

Baronsmead Second Venture Trust plc
Annual Report and Audited Financial Statements
for the year ended 30 September 2024

The Directors of Baronsmead Second Venture Trust plc are pleased to announce the Annual Financial Report for the year ended 30 September 2024. The Annual Report and Financial Statements can be obtained from the following website: www.baronsmeadvcts.co.uk

Financial Highlights

- Net Asset Value ("NAV") per share increased 6.3 per cent to 59.2p, before the deduction of dividends, for the financial year ended 30 September 2024.
- NAV total return of 337.7p to shareholders for every 100.0p invested at launch (January 2001).
- Annual tax free dividend yield of 7.2 per cent based on 4.0p dividends paid (including proposed final dividend of 2.25p) and opening NAV of 55.6p.
- £13.4million of investments made into seven new and twelve follow-on opportunities during the year.

Investment policy

Baronsmead Second Venture Trust plc's ("the Company") investment policy is to invest primarily in a diverse portfolio of UK growth businesses, whether unquoted or traded on AIM, which are substantially based in the UK, although many of these investees may have some trade overseas.

Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value and which will diversify the portfolio.

The Company will make investments in accordance with the prevailing VCT legislation which places restrictions on the type and age of investee companies as well as the maximum amount of investment that such investee companies may receive.

Investment securities

The Company invests in a range of securities including, but not limited to, ordinary and preference shares, loan stocks, convertible securities, and permitted non-qualifying investments as well as cash. Unquoted investments are usually structured as a combination of ordinary shares and loan stocks or preference shares, while AIM-traded investments are primarily held in ordinary shares. No single investment may represent more than 15 per cent (by VCT value) of the Company's total investments.

Liquidity

Pending investment in VCT qualifying investments, the Company's cash and liquid funds are held in permitted non-qualifying investments.

Investment style

Investments are selected in the expectation that the application of private equity disciplines, including active management of the investments, will enhance value and enable profits to be realised on the sale of investments.

Co investment

The Company typically invests alongside Baronsmead Venture Trust plc in unquoted and quoted companies sourced by the Manager. Following the Manager's acquisition of the Mobeus VCTs in September 2022, the Company now also co-invests alongside the Mobeus VCTs in new unquoted VCT qualifying investments. All new qualifying AIM dealflow will continue to be exclusively allocated between the Company and Baronsmead Venture Trust plc.

As detailed in the Management retention section of the Strategic Report in the full Annual Report and Accounts the Manager's staff and portfolio consultants are entitled to invest in unquoted investments alongside the Company. This arrangement is in line with current practice of private equity houses and its objective is to attract, recruit, retain and incentivise the Manager's team and is made on terms which align the interests of shareholders and the Manager.

Borrowing powers

Should it be required, the Company's policy is to use borrowing for short term liquidity purposes only up to a maximum of 25 per cent of the Company's gross assets, as permitted by the Company's Articles of Association.

Investment objective

The Company is a tax efficient listed company which aims to achieve long-term positive investment returns for private investors, including tax-free dividends.

Dividend policy

The Board will decide the annual dividends each year and the level of the dividends will depend on investment

performance, the level of realised returns and available liquidity. The dividend policy guidelines below are not binding and the Board retains the ability to pay higher or lower dividends relevant to prevailing circumstances and actual realisations. However, the Board confirms the following two guidelines that shape its dividend policy:

- The Board will, wherever possible, seek to pay two dividends to shareholders in each calendar year, typically an interim in September and a final dividend following the AGM in February/March; and
- The Board will use, as a guide, when setting the dividends for a financial year, a sum representing 7 per cent of the opening NAV of that financial year.

Key elements of the business model

Access to an attractive, diverse portfolio

The Company gives shareholders access to a diverse portfolio of growth businesses.

The Company will make investments in growth businesses, whether unquoted or traded on AIM, which are substantially based in the UK in accordance with the prevailing VCT legislation. Investments are made selectively across a range of sectors.

