

# Oxford Technology Venture Capital Trust Plc



## UNAUDITED HALF-YEARLY REPORT

For the period 1 March 2020 to 31 August 2020

	6 Months Ended 31 August 2020	Year Ended 29 February 2020
Net Assets At Period End	£1.97m	£2.43m
Net Asset Value (NAV) Per Share	36.2p	44.7p
Cumulative Dividend Per Share	55.0p	55.0p
Total NAV Return Per Share	91.2p	99.7p
Share Price At Period End (Mid-Market)	28.0p	33.0p
Earnings Per Share	(8.5)p	(4.9)p

Company Number: 3276063

Registered Address: Magdalen Centre, Oxford Science Park, Oxford OX4 4GA

## Statement on behalf of the Board

I am pleased to present the unaudited results for the six month period ended 31 August 2020. The period under review continues to be dominated by the implications of the Covid-19 pandemic and the subsequent actions of the UK government. Your Investment Adviser and the Directors have continued to manage the VCT and its portfolio effectively together via remote working during lockdown.

The six months to 31 August 2020 have been a volatile and uncertain period for the economy and for businesses operating within this environment. During this period, your Board has kept the impact of the pandemic on your Company's investments closely under review as part of our regular Board agenda. On 19 May 2020, when we issued our annual report, we reviewed the portfolio valuation since the year ended 29 February 2020 and this led to us announce a reduction in the NAV per ordinary share from 44.7p to an unaudited 38.8p. Since then, the pandemic along with the lockdown has continued to impose great uncertainty for UK companies. However our overall portfolio has remained relatively stable as the technology sector has been less severely impacted than others.

### Results and Dividend

The Company's net asset value (NAV) per ordinary share has decreased by 8.5p per share from 44.7p at 29 February 2020 to 36.2p per share as at 31 August 2020, the biggest factor in this decrease being a reduction of the valuation of Select Technology, as explained in the Portfolio Review section below.

As noted above, the NAV as at 31 August 2020 of 36.2p per ordinary share is a reduction of 1.6p since the mid-May update of 38.8p per share. Additionally, since 31 August 2020, the share price of Scancell has increased. As at early October, the Scancell bid price is 16.0p, implying a Company NAV of 45.9p per ordinary share on the basis that the unquoted portfolio is unchanged in value from 31 August 2020.

The Directors are not recommending the payment of a dividend at this time.

### Portfolio Review

Select Technology distributes high quality document management software via its global channel partners while adding significant further value through its development team by providing integrations and bespoke solutions. Sales have been significantly affected by Covid-19 with sales from February to July, being about 50% down on the previous six months. However, the greatest impact was in April and May. Sales have revived somewhat in the most recent months and the hope is that this continues. Select Technology has typically paid a regular dividend, but we are not assuming that Select Technology will be in a position to distribute excess cash in the immediate near future. The Company's stake in Select Technology was nearly 60% of NAV as at 31 August 2020, or around 47% as at early October due to the rise in the share price of Scancell since 31 August 2020.

Scancell continues to develop its multiple technologies. The SCIB1 Phase 2 clinical trial programme will continue with further sites later this year and the Modi-1 Phase1/2 trial is progressing for regulatory submission with a planned study start in the UK in 1H21. In August, Scancell announced it had been awarded a grant to develop its COVIDITY Covid-19 vaccine based on its Immunobody platform into a Phase1 clinical trial. In August, it also completed a fundraising to raise £15 million at a price of 5.5p per share, and which included a significant new US institutional investor (Redmile Group LLC). This funding will allow planned trials to continue while partnering discussions are pursued. As a result of all this news, the Scancell share price has seen much volatility, both during the period to 31 August 2020 and later. The share price was 8.0p as at 31 August 2020 (on which these valuations are based) and has subsequently doubled to 16p as at early October 2020. The Company sold £30k worth of Scancell shares prior to 31 August 2020 at an average price of 8.4p per share and, subsequent to the period end, a further £40k (at an average price of 16.9p per share) crystallising some of the gain on the Company's investment in Scancell and for liquidity purposes.

The other two smaller stakes in the portfolio have moved in different directions, without materially affecting the Company's overall NAV. BioCote has seen a modest increase in value – in the current climate there has been substantial interest in its products but this has not translated into a material increase in sales. Getmapping's value has fallen given ongoing uncertainty in its markets. After the period end, Getmapping won a grant from West Midlands 5G and Transport for West Midlands to develop a predictive parking system that uses kerbside imaging to reduce the amount of time spent finding a parking space.

