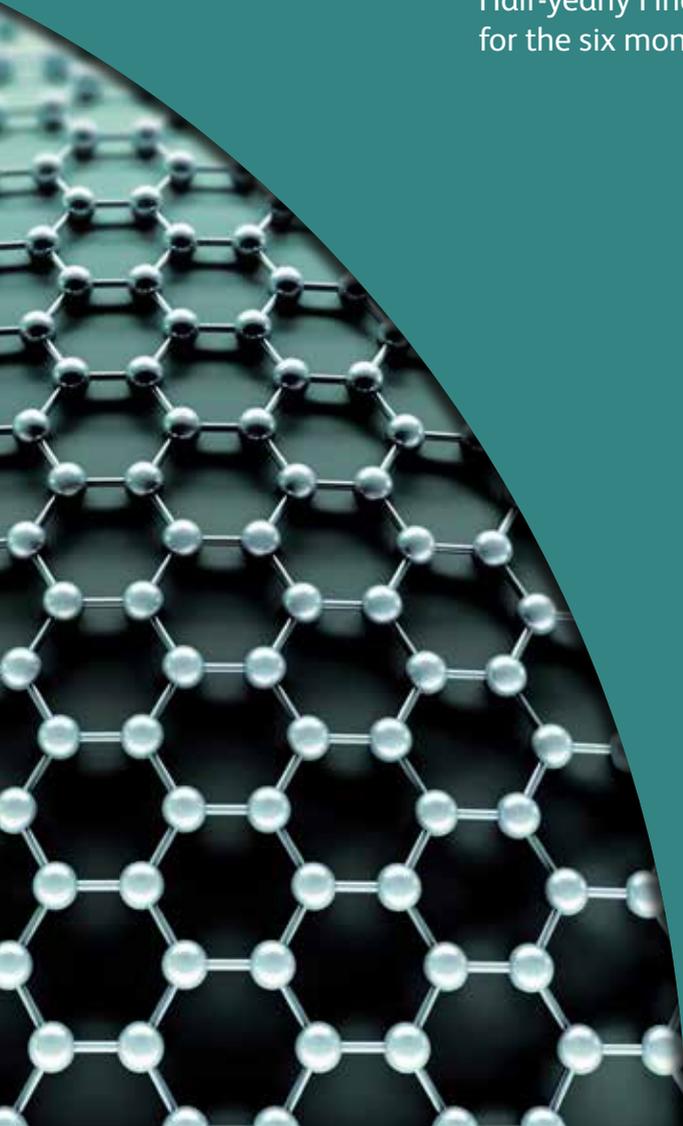


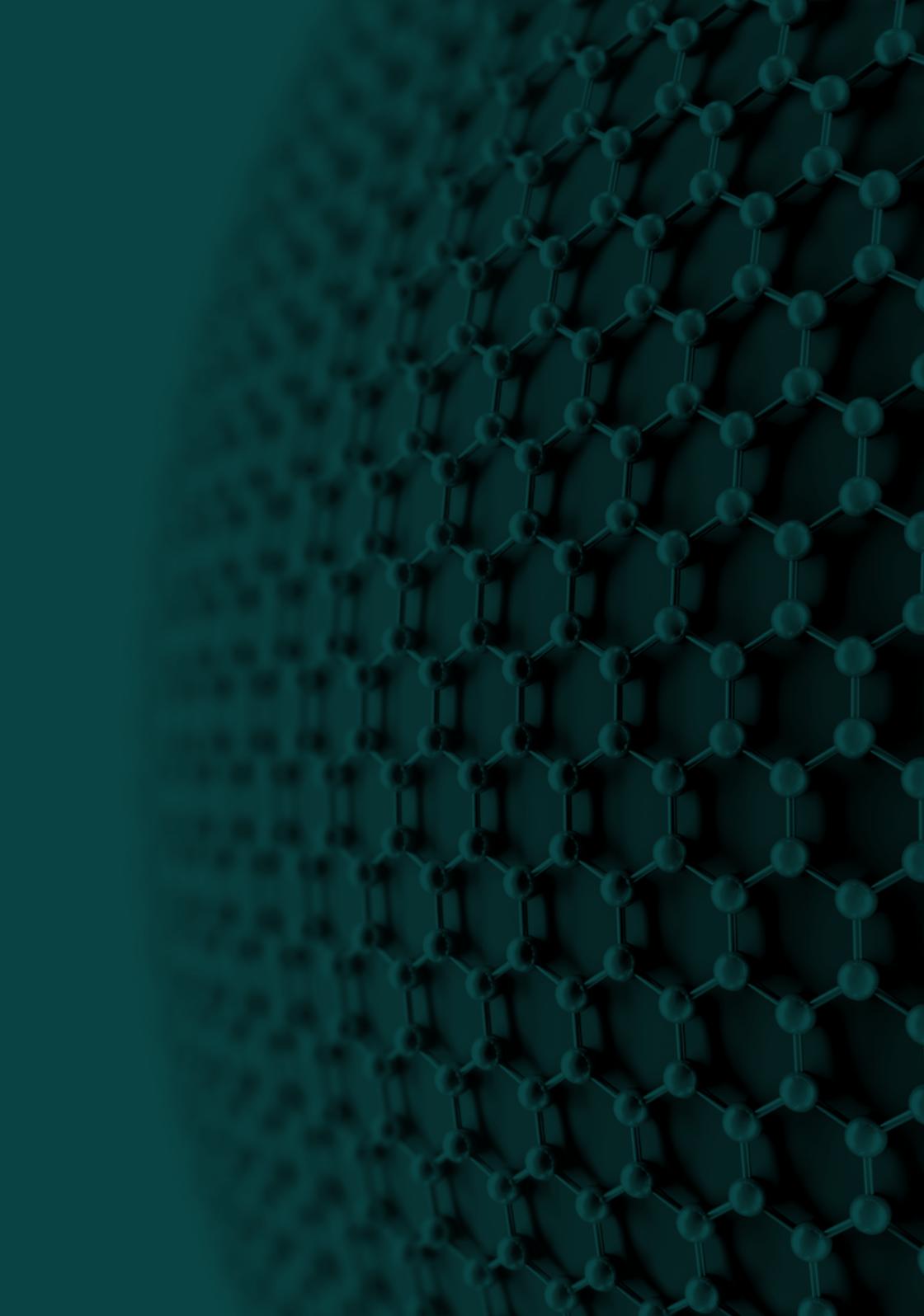
AlbionCapital

2023

Albion Enterprise VCT PLC

Half-yearly Financial Report (unaudited)
for the six months to 30 September 2023





Albion Enterprise VCT PLC

Half-yearly Financial Report (unaudited)
for the six months to 30 September 2023

COMPANY INFORMATION

| | | |
|--|--|--|
| Company name Albion Enterprise VCT PLC (the "Company") | Country of incorporation United Kingdom | Legal form Public Limited Company |
| Directors M Packe (Chairman) C Burrows P Latham P Reeve R Whitlock | Company number 05990732 | Auditor Johnston Carmichael LLP 7-11 Melville Street Edinburgh, EH3 7PE |
| Manager, company secretary, AIFM and registered office Albion Capital Group LLP 1 Benjamin Street London, EC1M 5QL | Registrar Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ | Corporate broker Panmure Gordon (UK) Limited 40 Gracechurch Street London, EC3V 0BT |
| Taxation adviser Philip Hare & Associates LLP 6 Snow Hill London, EC1A 2AY | Legal adviser Howard Kennedy LLP 1 London Bridge London, SE1 9BG | Depository Ocorian Depository (UK) Limited Level 5, 20 Fenchurch Street London, EC3M 3BY |

Albion Enterprise VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk)

Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:

Tel: 0370 873 5860 (UK National Rate call, lines are open 8:30am – 5:30pm; Mon – Fri; calls are recorded)

Website: www.investorcentre.co.uk

Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.

Shareholders can also contact the Chairman directly on: AAEVchair@albion.capital

Financial adviser information

For enquiries relating to the performance of the Company, and information for financial advisers please contact the Business Development team at Albion Capital Group LLP:

Email: info@albion.capital

Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri; calls are recorded)

Website: www.albion.capital

Please note that these contacts are unable to provide financial or taxation advice.

CONTENTS

| | |
|---|----|
| Investment policy and financial calendar | 6 |
| Financial summary | 7 |
| Interim management report | 8 |
| Portfolio of investments | 12 |
| Responsibility statement | 15 |
| Condensed income statement | 16 |
| Condensed balance sheet | 17 |
| Condensed statement of changes in equity | 18 |
| Condensed statement of cash flows | 19 |
| Notes to the condensed Financial Statements | 20 |

INVESTMENT OBJECTIVE AND POLICY

Albion Enterprise VCT PLC (the “Company”) is a Venture Capital Trust and the investment objective of the Company is to provide investors with a regular source of income, combined with the prospect of longer term capital growth.

Investment policy

The Company will invest in a broad portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company.

VCT qualifying and non-VCT qualifying investments

Application of the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs (“VCT regulations”). The maximum amount invested in any one company is limited to relevant HMRC annual investment limits. It is intended that normally at least 80 per cent. of the Company’s funds will be invested in VCT qualifying investments. The VCT regulations also have an impact on the type of investments and qualifying sectors in which the Company can make investment.

