall of (6.0)%). This represents an exceptional uplift for the period and contrasts markedly with that recorded following the onset of COVID-19 for the same period last year. The difference between the NAV total return and share price total return

figures above arises principally due to the timing of NAV announcements which are usually made retrospectively.

The exceptional NAV total return for the period was principally the result of significant unrealised gains in the value of investments still held as well as realised gains achieved via exits and partial realisations of several portfolio companies. The combination of these strong unrealised and realised portfolio returns has generated a performance fee that is potentially payable to our Investment Adviser for the first time in over three years. Shareholders should note that this fee is subject to performance targets continuing to be met for the remainder of the financial year and approval of the Annual Report & Financial Statements by Shareholders at the Company's Annual General Meeting ("AGM"). A breakdown of these fees is contained within Note 5 of the Unaudited Condensed Financial Statements, on page 23. A positive revenue return driven by strong dividend receipts has also contributed to shareholder returns.

The Company's cumulative NAV total return per share (being the closing net asset value plus total dividends paid since launch of the current share class) has increased from 201.56 pence per share at the start of the period to 226.21 pence per share at the period-end. This represents an increase of 12.2% over the period.

The Board believes that this performance has demonstrated strong portfolio resilience over a volatile period. The valuations at the Half-Year point reflect that many of our investee companies became beneficiaries of accelerated changes in UK consumer and business behaviour, brought on by the pandemic and lockdown restrictions. Despite the continued uncertainty in respect of the pandemic's ultimate effect, both the Board and the Investment Adviser believe that many of these changes have become structural and are unlikely to reverse. In the case of two direct-to-consumer portfolio companies, whose shares were admitted to public trading on AIM in March 2021, the Company has benefited from the market's recognition of this rapidly developing channel, reflected in the substantial investor appetite for the offers of shares. Nonetheless, the Board remains vigilant in monitoring the lasting economic uncertainty and increased concentration of risk associated with holding a significant portion of the portfolio's value in a small number of public market investments, which accounted for 18.3% of NAV at 31 March 2021.

Investment Portfolio

The portfolio has performed very strongly in the first six months of the Company's

financial year. The overall value increased by £29.66 million (2020: decrease of £(8.20) million), or 58.3% (2020: (16.3)%) on a like-for-like basis, compared to the opening portfolio value at 1 October 2020 of £50.86 million. This increase comprised a net unrealised uplift in portfolio valuations of £26.07 million and £3.59 million in net realised gains, over the period.

At the period-end, the portfolio was valued at £74.72 million after taking account of investments purchased and sold in the period, together with the net realised and unrealised gains referred to above. The portfolio may present opportunities for further investment in the future.

Two notable events supported unrealised returns for Shareholders during the period. The flotation of both Virgin Wines and Parsley Box on the AIM market in March 2021 resulted in significant uplifts in valuation. As part of the Virgin Wines transaction, the Company received repayment of its remaining loan stock, leaving Virgin Wines ungeared. As part of the IPO of Parsley Box, the Company realised part of its equity holding, securing a 4.0x return on the cost of the shares sold. There were further substantial increases from MPB Group and EOTH, partially offset by modest valuation falls at Rota Geek and Kudos Innovations. Although a minority of companies remain disadvantaged by the COVID-19 pandemic, by contrast these have only had a modest impact on overall shareholder returns.

Within the net realised gains, the principal contributors were the full exits of Bourn Bioscience (£1.44 million), Omega Diagnostics (£0.14 million) and Vectair (£0.06 million), as well as partial exits of Parsley Box (£0.94 million) and MPB (£0.82 million). Proceeds generated from these gains, combined with loan repayments and other capital receipts, totalled £10.22 million received by the Company in the period.

During the six months under review, the Company invested a total of £3.07 million into four new investments:

- **Northern Bloc** £0.47 million
Vegan and plant-based ice cream producer
- **Connect Childcare** £1.16 million
Nursery management software provider
- **Vivacity** £1.25 million
Artificial intelligence & urban traffic control system
- **Caledonian Leisure** £0.19 million
UK leisure and experience breaks

In addition, four follow-on investments totalling £1.35 million were made into:

- **Parsley Box** £0.38 million
Ambient ready meals targeting the over 60s
- **Bleach London** £0.15 million
Hair colourants brand
- **Arkk Consulting** £0.66 million
Regulatory reporting software
- **Tapas Revolution** £0.16 million
Spanish restaurant chain in the casual dining sector

We expect follow-on investments to continue to be a feature of the growth capital investments as they seek to achieve scale.

Since the period-end, the Company has made two follow-on investments totalling £0.64 million.

Details of this investment activity and the performance of the portfolio are contained in the Investment Adviser's Review and the Investment Portfolio Summary on pages 12 and 13.

Revenue account

The results for the period are set out in the Unaudited Condensed Income Statement on pages 17 to 18 and show a revenue return (after tax) of 0.70 pence per share (2020: 1.40 pence per share). Despite strong dividend receipts, the revenue return for the period of £0.83 million has decreased from last year's comparable figure of £1.53 million. This is mainly due to significant investment income received on the disposal of Auction Technology Group which inflated the prior year's figure.

Dividends

The Board continues to be committed to providing an attractive dividend stream to Shareholders and is pleased to declare an Interim dividend of 5.00 pence per share for the year ending 30 September 2021.

This dividend will be paid on 23 July 2021, to Shareholders on the Register on 25 June 2021, and will bring cumulative dividends paid per share to 136.50 pence per share.

The Company's target of paying a dividend of at least 6.00 pence per share in respect of each financial year has been met or exceeded in each of the last nine years. It has been previously noted that the evolution of the portfolio to younger growth capital investments may make dividends harder to achieve from income and capital returns alone in any given year, or which could affect the timing and frequency of dividend payments compared to previous distributions. In light of these

factors, the Board continues to monitor the sustainability of its dividend target.

Dividend Investment Scheme

The Company's Dividend Investment Scheme ("DIS") was recommenced on 12 February 2020, having been temporarily suspended. All previously registered participants of the Scheme were automatically re-enrolled, with their future dividends to be re-invested unless they notified a wish to opt-out. Since its reinstatement in 2020, 4,277,951 Ordinary shares have been allotted to participants of the DIS at an average price of 63.13 pence per share.

The Scheme provides Shareholders with the opportunity to reinvest their cash dividends into new shares in the Company at the latest published NAV per share (adjusted for any subsequent dividends). New VCT shares attract the same tax reliefs as shares purchased through an Offer for Subscription.

Shareholders can opt-in to the DIS by completing a mandate form available on the Company's website at www.incomeandgrowthvct.co.uk or can opt-out by contacting Link Group, using their details provided under Shareholder Information on page 28.

Fundraising

The Board, with the Investment Adviser, continues to monitor the Company's liquidity levels and cashflow requirements in view of investment activity, market movements and regulatory obligations. With these in mind and under regular review, the Board comes to a decision with regards to future fundraising requirements and, in doing so, will notify Shareholders of any intention to raise further funds for the Company through an Offer for Subscription.

Cash available for investment

The Board continues to monitor credit risk in respect of its cash balances and to prioritise the security and protection of the Company's capital. Cash and liquidity fund balances as at 31 March 2021 amounted to £34.33 million. This figure included £29.80 million held in money market funds with AAA credit ratings and £4.53 million held in deposit accounts with several well-known financial institutions across a range of maturities.

Share buy-backs

During the six months ended 31 March 2021, the Company bought back and cancelled 461,200 of its own shares, representing 0.4% (2020: 1.1%) of the shares in issue at the beginning of the period, at a total cost of £0.32 million

(2020: £0.83 million), inclusive of expenses.

It is the Company's policy to cancel all shares bought back in this way. The Board regularly reviews its buyback policy, where its priority is to act prudently and in the interest of remaining Shareholders, whilst considering other factors, such as levels of liquidity and reserves, market conditions and applicable law and regulations. Under this policy, the Company seeks to maintain the discount at which the Company's shares trade at no more than 5% below the latest published NAV.

Shareholder Communications

May I remind you that the Company has its own website which is available at: www.incomeandgrowthvct.co.uk

The Investment Adviser last held its annual Shareholder Event on behalf of all Mobeus-advised VCTs in early 2020. Last year's event was well received and the Investment Adviser plans to hold an event later in 2021. Further details will be circulated to Shareholders and shown on the Company's website in due course.

Fraud Warning

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

Further information and fraud advice plus details of who to contact, can be found in the Information for Shareholders section on page 29.

Environmental, Social and Governance ("ESG")

Whilst the requirements under company law to detail ESG matters are not applicable to the Company at the current time, the Board is conscious of the Company's potential impact on the environment as well as its social and corporate governance responsibilities. The Investment Adviser has presented its ESG strategy to the Board and is providing regular updates regarding the ESG developments.

Your Board would like to assure Shareholders that ESG matters form a key consideration in investment decisions. The future FCA reporting requirements consistent with the Task Force on Climate-related Financial Disclosures

Chairman's Statement

commencing from 1 January 2021 do not currently apply to the Company although will be kept under review in light of any recommended changes.

Outlook

The impact of COVID-19 was and will continue to be wide reaching. Nevertheless, your Board considers that your Company is well positioned to continue to respond and adapt in most likely scenarios that can presently be foreseen. The successful realisations and previous fundraisings have given the Company strong liquidity not only to support the existing portfolio, but also to capitalise on opportunities which may arise for new investment and the Investment Adviser is seeing a good pipeline of new and interesting investment opportunities.

COVID-19 uncertainties and economic instability may cause global markets to be more volatile in the short-term. UK and European businesses will also continue to operate in an uncertain trading environment for the near future as the new UK/EU trade agreement beds in. The companies in the portfolio have been well prepared for a considerable time for the impact of Brexit and those preparations appear to be working well. Although the degree and frequency of any future restrictions as a result of the pandemic are unclear, both the Investment Adviser and portfolio companies are well equipped to respond. Consequently, we have cause to be cautiously optimistic about the future.

I would like to take this opportunity once again to thank all Shareholders for your continued support.



Maurice Helfgott
Chairman

16 June 2021

Investment Policy

The Company's policy is to invest primarily in a diverse portfolio of UK unquoted companies.

Asset Mix and Diversification

The Company will seek to make investments in UK unquoted companies in accordance with the requirements of prevailing VCT legislation.

Investments are made selectively across a wide variety of sectors, principally in established companies.

Investments are generally structured as part loan and part equity in order to receive regular income and to generate capital gain from realisations.

There are a number of conditions within the VCT legislation which need to be met by the Company and which may change from time to time.

No single investment may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment.

Save as set out above, the Company's other investments are held in cash and liquid funds.

Liquidity

The Company's cash and liquid funds are held in a portfolio of readily realisable interest-bearing investments, deposit and current accounts, of varying maturities, subject to the overriding criterion that the risk of loss of capital be minimised.

Borrowing

The Company's Articles of Association permit borrowing of up to 10% of the adjusted capital and reserves (as defined therein). However, the Company has never borrowed and the Board would only consider doing so in exceptional circumstances.