The Manager's approach to investing

The Manager endeavours to select the best opportunities and applies a distinctive selection criteria based on

- Primarily investing in parts of the economy which are experiencing long term structural growth
- Businesses that demonstrate, or have the potential for, market leadership in their niche
- Management teams that can develop and deliver profitable and sustainable growth
- Companies with the potential to become an attractive asset appealing to a range of buyers at the appropriate time to sell

In order to ensure a strong pipeline of opportunities, the Manager invests in building deep sector knowledge and networks and undertakes significant proactive marketing to interesting target companies in preferred sectors. This approach generates a network of potentially suitable businesses with which the Manager maintains a relationship ahead of possible investment opportunities.

The Manager as an influential shareholder

The Manager is an engaged and supportive shareholder (on behalf of the Company) in both unquoted and significant quoted investments.

For unquoted investments, representatives of the Manager often join the investee board.

The role of the Manager with investees is to ensure that strategy is clear, the business plan can be implemented and that the management resources are in place to deliver profitable growth. The intention is to build on the business model and grow the company into an attractive target able to be either sold or potentially floated in the medium term.

STRATEGIC REPORT

CHAIR'S STATEMENT

The economic environment over the 12 months to 30 September 2024 was mixed. The persistently high inflation and rising interest rates that preceded the start of the period subsided, with inflation falling to the lowest level in three years and there was an initial cut in interest rates, with expectations of more to come. Against this backdrop, the Company's NAV per share increased 3.53p per share (6.3 per cent) before dividend payments for the year ended 30 September 2024.

UK consumer confidence is also at its highest level in three years. However this has not yet translated into consumption, which remains subdued, as evidenced by the recent household saving data. The Company aims to achieve long-term positive investment returns for its shareholders from a diverse portfolio of investments in UK growth companies. Despite the difficult conditions leading to a drop in the value of the unquoted portfolio over the period, the Board continues to believe that, in aggregate, the fundamentals of the large majority of portfolio companies remain robust. The Company continues to be in a position to support those investee companies where the Manager believes there is a strong prospect of providing good investment returns for shareholders over the medium to longer term.

Results

	Pence per ordinary share
NAV as at 1 October 2023 (after final dividend)	55.63
Valuation increase (6.3 per cent)	3.53
NAV as at 30 September 2024 before dividends	59.16
Less:	
Interim dividend paid on 9 September 2024	(1.75)
Proposed final dividend of 2.25p payable, after shareholder approval, on 17 March 2025	(2.25)
Illustrative NAV as at 30 September 2024 after proposed dividend	55.16

Portfolio Review

At 30 September 2024, the Company's investment portfolio was valued at £140.2 million and comprised 83 direct

investments, of which 41 are in unquoted companies and 42 are in quoted companies. The Company's investments in three WS Gresham House Equity Funds were valued at £62.5 million at 30 September. These investments provide investment exposure to an additional 77 AIM-traded and fully listed companies, spreading investment risk across a highly diversified portfolio of 160 companies.

The performance of the Company's portfolio of AIM-listed and other listed investments was 16.2% during the year. This compared favourably to the FTSE AIM All Share Index which was 2.0 per cent over the same period. Significant contributors to this performance were Cerillion, up 47.7 per cent during the year; and Property Franchise Group, up 54.5 per cent during the year.

The Company's unquoted investments however were down 9.0 per cent during the year. This is clearly very disappointing and stems from continued difficult trading conditions and lower valuations where the valuations are based on the valuation of comparable listed companies and affected by higher discount rates. The largest detractors from performance were eConsult in the healthcare sector and RevLifter in the technology sector. These are covered in more detail in the Manager's Review in the full Annual Report and Accounts.