Funds held prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). Investment in such open-ended equity funds will not exceed 10 per cent. of the Company’s assets at the time of investment.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within Venture Capital Trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single company is 15 per cent. of the Company’s assets at cost, thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

Gearing

The Company’s maximum exposure in relation to gearing is restricted to 10 per cent. of its adjusted share capital and reserves.

FINANCIAL CALENDAR

| | |
|------------------|---------------------------------|
| 2 February 2024 | Record date for second dividend |
| 29 February 2024 | Payment of second dividend |
| 31 March | Financial year end |

FINANCIAL SUMMARY

| | Unaudited six months ended 30 September 2023 (pence per share) | Unaudited six months ended 30 September 2022 (pence per share) | Audited year ended 31 March 2023 (pence per share) |
|-----------------------------------|---|---|--|
| Opening net asset value | 128.60 | 132.28 | 132.28 |
| Capital (loss)/return | (3.22) | (2.13) | 2.64 |
| Revenue return | 0.35 | 0.15 | 0.39 |
| Total (loss)/return | (2.87) | (1.98) | 3.03 |
| Dividends paid | (3.22) | (3.31) | (6.49) |
| Impact of share capital movements | 0.02 | 0.01 | (0.22) |
| Net asset value | 122.53 | 127.00 | 128.60 |

| Total shareholder value | Pence per share |
|---|------------------------|
| Net asset value on 30 September 2023 | 122.53 |
| Total dividends paid to 30 September 2023 | 72.09 |
| Total shareholder value to 30 September 2023 | 194.62 |

A more detailed breakdown of the dividends paid per year can be found at www.albion.capital/funds/AAEV under the 'Dividend History' section.

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2024, of 3.06 pence per share to be paid on 29 February 2024 to shareholders on the register on 2 February 2024.

INTERIM MANAGEMENT REPORT



Maxwell Packe
Chairman

Introduction

In the six months to 30 September 2023, the Company generated a total loss of 2.87 pence per share, representing a 2.2% decrease on the opening net asset value (“NAV”). Whilst disappointing, this reduction in valuations is not too surprising given the current difficult macroeconomic and geopolitical backdrop, the Board is encouraged by the resilience of the portfolio with many of our portfolio companies growing their revenues.

Results and dividends

The total loss for the six months to 30 September 2023 was £2.9 million (30 September 2022: loss of £0.9 million; year ended 31 March 2023: gain of £2.8 million). The Company paid a first dividend of 3.22 pence per share during the period to 30 September 2023 (30 September 2022: 3.31 pence per share). As a result, the NAV has decreased to 122.53 pence per share on 30 September 2023 (31 March 2023: 128.60 pence per share).

In line with our variable dividend policy targeting a dividend around 5% of NAV per annum, the Company will pay a second interim dividend for the financial year ending 31 March 2024 of 3.06 pence per share on 29 February 2024 to shareholders on the register on 2 February 2024, being 2.5% of the 30 September 2023 NAV.

This will bring the total dividends paid for the year ending 31 March 2024 to 6.28 pence per share, which equates to a 4.9% yield on the opening NAV of 128.60 pence per share.