Summary of VCT Regulation

To assist Shareholders, the following table contains a summary of the most important rules that determine VCT approval:

To maintain its status as a VCT, the Company must meet a number of conditions, the most important of which are that:

- the Company must hold at least 80%, by VCT tax value¹ of its total investments (shares, securities and liquidity) in VCT qualifying holdings, within approximately three years of a fundraising;
- all qualifying investments made by VCTs after 5 April 2018, together with qualifying investments made by funds raised after 5 April 2011 are, in aggregate, required to comprise at least 70% by VCT tax value in "eligible shares", which carry no preferential rights (save as may be permitted under VCT rules);
- no investment in a single company or group of companies may represent more than 15% (by VCT tax value) of the Company's total investments at the date of investment;
- the Company must pay sufficient levels of income dividend from its revenue available for distribution so as not to retain more than 15% of its income from shares and securities in a year;
- the Company's shares must be listed on a regulated European stock market;
- non-qualifying investments cannot be made, except for certain exemptions in managing the Company's short-term liquidity;
- VCTs are required to invest 30% of funds raised in an accounting period beginning on or after 6 April 2018 in qualifying holdings within 12 months of the end of that accounting period, and
- the period for reinvestment of the proceeds on disposal of qualifying investments is 12 months.

To be a VCT qualifying holding, new investments must be in companies:

- which carry on a qualifying trade;
- which have no more than £15 million of gross assets at the time of investment and no more than £16 million immediately following investment from VCTs;
- whose maximum age is generally up to seven years (ten years for knowledge intensive businesses);
- that receive no more than an annual limit of £5 million and a lifetime limit of £12 million (for knowledge intensive companies the lifetime limit is £20 million, and the annual limit is £10 million), from VCTs and similar sources of State Aid funding; and
- that use the funds received from VCTs for growth and development purposes.

In addition, VCTs may not:

- offer secured loans to investee companies, and any returns on loan capital above 10% must represent no more than a commercial return on the principal; and
- make investments that do not meet the 'risk to capital' condition (which requires a company, at the time of investment, to be an entrepreneurial company with the objective to grow and develop, and where there is a genuine risk of loss of capital).

¹ VCT tax value means as valued in accordance with prevailing VCT legislation. The calculation of VCT tax value is arrived at using tax values, based on the cost of the most recent purchase of an investment instrument in a particular company, which may differ from the actual cost of each investment shown in the Investment Portfolio Summary on pages 12 and 13.

Investment Adviser's Review

Portfolio Review

More than one year on from the March 2020 low point marked by value reductions and widespread volatility, it is apparent that the overall portfolio has adapted well and generally remained robust throughout. Having largely recovered from the COVID-19 related decline by the start of the period under review, and with the economic uncertainty subsiding, the portfolio has returned to a more stable and positive trajectory. It should be noted that, whilst markets showed a buoyant recovery in 2020, this has not continued into 2021 where the main driver of value growth has been a continuation of strong underlying trading performance across the portfolio.

Whilst there have been a few portfolio companies which have experienced disruption as a result of the ongoing UK lockdowns, a significant proportion have actually benefited from a structural change in consumer purchasing habits and are now trading above their pre COVID-19 levels.

The majority of the portfolio has demonstrated a high degree of resilience, with over 78% of companies by number showing revenue and/or earnings progression over the previous year. Investments classified as Retailers now comprise over 56% of the portfolio by value but all these companies have considerable direct-to-consumer

channels, a business model that has performed well, and all but one have no physical presence. This has been exemplified by the flotation of Virgin Wines UK PLC and Parsley Box Group PLC in March 2021, both at a price per share that materially increased the value of the Company's investment. Software and other technology enabled businesses have also performed strongly with MPB attracting a sizeable equity investment from a large private equity investor in a Series D funding round, whilst the portfolio has limited exposure to more challenging sectors such as hospitality and travel. A small number of companies have struggled, but they are in the minority and their impact on overall shareholder return is minimal. Some of these companies, namely Media Business Insight and RDL, have seen a recent uplift in business which suggests a potentially more positive outlook, however it is still early days in their recovery.

Whilst the exposure to General Retail is very well diversified across the most attractive business models, it is noted that 24.0% of the portfolio value is now concentrated in the two recently AIM-listed investments. In line with market practice, in both cases the Company's shareholdings are subject to lock-up arrangements normal for a transaction of this type.

Strong trading activity levels created investment opportunities for the

Company as portfolio companies sought to enhance their positions by building capability in light of demand. A number of further growth capital investments were therefore made into the portfolio during the period. Mobeus continues to review the opportunities for follow-on investments and is in a good position to capitalise on these due to the Company's strong liquidity. M&A sentiment also remained buoyant with a continuing stream of attractive realisations throughout the period. The outlook for both follow-on investment and realisations continues to be positive.

The Company made investments totalling £4.42 million (2020: £4.15 million), comprising £3.07 million (2020: £4.15 million) into four new investments and £1.35 million (2020: £nil) into four existing investments. This level of new and follow-on investment is pleasing given the continued uncertainty and lockdown restrictions over the period under review. A healthy pipeline of suitable opportunities continues to be seen to date.

Overall, it is reassuring to see that the traditional investments, as well as the new growth investments, are continuing to make good progress. A strong track record for the growth investments is now emerging which validates the strategic change arising from the change in VCT rules in 2015.

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


Investment Portfolio Capital Movement	2021 £m	2020 £m
Increase in the value of unrealised investments	26.68	1.71
Decrease in the value of unrealised investments	(0.61)	(12.44)
Net increase/(decrease) in the value of unrealised investments	26.07	(10.73)
Realised gains	3.67	2.53
Realised losses	(0.08)	-
Net realised gains in the period	3.59	2.53
Net investment portfolio movement in the period	29.66	(8.20)

The portfolio movements in the period are summarised as follows:


	2021 £m	2020 £m
Opening portfolio value	50.86	50.22
New and follow-on investments	4.42	4.15
Disposal proceeds	(10.22)	(8.36)
Net realised gains	3.59	2.53
Unrealised valuation movements	26.07	(10.73)
Portfolio value at 31 March	74.72	37.81

New investments during the period

The Company made four new investments totalling £3.07 million during the period, as detailed below:

	Company	Business	Date of investment	Amount of new investment (£m)
	Northern Bloc	Vegan and plant based ice cream producer	December 2020	0.47

Northern Bloc Ice Cream (northern-bloc.com) is an established food brand in the emerging and rapidly growing vegan market. By focusing on chef quality natural ingredients, Northern Bloc has carved out an early mover position in the vegan ice cream sector. The company's focus on plant-based alternatives has strong environmental credentials as well as it being the first ice cream brand to move wholly into sustainable packaging. The investment is aimed at capitalising on the company's market position and accelerating growth. It has obtained key listings across several large supermarkets and is well placed to benefit from the food service recovery as it continues to secure menu placings. Northern Bloc has doubled its retail store facings in 2020 and saw a 60% increase in retail sales over the year.

	Connect Childcare	Nursery management software provider	December 2020	1.16
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Connect Childcare (connectchildcare.com) is a fully integrated nursery management system for childcare providers in the UK. Its market leading Core Connect product provides nurseries and preschools with an enterprise software solution enabling more efficient administrative processes. The investment will be used to drive product marketing, commercialise their new SaaS product, Foundations, as well as support the roll out of a payment facility to its underlying customer base. Supplying 14 of the top 25 largest nursery groups in the UK, the company has strong recurring revenues which have grown 20% for each of the last three years.

	Vivacity	Artificial intelligence & urban traffic control system	February 2021	1.25
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Vivacity (vivacitylabs.com) develops camera sensors with on-board video analytics software that enables real-time anonymised data gathering of road transport system usage. It offers city transport authorities the ability to manage their road infrastructure more effectively, enabling more efficient monitoring of congestion and pollution levels as well as planning for other issues, such as the changing nature of road usage (e.g. the increasing number of cyclists). The technology and software represent a significant leap forward for local planning authorities which have traditionally relied upon manual data collection methods. The growth capital funding will allow the management team to achieve deeper penetration of the UK transport management sector, explore opportunities internationally and commercialise its new Smart Junction offering. Revenues have grown 350% over the last three years and it has exceeded its most recent year's budget despite the onset of the COVID-19 pandemic. In April 2021, Vivacity won the Queen's Award for Enterprise: Innovation 2021.


	Caledonian Leisure	UK Leisure and experience breaks	March 2021	0.19
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Caledonian Leisure works with accommodation providers, coach businesses and other experienced providers (such as entertainment destinations and theme parks) to deliver to its customers UK-based leisure and experience breaks. It comprises two brands, Caledonian Travel (caledoniantravel.com) and UK Breakaways (ukbreakaways.com). The domestic leisure and experience travel market has been devastated by the COVID-19 pandemic, but the company is well-placed to expand as lockdown and travel restrictions are eased. This investment, as part of a series of planned investment tranches, will help the company prepare for and capitalise on what is expected to be strong demand for UK staycation holidays.


Investment Adviser's Review

Further investments during the period

The Company made four further investments into existing portfolio companies in the period, totalling £1.35 million, as detailed below:

	Company	Business	Date of investment	Amount of further investment (£m)
	Parsley Box	Ambient ready meals targeting the over 60s	January/ March 2021	0.38

Parsley Box (parsleybox.com) is a UK direct to consumer supplier of home delivered, ambient ready meals for the over 60s. Founded in 2017, Parsley Box has grown rapidly and has developed a unique meal delivery solution for its customers. The company supplies a diverse range of ambient meals via next day delivery which are easy to store and aim to contribute to a more independent and healthier lifestyle. The company has seen a strong benefit from the COVID-19 pandemic with revenues nearly eight times that at the time of the original VCT investment. This further investment will scale the company's marketing strategy, enable it to process larger order volumes and continue to build out its team. The company admitted its shares to trading on AIM on 31 March 2021.

	Bleach London	Hair colourants brand	February 2021	0.15
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Bleach London Holdings ("Bleach") (bleachlondon.com) is an established branded, fast growing business which manufactures a range of haircare and colouring products. Bleach has made sound commercial progress since the VCTs invested in 2019 with its direct-to-consumer channels benefiting greatly from the COVID-19 pandemic. Revenues have grown over 90% ahead of the previous year. This further investment, along with strong support from existing investors, will be used to invest in marketing and infrastructure to enable the business to accelerate its direct-to-consumer channel.

	Arkk Consulting	Regulatory and reporting requirement service provider	February 2021	0.66
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Arkk Consulting (trading as Arkk Solutions) (arkksolutions.com) provides services and software to enable organisations to remain compliant with regulatory reporting requirements. Arkk was established in 2009 and currently has over 800 clients across 20 countries. These include more than 80 of the FTSE 350, and half of the largest 20 accountancy firms in the UK. This further investment is to enable continued development of its software in order to capitalise on HMRC's 'Making Tax Digital' campaign. The company has incorporated artificial intelligence into its product and recurring revenues are now over 50% higher than at the point of the original investment in May 2019.

