

Vector Capital Plc  
Interim Financial Report  
For the six months ended 30 June 2024

**VECTOR CAPITAL PLC**  
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**For the six months ended 30 June 2024**

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**VECTOR CAPITAL PLC**  
**Company Information**  
**For the six months ended 30 June 2024**

<b>DIRECTORS:</b>	A Jain J Pugsley R Andrews R Stevens G Robinson	Chief Executive Officer Finance Director Non-Executive Director Non-Executive Chairman Non-Executive Director
<b>COMPANY SECRETARY:</b>	Allazo Ltd	
<b>REGISTERED OFFICE:</b>	2 Claridge Court Lower Kings Road HP4 2AF	
<b>REGISTERED NUMBER:</b>	12140968 (England and Wales)	
<b>AUDITORS:</b>	Gravita Audit Ltd Aldgate Tower 2 Lemn Street London E1 8FA	
<b>NOMINATED ADVISER AND BROKER:</b>	Zeus Capital 82 King Street Manchester M2 4WQ	
<b>REGISTRARS:</b>	Neville Registrars Neville House Steelpark Road Halesowen B62 8HD	
<b>BANKERS:</b>	National Westminster Bank 250 Bishopsgate London EC2M 4AA	
<b>PUBLIC RELATIONS:</b>	IFC Advisory Limited 20 Birchin Lane London EC3V 9DU	

**VECTOR CAPITAL PLC**  
**Chairman's Statement**  
**For the six months ended 30 June 2024**

I'm pleased to present our 2024 Interim Results for the six months ended 30 June 2024, which report a consolidated operating profit of £1,630,000 (2023, £2,163,000) and consolidated pre-tax profits of £707,000 (2023, £1,274,000), reflective of the challenging conditions within the Company's SME bridge financing sector.

These results are presented concurrently with the issue of a Shareholders' Circular that sets out a Tender Offer by the Company to buy back up to 11,244,385 of the Company's ordinary shares and which provides details of the planned withdrawal of the Company from the AIM Market. The interim report should therefore be read in the context of these proposals. In view of the Tender Offer, no interim dividend will be paid in respect of the year.

While general inflation appears to have been brought largely under control, the interim results have been impacted by the adverse effect on some borrowers of stubbornly high interest rates, the continued upward pressure of input prices and a flat or uneven property market, based on a lack of affordability. Although most of the Group's borrowers have been resilient to these issues, some borrowers have seen their equity extinguished and in such circumstances we have been forced to appoint Receivers to safeguard the Group's position. In doing so we have had to write off loan balances of £ 364,000 in the period and in many cases we have not been able to re-employ our capital in new loans as quickly as we would seek to achieve in stronger markets. This has reduced the equity available to support new loans and has therefore depressed income.

Our wholesale banking facilities remain unchanged at £45 million (31 December 2023 £45 million) of which £2.5 million can be applied to loans secured by second charges. The Vector Holdings Limited loan facility reduced from £4 million to £3.5 million during the period

Our strong capital base, our proven loan management systems and the experience of the executive management team has provided considerable comfort during this period. However, market conditions suggest that we are very unlikely to see a return to significant growth in the short to medium term. The reduction in the Group's loan book to £44.8m from £47.9m during the period from 31 December 2023, is consistent with the longer holding periods before we have been able to redeem loans and then re-lend our equity, as described above.

Due to capital market conditions outside our control, we were not able to raise the equity we had intended on acceptable terms to grow the business in line with our previously stated strategy. In the last two years economic pressure on the SME market sector have restricted our growth opportunities. Despite these conditions, our underlying intention remains to maximise the return to shareholders and to that end we believe it is in the best interests of shareholders to have the opportunity to sell their shares back to the Company under the Tender Offer.

We remain fully aware of our environmental, social and governance responsibilities to shareholders and other stakeholders and we are following what we believe to be market best practice and developing procedures to address these important issues. Details of our ESG policies and procedures, aimed principally at responsible lending and encouraging sustainability and avoidance of waste in all we do, are set out on the Company's website [www.vectorcapital.co.uk](http://www.vectorcapital.co.uk).

The Group's results are based on the continued hard work and persistence of the executive team, to whom considerable thanks is due in these challenging business conditions. Thanks, are also due to my fellow Board members and our business partners.