Investment performance and progress

The total loss on investments for the six months to 30 September 2023 was £2.1 million (30 September 2022: loss of £0.9 million; year ended 31 March 2023: gain of £4.5 million). The key upward movements in the period resulting from strong trading include: a £0.7 million increase in the valuation of Proveca and a £0.5 million increase in the valuation of Oviva. Ophelos, an investment that was held for only one year, was sold after the period end for 2 times cost, an uplift of £0.5 million during the period.

The challenging economic environment has resulted in falling valuations in some technology and healthcare companies which has consequently led to several write-downs in our portfolio. The largest of these has been Healios (loss of £0.8 million) and Threadneedle Software Holdings (T/A Solidatus) (loss of £0.7 million).

Our top 3 portfolio companies (Quantexa, Proveca and Egress) now account for 36.1% of the Company's NAV (30 September 2022: 29.3%; 31 March 2023: 33.8%).

Given the macroeconomic uncertainty resulting from high inflation and rising interest rates, the period to 30 September 2023 has been subdued in terms of new investment activity. During the period, the Company has invested £0.6 million into two new portfolio companies (Phasecraft and Kennek Solutions) and £1.3 million into existing portfolio companies to help support them as they continue to grow, including £0.7 million into Gravitee and £0.4 million into uMed.

Investment activity has seen a recovery after the period end, with £3.2 million invested into new and follow on investments since 30 September 2023.

Further details of the portfolio of investments and investment realisations can be found on pages 12 to 14.

Investment portfolio by sector

- Cash and other net assets 23% (26%)
- Healthcare (including digital healthcare) 19% (19%)
- Renewable energy 5% (5%)
- FinTech 27% (26%)
- Software & technology 22% (20%)
- Other (including education) 4% (4%)

Comparatives for 31 March 2023 are shown in brackets



Change of Auditor

As announced on 30 October 2023, following a formal audit tender process, the Company announced the appointment of Johnston Carmichael LLP ("Johnston Carmichael") as the Company's Auditor with immediate effect. Johnston Carmichael will conduct the audit of the Annual Report and Financial Statements for the year ended 31 March 2024.

The Company and the Manager would like to express their appreciation and gratitude to BDO for its diligent service over the last 16 years.

Board composition and succession planning

After 17 years on the Board of Albion Enterprise VCT PLC, I will retire from the Board and my position as Chairman on 31 August 2024 after the AGM. Christopher Burrows, who has been a member of the Board since 2018, will succeed me as Chairman.

The Nomination Committee continually reviews and evaluates the membership of the Board based on the spread of skills and contributions of its members, as well as actively planning and reviewing Board succession.

Share buy-backs

It remains the Board's policy to buy-back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient cash resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders.

It is the Board's intention that such buy-backs should be at around a 5% discount to net asset value, in so far as market conditions and liquidity permit.

Risks and uncertainties

The Company faces a number of significant risks including high interest rates, high levels of inflation, the ongoing impact of geopolitical tensions and an expected period of economic stagnation or even recession in the UK. The Company's focus on technology investments may result in greater valuation volatility in the current economic climate. Overall investment risk is mitigated in a number of ways. In particular, the Manager is continually assessing the exposure to these risks for each portfolio company and mitigating actions, where possible, are being implemented.

In accordance with the Disclosure Guidance and Transparency Rules ("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 31 March 2023. There is heightened uncertainty, but this has not changed the nature of the principal risks. The Board considers that the present actions to mitigate those risks remain appropriate.

The principal risks faced by the Company are:

- Investment, performance, technology and valuation risk;
- VCT approval risk;
- Regulatory and compliance risk;
- Operational and internal control risk;
- Cyber and data security risk;
- Economic, political and social risk;
- Environmental, social and governance ("ESG") risk; and
- Liquidity risk.

A detailed analysis of the principal risks and uncertainties facing the business can be found in the Annual Report and Financial Statements for the year ended 31 March 2023 on pages 23 to 26, copies of which are available on the Company's webpage on the Manager's website at www.albion.capital/funds/AAEV under the 'Financial Reports and Circulars' section.

Transactions with the Manager

Details of transactions with the Manager for the reporting period can be found in note 5. Details of related party transactions can be found in note 11.

Albion VCTs Top Up Offers

Your Board, in conjunction with the boards of four of the other VCTs managed by Albion Capital Group LLP, intends to launch a prospectus top up offer of new Ordinary shares for subscription in the 2023/24 and 2024/25 tax years. Full details of the Offer will be contained in a prospectus that is expected to be published prior to launch in early January 2024 and will be made available at www.albion.capital/vct-hub/current-offers.

The proceeds will be used to provide support to our existing portfolio companies and to enable us to take advantage of new investment opportunities.

Move to electronic communications

The Board wishes to minimise the environmental impact of how the Company communicates with its shareholders. With this in mind, those shareholders that continue to receive physical copies of the Annual Report and other documentation, will receive a letter alongside this Half-Yearly Financial Report explaining the forthcoming move to electronic communications.

Prospects

Although there remain many uncertainties facing the Company, with high levels of inflation, elevated interest rates and ongoing geopolitical tensions, the portfolio remains encouragingly resilient during these challenging times. The portfolio remains well diversified with companies at different stages of maturity and targeted at growth sectors such as healthcare, data analytics and FinTech. We believe these sectors can provide opportunities for positive results for the Company and its shareholders over the longer-term.

