



DOWNING ONE VCT PLC

Half Yearly Report for the six months ended
30 September 2021

Downing 

Shareholder Information

Financial Summary

	30 Nov 2021 pence Unaudited	30 Sep 2021 pence Unaudited	31 Mar 2021 pence Audited	30 Sep 2020 pence Unaudited	Nov 2013 pence Unaudited
Net Asset Value per share ("NAV")	62.2	61.3	58.20	56.3	100.4
Cumulative dividends paid since Nov 2013	40.0	40.0	38.75	37.5	-
Total Return (NAV plus cumulative dividends paid per share)	102.2	101.3	96.95	93.8	100.4

Dividend Policy

The Company has a stated target of paying a dividend of at least 4% of net assets per annum.

Forthcoming Dividends

	Date payable	Pence per share
Interim dividend	25 February 2021	1.25p

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

downing-vct.cityhub.uk.com

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

The Company operates a Dividend Reinvestment Scheme to allow Shareholders to reinvest their dividends in new shares and obtain income tax relief on that new investment. Shareholders can opt-in to the Dividend Reinvestment Scheme through the Downing VCT Investor Hub using the details shown above.

Share Scam Warning

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

Some further details are available on Downing's website:

www.downing.co.uk/vctboilerroomscam

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

If you have any concerns, please contact Downing at customer@downing.co.uk or on 020 7416 7780.

Chairman's Statement

I present the Company's half-yearly report for the six-month period ended 30 September 2021 and am pleased to report an encouraging increase in net asset value per share ("NAV"), driven by some of the growth investments made in recent years.

Net asset value and results

As at 30 September 2021, the Company's NAV stood at 61.30p, an increase of 4.35p (or 7.5%) compared to the 31 March 2021 year-end position, after adding back the 1.25p dividend paid during the period.

The return attributable to equity shareholders for the period was a gain of £7.7 million, comprising a revenue loss of £299,000 and a capital gain of £8.0 million.

Investment activity and performance

Over the last six months the main focus of the Investment Adviser has been on supporting portfolio companies as they continue to recover from the impact of the coronavirus pandemic, however, there have also been a small number of realisations generating proceeds of £3.3 million and some new investments totalling £0.7 million.

Following a review of valuations by the Board, net unrealised gains across the whole portfolio over the period were £7.2 million. In addition, the realisations noted above, resulted in a net realised gain of £0.8 million.

At the period end, the Company held a portfolio of 81 active investments, with 32% (by value) held in quoted growth, 27% in unquoted yield focused and 41% in unquoted growth. 32 investments are held in the quoted growth category which are either quoted on AIM or the AQSE Growth Market and have a value of £29.9 million. The 49 unquoted investments have a value of £65.0 million.

The proportion of the portfolio held in unquoted growth companies is expected to grow as exits from the more mature yield focused investments arise and funds are then redeployed into younger growth businesses in line with the current VCT regulations.

Further details of the investment activities of the Company are included in the Investment Adviser's Report on pages 4 to 12.

Dividends

The Company has a stated policy of seeking to pay dividends equivalent to at least 4% of NAV (61.3p at the period end) each year. Consistent with this policy, the Board has declared an interim dividend of 1.25p (equivalent to 2.0% of NAV) which will be paid on 25 February 2022 to Shareholders on the register as at 4 February 2022.

This will take the total dividends paid since the merger in November 2013 to 41.25p.

Chairman's Statement (continued)

Annual running costs cap

Shareholders are reminded that the Company benefits from a running cost cap provided by the Investment Adviser. Any annual running costs above 2.6% of net assets per annum are met by the Adviser by way of a reduction in their fees. This cap has been in effect over this period.

Fundraising

The Company launched an offer for subscription in September 2020, seeking to raise up to £15 million (plus an over-allotment facility). The offer closed at the end of August 2021 having raised £15.6 million. Funds raised under the offer allow the Company to take advantage of new investment opportunities that arise as well as being available to support existing portfolio companies.

At the end of November 2021, the Company launched a new non-prospectus top-up offer, seeking to raise up to £6.7 million. This will provide additional funds for further investment activity.

Shareholders that may be interested in topping up their investment can find an investment memorandum for the offer on the Downing website:

www.downing.co.uk/d1

Investors are recommended to consult their financial adviser before making any investments.

Share buybacks

The Company operates a policy of buying in its own shares that become available in the market at a 5% discount to NAV (subject to liquidity and any regulatory restrictions).

During the period, the Company purchased 2,626,746 shares (equal to 1.6% of the opening number of shares in issue) at an average price of 56.9p per share.

VCT Qualification

VCT qualifying investments now represent 85.1% of total investments as defined by the VCT regulations. The minimum VCT qualification level of 80% is expected to continue to be comfortably exceeded for the foreseeable future.

Registrars

In July, the Company appointed The City Partnership as its new registrar. Shareholders are reminded that they can now update their information and access details of their shareholding, dividends paid and other details via the Downing Investor Hub at:

downing-vct.cityhub.uk.com

Outlook

It is pleasing to see some progress being made by the portfolio after the significant setbacks suffered with the coronavirus pandemic. Improving trading performance, trade buyer activity, and, in the case of GENinCode, an IPO, have all contributed to some healthy valuation uplifts across the portfolio.