	Tapas	Spanish restaurant chain	March 2021	0.16
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Spanish Restaurant Group Limited (trading as Tapas Revolution) (tapasrevolution.com) is a leading Spanish restaurant chain in the casual dining sector. At initial investment in January 2017, it was operating five sites and, subsequent to a further investment round in March 2018, had grown to 12 sites. Tapas was trading well and had a strong outlook up until the onset of COVID-19 which mandated the closure of much of its estate during the course of 2020 in response to the varying patterns of government restrictions. Costs have been controlled well under the circumstances and this further investment is to provide financial headroom through the remaining lockdown period and to capitalise on new site acquisition opportunities once the lockdown period has ended.

Portfolio valuation movements

The portfolio generated significant net unrealised gains of £26.07 million in the first half of its financial year. The scale of the valuation increases was underpinned by the Company's growth portfolio, many of which have direct-to-consumer business models that have been ideally suited to the more physically remote business environment necessitated by COVID-19. Mobeus believes that this has accelerated an existing trend and, in many cases, the shift in behaviour will prove permanent. Over this period, some older style MBO portfolio companies with similar business practices have also

benefited. A few companies have struggled in this environment, and while there remains a possibility such businesses could fail, their value has already been reduced to modest levels, reducing the risk to shareholder value.

Total valuation increases were £26.68 million. The main valuation increases were:

- Virgin Wines - £10.89 million
- MPB Group - £3.21 million
- EOTH (Equip) - £2.33 million
- Parsley Box - £1.49 million

Virgin Wines, MPB and Parsley Box have generated record revenues and earnings over the lockdown periods and beyond. Both have significantly increased their customer base and there is evidence that these new customers are continuing to be at least as active and profitable as their pre-COVID-19 counterparts. EOTH experienced a very strong end to its financial year, fully recovering to pre-COVID-19 levels of profitability and has strong visibility over future orders.

Total valuation decreases were £(0.61) million. The main valuation decreases were:

- RotaGeek - £(0.23) million
- Kudos Innovations - £(0.19) million

These companies saw the most significant impact of a sudden decline in demand for their products or services as a result of COVID-19. However, as

restrictions are eventually eased, a recovery is anticipated in due course.

The majority of the increase in portfolio value lies in the top 10 companies which represent over 70% of the portfolio by value (excluding legacy). Year-on-year

growth by either revenues or earnings has been seen in all of the top ten companies (excluding legacy) and it is pleasing to note that nine of these are from the younger, growth portfolio.

Portfolio Realisations


The Company realised its investments in Vectair, Bourn Bioscience and Omega Diagnostics during the period receiving combined proceeds of £3.67 million and contributed to total proceeds of £10.22 million received over the period, as detailed below. In summary, aggregate proceeds generated over the life of these three investments were £6.11 million representing a gain over original cost of £4.00 million.

	Company	Business	Period of investment	Total cash proceeds over the life of the investment/ Multiple over cost
	Vectair	Designer and distributor of washroom products	January 2006 to November 2020	£1.83 million 8.5x cost

The Company sold its investment in Vectair Holdings Limited to a consortium of US investment funds, including Oxbow Industries and Arcspring, and has received proceeds of £1.14 million (including £0.06 million dividends) (realised gain in the period: £0.06 million). This investment generated proceeds over the life of the investment of £1.83 million compared to original cost of £0.22 million, which is a **multiple of cost of 8.5x and an IRR of 22.3%**.

	Bourn Bioscience	In vitro fertilisation clinics	January 2014 to December 2020	£2.64 million 1.6x cost
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The Company sold its investment in Bourn Bioscience Limited to Canadian acquirer Triangle Capital, and has received cash proceeds of £2.14 million (including £0.14 million interest on completion) (realised gain in the period: £1.44 million). This investment generated proceeds over the life of the investment of £2.64 million compared to original cost of £1.61 million, which is a **multiple of cost of 1.6x and an IRR of 8.5%**.

	Omega Diagnostics	In Vitro diagnostics for food intolerance, auto-immune diseases and infectious diseases	December 2010 to February 2021	£1.64 million 5.9x cost
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Following a further significant increase in the share price, the Company sold its remaining investment in Omega Diagnostics Group plc for £0.59 million (realised gain in the period: £0.14 million). Total proceeds received over the eleven-year life of the investment were £1.64 million compared to an original investment cost of £0.28 million, which is a **multiple on cost of 5.9x and an IRR of 19.9%**.

Loan stock repayments and other gains/(losses) in the period

During the year and following the admission of its shares to AIM, the Company received £1.73 million from the partial realisation of its holding in Parsley Box, generating a realised gain of £0.94 million. Over the two years to date this investment has been held, this partial sale generated a multiple of cost of 4.0x on the cost of the shares sold. The Company also received £1.74 million from the partial

realisation of MPB Group generating a realised gain of £0.82 million. This partial realisation generated a 7.8x multiple of cost on the cost of the shares sold and was the result of a large private equity investor taking a sizeable equity investment in the company.

Proceeds of £2.93 million were received via loan repayments from Virgin Wines, Vian Marketing (trading as Red Paddle), and BG Training, generating a net realised gain of £0.04 million.

Finally, consideration and realised gains totalling £0.23 million were received in respect of Redline Worldwide and Blaze Signs, both investments realised in a previous year. A small realised loss of £(0.08) million was also recognised in respect of transaction costs for BookingTek and Virgin Wines, the latter due to stamp duty paid upon the listing of shares to AIM.

Investment Adviser's Review

Portfolio income and yield

In the period under review, the Company received the following amounts in loan interest and dividend income:

Investment Portfolio Yield	2021 £m	2020 £m
Interest received in the period	0.72	1.85
Dividends received in the period	0.59	0.35
Total portfolio income in the period¹	1.31	2.20
Portfolio Value at 31 March	74.72	37.81
Portfolio Income Yield (Income as a % of Portfolio value at 31 March)	1.8%	5.8%


¹ Total portfolio income in the period is generated solely from investee companies within the portfolio

Further investments made after the period-end

The Company made two further investments into existing portfolio companies, totalling £0.64 million after the period-end, as detailed below:

	Company	Business	Date of investment	Amount of further investment (£m)
	Caledonian Leisure	UK Leisure and experience breaks	April/May 2021	0.25

Caledonian Leisure works with accommodation providers, coach businesses and other experienced break providers (such as entertainment destinations and theme parks) to deliver to its customers UK-based leisure and experience breaks. It comprises two brands, Caledonian Travel (caledoniantravel.com) and UK Breakaways (ukbreakaways.com). The domestic leisure and experience travel market has been devastated by the COVID-19 pandemic, but the company is well-placed to expand as lockdown and unravel restrictions are eased. This second and third investment, as part of a series of planned investment tranches, will continue to help the company prepare for and capitalise on what is expected to be strong demand for UK staycation holidays.

	Bella & Duke	Premium frozen raw dog food provider	May 2021	0.39
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Bella & Duke (bellaandduke.com) is a direct-to-consumer subscription service, providing premium frozen raw dog food to pet owners in the UK. Founded in 2016, the business provides an alternative to standard meal options for dog owners by focusing on the well documented health benefits of a raw food diet. This area is a growing niche in the large and established pet food market and is being driven by the premiumisation of dog food. Alongside a co-investment by the British Growth Fund ("BGF") and existing shareholders, this follow-on investment from the Company will provide additional working capital enabling Bella & Duke to continue to scale.

Environmental, Social, Governance considerations

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

When seeking new investment opportunities, it operates with a list of exclusions which preclude it from investing in any businesses operating in areas perceived to be unsustainable or detrimental to wider society, or any businesses that have committed purposeful breaches of regulation or have engaged in unlawful activity. Once identified, each potential new investment is then subject to a comprehensive due diligence process that encompasses commercial, financial and ESG principles. This process helps in the formulation and agreement of strategic objectives at the stage of business planning and investment. The Investment Adviser then continues to work closely with each portfolio company board to support them in addressing their particular ESG challenges and opportunities, which are diverse across the entire portfolio.

Mobeus Equity Partners LLP is a signatory of the United Nations Principles of Responsible Investment ("PRI"), considered to be the world's leading proponent of responsible investing. As a signatory, it must report to the PRI on an annual basis and is held accountable to worldwide ESG standards. As such, the Investment Adviser continues to develop its policies and procedures with the professional advice of specialist ESG consultants and reports on the development of this ESG framework to the Board on a regular basis.

Outlook

The growth strategy implemented in 2015 is clearly showing signs of bearing fruit with many companies beginning to achieve significant scale and attract the interest of public markets and larger secondary investors. The portfolio is in a healthy position with many companies trading well throughout the lockdowns, and several at record levels. It continues to evolve, offering a balance of fast-growing and more stable investments at various stages of maturity and scale across a range of diverse market sectors. There is a significant exposure to businesses operating a direct-to-

consumer business model which has underpinned performance during the year. This also gives confidence about the future performance of the portfolio and its ability to cope with the challenges and opportunities associated with Brexit, the macro-economic outlook and the ongoing impact of COVID-19. The new investment pipeline is recovering to levels seen pre-COVID-19 and the prospects for capital deployment are encouraging.

The exceptional performance experienced since the impact of COVID-19 in March 2020, is likely to moderate over the next 12 months as the level of activity normalises. However, the portfolio is in a robust shape and the investment activity levels are promising. Mobeus is therefore cautiously optimistic for the future.

