

17 June 2025

Northern 2 VCT PLC

Annual Report and Financial Statements for the year ended 31 March 2025

Northern 2 VCT PLC is a Venture Capital Trust (VCT) managed by Mercia Fund Management Limited. It invests mainly in unquoted venture capital holdings and aims to provide long-term tax-free returns to shareholders through a combination of dividend yield and capital growth.

Financial highlights (comparative figures as at 31 March 2024):

Â	Year ended 31 March 2025	Year ended 31 March 2024
Net assets	Â£128.1m	Â£119.5m
Net asset value per share	58.3p	57.3p
Return per share	Â	Â
Revenue	0.5p	0.8p
Capital	3.3p	0.6p
Total	3.8p	1.4p
Dividend per share declared in respect of the period	Â	Â
Interim dividend	1.7p	1.8p
Proposed final dividend	1.3p	1.2p
Total	3.0p	3.0p
Return to shareholders since launch	Â	Â
Net asset value per share	58.3p	57.3p
Cumulative dividends paid per share *	142.0p	139.1p
Cumulative return per share	200.3p	196.4p
Mid-market share price at end of period	53.5p	54.5p
Share price discount to net asset value	8.2%	4.9%
Annualised tax-free dividend yield **	5.2%	5.1%

*Â Â Â Â Â Â Â Excluding proposed final dividend payable on 5 September 2025.

**Â Â Â Â Â Â Â Based on net asset value per share at the start of the period.

Â Â Â Â Â Â Â Definitions of the terms and alternative performance measures used in this report can be found in the glossary of terms in the annual report.

Chairâ€™s statement

Overview

I am pleased to report that in the year ended 31 March 2025, the Company delivered a return of 3.8 pence per share (2024: 1.4 pence), equivalent to 6.6% of the opening net asset value (NAV) per share. Investment activity during the year remained buoyant with a total of Â£14.6 million invested in 17 promising early stage businesses, of which six were new investments. The Company divested its holdings in six companies, raising total proceeds of Â£11.0 million.

In the financial year under review, we saw a change of government in the UK with the Labour Party elected in July 2024. Significant changes were announced in the 2024 UK autumn budget. The new government set out its priorities to drive economic growth. However it also saw tax rises and other changes to address the level of government borrowing. Positively, the 2024 UK autumn budget included the extension of the VCT scheme by a further 10 years which was very welcome as it gave certainty to the VCT sector allowing capital to continue to flow and be invested in early stage, high growth businesses. Although the UK economy has displayed some resilience, with inflation easing from its peak and interest rates starting to fall, there have been reductions in independent growth forecasts and the overall GDP growth outlook remains challenging. It is pleasing to note that the Company has continued its pace of investment activity and grown its NAV per share against this economic backdrop.

Since the financial year end, there has been an increase in volatility in the financial markets driven by external factors. In particular, the trade policies of President Trumpâ€™s administration in respect of tariffs on international trading partners have had significant and wide-ranging impacts on political relations. This has resulted in a lowering of forecasts for global growth. Although the tariffs are on goods rather than services, the USA is a key market for expansion for a number of our portfolio companies and therefore an early resolution over trade arrangements will be welcomed.

Despite the macroeconomic environment, our share offer to raise Â£15 million was oversubscribed and I would like to thank existing shareholders for their continued support and warmly welcome new investors. Proceeds from the share offer, together with sales proceeds from investments mean that the Company is well positioned both to pursue new opportunities to support small and medium businesses and to work with existing portfolio companies to realise their growth plans.

Results and dividend

The NAV per share as at 31 March 2025, after deducting dividends paid during the year totalling 2.9 pence, was 58.3 pence compared with 57.3 pence as at 31 March 2024. Given the increase in NAV per share of the Company and the conditions for the payment of a performance fee being met, a performance fee of Â£321,000 (year ended 31 March 2024: Â£nil) is payable to the Manager and has been provided for in the financial statements.

In 2018, your Directors set an objective of paying an annual dividend representing a yield of at least 5% of the opening NAV per share in each year whilst endeavouring to protect the NAV from erosion over the medium term. Your Board is conscious of the need to balance payment of dividends while also growing NAV per share and sees this as a medium term target. Given the number of profitable realisations over the past few years and the prospects for good realisations from the current portfolio, the Board considers that the 5% dividend target is still appropriate.