In late November, we were pleased to note that Universe Group plc announced a recommended offer for the company to be acquired at a significant premium to its previous share price. The increase in the share price of Universe, along with other quoted investments, has resulted in the NAV increasing by a further 0.9p per share. The unaudited NAV at 30 November 2021 stood at 62.2p per share.

Chairman's Statement (continued)

Outlook (continued)

The Board believes the above developments are a good indication that the Company's earlier growth investments are now starting to mature and can drive performance going forward. However, Shareholders should be mindful that it is still relatively early days for many of the Company's investments and ultimate success will be determined by realisations rather than unrealised valuation uplifts driven by, what some commentators consider to be, very buoyant market conditions.

Very recently, we have seen the rapid onset of the Omicron Covid variant. It is unclear at the time of writing how great the impact on the economy will be, but there are a number of worrying signs which could present further challenges to portfolio companies. The Board will closely monitor developments.

I look forward to updating Shareholders on developments in the Annual Report to 31 March 2022 which is expected to be published in June/July 2022.



Chris Kay
Chairman

17 December 2021

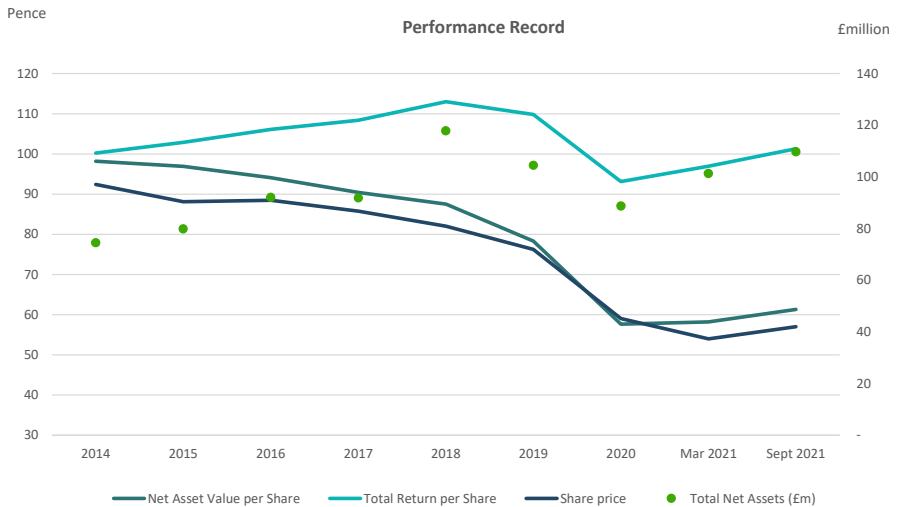
Investment Adviser's Report - Overview

Introduction

We present a review of the investment portfolio and activity over the six months to 30 September 2021. Our overview can be found on pages 4 to 6, with a review of unquoted investments on pages 7 to 9 and a report on the quoted investments on pages 10 to 12.

The chart below illustrates the performance of the Company since the merger that created Downing ONE and details the Total Return per share to investors since that date.

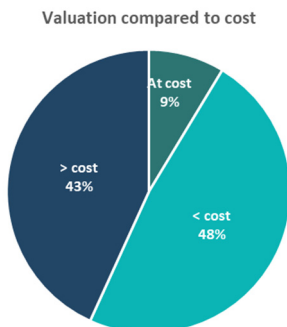
The chart shows the ground lost by the VCT at the start of the coronavirus pandemic and the ground that is gradually being recovered since then.



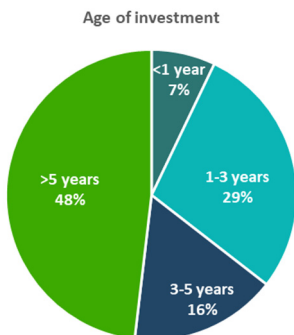
Investment Adviser's Report – Overview (continued)

Portfolio Overview

As the portfolio continues to recover and economies begin to open up, of the 81 active investments with a positive value, approximately half are valued at, or above, cost, as illustrated in the chart on the below.

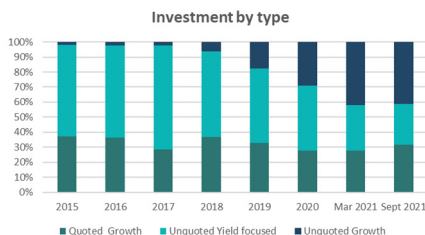


Following the significant level of new investment activity over the past 18 months, the proportion of the portfolio in new, younger investments has increased, with approximately half of the portfolio now less than 5 years old.



Focus during this period has shifted towards supporting the current investee companies as well as seeking to enhance shareholder value and working towards

exits where possible. We expect the portfolio to continue to shift towards new growth investments going forward as exits from the maturing portfolio of yield focused investments arise.



Performance

The performance of the portfolio over the period has produced an unrealised gain of £7.5 million, including foreign exchange gains of £224,000, with the unquoted portfolio generating an unrealised gain of £3.2 million and the quoted portfolio generating an unrealised gain of £4.3 million.

As we have noted previously, it is not unusual to suffer some losses at a relatively early stage in a portfolio of young growth companies, and it has therefore been encouraging to see a number of the stronger businesses now starting to prove themselves and showing gains in the period.