Maxwell Packe

Chairman

7 December 2023

PORTFOLIO OF INVESTMENTS

| | % voting rights | On 30 September 2023 | | | Change in value for the period £'000 |
|--|-----------------|----------------------|--|----------------|---|
| | | Cost £'000 | Cumulative movement in value £'000 | Value £'000 | |
| Fixed asset investments | | | | | |
| Quantexa | 2.1 | 2,108 | 22,211 | 24,319 | - |
| Egress Software Technologies | 9.9 | 3,365 | 9,460 | 12,825 | 68 |
| Proveca | 9.6 | 1,850 | 5,613 | 7,463 | 739 |
| Oviva | 2.8 | 2,601 | 1,823 | 4,424 | 482 |
| Radnor House School (TopCo) | 9.4 | 1,729 | 2,207 | 3,936 | 80 |
| The Ewell Group | 6.1 | 1,477 | 1,202 | 2,679 | (575) |
| Gravitee TopCo (T/A Gravitee.io) | 3.8 | 2,168 | 367 | 2,535 | - |
| Healios | 4.0 | 2,500 | (325) | 2,175 | (847) |
| Regenerco Renewable Energy | 12.5 | 1,261 | 628 | 1,889 | (10) |
| Convertr Media | 6.2 | 992 | 880 | 1,872 | (201) |
| Runa Network | 1.9 | 1,396 | 414 | 1,810 | 88 |
| Cantab Research (T/A Speechmatics) | 1.6 | 1,359 | 239 | 1,598 | - |
| The Street by Street Solar Programme | 8.6 | 891 | 629 | 1,520 | (75) |
| Threadneedle Software Holdings (T/A Solidatus) | 2.2 | 1,360 | 156 | 1,516 | (654) |
| Aridhia Informatics | 6.4 | 1,244 | 158 | 1,402 | 87 |
| Peppy Health | 1.5 | 1,372 | - | 1,372 | - |
| Toqio FinTech Holdings | 1.8 | 1,279 | - | 1,279 | - |
| Panaseer | 2.3 | 816 | 437 | 1,253 | 51 |
| Elliptic Enterprises | 0.9 | 1,219 | - | 1,219 | - |
| TransFICC | 1.9 | 938 | 223 | 1,161 | - |
| Alto Prodotto Wind | 11.1 | 687 | 386 | 1,073 | (84) |
| Seldon Technologies | 3.1 | 1,046 | - | 1,046 | (133) |
| Ophelos | 2.0 | 526 | 513 | 1,039 | 513 |
| Greenenerco | 28.6 | 604 | 418 | 1,022 | (83) |
| InCrowd Sports | 3.8 | 589 | 390 | 979 | 144 |
| NuvoAir Holdings | 2.0 | 826 | 108 | 934 | (264) |
| Accelex Technology | 2.9 | 644 | 250 | 894 | 250 |
| Beddlestead | 8.1 | 966 | (75) | 891 | 44 |
| Cisiv | 6.1 | 799 | 33 | 832 | 66 |
| GX Molecular (T/A CS Genetics) | 2.7 | 786 | - | 786 | - |
| uMedeor (T/A uMed) | 2.2 | 603 | 66 | 669 | - |
| OutThink | 2.6 | 644 | - | 644 | - |

| | % voting rights | On 30 September 2023 | | | Change in value for the period* £'000 |
|--------------------------------------|-----------------|----------------------|--|----------------|--|
| | | Cost £'000 | Cumulative movement in value £'000 | Value £'000 | |
| Fixed asset investments | | | | | |
| Locum's Nest | 5.1 | 602 | (12) | 590 | 39 |
| Diffblue | 2.3 | 541 | - | 541 | - |
| PeakData | 1.9 | 862 | (330) | 532 | (387) |
| Phasecraft | 0.8 | 455 | - | 455 | - |
| PetsApp | 2.4 | 450 | - | 450 | - |
| Perchpeek | 1.9 | 591 | (146) | 445 | (146) |
| Koru Kids | 2.1 | 674 | (311) | 363 | (204) |
| 5Mins AI | 2.0 | 360 | - | 360 | - |
| Arecor Therapeutics PLC | 0.4 | 145 | 119 | 264 | (32) |
| Imandra | 1.3 | 173 | 90 | 263 | 2 |
| Ramp Software | 1.7 | 257 | - | 257 | - |
| AVESI | 5.5 | 179 | 38 | 217 | (2) |
| Tem Energy | 1.7 | 213 | - | 213 | - |
| Mirada Medical | 5.0 | 1,487 | (1,279) | 208 | - |
| Kennek Solutions | 0.6 | 186 | - | 186 | - |
| Regulatory Genome Development | 0.8 | 126 | 43 | 169 | 43 |
| Neurofenix | 2.7 | 552 | (388) | 164 | (223) |
| Brytlyt | 1.8 | 390 | (274) | 116 | (274) |
| Infact Systems | 1.7 | 88 | - | 88 | - |
| MHS 1 | 1.2 | 83 | 5 | 88 | 1 |
| Symetrica | 0.2 | 63 | (4) | 59 | (1) |
| Black Swan Data | 3.5 | 2,237 | (2,202) | 35 | (238) |
| DySIS Medical | 2.7 | 2,742 | (2,735) | 7 | (439) |
| Limitless Technology | 1.8 | 471 | (471) | - | (113) |
| Total fixed asset investments | | 54,572 | 40,554 | 95,126 | (2,288) |

T/A = trading as

* As adjusted for additions and disposals during the period.

Portfolio of investments

| Investment realisations in the period to 30 September 2023 | Cost £'000 | Opening carrying value £'000 | Disposal proceeds £'000 | Total realised gain/(loss) £'000 | Gain/(loss) on opening value £'000 |
|---|---------------|---------------------------------------|-------------------------------|---|--|
| Disposals: | | | | | |
| Arecor Therapeutics PLC | 65 | 133 | 106 | 41 | (27) |
| uMotif | 1,109 | 66 | 1 | (1,108) | (65) |
| Loan stock repayments, conversions and other: | | | | | |
| uMedeor (T/A uMed) | 67 | 70 | 71 | 4 | 1 |
| Greenenerco | 33 | 50 | 50 | 17 | - |
| Alto Prodotto Wind | 36 | 51 | 51 | 15 | - |
| Escrow adjustments* | - | - | 36 | 36 | 36 |
| Total fixed asset realisations | 1,310 | 370 | 315 | (995) | (55) |

* These comprise fair value movements on deferred consideration on previously disposed investments and expenses which are incidental to the purchase or disposal of an investment.

| | £'000 |
|---|----------------|
| Total change in value of investments for the period | (2,288) |
| Movement in loan stock accrued interest | 46 |
| Unrealised losses on fixed asset investments sub-total | (2,242) |
| Realised losses in the current period | (55) |
| Unwind of discount on deferred consideration | 175 |
| Total losses on investments as per Income statement | (2,122) |

RESPONSIBILITY STATEMENT

The Directors, Maxwell Packe, Christopher Burrows, Pippa Latham, Patrick Reeve and Rhodri Whitlock, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 2023 we, the Directors of the Company, confirm that to the best of our knowledge:

- a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 “Interim Financial Reporting”, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- b) the Interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) the Interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties’ transactions and changes therein).