Having already declared an interim dividend of 1.7 pence per share which was paid in January 2025, your Directors now propose a final dividend of 1.3 pence per share. The total of 3.0 pence per share is equivalent to 5.2% of the opening NAV of 57.3 pence per share, and is consistent with the total pence per share dividends declared in respect of the previous financial year. The proposed final dividend will be paid on 5 September 2025, subject to approval by shareholders at the Annual General Meeting.

The target dividend yield will remain subject to regular review and the level of future dividend distributions will continue to reflect the level of returns generated by the Company in the medium term, the timing of investment realisations, the availability of distributable reserves and continuing compliance with the VCT scheme rules.

Investment portfolio

The Company continues to be a generalist investor, with allocations predominantly in the software & AI, consumer and health & life sciences sectors. Investment levels have remained strong, with Â£9.3 million of capital provided to six new venture capital companies and Â£5.3 million of follow-on capital invested into 11 existing portfolio investments.

There were six exits in the year, the most notable being Gentronix, sold for net proceeds of Â£5.2 million compared to an original cost of Â£1.2 million, a 4.5 times lifetime return.

Over the year the Company saw increases in the valuations of portfolio by an aggregate of Â£5.3 million. Strong trading in a number of portfolio companies led to uplifts in valuations such as Pure Pet Food (Â£3.0 million), and Project Glow TopCo (t/a The Beauty Tech Group) (Â£3.4 million). It was also necessary to reduce the valuation of two portfolio companies in particular â€“ Adludio (Â£2.6 million), due to the decision to cease funding, and Newcells Biotech (Â£1.5 million), due to poorer trading than expected. Your Directors always consider the state of the investment markets and how these might impact the valuations of the unquoted venture portfolio and have updated valuations to reflect current market conditions where appropriate.

Cash balances

The Company's liquid funds are held in in a money market fund and interest bearing bank accounts. As at 31 March 2025, Â£31.0 million (out of a total of Â£38.1 million of cash and cash equivalent balances) was invested in the Blackrock ICS Sterling Liquidity Fund. Interest income generated from the Company's liquid funds generated Â£2.1 million interest income in the year.

Share offer and liquidity

In April 2024 shares related to the second allotment of the 2023/24 share offer, totalling Â£20 million, were issued. This allotment saw the issuance of 17,376,231 new ordinary shares, yielding gross subscriptions of Â£10.4 million. As a result of the public share offer launched in January 2025, 25,531,778 new ordinary shares were issued in April 2025, yielding gross proceeds of Â£15.0 million.

The Board continues to monitor liquidity carefully and plans to raise up to Â£10 million of new capital in the 2025/26 tax year. Further details will be provided in due course.

Our dividend investment scheme continues to operate. This enables shareholders to invest their dividends in new ordinary shares free of dealing costs and with the benefit of the tax reliefs available on new VCT share subscriptions. During the year 13.6% of total dividends were reinvested by shareholders.

We have maintained our policy of being willing to buy back the Company's shares in the market when necessary in order to maintain liquidity, at a 5% discount to NAV. During the year, a total of 7,774,750 shares were repurchased for cancellation, equivalent to approximately 3.7% of the opening share capital.

Responsible investment

The Company continues to be mindful of its Environmental, Social and Governance (ESG) responsibilities and we have outlined our evolving approach in the annual report.

Board changes

Cecilia McAnulty, who has served on the board of the Company since 2014, shall be retiring after the Company's AGM. Cecilia is the Company's Senior Independent Director and prior to that served as the Chair of the Audit and Risk Committee. The Board would like to take this opportunity to extend their sincere thanks to Cecilia for her guidance, insights and commitment to the Company during her tenure. We wish her the best in her future endeavours.

In addition, I will be stepping down as Chair of the Company on the conclusion of the Company's AGM and will seek re-election to continue to serve as a non-executive director. Thomas Chambers who joined our board on 19 June 2024, and with whom I have worked closely, will

succeed me as Chair.

The Board intends to recruit an experienced director to support the investment strategy of the Company and our growth objectives.

VCT legislation and qualifying status

The Company has continued to meet the stringent and complex qualifying conditions laid down by HM Revenue & Customs for maintaining its approval as a VCT. The Manager monitors the position closely and reports regularly to the Board. Philip Hare & Associates LLP has continued to act as independent adviser to the Company on VCT taxation matters.