Despite the positives, some businesses have not developed as originally anticipated and there have been a small number of write downs.

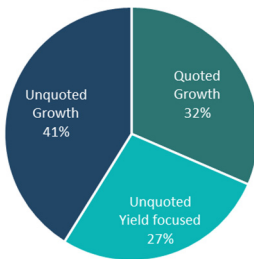
Further details on these and other movements can be found within the quoted and unquoted Investment Adviser Reports overleaf.

Investment Adviser’s Report – Overview (continued)

Portfolio Composition

The shift in the balance of the portfolio towards younger, unquoted growth investments, in line with the current VCT regulations, has continued with the proportion of funds (by value) in these investments increasing from 38% to 41% over the last 12 months.

Portfolio by type of investment



We expect a number of further exits from the yield focused portfolio to complete prior to the end of the financial year.

The investment portfolio continues to be well diversified, with the top three sectors in which the Company is invested being; Software and Computer Services, Alternative Energy, and Support Services, with investment costs totalling £17.8 million, £8.5 million, and £7.3 million respectively. The current industry sector split of the portfolio is summarised below.

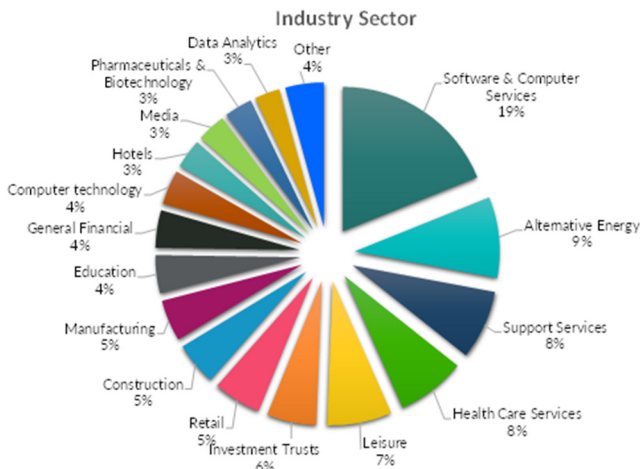
Outlook

The period to 30 September 2021 has seen the continued recovery of value.

Following periods of a higher level of investment activity in the past 18 months, over the six months to 30 September 2021 we have focused more on the current investment portfolio, seeking to enhance capital value, and working towards exits where possible. We expect to see this continue for the remainder of the accounting year along with a number of further qualifying investments as we seek to deploy some of the funds available for investment.

Downing LLP

17 December 2021



Investment Adviser's Report – Unquoted portfolio

We present a review of the unquoted investment portfolio for the six months ended 30 September 2021.

Investment activity

At 30 September 2021, the unquoted portfolio was valued at £65.0 million, comprising 49 investments spread across a number of sectors.

During the period, the Company invested a total of £333,000 in unquoted companies comprising of one new and one follow-on investment.

The one new qualifying investment was in DiA Imaging Analysis Limited (£208,000), a leading provider of advanced Artificial Intelligence based solutions for ultrasound analysis. The capital will enable DiA to expand its portfolio of FDA-cleared and CE-marked AI-based ultrasound solutions that enable clinicians to identify clinical abnormalities with speed and accuracy.

The follow-on investment made during the period was in FVRVS Limited, trading as Fundamental VR (£125,000). The company provides surgery simulation software for enterprise clients and hospitals. Downing ONE co-invested alongside other Downing VCTs.

Details of the realisations in the year are set out on page 20. Total proceeds of £3.3 million were generated, producing realised gains in the period of £808,000.

Curo Compensation Limited, the provider of a human resource software service, was sold in the period, generating proceeds of £1.6 million, resulting in a gain over previous holding value of £508,000, although this was a loss over original cost of £59,000.

Doneloans Limited, which holds a portfolio of secured loans, repaid part of their loan notes during the period, resulting in Downing ONE receiving capital proceeds of £1.4 million plus associated interest of £381,000.

GENinCode develops products and technology that helps patients and healthcare practitioners assess and predict the onset of cardiovascular disease, thrombosis, and to diagnose Familial Hypercholesterolemia. In July 2021 the company successfully completed an IPO which saw its shares quoted on AIM. This resulted in an unrealised gain of £813,000 over the period.

Avid Technology Group Limited, a manufacturer of electrified ancillary equipment for internal combustion engines was sold in the period generating proceeds of £291,000. The investment had previously been fully provided against, so this represented a gain of £291,000 in the period, although it should be noted that this was a disappointing overall loss against cost of £1.5 million.

During the period, the Company also exited from two of its Indian solar investments, Indigo Generation Limited and Ironhide Generation Limited that were both developing solar farms on adjacent land in India. Following a series of setbacks, principally due to the reduction in prevailing energy prices in the Maharashtra region of India, the investments were fully exited for minimal proceeds, generating a combined loss over cost of £1.8 million.

Investment Adviser's Report – Unquoted portfolio (continued)

Portfolio valuation

Following a review of the carrying values, there was an overall gain of £3.2 million, including unrealised foreign exchange gains of £224,000. The most significant movements are summarised below.

The largest gain in value was in E-Fundamentals (Group) Limited, a Software as a Service (SaaS) analytics company. The company has continued to grow its customer base, both in the UK and in the US, resulting in a valuation uplift of £1.3 million as at 30 September 2021.