Robin Stevens  
Chairman  
1 August 2024

**VECTOR CAPITAL PLC**  
**Chief Executive's Statement**  
**For the six months ended 30 June 2024**

**Background**

Our principal market continues to be SME borrowers that take loans to refurbish or develop land and property.

Many of these borrowers continue to be faced with high building material costs, long lead times, cost overruns and interest rates that have failed to fall in line with inflation. Banks and other lenders remain extremely cautious and opportunities for borrowers to re-finance developments remain limited.

**Stressed Loans**

Our approach when borrowers experience problems is to be supportive where we believe that the circumstances justify this approach. Where we are not satisfied with the financial viability of a borrowers' loan, we work with the borrowers to give time for them to sell or re-finance and, if necessary, appoint an LPA Receiver to sell the property. The number of receiver appointments again increased this period over previous years.

Our expectation is that we will recover our capital in most cases and where possible the fees and accrued interest in most cases, albeit with consequent delays of 4-12 months. In accordance with our normal policy, we have made provision for estimated doubtful debts at the end the period and the impact on our results is within the margins we had stress tested. During the period we wrote off £363,681 mainly on accrued interest and costs. Our strong capital base provides the Board with a high level of confidence that we can weather these continued challenging market conditions for many of our borrowers.

**Interim Results**

As a consequence of these challenging market conditions, unaudited profit before tax for the period was £707,000 on a revenue of £2.5m (£1.3m and £2.9m, respectively, 30 June 2023).

At 30 June 2024 the loan book was £44.8m (31 December 2023, £47.9m), and the consolidated net assets were £25.4m (31 December 2023, £25.5m). The loan balances are stated net of provisions of £928,000 at 30 June 2023 (December 2023, £928,000).

No interim dividend will be paid in respect of the six months ended 30 June 2024 (2023 1.0 pence).

**Loan Book KPIs**

	<b>HY 2024</b> <b>£'000</b>	<b>%</b>	<b>FY 2023</b> <b>£'000</b>	<b>%</b>
Residential	26,429	59.0%	26,623	55.5%
Commercial	7,955	17.8%	10,389	21.7%
Land & Development	5,063	11.3%	5,442	11.3%
Mixed	3,452	7.7%	3,547	7.4%
2nd charge	1,611	3.6%	1,523	3.2%
Other	268	0.6%	415	0.9%
	<b>44,778</b>	<b>100.0%</b>	<b>47,939</b>	<b>100.0%</b>

The loans we have issued to the various market segments that we serve remain broadly similar.

The average rate achieved during the period was 8.92% p.a. (June 2023, 10.18% p.a)

The average loan size was £418,000 spread over 107 live loans. (June 2023, £474,000)

Security held at 30 June 2024 was estimated at £75m giving an average LTV of 59.3% (June 2023, 58.1%).

Continued.

**VECTOR CAPITAL PLC**  
**Chief Executive's Statement (cont.)**  
**For the six months ended 30 June 2024**

**Operational review**

Our strategy for the period has continued to be to seek to maintain high liquidity, with a correspondingly lower loan book and reduced wholesale borrowings.

Our pipeline is healthy with a steady stream of enquiries from our Broker network allowing us to be very selective on the deals that suit us.

Our wholesale banking rates have remained historically high inevitably increased. Our facilities are currently £45m sufficient for the foreseeable future.

The existing operational team is extremely efficient and provides a fast response time to brokers and borrowers alike. We remain lean and have not needed to increase the head count in the period.

**Outlook**

These results are released alongside the Shareholders' Circular referring to a Tender Offer to buy back up to 11,244,385 issued ordinary 0.5p shares for 33p per share which will absorb up to £3.7 million, plus expenses, as a prelude to a withdrawal from the AIM Market. This will reduce the Company's ability to expand its loan book in the short to medium term, but in view of the generally challenging market conditions and limited expectations for expansion at our previously intended rate, we believe it is important to provide shareholders with the opportunity to withdraw their investment and re-invest in the market as they think fit. Vector is in a financial position that allows it to undertake the planned buy back and we hope to return to a growth path when market conditions allow.