Following final review by the European Union and the issuance of the necessary statutory instrument, in September 2024 the Sunset Clause was extended until 2035. The ‘Sunset Clause’™ is a European state aid requirement which, without extension, would have removed the VCT tax reliefs that investors receive on newly issued VCT shares.

Whilst no further amendments to VCT legislation have been announced, it is possible that further changes will be made in the future. We will continue to work closely with the Manager to maintain compliance with the scheme rules at all times.

Investor communications

The Board is conscious of its responsibility to communicate transparently and regularly with shareholders. Investor information is contained on the Company website and communications are sent to shareholders who have consented to receive such information. We look forward to welcoming shareholders to our AGM and to our forthcoming investor seminar to be held on 7 October 2025 in London. A copy of our most recent newsletter and details of how to register for the October seminar can be found on the Company’s website at www.mercia.co.uk/vcts/n2vct/.

Audit tender process

Following a formal and rigorous audit tender process, the Audit and Risk Committee has resolved that it intends to recommend Johnston Carmichael LLP for appointment as the Company’s auditor for the financial year ending 31 March 2026, subject to shareholder approval at the AGM in 2025. Forvis Mazars will remain the Company’s auditor until the AGM in 2025. The Board would like to thank Forvis Mazars LLP for their diligent service over the past five years.

Annual General Meeting

The Company’s AGM will take place on 6 August 2025. The AGM provides an excellent opportunity for shareholders, directors and the Manager to meet in person, exchange views and comment. We intend to hold the 2025 AGM in person at Fora, 210 Euston Road, London, NW1 2DA. We also intend to offer remote access for shareholders through an online webinar facility for those who would prefer not to travel. Please note that shareholders attending remotely must register their votes ahead of time, as it will not be possible to count votes from online participants at the AGM.

Outlook

Despite the challenging macroeconomic environment, our commitment remains steadfast in providing patient capital to nurture innovative early-stage businesses across the UK. We remain positive about the resilience, diversity and growth potential of the portfolio and its ability to generate long term shareholder value.

We thank our investors for their continuing support.

David Gravells

Chair

17 June 2025

Extracts from the audited financial statements for the year ended 31 March 2025 are set out below.

Income statement for the year ended 31 March 2025

	Year ended 31 March 2025			Year ended 31 March 2024		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Gain / (loss) on disposal of investments	â€“	3,148	3,148	â€“	933	933
Unrealised fair value gains / (losses) on investments	â€“	5,338	5,338	â€“	1,839	1,839
	â€“	8,486	8,486	â€“	2,772	2,772
Dividend and interest income	3,144	â€“	3,144	2,738	â€“	2,738
Investment management fee	(567)	(2,022)	(2,589)	(515)	(1,545)	(2,060)
Other expenses	(675)	â€“	(675)	(602)	â€“	(602)
Return before tax	1,902	6,464	8,366	1,621	1,227	2,848
Tax on return	(852)	852	â€“	73	(73)	â€“
Return after tax	1,050	7,316	8,366	1,694	1,154	2,848

Â	Â Â Â	Â	Â	Â Â	Â	Â	Â
Return per share	Â Â Â	0.5p	3.3p	3.8p Â	0.8p	0.6p	1.4p

**Balance sheet
as at 31 March 2025**

	31 March 2025 Â£000				31 March 2024 Â£000	
	Â	Â	Â	Â	Â	Â
Fixed assets	Â	Â	Â	Â	Â	Â
Investments	Â	Â	Â	87,889	Â	75,779
Â	Â	Â	Â	Â	Â	Â
Current assets	Â	Â	Â	Â	Â	Â
Debtors	Â	Â	Â	2,670	Â	911
Cash and cash equivalents	Â	Â	Â	38,062	Â	42,999
Â	Â	Â	Â	40,732	Â	43,910
Â	Â	Â	Â	Â	Â	Â
Creditors (amounts falling due within one year)	Â	Â	Â	(543)	Â	(163)
Net current assets	Â	Â	Â	40,189	Â	43,747
Net assets	Â	Â	Â	128,078	Â	119,526
Â	Â	Â	Â	Â	Â	Â
Capital and reserves	Â	Â	Â	Â	Â	Â
Called-up equity share capital	Â	Â	Â	10,993	Â	10,434
Share premium	Â	Â	Â	62,633	Â	52,737
Capital redemption reserve	Â	Â	Â	1,468	Â	1,079
Capital reserve	Â	Â	Â	47,177	Â	54,973
Revaluation reserve	Â	Â	Â	4,939	Â	(853)
Revenue reserve	Â	Â	Â	868	Â	1,156
Total equity shareholdersâ€™ funds	Â	Â	Â	128,078	Â	119,526
Net asset value per share	Â	Â	Â	58.3p	Â	57.3p