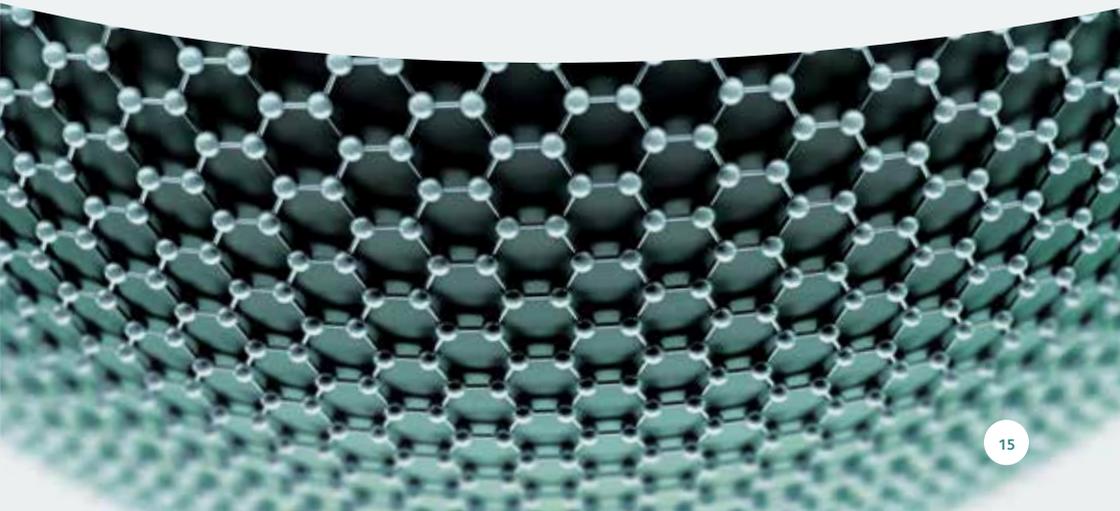
This Half-yearly Financial Report has not been audited or reviewed by the Auditor.

For and on behalf of the Board

Maxwell Packe

Chairman

7 December 2023



CONDENSED INCOME STATEMENT

| | Note | Unaudited six months ended 30 September 2023 | | | Unaudited six months ended 30 September 2022 | | | Audited year ended 31 March 2023 | | |
|--|----------|--|------------------|----------------|--|------------------|----------------|--|------------------|----------------|
| | | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| (Losses)/gains on investments | 3 | - | (2,122) | (2,122) | - | (872) | (872) | - | 4,535 | 4,535 |
| Investment income | 4 | 818 | - | 818 | 553 | - | 553 | 1,206 | - | 1,206 |
| Investment Manager's fees | 5 | (125) | (1,129) | (1,254) | (116) | (1,044) | (1,160) | (236) | (2,121) | (2,357) |
| Other expenses | | (342) | - | (342) | (301) | - | (301) | (618) | - | (618) |
| Profit/(loss) on ordinary activities before taxation | | 351 | (3,251) | (2,900) | 136 | (1,916) | (1,780) | 352 | 2,414 | 2,766 |
| Tax charge on ordinary activities | | - | - | - | - | - | - | - | - | - |
| Profit/(loss) and total comprehensive income attributable to shareholders | | 351 | (3,251) | (2,900) | 136 | (1,916) | (1,780) | 352 | 2,414 | 2,766 |
| Basic and diluted profit/(loss) per share (pence)* | 7 | 0.35 | (3.22) | (2.87) | 0.15 | (2.13) | (1.98) | 0.39 | 2.64 | 3.03 |

* adjusted for treasury shares

The accompanying notes on pages 20 to 26 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2022 and the audited statutory accounts for the year ended 31 March 2023.

The total column of this Condensed income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with The Association of Investment Companies' Statement of Recommended Practice.

CONDENSED BALANCE SHEET

| | Note | Unaudited 30 September 2023 £'000 | Unaudited 30 September 2022 £'000 | Audited 31 March 2023 £'000 |
|---|------|--|--|--------------------------------------|
| Fixed asset investments | | 95,126 | 86,182 | 95,798 |
| Current assets | | | | |
| Trade and other receivables | | 3,377 | 2,679 | 2,561 |
| Cash in bank and at hand | | 26,317 | 26,008 | 32,860 |
| | | 29,694 | 28,687 | 35,421 |
| Payables: amounts falling due within one year | | | | |
| Trade and other payables | | (1,217) | (828) | (1,489) |
| Net current assets | | 28,477 | 27,859 | 33,932 |
| Total assets less current liabilities | | 123,603 | 114,041 | 129,730 |
| Equity attributable to equity holders | | | | |
| Called-up share capital | 8 | 1,163 | 1,028 | 1,154 |
| Share premium | | 26,542 | 9,606 | 25,520 |
| Unrealised capital reserve | | 40,432 | 34,037 | 41,735 |
| Realised capital reserve | | 8,937 | 14,253 | 10,885 |
| Other distributable reserve | | 46,529 | 55,117 | 50,436 |
| Total equity shareholders' funds | | 123,603 | 114,041 | 129,730 |
| Basic and diluted net asset value per share (pence)* | | 122.53 | 127.00 | 128.60 |

* excluding treasury shares

The accompanying notes on pages 20 to 26 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2022 and the audited statutory accounts for the year ended 31 March 2023.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 7 December 2023 and were signed on its behalf by