Investments and Divestments

The Board is once again pleased to report that the Company continues to see attractive opportunities and make new investments. The Company invested a total of £13.4 million in 19 companies over the year. Further details of the new investments made are included in the Manager's review in the full Annual Report and Accounts. As we have said to shareholders previously, the requirement since 2015 to make investments in earlier stage companies is likely to result in greater volatility of returns over time. However, the more mature, established portfolio of existing investments should assist in sustaining returns and dividends for shareholders, as the newer holdings develop and grow.

The priority for portfolio companies is to operate in a difficult macroeconomic environment with proactivity and resilience. The Company has the resources to support new and existing portfolio companies and the Manager is focusing on the key challenges and opportunities of each holding.

There was only one full realisation in the unquoted portfolio during the year with proceeds of £0.1 million received from the realisation of FundingXchange, for a gross multiple of 0.1x cost. However, in addition to this, deferred earn-out consideration of £0.1 million from the sale of Evotix for a gross money multiple of 0.8x cost. In the listed portfolio, the Manager has also continued its approach of profitable partial realisations of Cerillion during the year, resulting in the receipt of proceeds of £8.2 million at an aggregate of 21.1x original invested cost in this AIM-listed company. Following the takeovers of Gresham House and Gama Aviation, the Company received £0.5 million for a gross money multiple of 3.9x cost and £0.6 million for a gross money multiple of 0.6x cost respectively.

Dividends

The Board is pleased to declare a final dividend of 2.25p per share for the year to 30 September 2024, payable on 17 March 2025. This is in addition to the 1.75p interim dividend paid in September and means that the total dividends for the year are 4.00p. This is a 7.2 per cent yield based on the opening NAV of 55.6p and meets the target policy of 7 per cent of the NAV at the start of the year.

VCT Regulations - Retirement Date of the UK Government's Venture Capital Schemes

During the summer we were pleased to see the European Commission approve the extension of the VCT scheme until 5 April 2035. This was formalised by UK legislation on 3 September 2024. The regulations bring into effect the extension of the Enterprise Investment Scheme (EIS) and the Venture Capital Trust (VCT) Scheme sunset clause to 2035.

Autumn Budget 2024

AIM stocks suffered a material sell off in the run up to the October 2024 UK budget on fears that IHT tax relief on AIM shares might be removed. In the event the relief was reduced but not removed entirely resulting in a relief rally in certain popular AIM stocks. Overall the preservation of the relief albeit at reduced rates signals a recognition by the new government that support for the AIM market is important as a component of its overall growth strategy. We look forward to more indications of government support for the UK equity market going forward.

Consumer Duty

The FCA's Consumer Duty came into force on 31 July 2023 and requires in-scope firms to act to deliver good outcomes for retail customers across the distribution chain in respect of four main areas: (i) products and services, (ii) price and value, (iii) consumer understanding, and (iv) consumer support. The Consumer Duty applies to the regulated and ancillary activities of all FCA authorised firms under the Financial Services and Markets Act 2000, the Payment Services Regulations 2017 and the Electronic Money Regulations 2011. VCTs are not FCA authorised firms and, accordingly, the Company does not fall within scope of the Consumer Duty. However, the Consumer Duty does apply to the Manager, being an FCA authorised firm, and the Board is cognisant of the Manager's obligations to comply with the Consumer Duty. Notwithstanding that the Baronsmead VCTs are outside of direct scope of the Consumer Duty, the Investment Manager continue to apply the principles of the Consumer Duty to the VCTs given the retail nature of the target market. The Board receives regular updates from the Manager on the delivery of its obligations under the Consumer Duty.

Succession planning

During the year, the Board began the process of implementing its succession plan, with Adriana Stirling joining the Board on 1 December 2024. Adriana qualified as a chartered accountant with PricewaterhouseCooper LLP ("PwC") and developed extensive organisational and financial crime technical expertise over her 17 years at PwC, leading client engagements across financial and non-financial service industries, spanning the public and private sectors. In 2014, she became the Managing Director of a private family office. She has overall responsibility for the investment and operational aspects of the office, including managing significant shareholder positions in several unquoted companies. We are very much looking forward to working with her.