The Directors, along with the Investment Adviser, continue to take an active interest in the companies within the portfolio, both to support their management teams to achieve company development, but also to prepare companies for realisation at the appropriate time. It should however be noted that approaches do occur at other times, and the ability of the Directors and Investment Adviser to be able to provide support when such approaches occur is essential for maximising value.

### **VCT qualifying status**

The small size of the VCT means significant focus is required to ensure we retain sufficient working capital to manage the Company whilst meeting all the conditions laid down by HMRC for maintaining approval as a VCT. The Board has procedures in place to ensure that the Company continues to comply with these conditions, in particular the new 80% qualifying holding limit which has been in place since 1 March 2020.

### **Presentation of half-yearly report**

In order to reduce the length of this report, we have omitted details of the Company's objectives and investment strategy, its Advisers and Registrar and how to buy and sell shares in the Company. These details are all included in the Annual Reports, which together with previous half-yearly reports, are available for viewing on the Oxford Technology website.

### **Cost Control**

As we have previously reported, your Board continues to look at methods of improving operational efficiency, reducing costs and, more generally, putting in place appropriate plans to ensure that your VCT's operational costs relative to its overall size remain within acceptable limits. Our investment management fees, Directors' fees and auditors' remuneration are amongst the lowest in the VCT industry. The largest remaining elements of cost are the LSE listing fee at almost £10k and the FCA fee of £6k per annum. The LSE has proposed a 60% increase in its fees for the coming year, which your Directors believe is unacceptable. We have reopened our dialogue with the LSE and will continue to fight for appropriate fees to be levied.

### **Outlook**

Nothing has changed in our plans for your Company. We continue to believe your VCT is an appropriate structure to hold your Company's investments, but as we have indicated for some time, it would be preferable to have a larger asset base to share the operating costs. I have reported previously of our efforts to seek prospective parties who are potentially interested in entering the VCT industry. This initiative is currently on hold whilst any such possible organisations are entirely focussed on more immediate actions within their own businesses as a result of the Covid-19 pandemic. We have always made clear that there is no certainty such a route can be achieved, but the Directors will continue seeking such opportunities when the future outlook has become clearer. Furthermore, whatever the outcome of the discussions with the LSE, the seemingly relentless upward trajectory of these regulatory costs has resulted in your Directors revisiting the economics of a merger with some or all the other VCTs in the Oxford Technology stable; such a transaction is not without risk and it is by no means clear that it would be in your Company's best interests to participate in such a transaction. We will update shareholders if and when these discussions reach a conclusion, and in any event, shareholder approval would then be required before any transaction could proceed.

Apart from the change to investment qualifying levels, there have been no recent changes to VCT legislation, or their potential impact on both the VCT and its investee companies. It is still too early to fully assess the impact of Covid-19, and the resulting government interventions. Whilst the impact of Brexit remains unclear, your Directors do not expect its eventual outcome to have a material impact on portfolio valuations. Your Board and Investment Advisor continue to work so as to best position your VCT such that, when valuations and liquidity allow, holdings can be exited and proceeds distributed to shareholders, whilst keeping a keen eye on maintaining costs as low as possible in the interim.

Finally, I would like to take this opportunity to thank shareholders for their continued support. We were delighted a significant number of you managed to attend our zoom AGM, and we will consider the merits of future online forums in due course which allow a greater number of shareholders to attend. We hope our shareholders have not been too personally affected by the difficulties this year and look forward to a return to an 'old normal' as soon as possible.