**Statement of changes in equity
for the year ended 31 March 2025**

	Non-distributable reserves				Distributable reserves		
	Â				Â		
	Called-up share capital Â£000	Share premium Â£000	Capital redemption reserve Â£000	Revaluation reserve* Â£000	Capital reserve Â£000	Revenue reserve Â£000	Total Â£000
At 31 March 2024	10,434	52,737	1,079	(853)	54,973	1,156	119,526
Return after tax	â€“	â€“	â€“	5,792	1,524	1,050	8,366
Dividends paid	â€“	â€“	â€“	â€“	(5,109)	(1,338)	(6,447)
Net proceeds of share issues	948	9,896	â€“	â€“	â€“	â€“	10,844
Shares purchased for cancellation	(389)	â€“	389	â€“	(4,211)	â€“	(4,211)
At 31 March 2025	10,993	62,633	1,468	4,939	47,177	868	128,078

for the year ended 31 March 2024

	Non-distributable reserves				Distributable reserves		
	Â				Â		
	Called-up share capital Â£000	Share premium Â£000	Capital redemption reserve Â£000	Revaluation reserve* Â£000	Capital reserve Â£000	Revenue reserve Â£000	Total Â£000
At 31 March 2023	9,282	38,165	849	2,015	59,176	89	109,576
Return after tax	â€“	â€“	â€“	(2,868)	4,022	1,694	2,848
Dividends paid	â€“	â€“	â€“	â€“	(5,664)	(627)	(6,291)

Net proceeds of share issues	£	1,382	14,572	€	€	€	€	15,954
Shares purchased for cancellation	£	(230)	€	230	€	(2,561)	€	(2,561)
At 31 March 2024	£	10,434	52,737	1,079	(853)	54,973	1,156	119,526

* The revaluation reserve is generally non-distributable other than that part of the reserve relating to gains or losses on readily realisable quoted investments, which is distributable.

Statement of cash flows for the year ended 31 March 2025

				Year ended 31 March 2025 £000	Year ended 31 March 2024 £000
Cash flows from operating activities					
Return before tax				8,366	2,848
Adjustments for:					
(Gain) / loss on disposal of investments				(3,148)	(933)
Movements in fair value of investments				(5,338)	(1,839)
(Increase) / decrease in debtors				38	(85)
Increase / (decrease) in creditors				380	(11)
Net cash inflow / (outflow) from operating activities				298	(20)
Cash flows from investing activities					
Purchase of investments				(14,605)	(15,569)
Proceeds on disposal of investments				9,184	22,168
Net cash inflow / (outflow) from investing activities				(5,421)	6,599
Cash flows from financing activities					
Issue of ordinary shares				11,309	16,507
Share issue expenses				(465)	(553)
Purchase of ordinary shares for cancellation				(4,211)	(2,561)
Equity dividends paid				(6,447)	(6,291)
Net cash inflow / (outflow) from financing activities				186	7,102
Increase / (decrease) in cash and cash equivalents				(4,937)	13,681
Cash and cash equivalents at beginning of year				42,999	29,318
Cash and cash equivalents at end of year				38,062	42,999

Investment portfolio 31 March 2025

Fifteen largest venture capital investments	Cost £000	Valuation £000	% of net assets by value	Like for like valuation increase / (decrease) over period £000
1 Project Glow Topco (t/a The Beauty Tech Group, previously t/a Currentbody.com)	1,544	6,706	5.2%	3,449
2 Pure Pet Food	1,516	5,614	4.4%	3,008
3 Rockar	1,766	3,348	2.6%	370
4 Pimberly	1,876	3,207	2.5%	37
5 Tutora (t/a Tutorful)	3,023	3,023	2.4%	€
6 Netacea	2,486	2,486	1.9%	€
7 Forensic Analytics	2,475	2,475	1.9%	€
8 Biological Preparations Group	2,166	2,392	1.9%	406
9 Ridge Pharma	1,387	2,342	1.8%	333
10 Turbine Simulated Cell Technologies	1,955	2,175	1.7%	24
11 Semble	2,072	2,072	1.6%	€
12 Napo	2,052	2,052	1.6%	€
13 Risk Ledger	1,509	2,044	1.6%	534