Xupes Limited, a pre-owned luxury goods retailer specialising in designer watches, handbags and jewellery, was sold shortly after the period end in October 2021, returning £1.6 million. In line with this, the valuation as at 30 September 2021 has been uplifted by £1.2 million, however overall, the investment will show a loss of £637,000 against cost.

Ayar Labs Inc, the developer of components for high performance computing and data centre applications was uplifted by £790,000 at the period end, including the impact of foreign exchange. This revaluation is the result of a calibration to the price set by a recent funding round.

Hackajob Limited, the owner of a marketplace platform for hiring technical talent, has progressed well during the period, with recurring revenues continuing to grow. The valuation was uplifted by £696,000 as a result.

Trinny London Limited, the e-commerce-based beauty and cosmetics brand launched by Trinny Woodall, has continued its strong performance since the original investment, and was uplifted in value by £573,000 as at 30 September 2021.

The gains recognised at the period end were partly offset by a number of losses across the portfolio. The most significant loss in the period related to Empiribox Holdings Limited, a provider of equipment and training to primary schools across the UK. The company was revalued downwards by £608,000, as the business is yet to fully recover from the impacts of the coronavirus pandemic.

Streethub Limited, an online marketplace for a curated range of homeware and lifestyle products, has been reduced in value by £504,000 as a result of the business trading behind budget.

Hummingbird Technologies Limited, the owner of an advanced crop analytics platform that is powered by machine learning and aerial imagery, was reduced in value by £481,000 on the back of a downgrade in revenue forecasts.

Lineten Limited, the owner of an aggregator platform for on-demand and same day delivery, was subject to a valuation reduction of £294,000. The business has progressed slowly, and its revenue performance is behind Downing's investment case.

Investment Adviser's Report – Unquoted portfolio (continued)

Outlook

The period to 30 September 2021 has seen some improved performance from a number of the unquoted companies, particularly those within the growth category.

The priorities for the Adviser for the next six months will continue to be assisting portfolio companies through this challenging trading period, whilst seeking to secure exits when opportunities present themselves.

Downing LLP

17 December 2021

Investment Adviser's Report – Quoted portfolio

Investment activity

At 30 September 2021 the quoted portfolio was valued at £29.9 million, comprising 32 active investments.

COVID-19 continued to present challenges to markets and economies during the six-month reporting period to 30 September 2021. While global economies gradually opened up as vaccination programmes were rolled out, the mid-July 2021 'Freedom Day' in the UK was not quite the celebration many had anticipated. There was a gradual return to more normalised trading conditions throughout the summer, but the positive investor sentiment deteriorated into September 2021 and became much more risk-off as concerns grew over central banks beginning to pare back support as economies emerged from lockdown. There are also growing fears around Evergrande contagion, gas prices, fuel shortages and supply chain issues. Against this backdrop, the UK market made modest gains during the reporting period. Generally positive trading statements and a high level of private equity bids highlighted the attractiveness of the domestic market.

The quoted portfolio saw limited trading activity during the period, with new investments made into Trellus Health plc (£175,000) and GENinCode plc (£200,000). There was one corporate action as the Downing UK Micro-Cap Growth Fund was wound down, realising net proceeds of £5,000.

Overall, the quoted portfolio produced unrealised gains of £4.3 million. The most notable movements in the portfolio over the period are discussed below.

Portfolio valuation

The main positive contributor to performance was Tracsis Plc, which increased the value of the portfolio by £2.4 million.

Tracsis, is a leading provider of software, hardware, data analytics/GIS and services for the rail, traffic data and wider transport industries. The group issued its latest trading update for the year ended 31 July 2021 and reported that revenues are expected to be close to £50 million reflecting a strong end of year recovery in activity levels in its Traffic Data and Events business units, and further organic growth in the Rail Technology and Services Division and in Data Analytics/GIS. The group expects to report an adjusted EBITDA margin in excess of 25% which includes the positive impact of cost reduction actions taken in response to the pandemic. Strong cash balances at the end of July reflects strong cash generation and provides a solid platform for continued investment in future organic and acquisitive growth opportunities. Since the period end, the company has delivered on these expectations in its preliminary results announcement and analysts have upgraded forecasts and price targets for the shares.

The Rail Technology and Services Division has continued to trade well, benefitting from high levels of recurring software revenue and a large pipeline of multi-year opportunities. The Data, Analytics, Consultancy and Events Division also performed well despite the impact of COVID-19 on end markets. The group is well positioned to respond quickly to increased demand in both markets as corona restrictions have been lifted. Management anticipates further recovery in activity levels through Q1 of FY 21/22, supported by the recently announced Government-backed insurance scheme for the live events sector.

Investment Adviser's Report – Quoted portfolio

(continued)

Portfolio valuation (continued)

GENinCode plc, the cardiovascular disease (CVD) company focused on predictive genetics for the prevention of cardiovascular disease, also made a positive contribution to the portfolio, delivering an unrealised gain of £813,000. The group announced its results for the six months ended 30 June 2021 and reported that it had enjoyed a productive year to date with the successful completion of its IPO and a gross £17 million fundraise in July 2021, enabling the expansion of its commercial program across core EU, UK, and US markets. Management confirmed the business was delivering the plans set out in its IPO Admission Document focused on preparations for the US launch of Cardio "inCode" for cardiovascular disease preventative care.