**Alex Starling - Chairman**

**8 October 2020**

## Investment Portfolio as at 31 August 2020

Company	Description	Net Cost of investment £'000	Carrying value at 31/08/20 £'000	Change in value for the 6 month period £'000	% Equity held OT1	% Equity held All OTVCTs	% Net assets
Select – STL Management Ltd	Specialist Photocopier interfaces	488	1,155	(513)	30.0	58.6	58.7
Scancell (bid price 8.0p)	Antibody based cancer therapeutics	326	522	82	1.0	2.0	26.5
BioCote	Bactericidal additives	85	180	15	6.6	6.6	9.2
Getmapping	Aerial photography	518	115	(52)	3.7	3.7	5.8
<b>Total Investments</b>		<b>1,417</b>	<b>1,972</b>	<b>(468)</b>			<b>100.2</b>
Other Net Liabilities			<b>(5)</b>				<b>(0.2)</b>
<b>Net Assets</b>			<b>1,967</b>				<b>100.0</b>

## Responsibility Statement of the Directors in respect of the half-yearly report

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the statement “Interim Financial Reporting” issued by the Financial Reporting Council;
- the half-yearly report includes a fair review of the information required by the Financial Services Authority Disclosure and Transparency Rules, being:
  - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.
  - a description of the principal risks and uncertainties for the remaining six months of the year.
  - a description of related party transactions that have taken place in the first six months of the current financial year that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.
- The assets of the Company include cash and shares in an AIM quoted company which is quite liquid and readily accessible. After reviewing the forecast for the Company, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing the half year accounts.

On behalf of the Board:  
**Alex Starling - Chairman**  
 8 October 2020

## Income Statement

	Six months to 31 Aug 2020			Six months to 31 Aug 2019			Year to 29 Feb 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	-	7	7	-	-	-	-	-	-
Unrealised (loss)/ gain on valuation of fixed asset investments	-	(445)	(445)	-	17	17	-	(230)	(230)
Investment income	10	-	10	10	-	10	27	-	27
Investment management fees	(6)	-	(6)	(2)	(5)	(7)	(13)	-	(13)
Other expenses	(27)	-	(27)	(23)	-	(23)	(49)	-	(49)
<b>Return on ordinary activities before tax</b>	<b>(23)</b>	<b>(438)</b>	<b>(461)</b>	<b>(15)</b>	<b>12</b>	<b>(3)</b>	<b>(35)</b>	<b>(230)</b>	<b>(265)</b>
Taxation on ordinary activities	-	-	-	-	-	-	-	-	-
<b>Return on ordinary activities after tax</b>	<b>(23)</b>	<b>(438)</b>	<b>(461)</b>	<b>(15)</b>	<b>12</b>	<b>(3)</b>	<b>(35)</b>	<b>(230)</b>	<b>(265)</b>
<b>Earnings per share – basic and diluted</b>	<b>(0.4)p</b>	<b>(8.1)p</b>	<b>(8.5)p</b>	<b>(0.3)p</b>	<b>0.2p</b>	<b>(0.1)p</b>	<b>(0.7)p</b>	<b>(4.2)p</b>	<b>(4.9)p</b>

There was no other Comprehensive Income recognised during the year.

The 'Total' column of the Income Statement is the Profit and Loss Account of the Company, the supplementary Revenue and Capital return columns have been prepared under guidance published by the Association of Investment Companies.

All Revenue and Capital items in the above statement derive from continuing operations.

The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

## Balance Sheet

	As at 31 Aug 2020		As at 31 Aug 2019		As at 29 Feb 2020	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments at fair value		1,972		2,687		2,440
Debtors	4		8		10	
Cash at Bank	36		16		18	
Creditors: amounts falling due within one year	(45)		(21)		(40)	
Net current (liabilities)/assets		(5)		3		(12)
<b>Net assets</b>		<b>1,967</b>		<b>2,690</b>		<b>2,428</b>
Called up share capital		543		543		543
Share premium reserve		176		176		176
Unrealised capital reserve		555		1,252		1,005
Profit and Loss account		693		719		704
<b>Total equity shareholders' funds</b>		<b>1,967</b>		<b>2,690</b>		<b>2,428</b>
<b>Net asset value per share</b>		<b>36.2p</b>		<b>49.5p</b>		<b>44.7p</b>