Maxwell Packe

Chairman

Company number: 05990732

CONDENSED STATEMENT OF CHANGES IN EQUITY

| | Called-up share capital £'000 | Share premium £'000 | Unrealised capital reserve £'000 | Realised capital reserve* £'000 | Other distributable reserve* £'000 | Total £'000 |
|--|--|---------------------------|---|--|---|----------------|
| As at 1 April 2023 | 1,154 | 25,520 | 41,735 | 10,885 | 50,436 | 129,730 |
| Profit/(loss) and total comprehensive income for the period | - | - | (2,242) | (1,009) | 351 | (2,900) |
| Transfer of previously unrealised losses on disposal of investments | - | - | 939 | (939) | - | - |
| Issue of equity | 9 | 1,054 | - | - | - | 1,063 |
| Cost of issue of equity | - | (32) | - | - | - | (32) |
| Purchase of shares for treasury | - | - | - | - | (1,011) | (1,011) |
| Dividends paid | - | - | - | - | (3,247) | (3,247) |
| As at 30 September 2023 | 1,163 | 26,542 | 40,432 | 8,937 | 46,529 | 123,603 |
| As at 1 April 2022 | 1,017 | 8,278 | 32,790 | 17,416 | 58,914 | 118,415 |
| Profit/(loss) and total comprehensive income for the period | - | - | (1,351) | (565) | 136 | (1,780) |
| Transfer of previously unrealised losses on disposal of investments | - | - | 2,598 | (2,598) | - | - |
| Issue of equity | 11 | 1,366 | - | - | - | 1,377 |
| Cost of issue of equity | - | (38) | - | - | - | (38) |
| Purchase of shares for treasury | - | - | - | - | (964) | (964) |
| Dividends paid | - | - | - | - | (2,969) | (2,969) |
| As at 30 September 2022 | 1,028 | 9,606 | 34,037 | 14,253 | 55,117 | 114,041 |
| As at 1 April 2022 | 1,017 | 8,278 | 32,790 | 17,416 | 58,914 | 118,415 |
| Profit/(loss) and total comprehensive income for the year | - | - | 4,805 | (2,391) | 352 | 2,766 |
| Transfer of previously unrealised losses on disposal of investments | - | - | 4,140 | (4,140) | - | - |
| Issue of equity | 137 | 17,680 | - | - | - | 17,817 |
| Cost of issue of equity | - | (438) | - | - | - | (438) |
| Purchase of shares for treasury | - | - | - | - | (2,879) | (2,879) |
| Dividends paid | - | - | - | - | (5,951) | (5,951) |
| As at 31 March 2023 | 1,154 | 25,520 | 41,735 | 10,885 | 50,436 | 129,730 |

* Included within these reserves is an amount of £25,812,000 (30 September 2022: £30,514,000; 31 March 2023: £22,964,000) which is considered distributable. Over the next two years an additional £21,891,000 will become distributable. This is due to the HMRC requirement that the Company cannot use capital raised in the past three years to make a payment or distribution to shareholders.

CONDENSED STATEMENT OF CASH FLOWS

| | Unaudited six months ended 30 September 2023 £'000 | Unaudited six months ended 30 September 2022 £'000 | Audited year ended 31 March 2023 £'000 |
|--|--|--|---|
| Cash flow from operating activities | | | |
| Loan stock income received | 377 | 304 | 641 |
| Dividend income received | 227 | 117 | 152 |
| Income from fixed term funds received | 115 | 26 | 102 |
| Deposit interest received | 266 | 19 | 82 |
| Investment management fee paid | (1,267) | (3,095) | (4,233) |
| Other cash payments | (379) | (362) | (626) |
| Net cash flow generated from operating activities | (661) | (2,991) | (3,882) |
| Cash flow from investing activities | | | |
| Purchase of fixed asset investments | (2,865) | (7,377) | (12,455) |
| Proceeds from disposals of fixed asset investments | 439 | 964 | 2,088 |
| Net cash flow generated from investing activities | (2,426) | (6,413) | (10,367) |
| Cash flow from financing activities | | | |
| Issue of share capital | 528 | 9,178 | 24,753 |
| Cost of issue of equity | (19) | (18) | (53) |
| Dividends paid* | (2,725) | (2,446) | (4,945) |
| Purchase of own shares (including costs) | (1,240) | (854) | (2,198) |
| Net cash flow generated from financing activities | (3,456) | 5,860 | 17,557 |
| (Decrease)/increase in cash in bank and at hand | (6,543) | (3,544) | 3,308 |
| Cash in bank and at hand at start of period | 32,860 | 29,552 | 29,552 |
| Cash in bank and at hand at end of period | 26,317 | 26,008 | 32,860 |

* The dividends paid shown in the cash flow are different to the dividends disclosed in note 6 as a result of the non-cash effect of the Dividend Reinvestment Scheme.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of accounting

The Financial Statements have been prepared in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 (“FRS 102”), and with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” (“SORP”) issued by The Association of Investment Companies (“AIC”). The Financial Statements have been prepared on a going concern basis.

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at Fair Value Through Profit and Loss (“FVTPL”) in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as updated in 2022 and further detail on the valuation techniques used are outlined in note 2 below.

Company information can be found on page 4.

2. Accounting policies

Fixed asset investments

The Company’s business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the Income statement).

Subsequently, the investments are valued at ‘fair value’, which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations.
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, revenue multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry valuation benchmarks. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- In situations where cost or price of recent investment is used, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators,

the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:

- the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
- a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
- market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

Dividend income is not recognised as part of the fair value movement of an investment but is recognised separately as investment income through the other distributable reserve when a share becomes ex-dividend.

Current assets and payables

Receivables (including debtors due after more than one year), payables and cash are carried at amortised cost, in accordance with FRS 102. Debtors due after more than one year meet the definition of a financing transaction held at amortised cost, and interest will be recognised through capital over the credit period using the effective interest method. There are no financial liabilities other than payables.

Investment income

Dividend income

Dividend income is included in revenue when the investment is quoted ex-dividend.

Unquoted loan stock

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

Fixed term funds income

Funds income is recognised on an accruals basis using the agreed rate of interest.

Bank deposit income

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

Investment management fee, performance incentive fee and expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the other distributable reserve except the following which are charged through the realised capital reserve:

- 90% of management fees and 100% of performance incentive fees, if any, are allocated to the realised capital reserve; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

Taxation

Taxation is applied on a current basis in accordance with FRS 102. Current tax is tax payable/(refundable) in respect of the taxable profit/(tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

Share capital and reserves

Called-up share capital

This accounts for the nominal value of the Company's shares.

Share premium

This accounts for the difference between the price paid for shares and the nominal value of those shares, less issue costs and transfers to the other distributable reserves.

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Unrealised capital reserve

Increases and decreases in the valuation of investments held at the year end against cost are included in this reserve.