Our current Audit & Risk Committee Chair, Malcolm Groat, will be retiring with effect from 31 December 2024. Malcolm has served as a director of Baronsmead Second Venture Trust plc since 2016. I would like to thank Malcolm for his dedication and hard work during this time and wish him all the best in his future endeavours. Malcolm was also the Senior Independent Director and, following Malcolm's retirement, Graham McDonald will assume this role.

Fundraising

On 1 October 2024 the Company announced its intention to fundraise new funds in the 2024/25 tax year. It is the Board's current intention to launch its offer for subscription to raise £15 million (before costs) with an additional £10 million over allotment facility during January 2025 in a joint offer for subscription alongside our sister VCT, Baronsmead Venture Trust plc. The full terms and conditions as they pertain to these offers will be published in the prospectus and we will ensure shareholders are notified accordingly.

Annual General Meeting ("AGM")

The Company intends to hold the next AGM on 12 March 2025. Shareholders are invited to attend a presentation by the Manager at 11am followed by a Q&A session. This will be followed by some light refreshments at 12.30pm. The formal business of the AGM will start at 1.30pm.

The event will give shareholders more opportunity to engage with the Board and the Manager and I look forward to meeting as many shareholders as possible. Please see the inside cover for more details and how to register to attend. Registration details will also be included in the Notice of AGM and on the Baronsmead Second Venture Trust website. The event will be held in person, with a recording made available shortly afterwards for those unable to attend in person.

Outlook

With UK CPI now tracking the target inflation level and UK investors having priced in their expectations of two further interest rate cuts, we hope that the green shoots of economic improvement in the second half of the year will continue.

The portfolio remains highly diversified and the Board continues to believe it is a good time to be investing in earlier stage, innovative and high growth potential businesses. The Manager is actively seeking to complete new investments, believing that this is a propitious time in the economic cycle ahead of the typical upswing that follows the uncertain times of the past few years. We remain confident that the Manager is suitably resourced and positioned to provide the necessary levels of support to the portfolio companies and remains focussed on retaining, recovering and helping to grow value in existing and future investee companies.

Sarah Fromson
Chair
23 December 2024

MANAGER'S REVIEW

2024 has been a very unusual year with significant macroeconomic and geopolitical factors having a significant influence over markets. The UK equity market delivered modest growth during the year with larger cap companies outperforming smaller cap companies, particularly those on AIM due to ongoing negative fund flow dynamics and depressed risk appetite amongst domestic investors. An increasing weight of money chasing large cap US stocks, particularly in the technology sector, supported by index funds and passive flows has further exacerbated the relative underperformance of the UK. Such levels of global equity market concentration into one geography (the US) and certain sectors or companies (large cap technology) have only been seen infrequently throughout history and have typically reversed aggressively in due course. A period of uncertainty following the snap UK general election and the new Labour government's first budget, the longest such period for almost 100 years, contributed to volatile sentiment and produced a further headwind for UK smaller companies reduced, both listed share prices and funding availability for unquoted growth companies. In particular the shares of many AIM-listed companies were depressed by the uncertainty running up to the budget due to concerns over the future of tax reliefs although the outcome was ultimately less bad than feared by many commentators. There remains an ongoing disparity between the valuations of many UK smaller companies and equivalent valuations for similar companies in private markets. This has supported the ongoing elevated level of takeover activity across the UK market as private equity investors and strategic corporates seek to exploit this discount to buy businesses. We expect this discount to close as more investors return seeking to capture some of this increasingly extreme value opportunity.