The group is working closely with its US collaborative partner, Eversana, on launch planning and advancing its discussions with Indiana University and New York Presbyterian - Weill Cornell. Discussions are ongoing with the FDA for both 'breakthrough' status and management is preparing for the submission of its de-novo market authorisation submission for Cardio "inCode". It is commissioning Lipid "inCode" testing for hypercholesterolemia with the NHS and expects testing to commence over the coming months. The group anticipates continued revenue growth over the second half of this financial year.

Inland Homes plc was a negative contributor, reducing the value of the portfolio by £236,000. Inland Homes is a brownfield developer and housebuilder focused on building residentially led developments for direct sale or on behalf of partner organisations. The group announced its interim results for the six-month period ended 31 March 2021 and highlighted that the group was delivering on its strategic objectives.

The board reported that one of its key objectives is to continue the progress it is making on the reduction of group net debt. Solid progress has been made in the first half and management expects this process to continue through to the year end. The group continues to see increased demand for its quality land assets and planning expertise in the asset management division from investors, developers, Build to Rent operators and housing associations. During the reporting period, it secured planning on the Hillingdon and Walthamstow schemes within this division, which combined, will deliver 1,097 new homes.

Deepmatter plc, an international digital chemistry data company, was also a negative contributor, reducing the value of the quoted portfolio by £163,000. This negative share price movement was despite the positive results for the six months to 30 June 2021 which reported that management has seen positive momentum in the first half of its financial year and the company has enhanced its position in a growing market. The business has continued to resource its sales and R&D capabilities to strengthen its offering.

Management's focus is on unlocking the value in digital chemistry by building a fully integrated digital chemistry cloud platform of chemical reaction data for scientists. On the back of a strong renewals base and its new focus on growing revenues with those customers as well as growth in users and trials, the group look forward with increasing confidence to delivering on its potential and the growth it envisages for 2021 and beyond.

Investment Adviser's Report – Quoted portfolio (continued)

Outlook

COVID-19 continued to disrupt throughout the period, albeit trading conditions gradually improved as economies opened up. The Adviser is encouraged by the progress achieved by the quoted portfolio over the last six months. While the UK economy may face aggressive headwinds going forward, the quoted portfolio contains well managed small companies which are typically more efficient, better positioned and have the potential to achieve better returns on invested capital than at initial investment.

Supply chain issues, increasing concerns around inflation and rising interest rates all give cause for pessimism over the near-term outlook for equity markets. However, the Adviser is cautiously optimistic about the prospects for the quoted portfolio which contains a diversified range of quality companies with strong balance sheets that can deliver long-term, sustained growth in shareholder value.

Downing LLP

17 December 2021

Unaudited Balance Sheet

as at 30 September 2021

		30 Sep 2021 £'000	30 Sep 2020 £'000	31 Mar 2021 £'000
	Note			
Fixed assets				
Investments		94,932	77,048	89,157
Current assets				
Debtors		1,630	1,182	2,001
Cash at bank and in hand		13,732	10,569	10,738
		15,362	11,751	12,739
Creditors: amounts falling due within one year		(510)	(443)	(543)
Net current assets		14,852	11,308	12,196
Net assets		109,784	88,356	101,353
Capital and reserves				
Called up share capital	8	1,790	1,564	1,611
Capital redemption reserve	9	1,675	1,628	1,649
Share premium	9	78,561	62,494	66,430
Funds held in respect of shares not yet allotted	9	30	264	7,545
Special reserve	9	17,435	30,388	20,238
Capital reserve – unrealised	9	13,863	(5,703)	6,409
Revenue reserve	9	(3,570)	(2,279)	(2,529)
Equity shareholders' funds		109,784	88,356	101,353
Basic and diluted net asset value per share	7	61.3p	56.3p	58.2p

Unaudited Income Statement

For the six months ended 30 September 2021

	Six months ended 30 September 2021			Six months ended 30 September 2020			Year ended 31 March 2021	
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Income		732	-	732	644	-	644	1,333
(Losses)/gains on investments								
- realised gains/(losses) on disposal		-	808	808	-	328	328	(195)
- unrealised valuation gains/(losses)		-	7,313	7,313	-	1,660	1,660	8,332
- unrealised foreign exchange gains/(losses)		-	224	224	-	(36)	(36)	(735)
		732	8,345	9,077	644	1,952	2,596	8,735
Investment management fees		(490)	(490)	(980)	(448)	(448)	(896)	(1,634)
Other expenses		(401)	-	(401)	(434)	-	(434)	(900)
(Loss)/gain on ordinary activities before tax		(159)	7,855	7,696	(238)	1,504	1,266	6,201
Tax on total comprehensive income and ordinary activities		(140)	140	-	(128)	128	-	-
(Loss)/return attributable to equity shareholders	5	(299)	7,995	7,696	(366)	1,632	1,266	6,201
Basic and diluted return per share		(0.2p)	4.5p	4.3p	(0.2p)	1.1p	0.9p	4.0p

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS102"). There are no other items of comprehensive income. The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in April 2021 by the Association of Investment Companies ("AIC SORP").