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments, or permanent diminutions in value (including gains recognised on the realisation of investment where consideration is deferred that are not distributable as a matter of law);
- finance income in respect of the unwinding of the discount on deferred consideration that is not distributable as a matter of law;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders where paid out by capital.

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2013 to form a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buy-back of shares, transfer from the share premium and capital redemption reserve, and other non-capital realised movements.

Dividends

Dividends by the Company are accounted for when the liability to make the payment (record date) has been established.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in smaller companies principally based in the UK.

3. (Losses)/gains on investments

| | Unaudited six months ended 30 September 2023 £'000 | Unaudited six months ended 30 September 2022 £'000 | Audited year ended 31 March 2023 £'000 |
|--|--|--|--|
| Unrealised (losses)/gains on fixed asset investments | (2,242) | (1,351) | 4,805 |
| Realised(losses)/gains on fixed asset investments | (55) | 329 | (582) |
| Unwinding of discount on deferred consideration | 175 | 150 | 312 |
| | (2,122) | (872) | 4,535 |

4. Investment income

| | Unaudited six months ended 30 September 2023 £'000 | Unaudited six months ended 30 September 2022 £'000 | Audited year ended 31 March 2023 £'000 |
|------------------------------|--|--|--|
| Loan stock interest | 331 | 391 | 750 |
| Bank deposit interest | 266 | 19 | 82 |
| Income from fixed term funds | 115 | 26 | 102 |
| Dividend income | 106 | 117 | 272 |
| | 818 | 553 | 1,206 |

5. Investment Manager's fees

| | Unaudited six months ended 30 September 2023 £'000 | Unaudited six months ended 30 September 2022 £'000 | Audited year ended 31 March 2023 £'000 |
|--|--|--|--|
| Investment management fee charged to revenue | 125 | 116 | 236 |
| Investment management fee charged to capital | 1,129 | 1,044 | 2,121 |
| | 1,254 | 1,160 | 2,357 |

Further details of the Management agreement under which the investment management fee and performance incentive fee are paid is given in the Strategic report on page 18 of the Annual Report and Financial Statements for the year ended 31 March 2023.

During the period, services of a total value of £1,381,000 (30 September 2022: £1,276,000; 31 March 2023: £2,595,000) were purchased by the Company from Albion Capital Group LLP; this includes £1,254,000 (30 September 2022: £1,160,000; 31 March 2023: £2,357,000) of management fee and £127,000 (30 September 2022: £116,000; 31 March 2023: £238,000) of administration fee. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services disclosed within payables was £676,000 (30 September 2022: £625,000; 31 March 2023: £692,000).

Notes to the condensed Financial Statements

During the period, the Company was not charged by Albion Capital Group LLP in respect of Patrick Reeve's services as a Director (30 September 2022: £nil; 31 March 2023: £nil).

Albion Capital Group LLP, its partners and staff (including Patrick Reeve) held a total of 807,494 shares in the Company on 30 September 2023.

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 30 September 2023, fees of £57,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2022: £139,000; 31 March 2023: £252,000).

6. Dividends

| | Unaudited six months ended 30 September 2023 £'000 | Unaudited six months ended 30 September 2022 £'000 | Audited year ended 31 March 2023 £'000 |
|--|--|--|--|
| First dividend of 3.22p per share paid on 31 August 2023 (31 August 2022: 3.31p per share) | 3,247 | 2,969 | 2,969 |
| Second dividend of 3.18p per share paid on 28 February 2023 | - | - | 2,985 |
| Unclaimed dividends | - | - | (3) |
| | 3,247 | 2,969 | 5,951 |

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2024 of 3.06 pence per share (total approximately £3,087,000), payable on 29 February 2024 to shareholders on the register on 2 February 2024.

7. Basic and diluted return/(loss) per share

| | Unaudited six months ended 30 September 2023 | | Unaudited six months ended 30 September 2022 | | Audited year ended 31 March 2023 | |
|---|---|---------|---|---------|---|---------|
| | Revenue | Capital | Revenue | Capital | Revenue | Capital |
| Return/(loss) attributable to equity shares (£'000) | 351 | (3,251) | 136 | (1,916) | 352 | 2,414 |
| Weighted average shares in issue | 101,120,220 | | 89,944,537 | | 91,226,939 | |
| Return/(loss) per Ordinary share (pence) | 0.35 | (3.22) | 0.15 | (2.13) | 0.39 | 2.64 |

The weighted average number of shares is calculated after adjusting for treasury shares of 15,395,005 (30 September 2022: 12,967,934; 31 March 2023: 14,558,366).

There are no convertible instruments, derivatives or contingent share agreements in issue so basic and diluted return per share are the same.

8. Called-up share capital

| | Unaudited 30 September 2023 | Unaudited 30 September 2022 | Audited 31 March 2023 |
|--|--|-----------------------------------|-----------------------------|
| Allotted, called-up and fully paid shares of 1 penny each | | | |
| Number of shares | 116,271,342 | 102,766,464 | 115,435,416 |
| Nominal value of allotted shares (£'000) | 1,163 | 1,028 | 1,154 |
| Voting rights (number of shares net of treasury shares) | 100,876,337 | 89,798,530 | 100,877,050 |

During the period to 30 September 2023, the Company purchased 836,639 shares (30 September 2022: 772,366; 31 March 2023: 2,362,798) to be held in treasury at a nominal value of £8,366 and at a cost of £1,011,000. The total number of shares held in treasury on 30 September 2023 was 15,395,005 (30 September 2022: 12,967,934; 31 March 2023: 14,558,366) representing 13.2% of the shares in issue on 30 September 2023.

Under the terms of the Dividend Reinvestment Scheme Circular (dated 26 November 2009), the following new shares of nominal value 1 penny each were allotted during the period to 30 September 2023:

| Date of allotment | Number of shares allotted | Aggregate nominal value of shares £'000 | Issue price (pence per share) | Net invested £'000 | Opening market price on allotment date (pence per share) |
|-------------------|------------------------------|--|-------------------------------------|-----------------------|---|
| 31 August 2023 | 420,051 | 4 | 124.21 | 503 | 118.50 |

Under the terms of the Albion VCTs Prospectus Top Up Offers 2022/23, the following new shares of nominal value 1 penny each were allotted during the period to 30 September 2023:

| Date of allotment | Number of shares allotted | Aggregate nominal value of shares £'000 | Issue price (pence per share) | Net consideration received £'000 | Opening market price on allotment date (pence per share) |
|----------------------|------------------------------|--|-------------------------------------|---|---|
| 14 April 2023 | 66,837 | 1 | 128.90 | 85 | 120.50 |
| 14 April 2023 | 37,836 | - | 129.50 | 48 | 120.50 |
| 14 April 2023 | 311,202 | 3 | 130.20 | 395 | 120.50 |
| | 415,875 | | | 528 | |

9. Commitments and contingencies

On 30 September 2023, the Company had no financial commitments (30 September 2022: £nil; 31 March 2023: £nil).