During the year our AIM portfolio and our WS Gresham House Equity Fund investments significantly outperformed our unquoted portfolio. This largely reflects the relative maturity of the underlying portfolio companies with our quoted holdings typically being larger, profitable, cash generative businesses that have already established themselves and delivering growth at a sensible moderate pace. In contrast the nature of the relatively earlier stage unquoted portfolio is such that more of these businesses are immature and more exposed to elongating sales cycles that are typical during periods of greater economic uncertainty. Also typically a certain number of earlier stage venture investments will fail and those that do tend to fail earlier than the time it takes for the successful businesses to demonstrate meaningful and sustained traction. As a result we expect to see value uplifts come through from the unquote portfolio in future years as some of the businesses mature.

PORTFOLIO REVIEW

Overview

The net assets of £227 million were invested as follows:

Asset class	NAV (£mn)	% of NAV*	Number of investees	% return in the year**
Unquoted	53	23	41	(9)
AIM traded companies	87	38	42	16
WS Gresham House Equity Funds***	62	28	77	18
Liquid assets#	25	11	N/A	3
Totals	227	100	160	6

Totals	££'	100	100	0
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* By value as at 30 September 2024.

** Return includes interest received on unquoted realisations during the year.

*** Excludes investee companies with holdings by more than one fund.

Represents cash, OEICs and net current assets. % return in the period relates only to the cash liquidity funds.

The timeline and table in the Annual Report and Accounts show the breakdown of new investments and realisations over the course of the year and below is a commentary on some of the key highlights in both the unquoted and quoted portfolios.

Investment activity - unquoted and quoted

The Company's investment strategy is primarily focused on companies operating in parts of the economy that we believe are benefiting from long-term structural growth trends and in sectors where we have deep expertise and network. The amount of capital invested in each business is matched to the scale, maturity and underlying risk profile of the company seeking investment.

During the year, £13.4 million was invested into 19 companies including 7 new additions to the portfolio and 12 follow-on investments.

Five new unquoted investments were completed during the year.

Below are descriptions of the new investments made;

- Ozone API is a software developer providing banks and financial institutions with low-cost, compliant APIs
- CitySwift is a software business that works with bus operators to analyse data from their networks
- Azarc.io specialises in business process automation, notably automating custom declaration forms
- SciLeads is a data-intelligence platform that enables companies operating within Life Science verticals to identify, track and convert potential customers
- OnSecurity Technology is a B2B cybersecurity services business which has built a technology platform to automate the scoping, scheduling, and reporting of human-based penetration tests

Two new AIM quoted investments were made during the year:

- IntelliAM is a provider of a machine learning platform enabling manufacturing organisations to leverage their data and maximise the value and efficiency of their assets
- Eamz is a consolidator in the blue collar energy services sector created by an experienced Executive Chairman which the Manager has successfully backed in previous ventures

The Company made additional investments totalling £5.1 million into twelve existing portfolio companies, 3 quoted and 9 unquoted, across the year. This is consistent with the investment strategy of continuing to back our high potential assets with further capital to support future growth. We anticipate the level of follow-on investment will continue to grow as the earlier stage portfolio continues to mature.

Investment diversification at 30 September 2024 by value

Sector*

Technology	64%
Healthcare & education	20%
Business services	9%
Consumer markets	7%

Total assets

AIM	38%
WS Gresham House Equity Funds	28%
Unquoted	23%
Cash liquidity funds	11%

Length of time investments held*

Pre-VCT rule change**	49%
Between 5 years and VCT rule change	12%
Between 3 and 5 years	22%
Between 1 and 3 years	11%
Less than 1 year	6%

** Direct investments only, not held by the WS Gresham House UK Equity Funds.*

*** Investments made prior to the VCT rule change that took effect from 18 November 2015.*

Quoted Portfolio (AIM-traded investments)

Performance

The quoted portfolio delivered positive absolute performance of 16.2 per cent during the year, despite the ongoing elevated levels of geopolitical and macroeconomic uncertainty in the markets. For reference the AIM market in the UK increased 2.0 percent over the same period. The AIM portfolio remains in good financial health and is exposed to structural growth areas providing some insulation from the deteriorating economic conditions.