Mobeus Equity Partners LLP

Mobeus Equity Partners LLP
Investment Adviser

16 June 2021

Investment Portfolio Summary

as at 31 March 2021

Growth focused portfolio ■
MBO focused portfolio ■

	Total cost at 31 March 2021 (unaudited) £	Valuation at 30 September 2020 (audited) £	Additional investments in the period £	Valuation at 31 March 2021 (unaudited) £
Virgin Wines UK Plc (formerly Virgin Wines Holding Company Limited)¹ Online wine retailer	65,288	6,458,434	-	14,673,244
MPB Group Limited Online marketplace for used photographic equipment	1,820,552	4,698,745	-	6,992,306
EOTH Limited (trading as Equip Outdoor Technologies) Branded outdoor equipment and clothing including the Rab and Lowe Alpine brands	1,383,313	2,986,028	-	5,318,777
Preservica Limited Seller of proprietary digital archiving software	2,960,899	4,303,532	-	5,177,255
End Ordinary Group Limited (trading as Buster and Punch) (formerly Buster and Punch Holdings Limited) Industrial inspired lighting and interiors retailer	2,046,612	2,740,635	-	3,965,398
My Tutorweb Limited (trading as MyTutor) Digital marketplace connecting school pupils seeking one-to-one online tutoring	2,759,335	2,972,638	-	3,701,022
Parsley Box Group Plc (formerly Parsley Box Limited)² Supplier of home delivered, ambient ready meals targeting the over 60s	874,001	2,168,135	377,486	3,253,102
Manufacturing Services Investment Limited (trading as Wetsuit Outlet) Online retailer in the water sports market	3,205,182	2,371,375	-	3,203,099
Data Discovery Solutions Limited (trading as Active Navigation) Provides the global market leading file analysis software for information governance, security and compliance	1,543,500	3,087,000	-	3,087,000
I-Dox plc Developer and supplier of knowledge management products	453,881	1,895,924	-	2,583,458
Proactive Group Holdings Inc Provider of media services and investor conferences for companies primarily listed on secondary public markets	988,390	2,486,769	-	2,486,769
Media Business Insight Holdings Limited A publishing and events business focused on the creative production industries	3,666,556	1,407,127	-	2,332,587
Arkk Consulting Limited (trading as Arkk Solutions) Provider of services and software to enable organisations to remain compliant with regulatory reporting requirements	2,182,187	1,348,963	656,180	2,275,782
Vian Marketing Limited (trading as Red Paddle Co) Design, manufacture and sale of stand-up paddleboards and windsurfing sails	1,059,617	1,881,880	-	2,106,039
Master Removers Group 2019 Limited (trading as Anthony Ward Thomas, Bishopgate and Aussie Man & Van) A specialist logistics, storage and removals business	464,658	1,175,977	-	2,041,054
Bella & Duke Limited A premium frozen raw dog food provider	931,499	931,499	-	1,498,787
Tharstern Group Limited Software based management Information systems for the printing industry	1,454,278	1,137,147	-	1,495,708
Connect Childcare Group Limited Nursery management software provider	1,157,214	-	1,157,214	1,402,901
Bleach London Holdings Limited Hair colourants brand	874,302	1,232,358	152,850	1,279,006
Vivacity Labs Limited Provider of artificial intelligence & urban traffic control systems	1,250,760	-	1,250,760	1,250,760
IPV Limited Provider of media asset software	954,674	954,674	-	954,674
Rota Geek Limited Workforce management software	1,250,800	1,170,582	-	944,809
CGI Creative Graphics International Limited Vinyl graphics to global automotive, recreation vehicle and aerospace markets	1,943,948	337,590	-	653,479
RDL Corporation Limited Recruitment consultants within the pharmaceutical, business intelligence and IT industries	1,441,667	137,899	-	529,811
Northern Bloc Ice Cream Limited Supplier of premium vegan ice cream	473,100	-	473,100	495,536

	Total cost at 31 March 2021 (unaudited) £	Valuation at 30 September 2020 (audited) £	Additional investments in the period £	Valuation at 31 March 2021 (unaudited) £
Spanish Restaurant Group Limited (formerly Ibericos Etc. Limited) (trading as Tapas Revolution) Spanish restaurant chain	1,552,636	186,300	155,250	341,550
Muller EV Limited (trading as Andersen EV) Provider of premium electric vehicle (EV) chargers	317,000	352,473	-	263,474
Caledonian Leisure Limited Provider of UK leisure and experience breaks	194,675	-	194,675	194,675
Kudos Innovations Limited Online platform that provides and promotes academic research dissemination	472,500	329,354	-	140,795
Jablite Holdings Limited (in members' voluntary liquidation) Manufacturer of expanded polystyrene products	498,790	65,779	-	65,779
Corero Network Security plc Provider of e-business technologies	600,000	7,374	-	11,787
Oxonica Limited International nanomaterials group	2,524,527	-	-	-
Veritek Global Holdings Limited Maintenance of imaging equipment	2,289,859	-	-	-
BookingTek Limited Software for hotel groups	779,155	-	-	-
Racoon International Group Limited Supplier of hair extensions, hair care products and training	655,851	-	-	-
Oakheath Limited (formerly Super Carers Limited) (in members' voluntary liquidation) Online platform that connects people seeking home care from experienced independent carers	649,528	-	-	-
NexxtDrive Limited/Nexxt E-drive Limited Developer and exploiter of mechanical transmission technologies	487,014	-	-	-
CB Imports Group Limited (trading as Country Baskets) (in members' voluntary liquidation) Importer and distributor of artificial flowers, floral sundries and home decor products	175,000	-	-	-
Aquasium Technology Limited Manufacturing and marketing of bespoke electron beam welding and vacuum furnace equipment	166,667	-	-	-
Biomer Technology Limited Developer of biomaterials for medical devices	137,170	-	-	-
Disposals in period				
Vectair Holdings Limited Designer and distributor of washroom products	-	1,020,351	-	-
Bourn Bioscience Limited Management of in-vitro fertilisation clinics	-	552,130	-	-
Omega Diagnostics Group plc In-vitro diagnostics for food intolerance, autoimmune diseases and infectious diseases	-	449,180	-	-
BG Training Limited Technical training business	-	13,281	-	-
Total	48,706,585	50,861,133	4,417,515	74,720,423
Total Investment Portfolio split by type				
Growth focused portfolio³	32,146,089	37,931,047	4,417,515	52,374,570
MBO focused portfolio³	16,560,496	12,930,086	-	22,345,853
Total	48,706,585	50,861,133	4,417,515	74,720,423

¹ Admitted to AIM during the period. Ahead of the Admission to AIM of Virgin Wines on 2 March 2021, the Company's equity investment in Virgin Wines Holding Company Ltd ("VWHCL") had been exchanged for an equity investment in Rapunzel Newco Limited ("RNL"), a company owned by the four Mobeus advised VCTs pro rata to each VCT's share of its investment in Virgin Wines. Immediately prior to Admission, RNL exchanged its equity investment in VWHCL for an equity investment in Virgin Wines UK plc ("VWUK"). The Company is beneficially interested in VWUK, through its holding in RNL. RNL is the legal owner of the shares in VWUK, but each VCT is the beneficial holder. As part of Virgin Wines' admission to AIM, the Company received repayment of its loan stock generating proceeds of £2.68 million.

² Admitted to AIM during the period. On 7 January 2021, a £0.36 million follow-on investment was made into Parsley Box Limited. The enlarged shareholding was admitted to AIM on 31 March 2021. Ahead of the admission to AIM, the Company's equity investment in Parsley Box Limited had been exchanged for an equity investment in Parsley Box Group UK plc. Upon admission to AIM, the Company invested a further £0.02 million and realised proceeds of £1.73 million.

³ The growth focused portfolio contains all investments made after the change in the VCT regulations in 2015 plus some investments that are growth in nature made before this date. The MBO focused portfolio contains investments made prior to 2015 as part of the previous MBO strategy.

Statement of the Directors' Responsibilities

Responsibility statement

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, Maurice Helfgott (Chairman), Justin Ward (Chairman of the Audit and Nomination & Remuneration Committees) and Helen Sinclair (Chairman of the Investment Committee), being the Directors of the Company, confirm that to the best of their knowledge:

- (a) The condensed set of financial statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" gives a true and fair view of the assets, liabilities, financial position and profit of the Company as required by DTR 4.2.10;
- (b) the Interim Management Report, which comprises the Chairman's Statement, Investment Policy, Investment Review and Investment Portfolio Summary, includes a fair review of the information required by DTR 4.2.7, 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;
- (c) a description of the principal risks and uncertainties facing the Company for the remaining six months is set out below, in accordance with DTR 4.2.7; and
- (d) there were no related party transactions in the first six months of the current financial year that are required to be disclosed, in accordance with DTR 4.2.8.

Principal risks and uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Financial Statements for the year ended 30 September 2020 ("the Annual Report"). The COVID-19 pandemic continues to cause some uncertainty, but has not changed the nature of the principal risks. The Board considers that the present processes for mitigating those risks remain appropriate.

The principal risks faced by the Company are:

- Investment and liquidity
- Loss of approval as a Venture Capital Trust;
- Regulatory;
- Economic, political and other external risks;
- Financial and operating; and
- Market liquidity;

A detailed explanation of the principal risks facing the Company can be found in the Annual Report on pages 31 and 32, as well as in Note 16 on Financial Instruments on pages 67 to 74 of that report. Copies can be viewed or downloaded from the Company's website: www.incomeandgrowthvct.co.uk

Going Concern

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out earlier in the Interim management report which comprises the Chairman's Statement, Investment

Policy, Investment Adviser's Review and Investment Portfolio Summary. The Directors have satisfied themselves that the Company continues to maintain a significant cash position. The majority of companies in the portfolio are well funded and the portfolio taken as a whole remains resilient and well diversified, although the continuing impact of COVID-19 may impose further considerable demands upon the liquidity and trading prospects of some of these companies in the near-term. The major cash outflows of the Company (namely investments, share buybacks and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Notes 16 and 17 of the Annual Report and Financial Statements on pages 67 to 75. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the Interim report and financial statements.

Cautionary Statement

This report may contain forward looking statements with regard 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 construed as a profit forecast.

For and on behalf of the Board:



Maurice Helfgott
Chairman

16 June 2021

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Unaudited Condensed Income Statement

for the six months ended 31 March 2021

	Notes	Six months ended 31 March 2021 (unaudited)			Six months ended 31 March 2020 (unaudited)			Year ended 30 September 2020 (audited)		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Net investment portfolio gains/(losses)	9	-	29,661,261	29,661,261	-	(8,201,658)	(8,201,658)	-	9,848,433	9,848,433
Income	4	1,328,132	-	1,328,132	2,311,854	-	2,311,854	3,660,837	-	3,660,837
Investment Adviser's fees	5	(223,439)	(670,315)	(893,754)	(236,541)	(709,625)	(946,166)	(458,619)	(1,375,856)	(1,834,475)
Investment Adviser's performance fees	5	-	(742,900)	(742,900)	-	-	-	-	-	-
Other expenses		(218,943)	-	(218,943)	(270,947)	-	(270,947)	(528,481)	-	(528,481)
Profit/(loss) on ordinary activities before taxation		885,750	28,248,046	29,133,796	1,804,366	(8,911,283)	(7,106,917)	2,673,737	8,472,577	11,146,314
Tax on profit/(loss) on ordinary activities	6	(56,538)	56,538	-	(276,098)	276,098	-	(348,948)	348,948	-
Profit/(loss) for the period and total comprehensive income		829,212	28,304,584	29,133,796	1,528,268	(8,635,185)	(7,106,917)	2,324,789	8,821,525	11,146,314
Basic and diluted earnings per share	7	0.70p	23.90p	24.60p	1.40p	(7.93)p	(6.53)p	2.07p	7.87p	9.94p

The revenue column of the Income Statement includes all income and expenses. The capital column accounts for the net investment portfolio gains (unrealised gains/(losses) and realised gains on investments) and the proportion of the Investment Adviser's fee and performance fee charged to capital.

The total column is the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS"). In order to better reflect the activities of a VCT and in accordance with the 2014 Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC") and updated in October 2019, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity Shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

All the items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period/year.

The notes to the unaudited financial statements on pages 22 to 27 form part of these Half-Year Financial Statements.