Agam Jain  
Chief Executive Officer  
1 August 2024

**VECTOR CAPITAL PLC**  
**Condensed Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 June 2024**

		<b>Six months ended 30 June 2024 £'000 (Unaudited)</b>	<b>Six months ended 30 June 2023 £'000 (Unaudited)</b>	<b>Year ended 31 December 2023 £'000 (Audited)</b>
	<i>Notes</i>			
<b>Revenue</b>	3	2,544	2,851	5,713
Cost of sales		(175)	(156)	(392)
<b>Gross profit</b>		2,369	2,695	5,321
Administrative expenses		(739)	(532)	(1,490)
<b>Operating profit</b>		1,630	2,163	3,831
Finance income		2	-	18
Finance costs		(925)	(889)	(1,782)
<b>Profit on ordinary activities before taxation</b>		707	1,274	2,067
Income tax expense	4	(177)	(305)	(487)
<b>Profit after taxation</b>		530	969	1,580
Other comprehensive income		-	-	-
<b>Total comprehensive income attributable to the shareholders of the Company</b>		530	969	1,580
Pro-forma basic and diluted earnings per share attributable to the owners of the Company (pence)	9	1.17	2.14	3.49

**VECTOR CAPITAL PLC**  
**Condensed Consolidated Statement of Financial Position**  
**For the six months ended 30 June 2024**

	Notes	30 June 2024 £'000 (Unaudited)	30 June 2023 £'000 (Unaudited)	31 December 2023 £'000 (Audited)
<b>Non-Current assets</b>				
Property, plant and equipment	5	-	1	-
		-	1	-
<b>Current assets</b>				
Trade and other receivables	6	45,555	49,422	48,746
Cash and bank balances		1,598	479	306
		<b>47,153</b>	<b>49,901</b>	<b>49,052</b>
<b>Total Assets</b>		<b>47,153</b>	<b>49,902</b>	<b>49,052</b>
<b>Current liabilities</b>				
Trade and other payables	7	18,219	20,230	22,648
Income tax payable		72	307	169
		<b>18,291</b>	<b>20,537</b>	<b>22,817</b>
<b>Non-Current liabilities</b>				
Trade and other payables	7	3,500	4,000	712
<b>Total Liabilities</b>		<b>21,791</b>	<b>24,537</b>	<b>23,529</b>
<b>Equity</b>				
Share capital	8	226	226	226
Share premium		20,875	20,876	20,876
Group reorganisation reserve		188	188	188
Retained earnings		4,073	4,075	4,233
		<b>25,362</b>	<b>25,365</b>	<b>25,523</b>
<b>Total Equity and Liabilities</b>		<b>47,153</b>	<b>49,902</b>	<b>49,052</b>



**VECTOR CAPITAL PLC**  
**Condensed Consolidated Statement of Changes in Equity**  
**For the six months ended 30 June 2024**

	Share capital £'000	Share premium £'000	Group reorganisation reserve £'000	Retained profits £'000	Total equity £'000
<b>Balance at 1 January 2023</b>	<b>226</b>	<b>20,876</b>	<b>188</b>	<b>3,798</b>	<b>25,088</b>
Profit for the six months ended 30 June 2022	-	-	-	969	969
Dividends paid	-	-	-	(692)	(692)
<b>Balance at 30 June 2023</b>	<b>226</b>	<b>20,876</b>	<b>188</b>	<b>4,075</b>	<b>25,365</b>
Profit for the six months ended 31 December 2023	-	-	-	612	612
Dividends paid	-	-	-	(452)	(452)
<b>Balance at 31 December 2023</b>	<b>226</b>	<b>20,876</b>	<b>188</b>	<b>4,235</b>	<b>25,525</b>
Profit for the six months ended 30 June 2024	-	-	-	530	530
Dividends paid	-	-	-	(692)	(692)
<b>Balance at 30 June 2024</b>	<b>226</b>	<b>20,876</b>	<b>188</b>	<b>4,073</b>	<b>25,363</b>