The software sector provided the largest positive contributor to performance with Cerillion, a provider of billing and charging software to the telecoms industry continuing to deliver strong revenue and profit growth. Property Franchise Group, a franchised estate agency business focussed primarily on lettings, also performed positively during the year following its takeover of Belvoir Lettings.

The largest detractors from performance were Crossword Cybersecurity, a cyber consultancy and software provider, which was subscale and exhibited a challenging cash runway; and Inspired, an energy procurement and optimisation consultancy, which announced the potential for certain large customer projects to be delayed impacting current year revenue and profits.

We continue to closely monitor our AIM portfolio with a rolling programme of independent reviews of top AIM holdings and broadly continue to be positive on the long-term investment prospects of these companies. Many of the larger quoted investments have been long-term holdings. These companies are typically profitable, cash generative businesses with low levels of financial gearing and continue to have attractive long-term growth prospects.

Divestments

There were two full realisations during the year, both corporate actions, in Gresham House and Gama Aviation whose proceeds of £0.1 million and £0.1 million represented gross multiples of 3.9x and 0.6x cost respectively. Our investment in DeepVerge, an environmental and life sciences group, was written off during the year although the NAV impact of this was limited during the year as the value of this investment had decreased in previous years.

The opportunity to crystallise further profits was taken for Cerillion; over the course of the year proceeds of £8.2 million were realised at 21.1x cost.

In addition to this, liquidation proceeds of £0.1 million were received for InterQuest, which was written off in September 2023.

Unquoted portfolio

Performance

The unquoted portfolio decreased in value by 9.0 per cent during the year. The macroeconomic environment remained challenging for our portfolio companies with many experiencing difficult trading conditions and lengthening of product and services sales cycles, most notably consumer related businesses.

This was a disappointing performance which reflects the immaturity of the unquoted portfolio. Earlier stage investment delivered lower levels of growth than had been forecast resulting in shortened cash runways. With this increased risk profile it is appropriate to have reduced the holding value of a number of the companies within our portfolio. Gresham House's experienced Non-Executive Directors and consultants continue to support the portfolio companies during these turbulent times with the expectation that a number of these companies will recover value as they trade out of difficult conditions and / or raise further capital.

Panthera Biopartners and Ozone API were the two investments that made the biggest positive contribution in the year. Panthera, a provider of recruitment services for clinical trials, delivered impressive sales growth and profitability during the year as a result of new contract wins. Ozone API, a software developer providing banks and financial institutions with low-cost, compliant APIs, was a new investment in the year. The company grew in line with expectations and the valuation benefitted from the preference structure of the investment.

The largest detractors from performance were in the healthcare and technology sectors. eConsult, an online consultation provider used by GP practices and hospitals, experienced increased competition during the year and an ongoing challenge of funding for its hospital product, leading to a much reduced cash runway. This led to the decision to seek a new owner for the business and eConsult was acquired by Huma Therapeutics Ltd in a share for share transaction in September 2024. Huma is a well funded digital healthcare business which specialises in continuous patient monitoring. RevLifter, an AI platform using advanced behavioural analytics to deliver tailored promotions to users, suffered from its largest customer, a large US retailer, more than halving its spending.

As Manager we remain highly engaged with the management teams within the portfolio, sharing insight and best practice to help them both manage risk and spot opportunities in a quickly changing environment. We have continued to invest in our portfolio and in-house talent teams, which alongside our extensive network of earlier stage, high growth company experts, ensure we are well positioned to help the companies we invest in to navigate the challenges they face whilst also continuing to develop and scale.

Divestments

There was one full realisation in the unquoted portfolio during the year with proceeds of £0.1 million received from the realisation of FundingXchange, for a gross multiple of 0.1x cost. In addition to this, earn out proceeds were received on Evotix of £0.1 million with a gross money multiple of 0.8x cost. Our investment in Armstrong Craven, a provider of executive search and business intelligence services, was written off during the year although the value of this investment had largely decreased in previous years.