Statement of Changes in Equity

For the six months ended 30 September 2021

	Share Capital £'000	Capital redemption reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve -realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
For the six months ended 30 September 2021									
At 1 Apr 2021	1,611	1,649	66,430	7,545	20,238	-	6,409	(2,529)	101,353
Total comprehensive income	-	-	-	-	-	457	7,538	(299)	7,696
Transfer between reserves*	-	-	-	-	(944)	1,028	(84)	-	-
<i>Transactions with owners</i>									
Utilised in share issue	-	-	-	(7,545)	-	-	-	-	(7,545)
Unallotted shares	-	-	-	30	-	-	-	-	30
Dividends paid	-	-	-	-	-	(1,485)	-	(742)	(2,227)
Issue of new shares	20 5	-	12,131	-	-	-	-	-	12,336
Share issue costs	-	-	-	-	(357)	-	-	-	(357)
Purchase of own shares	(26)	26	-	-	(1,502)	-	-	-	(1,502)
At 30 Sept 2021	1,790	1,675	78,561	30	17,435	-	13,863	(3,570)	109,784

* A transfer of £84,000 representing previously recognised unrealised gains on disposal of investments during the period ended 30 September 2021 (year ended 31 March 2021: losses £7.3 million) has been made from the Capital reserve - realised to the Revaluation reserve.

** A transfer of £944,000 representing realised gains on disposal of investments, less net investment impairments and the excess of capital expenses over capital income and capital dividends in the year (year ended 31 March 2021: £12.2 million) has been made from the Special Reserve to the Capital Reserves - realised.

Statement of Changes in Equity

For the year ended 31 March 2021

	Share Capital £'000	Capital redemption reserve £'000	Share premium account £'000	Funds held in respect of shares not yet allotted £'000	Special reserve £'000	Capital reserve -realised £'000	Revaluation reserve £'000	Revenue reserve £'000	Total £'000
For the year ended 31 March 2021									
At 1 Apr 2020	1,440	1,615	54,703	5,775	34,587	-	(8,504)	(874)	88,742
Total comprehensive income	-	-	-	-	-	(780)	7,597	(616)	6,201
Transfer between reserves	-	-	-	-	(12,197)	4,881	7,316	-	-
<i>Transactions with owners</i>									
Dividends paid	-	-	-	-	-	(4,101)	-	(1,039)	(5,140)
Utilised in share issue	-	-	-	(5,775)	-	-	-	-	(5,775)
Unallotted shares	-	-	-	7,545	-	-	-	-	7,545
Issue of new shares	205	-	11,727	-	-	-	-	-	11,932
Share issue costs	-	-	-	-	(286)	-	-	-	(286)
Purchase of own shares**	(34)	34	-	-	(1,866)	-	-	-	(1,866)
At 31 Mar 2021	1,611	1,649	66,430	7,545	20,238	-	6,409	(2,529)	101,353

Unaudited Cash Flow Statement

For the six months ended 30 September 2021

	30 Sep 2021 £'000	30 Sep 2020 £'000	31 Mar 2021 £'000
Cash flow from operating activities			
Profit/(loss) on ordinary activities before taxation	7,696	1,266	6,201
Loss/(gain) on investments	(8,345)	(1,952)	(7,402)
Decrease/(increase) in debtors	371	763	(57)
(Decrease)/increase in creditors	(38)	(86)	25
Cash from operations			
Corporation tax paid	-	-	-
Net cash (utilised)/generated from operating activities	(316)	(9)	(1,233)
Cash flow from investing activities			
Purchase of investments	(708)	(12,713)	(21,403)
Proceeds from disposal of investments	3,277	1,206	3,238
Net cash generated/(utilised) from investing activities	2,569	(11,507)	(18,165)
Cash flows from financing activities			
Proceeds from share issue	12,336	7,928	11,933
Funds held in respect of shares not yet allotted	(7,515)	(5,511)	1,770
Share issue costs	(357)	(215)	(286)
Purchase of own shares	(1,496)	(467)	(1,612)
Equity dividends paid	(2,227)	(3,121)	(5,140)
Net cash utilised from financing activities	741	(1,386)	6,665
(Decrease)/increase in cash	2,994	(12,902)	(12,733)
Net increase in cash			
Beginning of period	10,738	23,471	23,471
Net cash (outflow)/inflow	2,994	(12,902)	(12,733)
End of period	13,732	10,569	10,738