**VECTOR CAPITAL PLC**  
**Condensed Consolidated Statement of Cash Flows**  
**For the six months ended 30 June 2024**

	Six Months ended 30 June 2024 £'000 (Unaudited)	Six Months ended 30 June 2023 £'000 (Unaudited)	Year ended 31 December 2023 £'000 (Audited)
<b>Cash flow from operating activities</b>			
Profit for the period before taxation	707	1,274	2,067
<b>Adjustment for:</b>			
Finance cost	925	889	1,741
Depreciation		-	1
Finance income	(2)	-	(17)
Tax paid	(273)	(238)	(558)
<b>Operating cash flows before movements in working capital</b>	<b>1,357</b>	<b>1,925</b>	<b>3,234</b>
Decrease in trade and other receivables	3,191	4,575	5,251
Decrease in trade and other payables	(1,140)	(5,131)	(7,000)
<b>Cash generated from operating activities</b>	<b>3,408</b>	<b>1,369</b>	<b>1,485</b>
Interest paid	(925)	(889)	(1,741)
<b>Net cash generated from/(absorbed in) operating activities</b>	<b>2,483</b>	<b>480</b>	<b>(256)</b>
<b>Cash flows from investing activities</b>			
Finance income	2	-	17
<b>Net cash generated from investing activities</b>	<b>2</b>	<b>-</b>	<b>17</b>
<b>Cash flows (for)/from financing activities</b>			
(Paid to)/Introduced by Holding company	(500)	-	1,000
Amounts (drawn)/introduced by directors	(1)	3	2
Equity dividends paid	(692)	(692)	(1,145)
<b>Net cash absorbed in financing activities</b>	<b>(1,193)</b>	<b>(689)</b>	<b>(143)</b>
<b>Net (decrease) in cash &amp; cash equivalents</b>	<b>1,292</b>	<b>(209)</b>	<b>(382)</b>
Cash and equivalent at beginning of period	306	688	688
<b>Cash and equivalent at end of period</b>	<b>1,598</b>	<b>479</b>	<b>306</b>

**VECTOR CAPITAL PLC**  
**Notes to the Interim Financial Statements**  
**For the six months ended 30 June 2024**

**1. Basis of Preparation**

The interim consolidated financial statements of Vector Capital Plc (the “Company”) are unaudited condensed financial statements for the six months ended 30 June 2024. These include unaudited comparatives for the six months ended 30 June 2023 together with audited comparatives for the year ended 31 December 2023. The financial information for the six months ended 30 June 2022 does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. A copy of the audited financial statements for the year ended 31 December 2023 is available on the Company's website. The auditor's opinion on those financial statements was unqualified and did not draw attention to any matters by way of an emphasis of matter paragraph. These interim condensed financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 December 2024 based on the recognition and measurement principles of United Kingdom adopted International Financial Reporting Standards (IFRS), in accordance with the provisions of the Companies Act 2006, applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention. The Group's presentation and functional currency is Sterling (£). The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting' and should be read in conjunction with the Group's annual financial statements to 31 December 2023. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS. The preparation of financial statements in conformity with United Kingdom adopted International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

**2. General information**

The condensed consolidated financial information comprises the financial information of the Company, Vector Asset Finance Ltd and Vector Business Finance Ltd (the Group).

The principal activities of the entities in the Group are as follows: -

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Principal activities</u>
Vector Capital Plc	England and Wales	Holding company
Vector Business Finance Ltd	England and Wales	Commercial lending
Vector Asset Finance Ltd	England and Wales	Commercial lending

There have been no significant changes in these activities during the relevant financial periods.

**3. Segmental reporting**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (which takes the form of the Board of Directors) as defined in IFRS 8, in order to allocate resources to the segment and to assess its performance.

Based on management information there is one operating segment. Revenues are reviewed based on the services provided.

No customer has accounted for more than 10% of total revenue during the periods presented.

**VECTOR CAPITAL PLC**  
**Notes to the Interim Financial Statements**  
**For the six months ended 30 June 2024**

**4. Income Tax expense**

The tax charge on profits assessable has been calculated at the rates of tax prevailing, based on existing legislation, interpretation and practices in respect thereof.