Collective investment vehicles

The Company's investments in the WS Gresham House UK Micro Cap Fund ("Micro Cap"), WS Gresham House UK Multi Cap Income Fund ("Multi Cap") and WS Gresham House UK Smaller Companies Fund ("Small Cap") remain a core component of the Company's portfolio construction. These investments provide shareholders with additional diversification through exposure to an additional 77 underlying companies, as well as access to the potential returns available from a larger and more established group of companies that fall within the Manager's core area of expertise.

Over the year, Small Cap and Micro Cap delivered returns of 31.8 per cent and 9.8 per cent respectively, compared to the IA UK Smaller Companies sector which returned 16.1 per cent. Multi Cap delivered a return of 20.5 per cent, compared to the IA UK Equity Income sector which returned 15.0 per cent.

Micro Cap and Multi Cap continue to be both highly rated by independent ratings agencies. Micro Cap's cumulative performance is currently second quartile within the IA UK Smaller Companies sector over the past 10 years. Multi Cap's cumulative performance has remained the top quartile within the IA UK Equity Income sector since launch in June 2017 and is the best performer over five years. Small Cap has also achieved top quartile cumulative performance since launch in 2019 and is the third best performing fund over the past five years within the IA UK Smaller Companies sector.

Liquid assets (cash and near cash)

The Company had cash and liquidity OEICs of approximately £25.8 million at the year-end. This asset class is conservatively managed to take minimal or no capital risk. The average 7 day yield on the liquidity OEICs was 4.9 per cent at the end of the year.

Third party independent valuations

During the year, the Company engaged the services of Lincoln International and Kroll to conduct independent third party valuations as a means of managing the Board's risk in respect of a systematic error regarding the valuation of one or more of the material VCT portfolio assets. The responsibility for the preparation of draft valuations lies with the Manager, and this does not constitute outsourcing of any part of the valuation, and the Board is responsible for the approval of valuations. The Manager uses these independent valuations in conjunction with their own valuations to provide independent assurance and risk mitigation to the Board and the Board continues to support this. Four unquoted investments were selected focussing on the higher valued assets in the portfolio, which also covered different characteristics such as value based on both revenue and EBITDA multiples and those with a range of both equity and loan instruments. In July 2024, the Board assessed the use of the third party valuations and concluded that the process had provided comfort on the Manager's controls and the quality of the Manager's processes compared to the market. Furthermore, the Board agreed to reassess the use of third party independent valuations on a regular basis.

ESG Highlights

Following the year end, we commenced our latest ESG survey of our unquoted portfolio companies, to identify how these companies think about ESG and which ESG data is already being reported and monitored. Further details on our ESG approach and policies can be found in the strategic report in the full Annual Report and Accounts.

Outlook

Geo-political flux is likely to persist throughout 2025, although the UK election result will hopefully allow more clarity on the future economic and political landscape. That being said, the impact of the UK Government's first budget has caused an element of short term market turbulence, potential inflationary pressures and pausing of interest rate reductions.

This environment should present attractive opportunities with the advantage of being able to take a longer-term view of both new and portfolio follow-on investments. The early stage cohort of investments are taking on the challenges presented and are expected to accelerate their funding plans, however this should also produce some compelling follow-on investment opportunities.

Gresham House's seasoned investment managers are a vital source of knowledge and experience available to support the Company's portfolio of management teams. In this respect, Gresham House is well placed by having one of the largest and most experienced portfolio teams in the industry.

Looking into 2025, the Manager remains cautiously optimistic that the combination of a somewhat improving economic backdrop, greater political stability and a more attractive valuation environment will produce attractive investment opportunities when viewed with a long-term perspective.