There were no contingencies or guarantees of the Company as at 30 September 2023 (30 September 2022: £nil; 31 March 2023: £nil).

10. Post balance sheet events

Since 30 September 2023, the company has completed the following material investment transactions:

- As announced on 6 October 2023, the Company sold a proportion of its holding in Quantexa at its current holding value returning proceeds of £2.2 million;
- Disposal of Ophelos for proceeds of £1.1 million; and
- Investments totalling £3.2 million in one new and six existing portfolio companies.

As announced on 30 October 2023, following a formal tender process, Johnston Carmichael LLP were appointed as the Company's Auditor.

11. Related party transactions

Other than transactions with the Manager as disclosed in note 5, there are no other related party transactions or balances requiring disclosure.

12. Going concern

The Board has conducted a detailed assessment of the Company's ability to meet its liabilities as they fall due. Cash flow forecasts are updated and discussed quarterly at Board level and have been stress tested to allow for the forecasted impact of the current economic climate and increasingly volatile geopolitical backdrop. The Board have revisited and updated their assessment of liquidity risk and concluded that it remains unchanged since the last Annual Report and Financial Statements. Further details can be found on page 88 of those accounts.

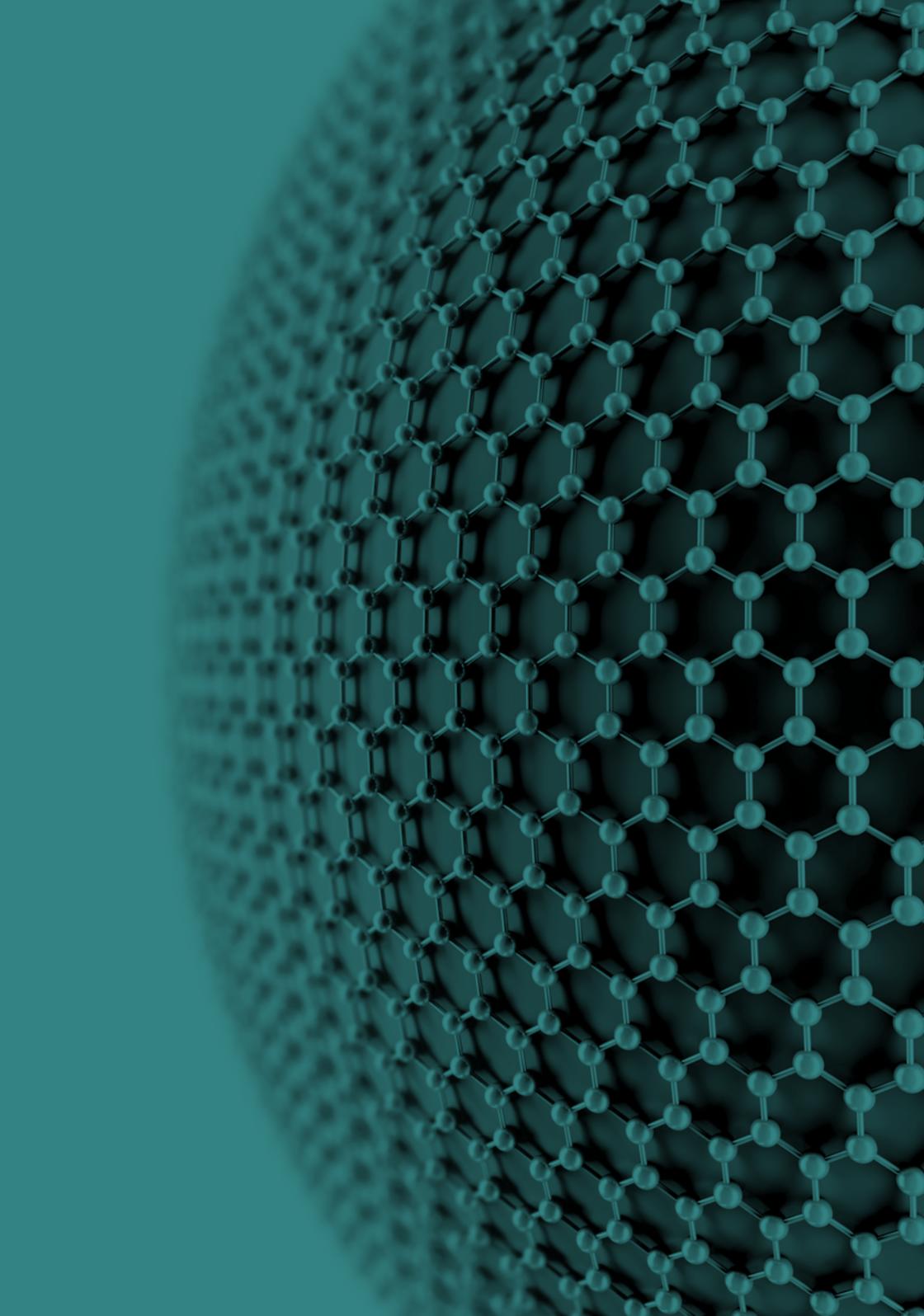
The portfolio of investments is diversified in terms of sector and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate cash and liquid resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014, and the subsequent updated Going concern, risk and viability guidance issued by the FRC in 2021.

13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 September 2023 and 30 September 2022, and is unaudited. The information for the year ended 31 March 2023 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the statutory accounts for the financial year, which have been delivered to the Registrar of Companies. BDO LLP, as Auditor, reported on those accounts; their report was unqualified and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

14. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion.capital/funds/AAEV, where the Report can be accessed from the 'Financial Reports and Circulars' section.



AlbionCapital