Unaudited Condensed Balance Sheet

as at 31 March 2021

	Notes	31 March 2021 (unaudited) £	31 March 2020 (unaudited) £	30 September 2020 (audited) £
Fixed assets				
Investments at fair value	9	74,720,423	37,808,748	50,861,133
Current assets				
Debtors and prepayments		3,917,073	362,814	398,489
Current asset investments	10	32,954,426	39,479,736	30,449,213
Cash at bank	10	1,378,815	1,406,450	1,739,602
		38,250,314	41,249,000	32,587,304
Creditors: amounts falling due within one year		(1,022,895)	(282,076)	(315,007)
Net current assets		37,227,419	40,966,924	32,272,297
Net assets		111,947,842	78,775,672	83,133,430
Capital and reserves				
Called up share capital		1,182,005	1,150,685	1,186,617
Capital redemption reserve		28,439	16,980	23,827
Share premium reserve		12,283,303	9,625,433	12,283,303
Revaluation reserve		31,570,937	(6,814,985)	6,862,342
Special distributable reserve		52,950,812	61,740,118	54,626,873
Realised capital reserve		10,890,667	9,626,672	5,938,001
Revenue reserve		3,041,679	3,430,769	2,212,467
Equity Shareholders' funds		111,947,842	78,775,672	83,133,430
Basic and diluted net asset value:				
Basic and diluted net asset value per share	11	94.71p	68.46p	70.06p

The financial information for the six months ended 31 March 2021 and the six months ended 31 March 2020 has not been audited.

The notes to the unaudited financial statements on pages 22 to 27 form part of these Half-Year Financial Statements.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 31 March 2021

	Called up share capital £	Non-distributable reserves Capital redemption reserve Share premium reserve Revaluation reserve £	Distributable reserves Special distributable reserve (Note a) Realised capital reserve (Note b) Revenue reserve (Note b) £	Total £				
At 1 October 2020	1,186,617	23,827	12,283,303	6,862,342	54,626,873	5,938,001	2,212,467	83,133,430
Comprehensive income for the period								
Profit for the period	-	-	-	26,073,426	-	2,231,158	829,212	29,133,796
Total comprehensive income for the period	-	-	-	26,073,426	-	2,231,158	829,212	29,133,796
Contributions by and distributions to owners								
Shares bought back (Note c)	(4,612)	4,612	-	-	(319,384)	-	-	(319,384)
Total contributions by and distributions to owners	(4,612)	4,612	-	-	(319,384)	-	-	(319,384)
Other movements								
Realised losses transferred to special reserve (Note a)	-	-	-	-	(1,356,677)	1,356,677	-	-
Realisation of previously unrealised appreciation	-	-	-	(1,364,831)	-	1,364,831	-	-
Total other movements	-	-	-	(1,364,831)	(1,356,677)	2,721,508	-	-
At 31 March 2021	1,182,005	28,439	12,283,303	31,570,937	52,950,812	10,890,667	3,041,679	111,947,842

Notes

a): The Company's special reserve is available to fund buybacks of shares as and when it is considered by the Board to be in the interests of Shareholders, and to absorb any existing and future realised losses and for other corporate purposes. At 31 March 2021, the Company has a special reserve of £52,950,812, £30,576,363 of which arises from shares issued more than three years after the end of the financial year in which they were issued. Reserves originating from share issues are not distributable under VCT rules if they are within three years of the end of an accounting period in which the shares were issued. The total transfer of £1,356,677 from the realised capital reserve to the special distributable reserve above is the total of realised losses incurred by the Company in the period.

b): The realised capital reserve and the revenue reserve together comprise the Profit and Loss Account of the Company.

c): During the period, the Company repurchased 461,200 of its own shares at the prevailing market price for a total cost (including stamp duty) of £319,384, which were subsequently cancelled. The difference between the figure shown above of £319,384 and that per the Statement of Cash Flows of £413,435 is £94,051 which was a creditor at the previous year-end.

The notes to the unaudited financial statements on pages 22 to 27 form part of these Half-Year Financial Statements.

Unaudited Condensed Statement of Changes in Equity

for the six months ended 31 March 2020

	Non-distributable reserves				Distributable reserves			Total £
	Called up share capital £	Capital redemption reserve £	Share premium reserve £	Revaluation reserve £	Special distributable reserve £	Realised capital reserve £	Revenue reserve £	
At 1 October 2019	1,033,029	5,245	-	4,652,457	63,751,255	9,864,455	2,421,638	81,728,079
Comprehensive income for the period								
(Loss)/profit for the period	-	-	-	(10,733,344)	-	2,098,159	1,528,268	(7,106,917)
Total comprehensive income for the period	-	-	-	(10,733,344)	-	2,098,159	1,528,268	(7,106,917)
Contributions by and distributions to owners								
Shares issued via Offer for Subscription	129,391	-	9,625,433	-	(99,106)	-	-	9,655,718
Shares bought back	(11,735)	11,735	-	-	(828,976)	-	-	(828,976)
Dividends paid	-	-	-	-	-	(4,153,095)	(519,137)	(4,672,232)
Total contributions by and distributions to owners	117,656	11,735	9,625,433	-	(928,082)	(4,153,095)	(519,137)	4,154,510
Other movements								
Realised losses transferred to special reserve	-	-	-	-	(1,083,055)	1,083,055	-	-
Realisation of previously unrealised appreciation	-	-	-	(734,098)	-	734,098	-	-
Total other movements	-	-	-	(734,098)	(1,083,055)	1,817,153	-	-
At 31 March 2020	1,150,685	16,980	9,625,433	(6,814,985)	61,740,118	9,626,672	3,430,769	78,775,672

The composition of each of these reserves is explained below:

Called up share capital - The nominal value of shares originally issued, increased for subsequent share issues either via an Offer for Subscription or Dividend Investment Scheme or reduced due to shares bought back by the Company.

Capital redemption reserve - The nominal value of shares bought back and cancelled is held in this reserve, so that the Company's capital is maintained.

Share premium reserve - This reserve contains the excess of gross proceeds less issue costs over the nominal value of shares allotted under recent Offers for Subscription and the Company's Dividend Investment Scheme.

Revaluation reserve - Increases and decreases in the valuation of investments held at the period-end are accounted for in this reserve, except to the extent that the diminution is deemed permanent.

In accordance with stating all investments at fair value through profit and loss (as recorded in Note 9), all such movements through both revaluation and realised capital reserves are shown within the Income Statement for the period.

Special distributable reserve - This reserve is created from cancellations of the balances upon the Share premium reserve, which are transferred to this reserve from time to time. The cost of share buybacks and any realised losses on the sale or impairment of investments (excluding transaction costs) are charged to this reserve. 75% of the Investment Adviser fee expense, and the related tax effect, that are charged to the realised capital reserve are transferred to this reserve. This reserve will also be charged any facilitation fee payments to financial advisers, which arose as part of the Offer for Subscription.

Realised capital reserve - The following are accounted for in this reserve:

- Gains and losses on realisation of investments;
- Permanent diminution in value of investments;
- Transaction costs incurred in the acquisition and disposal of investments;
- 75% of the Investment Adviser fee expense and 100% of any performance fee payable, together with the related tax effect to this reserve in accordance with the policies; and
- Capital dividends paid.

Revenue reserve - Income and expenses that are revenue in nature are accounted for in this reserve, as well as 25% of the Investment Adviser fee together with the related tax effect, as well as income dividends paid that are classified as revenue in nature.

The notes to the unaudited financial statements on pages 22 to 27 form part of these Half-Year Financial Statements.

Unaudited Condensed Statement of Cash Flows

for the six months ended 31 March 2021

	Notes	Six months ended	Six months ended	Year ended
		31 March 2021 (unaudited) £	31 March 2020 (unaudited) £	30 September 2020 (audited) £
Cash flows from operating activities				
Profit/(loss) for the financial period		29,133,796	(7,106,917)	11,146,314
Adjustments for:				
Net investment portfolio (gains)/losses		(29,661,261)	8,201,658	(9,848,433)
Increase in debtors		(12,233)	(80,341)	(135,373)
Increase in creditors and accruals		799,205	37,456	39,354
Net cash inflow from operating activities		259,507	1,051,856	1,201,862
Cash flows from investing activities				
Purchase of investments	9	(4,417,515)	(4,151,125)	(8,385,023)
Disposal of investments	9	6,715,869	8,346,088	17,597,050
Net cash inflow from investing activities		2,298,354	4,194,963	9,212,027
Cash flows from financing activities				
Shares issued as part of Offer for subscription		-	10,000,000	10,000,000
Issue costs as part of Offer for subscription		-	(344,282)	(344,282)
Equity dividends paid	8	-	(4,672,232)	(18,153,151)
Purchase of own shares		(413,435)	(806,336)	(1,189,858)
Net cash (outflow)/inflow from financing activities		(413,435)	4,177,150	(9,687,291)
Net increase in cash and cash equivalents		2,144,426	9,423,969	726,598
Cash and cash equivalents at start of period		29,037,046	28,310,448	28,310,448
Cash and cash equivalents at end of period		31,181,472	37,734,417	29,037,046
Cash and cash equivalents comprise:				
Cash at bank and in hand	10	1,378,815	1,406,450	1,739,602
Cash equivalents	10	29,802,657	36,327,967	27,297,444

The notes to the unaudited financial statements on pages 22 to 27 form part of these Half-Year Financial Statements.

Notes to the Unaudited Condensed Financial Statements

for the six months ended 31 March 2021

1. Company information

The Income & Growth VCT plc is a public limited company incorporated in England, registration number 04069483. The registered office is 30 Haymarket, London, SW1Y 4EX.

2. Basis of preparation of the Financial Statements

These Financial Statements prepared in accordance with accounting policies consistent with Financial Reporting Standard 102 ("FRS102"), Financial Reporting Standard 104 ("FRS104") - Interim Financial Reporting, with the Companies Act 2006 and the 2014 Statement of Recommended practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') (updated in October 2019) issued by the Association of Investment Companies ("AIC").

The Half-Year Report has not been audited, nor has it been reviewed by the auditor pursuant to the Financial Reporting Council's (FRC) guidance on Review of Interim Financial Information.

3. Principal accounting policies

The accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report, while the policy in respect of investments is included within an outlined box at the top of Note 9 on investments.