## Statement of Changes in Equity

	Share Capital	Share Premium Reserve	Unrealised Capital Reserve	Profit & Loss Account	Total
	£'000	£'000	£'000	£'000	£'000
<b>As at 1 March 2019</b>	<b>543</b>	<b>176</b>	<b>1,235</b>	<b>739</b>	<b>2,693</b>
Revenue return on ordinary activities after tax	-	-	-	(20)	(20)
Current period gains on fair value of investments	-	-	17	-	17
<b>Balance as at 31 August 2019</b>	<b>543</b>	<b>176</b>	<b>1,252</b>	<b>719</b>	<b>2,690</b>
<b>As at 1 March 2019</b>	<b>543</b>	<b>176</b>	<b>1,235</b>	<b>739</b>	<b>2,693</b>
Revenue return on ordinary activities after tax	-	-	-	(35)	(35)
Current period losses on fair value of investments	-	-	(230)	-	(230)
<b>Balance as at 28 February 2020</b>	<b>543</b>	<b>176</b>	<b>1,005</b>	<b>704</b>	<b>2,428</b>
<b>As at 1 March 2020</b>	<b>543</b>	<b>176</b>	<b>1,005</b>	<b>704</b>	<b>2,428</b>
Revenue return on ordinary activities after tax	-	-	-	(23)	(23)
Current period gains on disposal	-	-	-	7	7
Prior year unrealised gains now realised	-	-	(5)	5	-
Current period losses on fair value of investments	-	-	(445)	-	(445)
<b>Balance as at 31 August 2020</b>	<b>543</b>	<b>176</b>	<b>555</b>	<b>693</b>	<b>1,967</b>

## Statement of Cash Flows

	Six months to 31 Aug 2020 £'000	Six months to 31 Aug 2019 £'000	Year to 29 Feb 2020 £'000
<b>Cash flows from operating activities</b>			
Return on ordinary activities before tax	(461)	(3)	(265)
Adjustments for:			
Loss/(gain) on valuation of fixed asset investments	445	(17)	230
Gains on disposal of fixed asset investments	(7)	-	-
Increase in creditors	5	9	28
Decrease/(increase) in debtors	6	(6)	(8)
<b>Outflow from operating activities</b>	<b>(12)</b>	<b>(17)</b>	<b>(15)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset investments	-	-	-
Disposal of investments	30	-	-
<b>Total cash flows from investing activities</b>	<b>18</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
<b>Total cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Decrease in cash and cash equivalents</b>	<b>18</b>	<b>(17)</b>	<b>(15)</b>
<b>Opening cash and cash equivalents</b>	<b>18</b>	<b>33</b>	<b>33</b>
<b>Closing cash and cash equivalents</b>	<b>36</b>	<b>16</b>	<b>18</b>

## Notes to the Half-Yearly Report

### 1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 August 2020 have been prepared in accordance with the Financial Reporting Council's (FRC) Financial Reporting Standard 104 Interim Financial Reporting ('FRS 104') and the Statement of Recommended Practice (SORP) for Investment Companies re-issued by the Association of Investment Companies in November 2014. Details of the accounting policies and valuation methodologies are included in the Annual Report.

### 2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 August 2020 do not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006. The comparative figures for the year ended 29 February 2020 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements, in accordance with chapter 3, part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

### 3. Earnings per share

The calculation of earnings per share for the period is based on the return attributable to shareholders divided by the weighted average number of shares in issue during the period. There are no potentially dilutive capital instruments in issue and, therefore, no diluted returns per share figures are relevant.

### 4. Net asset value per share

The net asset value per share is based on the net assets at the period end divided by the number of shares in issue at that date (5,431,655 in each case).

### 5. Principal risks and uncertainties

The Company's assets consist of equity and fixed interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a Venture Capital Trust, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 29 February 2020. The Company's principal risks and uncertainties have not changed materially since the date of that report.

### 6. Related party transactions

OT1 Managers Ltd, a wholly owned subsidiary, provides investment management services to the Company for a fee of 0.5% of net assets per annum.

### 7. Events after the balance sheet date

On 14 September 2020, following the period end, the Company sold 136,577 Scancell shares at a price of 14.65p following the sharp share price rise on AIM surrounding news about the novel DNA vaccine against Covid-19 being worked on by Scancell. On 2 October 2020, the Company sold a further 100,043 shares at a price of 20.05p. The bid price used for valuation at the period end was 8.0p.

8. Copies of this statement are available from Oxford Technology Management, Magdalen Centre, Oxford Science Park, Oxford OX4 4GA and on the Company's website.

**Board Directors:** Alex Starling, Robin Goodfellow, Richard Roth and David Livesley

**Investment Manager:** OT1 Managers Ltd with services contracted to Oxford Technology Management Ltd

**Website:** [www.oxfordtechnologyvct.com/vct1.html](http://www.oxfordtechnologyvct.com/vct1.html)