Summary of Investment Portfolio

as at 30 September 2021

	Cost £'000	Valuation £'000	Valuation movement in period† £'000	% of portfolio by value
Top twenty venture capital investments (by value)				
Tracsis plc*	1,443	7,321	2,389	6.7%
Downing Care Homes Holdings Limited	3,880	5,830	304	5.4%
Doneloans Limited	3,630	4,155	(193)	3.8%
Downing Strategic Micro-Cap Investment Trust plc**	5,197	4,055	239	3.7%
E-Fundamentals (Group) Limited	1,342	3,668	1,260	3.4%
Anpario plc*	1,448	3,587	186	3.3%
Baron House Developments LP	2,695	3,234	-	3.0%
Carbice Corporation	3,020	2,895	65	2.7%
StorageOS Inc	2,970	2,851	64	2.6%
Trinny London Limited	443	2,508	573	2.3%
Imagen Limited	1,000	2,351	523	2.2%
Harrogate Street LLP	1,400	2,113	56	1.9%
Pilgrim Trading Limited	2,594	2,079	25	1.9%
Ayar Labs Inc	1,280	2,025	790	1.9%
Cornelis Networks Inc	2,102	2,006	45	1.8%
Virtual Class Limited t/a Third Space Learning	1,164	1,912	(62)	1.8%
Craneware plc*	353	1,839	266	1.7%
Cadbury House Holdings Limited	3,081	1,801	-	1.7%
Hummingbird Technologies Limited	2,250	1,771	(481)	1.6%
Impact Healthcare REIT plc**	1,518	1,627	(4)	1.5%
	42,810	59,628	6,045	54.9%
Other venture capital investments	51,394	35,304	1,492	32.5%
	94,204	94,932	7,537	87.4%
Cash at bank and in hand		13,732		12.6%
Total investments		108,664		100%

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM

** Listed and traded on the Main Market of the London Stock Exchange

† The valuation movement in the period includes unrealised foreign exchange gains of £224,000

Summary of Investment Movements

For the six months ended 30 September 2021

Additions

	£'000
<i>Quoted growth investments</i>	
GENinCode plc	200
Trellus Health plc	175
	375
<i>Unquoted growth investments</i>	
DIA Imaging Analysis Limited	208
FVRVS Limited	125
	333
Total additions	708

Summary of Investment Movements (continued)

For the six months ended 30 September 2021

Disposals

	Cost £'000	Value at 31/03/21 £'000	Disposal proceeds £'000	(Loss)/gain against cost £'000	Realised gain in period £'000
<i>Quoted growth investments</i>					
MI Downing UK Micro-Cap Growth Fund	6	4	5	(1)	1
	6	4	5	(1)	1
<i>Unquoted yield focused investments (including loan note redemptions)</i>					
Indigo Generation Limited	920	-	4	(916)	4
Ironhide Generation Limited	920	-	4	(916)	4
Doneloans Limited	1,369	1,369	1,369	-	-
	3,209	1,369	1,377	(1,832)	8
<i>Unquoted growth investments (including loan note redemptions)</i>					
Curo Compensation Limited	1,663	1,096	1,604	(59)	508
Avid Technology Group Limited	1,833	-	291	(1,542)	291
Glownet Limited	741	-	-	(741)	-
	4,237	1,096	1,895	(2,342)	799
	7,452	2,469	3,277	(4,175)	808

* adjusted for purchases in the period

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2021

1. General information

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

2. Basis of accounting

The unaudited half-yearly financial results cover the six months to 30 September 2021 and have been prepared in accordance with the accounting policies set out in the statutory accounts for the year ended 31 March 2021, which were prepared in accordance with the Financial Reporting Standard 102 ("FRS102") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued in April 2021 ("SORP").

- The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- The comparative figures were in respect of the six months ended 30 September 2020 and the year ended 31 March 2021 respectively.

5. Return per share

	Weighted average number of shares in issue	Revenue (deficit)/return £'000	Capital Gain/(loss) £'000
Period ended 30 September 2021	176,390,695	(299)	7,995
Period ended 30 September 2020	153,783,770	(366)	1,632
Year ended 31 March 2021	156,403,594	(616)	6,817

6. Dividends paid in the period

	Date paid	Six months ended 30 September 2021			Year ended 31 March 2021
		Revenue £'000	Capital £'000	Total £'000	Total £'000
2021 Final	27 Aug 2021: 1.25p	742	1,485	2,227	-
2021 Interim	26 Feb 2021: 1.25p	-	-	-	2,021
2020 Final	18 Sept 2020: 2.0p	-	-	-	3,119
		742	1,485	2,227	5,140

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2021 (continued)

7. Basic and diluted net asset value per share

	Shares in issue	Net assets £'000	NAV per share pence
Period ended 30 September 2021	179,011,001	109,784	61.3
Period ended 30 September 2020	156,354,880	88,356	56.3
Year ended 31 March 2021	161,094,068	101,353	58.2

8. Called up share capital

	Shares in issue	£'000
Period ended 30 September 2021	179,011,001	1,790
Period ended 30 September 2020	156,354,880	1,564
Year ended 31 March 2021	161,094,068	1,611

9. Reserves

The Special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay dividends/capital distributions.

	30 Sep 2021 £'000	30 Sep 2020 £'000	31 Mar 2021 £'000
Capital redemption reserve	1,675	1,628	1,649
Share premium account	78,561	62,494	66,430
Funds held in respect of shares not yet allotted	30	264	7,545
Special reserve	17,435	30,388	20,238
Revaluation reserve	13,863	(5,703)	6,409
Revenue reserve	(3,570)	(2,279)	(2,529)
Total reserves	107,994	86,792	99,742

Distributable reserves are calculated as follows:

	30 Sep 2021 £'000	30 Sep 2020 £'000	31 Mar 2021 £'000
Special reserve	17,435	30,388	20,238
Revenue reserve	(3,570)	(2,279)	(2,529)
Unrealised gains/(losses) (excluding unrealised unquoted gains)	(402)	(12,839)	(3,547)
	13,463	15,270	14,162

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2021 (continued)

10. Investments

The fair value of investments is determined using the detailed accounting policy as shown in the audited financial statements for the year ended 31 March 2021. The Company has categorised its financial instruments using the fair value hierarchy as follows:

Level 1 Reflects financial instruments quoted in an active market (quoted companies and fixed interest bonds);

Level 2 Reflects financial instruments that have prices that are observable either directly or indirectly; and

Level 3 Reflects financial instruments that use valuation techniques that are not based on observable market data (investments in unquoted shares and loan note investments).