4. Income

	Six months ended 31 March 2021 (unaudited) £	Six months ended 31 March 2020 (unaudited) £	Year ended 30 September 2020 (audited) £
Income			
- Dividends	588,183	351,220	837,168
- Money market funds	2,569	83,823	112,575
- Loan stock interest	715,528	1,851,961	2,625,570
- Bank deposit interest	16,063	24,570	43,410
- Interest on preference share dividend arrears	-	280	38,987
- Other income	5,789	-	3,127
Total Income	1,328,132	2,311,854	3,660,837

5. Investment Adviser's fees and performance fees

	Six months ended 31 March 2021 (unaudited) £	Six months ended 31 March 2020 (unaudited) £	Year ended 30 September 2020 (audited) £
Allocated to revenue return: Investment Adviser's fees	223,439	236,541	458,619
Allocated to capital return: Investment Adviser's fees	670,315	709,625	1,375,856
Investment Adviser's performance fees	742,900	-	-
Total	1,636,654	946,166	1,834,475
Investment Adviser's fee	893,754	946,166	1,834,475
Investment Adviser's performance fees	742,900	-	-
Total	1,636,654	946,166	1,834,475

The Directors have charged 75% of the fees payable under the Investment Adviser's agreement, and 100% of the amounts payable under the Incentive Agreement, to the capital reserve. The Directors believe it is appropriate to charge the incentive fees wholly against the capital return, as any fees payable depend on capital performance, as explained below.

On 30 September 2014, a revised incentive fee agreement was signed between the Board, on behalf of the Company, and Mobeus, with effect from 1 October 2013, to amend and replace the previous agreement. The previous agreement remained in force, but only with the former adviser, Foresight Group LLP ("Foresight"). Mobeus waived their right to their portion of the fee under the previous agreement. This agreement expired on 10 March 2019.

Any payment under the revised incentive agreement is now 15% of net realised gains for each year, payable in cash. It is payable only if Cumulative Net Asset Value (NAV) total return per share (being the closing NAV at a year end plus cumulative dividends paid to that year end, since 1 October 2013) equals or exceeds a "Target Return". The Target Return is the greater of two targets, being either:

- compound growth of 6% per annum (but 5% per annum for the year ended 30 September 2014 only), before deducting any incentive fee payable (for the year of calculation only) under both this amended agreement and the existing incentive agreement with Foresight in Cumulative NAV total return per share; or
- the cumulative percentage change in the Consumer Prices Index since 1 October 2013 to the relevant financial year-end, the resultant figure then being multiplied by $(100+A)/100$, where A is the number of full 12 month periods (or part thereof) that have passed between 1 October 2013 and the relevant financial year end.

Both measures of Target Return are applied to the same opening base, being NAV per share as at 30 September 2013 of 113.90 pence. The objective of this Target Return is to enable Shareholders to benefit from a cumulative NAV return of at least 6% per annum (5% in the financial year ended 30 September 2014), before any incentive fee is payable. Once a payment has been made, cumulative NAV total return is calculated after deducting past years' incentive fees paid and payable.

Under this revised incentive agreement, any fee payments to Mobeus are subject to an annual cap of an amount equal to 2% of the net assets of the Company as at the immediately preceding year-end. This cap included any fee payable to Foresight under the old agreement, although any such payment to Foresight was not capped, but that agreement expired on 10 March 2019. Any excess over the 2% remains payable to Mobeus in the following year(s), subject to the 2% annual cap in such subsequent year(s) and after any payment in respect of such subsequent year(s).

For the year ending 30 September 2021, the Target Return will be 179.83 pence per share (being a 6% uplift on the Target Return at the previous year-end of 169.65 pence per share). As at 31 March 2021, the Cumulative Total NAV return is 186.34 pence per share, so the Target Return for the 2021 financial year has currently been met and a fee of £742,900 has been accrued. This fee is payable subject to the cumulative Target NAV return continuing to exceed the Target Return at the year-end and the approval of the Company's Annual Report by Shareholders at the AGM.

Between 1 April 2020 and 31 March 2021, the Investment Adviser's fee upon the net assets raised under the 2019/20 Offer for Subscription from the use of the over-allotment facility of £5 million was reduced to 1.4% from 2.4%.

Notes to the Unaudited Condensed Financial Statements

for the six months ended 31 March 2021

6. Taxation

There is no tax charge for the period as the Company has tax losses brought forward from previous periods, which can be offset against taxable income.

7. Basic and diluted earnings and return per share

	Six months ended 31 March 2021 (unaudited) £	Six months ended 31 March 2020 (unaudited) £	Year ended 30 September 2020 (audited) £
i) Total earnings after taxation: Basic and diluted earnings per share (Note a)	29,133,796 24.60p	(7,106,917) (6.53)p	11,146,314 9.94p
ii) Revenue earnings from ordinary activities after taxation Basic and diluted revenue earnings per share (Note b)	829,212 0.70p	1,528,268 1.40p	2,324,789 2.07p
Net investment portfolio gains/(losses)	29,661,261	(8,201,658)	9,848,433
Capitalised Investment Adviser fees and performance fees less taxation	(1,356,677)	(433,527)	(1,026,908)
iii) Total capital return Basic and diluted capital earnings per share (Note c)	28,304,584 23.90 p	(8,635,185) (7.93)p	8,821,525 7.87p
iv) Weighted average number of shares in issue in the period (Note d)	118,453,326	108,874,052	112,120,361

Notes:

- Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
- Basic revenue earnings per share is the revenue return after taxation divided by the weighted average number of shares in issue.
- Basic capital earnings per share is the total capital return after taxation divided by the weighted average number of shares in issue.
- There are no instruments that will increase the number of shares in issue in the future. Accordingly, the above figures currently represent both basic and diluted earnings per share.

8. Dividends

Dividend	Type	For the year ended 30 September	Pence per share	Date paid	Six months ended 31 March 2021 (unaudited) £	Six months ended 31 March 2020 (unaudited) £	Year ended 30 September 2020 (audited) £
Interim	Income	2019	0.50p	18 October 19	-	519,137	519,137
Interim	Capital	2019	4.00p	18 October 19	-	4,153,095	4,153,095
Interim	Income	2020	1.50p	10 July 20	-	-	1,725,492
Interim	Capital	2020	1.50p	10 July 20	-	-	1,725,492
Interim	Income	2020	0.25p	28 September 20	-	-	289,331
Interim	Capital	2020	6.00p	28 September 20	-	-	6,943,954
Interim	Capital*	2020	4.75p	28 September 20	-	-	5,497,299
Total					-	4,672,232	20,853,800

* - This dividend was paid out of the Company's Special distributable reserve.

The Board has declared an interim dividend in respect of the year ending 30 September 2021 of 5.00 pence per share to be paid to Shareholders on 23 July 2021.

For the year ended 30 September 2020, £20,853,800 disclosed above differs to that shown in the Statement of Cash Flows of £18,153,151 due to £2,700,649 of new shares allotted subject to listing under the Company's Dividend Investment Scheme.

9. Summary of movement on investments during the period

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at "fair value through profit and loss" (FVTPL). All investments held by the Company are classified as FVTPL and measured in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") guidelines, as updated in December 2018 (as updated by Special Valuation guidance issued in March 2020). This classification is followed as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional. For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date. Purchases and sales of quoted investments are recognised on the trade date where a contract of sale exists whose terms require delivery within a time frame determined by the relevant market. Where the terms of a disposal state that consideration may be received at some future date and, subject to the conditionality and materiality of the amount of deferred consideration, an estimate of the fair value discounted for the time value of money may be recognised through the Income Statement. In other cases, the proceeds will only be recognised once the right to receive payment is established and there is no reasonable doubt that payment will be received.

Unquoted investments are stated at fair value by the Directors at each measurement date in accordance with appropriate valuation techniques, which are consistent with the IPEV guidelines:-

- Each investment is considered as a whole on a 'unit of account' basis, i.e. that the value of each portfolio company is considered as a whole, alongside consideration of:-

The price of new or follow on investments made, if deemed to be made as part of an orderly transaction, are considered to be at fair value at the date of the transaction. The inputs that derived the investment price are calibrated within individual valuation models and at every subsequent quarterly measurement date, are reconsidered for any changes in light of more recent events or changes in the market performance of the investee company. The valuation bases used are the following:

- a multiple basis. The enterprise value of the investment may be determined by applying a suitable price-earnings ratio, revenue or gross profit multiple to that company's historic, current or forecast post-tax earnings before interest, depreciation and amortisation, or revenue, or gross profit (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Adviser compared to the sector including, inter alia, scale and liquidity).

or:-

- where a company's underperformance against plan indicates a diminution in the value of the investment, provision against the price of a new investment is made, as appropriate.
- Premiums, to the extent that they are considered capital in nature, and that they will be received upon repayment of loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
 - Where a multiple or the price of recent investment less impairment basis is not appropriate and overriding factors apply, a discounted cash flow, net asset valuation, realisation proceeds, or a weighted average of these bases may be applied.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the profit and loss and revaluation reserves and movements in the period are shown in the Income Statement. All figures are shown net of any applicable transaction costs incurred by the Company.

All investments are initially recognised and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

A key judgement made in applying the above accounting policy relates to investments that are permanently impaired. Where the value of an investment has fallen permanently below the price of recent investment, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Adviser, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

The methods of fair value measurement are classified into hierarchy based on the reliability of the information used to determine the valuation.

- Level 1 – Fair value is measured based on quoted prices in an active market.
- Level 2 – Fair value is measured based on directly observable current market prices or indirectly being derived from market prices.
- Level 3 – Fair value is measured using valuation techniques using inputs that are not based on observable market data.

Notes to the Unaudited Condensed Financial Statements

for the six months ended 31 March 2021

	Traded on AIM Level 1 £	Unquoted ordinary shares Level 3 £	Unquoted Preference shares Level 3 £	Unquoted Loan stock Level 3 £	Total £
Valuation at 1 October 2020	2,352,478	34,894,706	1,168,593	12,445,356	50,861,133
Purchases at cost	377,486	2,071,359	-	1,968,670	4,417,515
Sales - proceeds (Note a)	(2,236,021)	(3,888,490)	(360)	(4,094,615)	(10,219,486)
- net realised gains/(losses)	999,759	1,953,582	(3,491)	637,985	3,587,835
Reclassification at valuation (Note b)	5,946,354	(5,946,354)	-	-	-
Net unrealised gains on investments	13,081,535	11,202,941	184,708	1,604,242	26,073,426
Valuation at 31 March 2021	20,521,591	40,287,744	1,349,450	12,561,638	74,720,423
Book cost at 31 March 2021	1,993,170	29,361,816	1,240,546	16,111,053	48,706,585
Unrealised gains/(losses) at 31 March 2021	19,028,421	15,895,539	109,205	(3,462,228)	31,570,937
Permanent impairment of valuation of investments	(500,000)	(4,969,611)	(301)	(87,187)	(5,557,099)
Valuation at 31 March 2021	20,521,591	40,287,744	1,349,450	12,561,638	74,720,423
Gains/(losses) on investments					
Realised gains based on historical cost	1,736,725	3,152,590	-	63,351	4,952,666
Less amounts recognised as unrealised gains/(losses) in previous years	(736,966)	(1,199,008)	(3,491)	574,634	(1,364,831)
Net realised gains/(losses) based on carrying value at 30 September 2020	999,759	1,953,582	(3,491)	637,985	3,587,835
Net movement in unrealised gains/(losses) in the period	13,081,535	11,202,941	184,708	1,604,242	26,073,426
Net investment portfolio gains for the period ended 31 March 2021	14,081,294	13,156,523	181,217	2,242,227	29,661,261

Notes

a): The sale proceeds shown above of £10,219,486 is £3,503,617 more than that shown on the Statement of Cash Flows of £6,715,869 due to further proceeds receivable in respect of Vectair as well as proceeds receivable from the part realisations of MPB and Parsley Box. These amounts are recognised as debtors at 31 March 2021.

b): The Company's equity investments in Virgin Wines and Parsley Box were admitted to AIM during the period. The amount transferred from Level 3 to Level 1 of £5,946,354 reflects the combined equity value held at the start of the period.