**5. Property, plant and equipment**

	<b>Fixture, fittings and equipment</b>		
	<b>30 Jun 24</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>			
Brought forward	1	5	5
Disposals	-	-	(4)
<b>Carried forward</b>	<b>1</b>	<b>5</b>	<b>1</b>
<b>Accumulated depreciation</b>			
Brought forward	1	4	4
Depreciation	-	-	1
Depreciation on disposals	-	-	(4)
<b>Carried forward</b>	<b>1</b>	<b>4</b>	<b>1</b>
<b>NBV c/fwd</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>NBV b/fwd</b>	<b>-</b>	<b>1</b>	<b>1</b>

**6. Trade and other receivables**

	<b>30 Jun 24</b>	<b>30 Jun 23</b>	<b>31 Dec 23</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Current</b>			
Trade receivables	43,446	48,810	45,891
Prepayments and accrued income	777	612	808
<b>Total</b>	<b>44,223</b>	<b>52,223</b>	<b>46,699</b>
<b>Non-Current</b>			
Trade receivables	1,332	-	2,047
	<b>45,555</b>	<b>52,223</b>	<b>48,746</b>

At 30 June 2024 37% of trade receivables were held by third party secure funding via the block discounting facility (30 Jun 23: 48%, 31 Dec 23: 52%).

Trade receivables due after more than 1 year is not considered material and therefore not reflected separately on the Balance Sheet.

**VECTOR CAPITAL PLC**  
**Notes to the Interim Financial Statements**  
**For the six months ended 30 June 2024**

**7. Trade and other payables**

	<b>30 Jun 24</b> <b>(Unaudited)</b> <b>£'000</b>	<b>30 Jun 23</b> <b>(Unaudited)</b> <b>£'000</b>	<b>31 Dec 23</b> <b>(Audited)</b> <b>£'000</b>
<b>Current</b>			
Trade payable	11	38	9
Amounts owed to parent company	-	-	4,000
Other payables	17,401	20,082	18,483
Accruals and deferred income	114	110	156
<b>Total</b>	<b>17,526</b>	<b>28,140</b>	<b>22,648</b>
<b>Non-Current</b>			
Amounts owed to parent company	3,500	4,000	-
Other payables	693	-	712
	<b>4,193</b>	<b>4,000</b>	<b>712</b>

Other payables includes loan finance of £16,800k (30 Jun 23: £20,069k, 31 Dec 23: £19,167k) which is secured against associated loans assigned by way of block discounting.

**8. Called up share capital**

<b>Authorised</b>	<b>Nominal value</b>	<b>30 Jun 24</b> <b>(Unaudited)</b> <b>£'000</b>	<b>30 Jun 23</b> <b>(Unaudited)</b> <b>£'000</b>	<b>31 Dec 23</b> <b>(Audited)</b> <b>£'000</b>
45,244,385 Ordinary	£0.005	226	226	226

**9. Basic and diluted earnings per share**

The calculation of earnings per share is based on the following earnings and number of shares.

	<b>30 Jun 24</b> <b>(Unaudited)</b> <b>£'000</b>	<b>30 Jun 23</b> <b>(Unaudited)</b> <b>£'000</b>	<b>31 Dec 23</b> <b>(Audited)</b> <b>£'000</b>
Total comprehensive income for the period, used in the calculation of total basic and diluted profit per share	530	969	1,580
Weighted average number of ordinary shares for the purpose of basic and diluted profit per share	45,244,385	45,244,385	45,244,385
<u>Earnings per share</u>			
Basic and diluted earnings per share (pence)	1.17	2.14	3.49

**VECTOR CAPITAL PLC**  
**Notes to the Interim Financial Statements**  
**For the six months ended 30 June 2024**

**10. Significant related party transactions**

The Group owed £3.5 million to its parent company, Vector Holdings Ltd (30 Jun 23 £4 million, 31 Dec 23: £4 million). During the period the Company paid interest totalling £112k to Vector Holdings Ltd in relation to the balance owed as per the loan agreement (30 Jun 23: £97k, 31 Dec 23: £222k).

During the period the Company paid £520k in dividends to Vector Holdings Ltd (30 Jun 23: £520k, 31 Dec 23: £860k).

**11. Subsequent events**

On 2 August 2024 the Company issued a Tender Offer to acquire up to 11,244,385 ordinary shares at a price of 33 p per share and announced the intention to withdraw from the AIM market of the London Stock Exchange. This is a non-adjusting post balance sheet event.

**12. Half Year Report**

A copy of this interim report, as well as the annual statutory accounts to 31 December 2023 are available on the Company's website at [www.vectorcapital.co.uk/investors/corporate-documents](http://www.vectorcapital.co.uk/investors/corporate-documents)