	Level 1	Level 2	Level 3	30 Sep	Level 1	Level 2	Level 3	31 Mar
	£'000	£'000	£'000	2021	£'000	£'000	£'000	2021
Quoted on AIM	24,230	-	-	24,230	19,133	-	-	19,133
Quoted on Aquis	4	-	-	4	4	-	-	4
Quoted on main market	5,681	-	-	5,681	5,447	-	-	5,447
Unquoted loan notes	-	-	19,753	19,753	-	-	19,891	19,891
Unquoted equity	-	-	45,264	45,264	-	-	44,682	44,682
	29,915	-	65,017	94,932	24,584	-	64,573	89,157

11. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 March 2021 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.

12. Going concern

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

The Directors confirm that they are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the Directors believe that the Company continues to be a going concern and that it is appropriate to apply the going concern basis in preparing the financial statements.

13. Risks and uncertainties

Under the Disclosure and Transparency Rules, the Board is required, in the Company's half-year results, to report on principal risks and uncertainties facing the Company over the remainder of the financial year. The impact of the coronavirus pandemic has created heightened uncertainty but has not changed the nature of these risks.

Notes to the Unaudited Financial Statements

For the six months ended 30 September 2021 (continued)

13. Risks and uncertainties (continued)

The Board has concluded that the key risks are:

- (i) compliance risk of failure to maintain approval as a VCT; and
- (ii) investment risk associated with investing in small and immature businesses.

The Company's compliance with the VCT regulations is continually monitored by the Investment Adviser, who regularly reports to the Board on the current position. The Company also retains Philip Hare & Associates LLP to provide regular reviews and advice in this area.

In order to make VCT qualifying investments, the Company has to invest in small businesses which are often immature. The impact of the coronavirus pandemic has been significant on some portfolio companies and, in many cases, the VCT regulations restrict the Company from making further investment into these businesses, so the Investment Adviser seeks to provide whatever other support they can to these businesses, including encouraging them to take advantage of Government support that may be available. The Company also has a limited period in which it must invest the majority of its funds into VCT qualifying investments. The Investment Adviser follows a rigorous process in vetting and careful structuring of new investments, including taking a charge over the assets of the business wherever possible and, after an investment is made, closely monitoring the business.

The Board is satisfied that these approaches provide satisfactory management of the key risks.

14. The Directors confirm that, to the best of their knowledge, the half yearly financial report has been prepared in accordance with the "Statement: Half-Yearly Financial Reports" issued by the UK Accounting Standards Board as well as in accordance with FRS 104 Interim Financial Reporting and the half-yearly financial report includes a fair review of the information required by:

- (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

15. Copies of the unaudited half-yearly financial results will be sent to Shareholders shortly. Further copies can be obtained from the Company's Registered Office and will be available for download from www.downing.co.uk/d1

Shareholder Information (continued from inside front cover)

Share price

The Company's share price can be found on various financial websites. The share price is also available on Downing's website (www.downing.co.uk).

TIDM/EPIC codes	DDV1
Latest share price (16 December 2021):	57.0p per share

Selling shares

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

www.downing.co.uk/selling-your-vct-shares

If you have any queries, Downing's Customer Team can be contacted at customer@downing.co.uk or on 020 7416 7780.

Shareholders are advised to seek advice from their tax adviser before selling shares, particularly if they deferred capital gains in respect of shares acquired prior to 6 April 2004 or purchased shares within the last five years.

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 wish to buy shares in the secondary market, your broker should contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ("Panmure"). Panmure can be contacted as follows:

Chris Lloyd
020 7886 2716
chris.lloyd@panmure.com

Paul Nolan
020 7886 2717
paul.nolan@panmure.com

Notification of change of address

If you need to update the registered address on your shareholding, this can be done through The City Partnership's Downing Investor Hub at downing-vct.cityhub.uk.com.

Alternatively, please complete a [Change of Address Form](#) (available from The City Partnership) and send it to The City Partnership (UK) Limited by email registrars@city.uk.com or by post to The City Partnership (UK) Limited, The Mending Room, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH.

Other information for Shareholders

Up-to-date Company information (including company announcements, net asset values and dividend history) may be obtained from Downing's website at:

www.downing.co.uk/d1

If you have any queries regarding your shareholding in Downing ONE VCT plc, please contact the registrar on the number shown on the back cover or visit the Downing Investor Hub website at downing-vct.cityhub.uk.com.

Directors

Chris Kay (Chairman)
Chris Allner
Barry Dean
Stuart Goldsmith

Company Secretary and Registered Office

Grant Whitehouse
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London EC3R 6HD

Registered No. 3150868

Investment Adviser and Administration Manager

Downing LLP
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www.downing.co.uk/d1

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Registrar

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December 2021

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reference number 545025