Level 3 unquoted equity and loan investments are valued in accordance with IPEV guidelines as follows:

	as at 31 March 2021 (unaudited) £	as at 31 March 2020 (unaudited) £	as at 30 September 2020 (audited) £
Valuation methodology			
Multiple of earnings, revenues or gross margin, as appropriate	52,346,068	35,136,619	47,240,479
Recent investment price	1,445,435	-	-
Net asset value	341,550	1,063,667	1,189,116
Estimated realisation proceeds	65,779	13,281	79,060
Total	54,198,832	36,213,567	48,508,655

10. Current asset investments and Cash at bank

	as at 31 March 2021 (unaudited) £	as at 31 March 2020 (unaudited) £	as at 30 September 2020 (audited) £
OEIC Money market funds	29,802,657	36,327,967	27,297,444
Cash equivalents per Statement of Cash Flows	29,802,657	36,327,967	27,297,444
Bank deposits that mature after three months	3,151,769	3,151,769	3,151,769
Current asset investments	32,954,426	39,479,736	30,449,213
Cash at bank	1,378,815	1,406,450	1,739,602

11. Net asset value per share

	as at 31 March 2021 (unaudited)	as at 31 March 2020 (unaudited)	as at 30 September 2020 (audited)
Net assets	£111,947,842	£78,775,672	£83,133,430
Number of shares in issue	118,200,511	115,068,452	118,661,711
Net asset value per share - basic and diluted	94.71p	68.46p	70.06p

12. Post balance sheet events

On 16 April 2021 and 18 May 2021, follow-on investments of £0.15 million and £0.10 million respectively were made into Caledonian Leisure Limited, an existing portfolio company.

On 1 April 2021, a loan repayment of £0.32 million was received from Vian Marketing Limited (trading as Red Paddle Co).

On 26 May 2021, a follow-on investment of £0.39 million was made into Bella & Duke Limited, an existing portfolio company.

On 28 May 2021, a loan repayment of £0.46 million was received from MPB Group Limited.

13. Statutory Information

The financial information for the six months ended 31 March 2021 and the six months ended 31 March 2020 has not been audited.

The financial information contained in this Half-Year report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements for the year ended 30 September 2020 have been filed with the Registrar of Companies. The auditor has reported on these Financial Statements and that report was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

14. Half-Year Report

Copies of this Report are being sent to all Shareholders who elected to receive a paper copy otherwise Shareholders are being notified that a copy is available on the Company's website. Further copies are available free of charge from the Company's registered office, 30 Haymarket, London, SW1Y 4EX, or can be downloaded via the Company's website at www.incomeandgrowthvct.co.uk.

Shareholder Information

Communication with shareholders

We aim to communicate regularly with our Shareholders. The February Annual General Meetings provide a useful platform for the Board to meet Shareholders and exchange views. Your Board welcomes your attendance at all general meetings, if practicable and circumstance allow, to give you the opportunity to meet your Directors and representatives of the Investment Adviser. The Company releases Interim Management Statements in respect of those quarters when it does not publish Annual or Half-Year Financial Statements. The Investment Adviser also holds an Annual Shareholder Event which is planned to take place later in 2021. Further details of this will be circulated to Shareholders and also shown on the Company's website.

Shareholders wishing to follow the Company's progress can visit its website at www.incomeandgrowthvct.co.uk. The website includes up-to-date information on fund performance, including the most recent NAV, and dividends paid as well as publicly available information on the Company's portfolio of investments and copies of company reports. There is also a link to the London Stock Exchange's website at www.londonstockexchange.com which provides up to the minute details of the share price and latest NAV announcements, etc.

Financial calendar

June 2021	Announcement and circulation of the Half-Year results for the six months to 31 March 2021
30 September 2021	Year-End
Autumn 2021	Shareholder Event
December 2021	Announcement of Annual Results and circulation to Shareholders of the Annual Report for the year ended 30 September 2021
February 2022	Annual General Meeting

Dividends

Shareholders who wish to have their dividends paid directly into their bank account, rather than having them sent by cheque to their registered address, can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrars, Link Group, at the address given on page 35.

Shareholders are encouraged to ensure that the Registrars maintain up-to-date details for their accounts and to check whether they have received and banked all dividends payable to them. This is particularly important if a Shareholder has recently changed address or bank details. We are aware that a number of dividends remain unclaimed by Shareholders and whilst we will endeavour to contact them if this is the case, we cannot guarantee that we will be able to do so if the Registrars do not have an up-to-date postal and/or email address.

Dividend Investment Scheme (the "Scheme")

Those Shareholders who wish to participate, or to amend their existing participation, in the DIS, can do so by visiting www.incomeandgrowthvct.co.uk and click the Dividends tab or by contacting the Registrar directly using the details below.

Those Shareholders who wish to opt-in or opt-out of the Scheme can do so at any time by contacting the Scheme Administrator, Link Group, via email at vcts@linkgroup.co.uk or by telephone on 0371 664 0324. For further information and to download the Mandate Form required to opt-in to the Scheme, please visit www.incomeandgrowthvct.co.uk and select the Dividends subheading on the left-hand side.

Please note that Shareholders' elections to opt-in or opt-out of the Scheme must be received at least 15 days prior to a dividend payment date in order to become effective.

Managing your shareholding online

For details on your individual shareholding and to manage your account online, Shareholders may log into or register with the Link Shareholder Portal: www.signalshares.com. You can use the Portal to change your address details, check your holding balance and transactions, view the dividends you have received and add and amend your bank details.

Selling your shares

The Company's Shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. Shareholders are also advised to discuss their individual tax position with their financial advisor before deciding to sell their shares.

The Company is unable to buy back shares direct from Shareholders, so you will need to use a stockbroker to sell your shares. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure"). Panmure is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought in shares.

Panmure can be contacted as follows:

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

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

Common Reporting Standard ("CRS") and Foreign Account Tax Compliance Act ("FATCA")

Tax legislation was introduced with effect from 1 January 2016 under the Organisation for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information. The legislation requires investment trust companies to provide personal information to HMRC on certain investors who purchase their shares. As an affected entity, the Company has to provide information annually to HMRC relating to a number of non-UK based certificated Shareholders who are deemed to be resident for tax purposes in any of the 90 plus countries who have joined CRS. All new Shareholders, excluding those whose shares are held in CREST, entered onto the share register after 1 January 2016 will be asked to provide the relevant information. Additionally, HMRC's policy position on FATCA now means that, as a result of the restricted secondary market in VCT shares, the Company's shares are not considered to be "regularly traded". The Company is therefore also an affected entity for the purposes of this legislation and as such will have to provide information annually to HMRC relating to Shareholders who are resident for tax purposes in the United States.

For further information, please see HMRC's Quick Guide: Automatic Exchange of Information – information for account holders: <https://www.gov.uk/government/publications/exchange-of-information-account-holders>.

Fraud Warning Boiler Room fraud and unsolicited communications to Shareholders

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

Further information on boiler room scams and fraud advice, as well as who to contact, can be found first in the answer to a question "What should I do if I receive an unsolicited offer for my shares?" within the VCT Investor area of the Investment Adviser's website in the A Guide to VCTs section: www.mobeus.co.uk/investor-area and secondly, in a link to the FCA's ScamSmart site: www.fca.org.uk/scamsmart

We strongly recommend that you seek financial advice before taking any action if you remain in any doubt. You can also contact the Investment Adviser on 0207 024 7600, or email info@mobeus.co.uk to check whether any claims made by a caller are genuine.

Shareholders are also encouraged to ensure their personal data is always held securely and that data held by the Registrar of the Company is up to date, to avoid cases of identity fraud.

Shareholder enquiries:

For enquiries concerning the investment portfolio or the Company in general, please contact the Investment Adviser, Mobeus Equity Partners LLP. To contact the Chairman or any member of the Board, please contact the Company Secretary, also Mobeus Equity Partners LLP, in the first instance.

The Registrar may be contacted via their shareholder portal, post or telephone for queries relating to your shareholding including dividend payments, dividend mandate forms, change of address, etc.

Full contact details for each of Mobeus and Link Group are included under Corporate Information on page 35.

Performance Data at 31 March 2021 (unaudited)

Share price at 31 March 2021 **78.50p¹**
NAV per share as at 31 March 2021 **94.71p**

Performance data for all fundraising rounds

The following table shows, for all investors in The Income & Growth VCT plc, how their investments have performed since they were originally allotted shares in each fundraising.

Shareholders from the original fundraising in 2000/01 should note that the funds were managed by three investment advisers, up until 10 March 2009. At that date, Mobeus became the sole adviser, to this and all subsequent fundraisings.

Total return data, which includes cumulative dividends paid to date, is shown on both a share price and a NAV basis as at 31 March 2021. The NAV basis enables Shareholders to evaluate more clearly the performance of the Fund, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.

Allotment date(s)	Allotment price (p)	Net allotment price ² (p)	Cumulative dividends paid per share (p)	Total return per share to Shareholders since allotment		
				(Share price basis) (p)	(NAV basis) (p)	% change since 30 September 2020 (NAV basis)
Funds raised - O Fund³ (launched 18 October 2000)						
Between 3 November 2000 and 11 May 2001	100.00	60.62	121.73	181.22	193.50	10.7%
Funds raised 2007/8 - S Share fund (launched 14 December 2007)						
Between 1 April 2008 and 6 June 2008	100.00	70.00	131.50	210.00	226.21	12.2%
Funds raised 2010/11 (launched 12 November 2010)						
21 January 2011	104.80	73.36	131.00	209.50	225.71	12.3%
28 February 2011	107.90	75.53	129.00	207.50	223.71	12.4%
22 March 2011	105.80	74.06	129.00	207.50	223.71	12.4%
1 April 2011	105.80	74.06	127.00	205.50	221.71	12.5%
5 April 2011	105.80	74.06	127.00	205.50	221.71	12.5%
10 May 2011	105.80	74.06	127.00	205.50	221.71	12.5%
6 July 2011	106.00	74.20	127.00	205.50	221.71	12.5%
Funds raised 2012 (launched 20 January 2012)						
8 March 2012	106.40	74.48	103.00	181.50	197.71	14.2%
4 April 2012	106.40	74.48	103.00	181.50	197.71	14.2%
5 April 2012	106.40	74.48	103.00	181.50	197.71	14.2%
10 May 2012	106.40	74.48	103.00	181.50	197.71	14.2%
10 July 2012	111.60	78.12	103.00	181.50	197.71	14.2%
Funds raised 2013 (launched 29 November 2012)						
14 January 2013	116.00	81.20	103.00	181.50	197.71	14.2%
28 March 2013	112.60	78.82	97.00	175.50	191.71	14.8%
4 April 2013	112.60	78.82	97.00	175.50	191.71	14.8%
5 April 2013	112.60	78.82	97.00	175.50	191.71	14.8%
10 April 2013 Pre RDR ⁴	115.30	80.71	97.00	175.50	191.71	14.8%
10 April 2013 Post RDR ⁴	112.60	78.82	97.00	175.50	191.71	14.8%
7 May 2013	112.60	78.82	97.00	175.50	191.71	14.8%

¹ - Source: Panmure Gordon & Co (mid-price basis).

² - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 20% up until 5 April 2004, 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

³ - Shareholders who invested in 2000/01 received 0.7578 shares in the current share class for each share previously held on 29 March 2010, when the Company's two share classes merged. The net allotment price, NAV, cumulative dividend, total return, share price and percentage return data per share have been adjusted to reflect this conversion ratio.

⁴ - RDR means the date of implementation of the Retail Distribution Review on 31 December 2012, which affected the level of charges in the allotment price for applications received before and after that date.

Allotment date(s)	Allotment price (p)	Net allotment price ¹ (p)	Cumulative dividends paid per share (p)	Total return per share to Shareholders since allotment		
				(Share price basis) (p)	(NAV basis) (p)	% change since 30 September 2020 (NAV basis)
Funds raised 2014 (launched 28 November 2013)						
9 January 2014	117.82 ²	82.47	91.00	169.50	185.71	22.5%
11 February 2014	119.02 ²	83.31	91.00	169.50	185.71	22.5%
31 March 2014	115.64 ²	80.95	87.00	165.50	181.71	23.1%
3 April 2014	116.17 ²	81.32	87.00	165.50	181.71	23.1%
4 April 2014	115.45 ²	80.82	87.00	165.50	181.71	23.1%
6 June 2014	121.55 ²	85.09	87.00	165.50	181.71	23.1%
Funds raised 2015 (launched 10 December 2014)						
14 January 2015	108.33 ²	75.83	73.00	151.50	167.71	25.5%
17 February 2015	113.17 ²	79.22	73.00	151.50	167.71	25.5%
10 March 2015	109.88 ²	76.92	69.00	147.50	163.71	26.3%
Funds raised 2017/18 (launched 6 September 2017)						
28 September 2017	82.49 ²	57.74	29.00	107.50	123.71	38.0%
20 October 2017	82.67 ²	57.87	29.00	107.50	123.71	38.0%
9 November 2017	83.20 ²	58.24	29.00	107.50	123.71	38.0%
20 November 2017	84.54 ²	59.18	29.00	107.50	123.71	38.0%
21 November 2017	84.50 ²	59.15	29.00	107.50	123.71	38.0%
24 January 2018	81.27 ²	56.89	26.00	104.50	120.71	39.4%
13 March 2018	82.32 ²	57.62	26.00	104.50	120.71	39.4%
Funds raised 2019/20 (launched 25 October 2019)						
8 January 2020	77.28 ²	54.10	14.00	92.50	108.71	29.3%

¹ - Net allotment price is the allotment price less applicable income tax relief. Income tax relief was 20% up until 5 April 2004, 40% from 6 April 2004 to 5 April 2006, and 30% thereafter.

² - Average effective offer price. Shares were allotted pursuant to the 2014/15, 2015, 2017/18 and 2019/20 offers at individual prices for each investor in accordance with its pricing formula set out in each offer's respective securities note.

Performance Data at 31 March 2021 (unaudited)

Cumulative dividends paid

	Funds raised 2000/01 'O' Share Fund (p)	Funds raised 2007/08 'S' Share Fund (p)	Funds raised 2010/11 (p)	Funds raised 2012 (p)	Funds raised 2013 (p)	Funds raised 2014 (p)	Funds raised 2015 (p)	Funds raised 2017/18 (p)	Funds raised 2019/20 (p)
28 September 2020	8.34 ¹	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
07 October 2020	2.27 ¹	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
18 October 2019	3.41 ¹	4.50	4.50	4.50	4.50	4.50	4.50	4.50	
12 July 2019	1.14 ¹	1.50	1.50	1.50	1.50	1.50	1.50	1.50	
15 February 2019	2.65 ¹	3.50	3.50	3.50	3.50	3.50	3.50	3.50	
21 June 2018	1.89 ¹	2.50	2.50	2.50	2.50	2.50	2.50	2.50	
15 February 2018	2.27 ¹	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
31 August 2017	11.37 ¹	15.00	15.00	15.00	15.00	15.00	15.00		
20 June 2017	2.27 ¹	3.00	3.00	3.00	3.00	3.00	3.00		
15 February 2017	3.03 ¹	4.00	4.00	4.00	4.00	4.00	4.00		
07 July 2016	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00		
15 February 2016	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00		
30 June 2015	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00		
20 March 2015	3.03 ¹	4.00	4.00	4.00	4.00	4.00	4.00		
30 October 2014	6.06 ¹	8.00	8.00	8.00	8.00	8.00	8.00		
03 July 2014	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00		
12 March 2014	3.03 ¹	4.00	4.00	4.00	4.00	4.00	4.00		
27 June 2013	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00		
08 February 2013	4.55 ¹	6.00	6.00	6.00	6.00	6.00	6.00		
15 February 2012	3.02 ¹	4.00	4.00						
27 January 2012	15.16 ¹	20.00	20.00						
28 March 2011	1.52 ¹	2.00	2.00						
22 February 2011	1.52 ¹	2.00	2.00						
29 March 2010 Merger of the 'O' and 'S' Share Funds									
17 March 2010	2.00	0.50							
16 February 2009	4.00								
15 February 2008	2.00								
24 October 2007	2.00								
15 February 2007	3.75								
14 February 2006	3.25								
04 February 2005	1.25								
11 February 2004	1.25								
12 February 2003	1.75								
18 February 2002	1.20								
Total dividends paid	121.73	131.50	131.00	103.00	103.00	91.00	73.00	29.00	14.00

¹ - The dividends paid after the merger, on the former 'O' Share Fund shareholdings have been restated to take account of the merger conversion ratio.

The above data relates to an investor in the first allotment of each fundraising. The precise amount of dividends paid to Shareholders by date of allotment is shown in the table on the previous page.

Glossary of Terms

Alternative performance measure ("APM")

A financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the VCT's financial reporting framework. These APMs tend to be industry specific terms which help Shareholders to understand and assess the Company's progress. A number of terms contained within this Glossary have been identified as APMs.

Cumulative dividends paid (APM)

The total amount of dividend distributions by the Company over the time period specified. A list of all dividends paid since the launch of the Company is shown on the Company's website www.incomeandgrowthvct.co.uk. Dividends paid in the year and dividends paid in respect of the year are shown in the Performance Summary on page 1.

Cumulative total return (APM)

Cumulative total return per share comprises the NAV per share (NAV basis) or the mid-market price per share (Share price basis), plus cumulative dividends paid since launch of the current share class in 2008.

Internal Rate of Return ("IRR")

The internal rate of return is the annual discount rate that equates the original investment cost with the value of subsequent cash flows (such as receipts/dividends or further investment) and the latest valuation/exit proceeds or net asset value. Generally speaking, the higher an investment's IRR, the more successful it is.

Net asset value or NAV

The value of the Company's total assets less its total liabilities. It is equal to the total equity shareholders' funds.

Net asset value per share or NAV per share

The net asset value per share is calculated as total equity Shareholders' funds divided by the number of Ordinary shares in issue at the year end.

NAV Total Return (APM)

This measure combines two types of returns received by Shareholders. Firstly, as income in the form of dividends and secondly, as capital movements (net asset value) of the value of the fund.

A performance measure that adjusts for dividends that have been paid in a period or year. This allows Shareholders to assess the returns they have received both in terms of the performance of the Company but also including dividends they have received from the Company which no longer form part of the Company's assets.

It is calculated as the percentage return achieved after taking the closing NAV per share and adding dividends paid in the year and dividing the total by the opening NAV per share. The Directors feel that this is the most meaningful method for Shareholders to assess the performance of the VCT.

To aid comparison with the wider Investment Trust market, the Annual Report also contains a Total Return performance measure which assumes dividends are reinvested. This assumes that dividends paid are reinvested at the date of payment at a price equivalent to the latest announced NAV at the ex-div date. Where this is referred to it will be specified in the notes.

Ongoing charges ratio (APM)

This figure, calculated using the AIC recommended methodology, show Shareholders the annual percentage reduction in shareholder returns as a result of recurring operational expenses, assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure primarily is based upon historic information, it provides Shareholders with an indication of the likely level of costs that will be incurred in managing the Fund in the future.

Realised gains/(losses) in the period/year

This is the profit or loss that arises following the full or partial disposal of a holding in a portfolio company. It is calculated by deducting the value of the holding as at the previous year-end from the proceeds received in respect of such disposal.

Share price Total Return (APM)

As NAV Total Return, but the Company's mid-market share price is used in place of NAV. This measure more reflects the actual return a Shareholder will have earned, were they to sell their shares at the period's end date. It includes the impact of any discounts or premiums at which the share price trades compared to the underlying net asset values of the Company. If the shares trade at a discount, the returns could be less than the NAV Total Return, but if trading at a premium, returns could be higher than the NAV Total Return.

Timeline of the Company

October 2000

The Company is launched as TriVest VCT plc advised by three managers, Foresight Group, GLE Development Capital and LICA Development Capital.

April 2001

The Company's first fundraising of its "O Share Fund" is completed.

October 2007

The Company changes its name to The Income & Growth VCT plc.

December 2007

The 'S' Share Fund is launched.

March 2009

The Company becomes a VCT solely advised by Matrix Private Equity Partners. The Company changes its Investment Policy to focus on more mature businesses.

March 2010

The 'O' Share Fund (launched in 2000) merges with the 'S' Share Fund (launched in 2007) to create the current class of shares.

November 2011

The Company sells its stake in App-DNA for 32 times cost and pays a special interim capital dividend of 20p per share in the following January.

June 2012

Matrix Private Equity Partners LLP becomes a fully independent firm owned by its partners and renames itself Mobeus Equity Partners LLP.

2010-2014

The Company participates in four linked fundraisings with other Mobeus advised VCTs.

March 2015

The Company closes a successful fundraising with the other Mobeus advised VCTs in which £10 million was raised.

February 2016

The Company changes its Investment Policy to focus on younger, smaller development capital transactions.

September 2017

The Company launched a fundraising to raise up to £25 million.

March 2018

The Company closed its fundraising, having successfully raised £25 million.

October 2019

The Company launched a fundraising to raise up to £10 million.

January 2020

The Company closed its fundraising, having successfully raised £10 million.

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