Investments in the year*

Invested a total of £13.4 million in to:

- £5.520 million in to five new unquoted investments
- £3.814 million in to nine existing unquoted investments
- £2.820 million in to two new AIM-traded investments
- £1.253 million in to three existing AIM-traded investments

October 2023

Eden Research plc- £0.9mn (quoted, follow on)

December 2023

Ozone Api - £1.8mn (unquoted, new investment)
CitySwift - £0.9mn (unquoted, new investment)
Patchworks - £0.9mn (unquoted, follow on)
Azarc.io - £0.7mn (unquoted, new investment)
Mettrion Biosciences- £0.5mn (unquoted, follow on)
Focal Point Positioning - £0.2mn (unquoted, follow on)

March 2024

SciLeads - £0.9mn (unquoted, new investment)
PCI-PAL - £0.2mn (quoted, follow on)
Orri - £0.1mn (unquoted, follow on)

April 2024

Yappy - £0.3mn (unquoted, follow on)
Rockfish Group - £0.2mn (unquoted, follow on)

May 2024

CountingUp - £0.5mn (unquoted, follow on)

June 2024

OnSecurity Technology - £1.2mn (unquoted, new investment)
Dayrize - £0.1mn (unquoted, follow on)

July 2024

IntelliAM - £2.1mn (quoted, new investment)
Orri - £0.2mn (unquoted, follow on)

August 2024

Airfinity - £0.7mn (unquoted, follow on)
Oberon Investments - £0.1mn (quoted, follow on)

September 2024

Eamz - £0.7mn (quoted, new investment)
Dayrize - £0.1mn (unquoted, follow on)

* Investments in to unquoted and AIM investments only.

Realisations in the year

Company		First	Original	# Proceeds [‡]	Overall multiple return (x)	IRR (%)
		investment date	book cost			
			£'000	£'000		
Unquoted realisations						
Funding Xchange Ltd	Full trade sale	Nov 19	795	50	0.1	-
Armstrong Craven Ltd	Written off	Jun 13	664	-	1.1*	1.6
Total unquoted realisations			1,459	50		
AIM-traded realisations						
Cerillion plc	Market sale	Nov 15	388	8,171	21.1	43.4
Gama Aviation plc	Tender offer	Nov 10	1,004	573	0.6	-
Gresham House plc	Takeover	Nov 14	137	530	3.9	15.9
Deepverge plc	Written off	Jun 21	1,590	-	-	-

Total AIM-traded realisations	3,119	9,274
Total realisations in the year**	4,578	9,324

During the year, liquidation proceeds of £114k were received from InterQuest Group plc, which was written off in September 2023; and earn out proceeds of £69k were received from Evotix Ltd, which was realised in May 2023; and liquidation proceeds of £14k were received from Crawshaw Group plc, was written off in October 2018.

„ Residual book cost at realisation date.

‡ Proceeds at time of realisation including interest.

* Includes interest/dividends received, loan note redemptions and partial realisations accounted for in prior periods.

** Includes unquoted and AIM investments only.

Final Dividend

Subject to shareholder approval at the AGM, a final dividend of 2.25p per share will be paid on 17 March 2025 to shareholders on the register at 14 February 2025. The ex-dividend date will be 13 February 2025, and the last date for registering DRIP instructions will be 24 February 2025.

Annual General Meeting

The AGM will be held on 12 March 2025 at Saddlers' Hall EC2V 6BR. Shareholders are invited to attend the Shareholder Event starting at 10.30am. This will include presentations from the Company Chair, members of the Manager's team, case studies and presentations from a number of portfolio companies as well as a Q&A session. This will be followed by lunch. The formal business of the AGM will start at 1.30pm. The 2025 Notice of Annual General Meeting can be found on the Company's website and will be posted to shareholders shortly.

Further Information

The Annual Report and Accounts for the year ended 30 September 2024 and the 2025 Notice of Annual General Meeting will both be available today on www.baronsmeadvets.co.uk.

The Annual Report will be submitted shortly in full unedited text to the Financial Conduct Authority's National Storage Mechanism and will be available for inspection at data.fca.org.uk/#/nsm/nationalstoragemechanism in accordance with DTR 6.3.5(1A) of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.

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