14 LMC Software	1,842	2,036	1.6%	194
15 Broker Insights	1,961	2,033	1.6%	64
Other venture capital investments	Â	Â	Â	Â
16 Social Value Portal	2,016	2,016	1.6%	â€“
17 Enate	1,394	1,999	1.6%	606
18 Send Technology Solutions	1,858	1,930	1.5%	72
19 Clarilis	1,828	1,828	1.4%	0
20 Naitive Technologies	1,706	1,803	1.4%	97
21 Volumatic Holdings	216	1,773	1.4%	(148)
22 Camena Bioscience	1,702	1,702	1.3%	â€“
23 Moonshot	1,235	1,679	1.3%	444
24 Administrate	2,629	1,667	1.3%	(166)
25 Newcells Biotech	2,935	1,618	1.3%	(1,541)
26 Locate Bio	1,597	1,597	1.3%	â€“
27 VoxPopMe	1,518	1,518	1.2%	â€“
28 Wonderush Ltd (t/a Hownow)	1,513	1,513	1.2%	â€“
29 Ski Zoom (t/a Heidi Ski)	1,459	1,459	1.1%	â€“
30 Axis Spine Technologies	1,420	1,423	1.1%	4
31 Culture AI	1,376	1,376	1.1%	â€“
32 Promethean	1,333	1,333	1.0%	â€“
33 Buoyant Upholstery	605	1,215	0.9%	(647)
34 Optellum	1,206	1,206	0.9%	â€“
35 Duke & Dexter	1,132	1,172	0.9%	583
36 Centuro Global	1,109	1,109	0.9%	â€“
37 iOpt	1,006	1,096	0.9%	90
38 Tozaro (formerly MIP Discovery)	1,094	1,094	0.9%	â€“
39 Scalpel	1,036	1,036	0.8%	â€“
40 Rego Technologies (t/a Upp)(formerly Volo)	2,349	1,034	0.8%	375
41 Wobble Genomics	1,034	1,034	0.8%	â€“
42 Warwick Acoustics	1,002	1,002	0.8%	â€“
43 Seahawk Bidco	479	907	0.7%	(20)
44 Oddbox	1,002	795	0.6%	65
45 Synthesized	482	710	0.6%	227
46 Quotevine	1,187	448	0.3%	448
47 Thanksbox (t/a Mo)	1,524	364	0.3%	(11)
48 Atlas Cloud	647	355	0.3%	(1)
49 Fresh Approach (UK) Holdings	873	309	0.2%	(125)
50 Arnlea Holdings	1,287	224	0.2%	(11)
51 Sorted	164	216	0.2%	53
52 Sen Corporation	643	133	0.1%	(147)
53 Northrow	1,406	70	0.1%	(578)
54 Angle*	134	36	0.0%	(10)
55 Customs Connect Group	1,433	31	0.0%	(75)
56 Adludio	2,667	30	0.0%	(2,646)
57 Velocity Composites*	84	24	0.0%	(6)
Â Total venture capital investments	82,950	87,889	68.6%	Â
Â Net current assets	Â	40,189	31.4%	Â
Â Net assets	Â	128,078	100.0%	Â

*Â Â Â Â Â Â Â Quoted on AIM.

**Â Â Â Â Â Â Â This change in â€“like for likeâ€™ valuations is a comparison of the 31 March 2025 valuations with the 31 March 2024 valuations (or where a new investment has been made in the year, the investment amount), having adjusted for any partial disposals, loan stock repayments or new and follow-on investments in the year.

Risk management

The Board carries out a regular and robust assessment of the risk environment in which the Company operates and seeks to identify new risks as they emerge. The principal and emerging risks and uncertainties identified by the Board which might affect the Companyâ€™s business model and

future performance, and the steps taken with a view to their mitigation, are as follows:

Risk	Mitigation
Availability of qualifying investments: there can be no guarantee that suitable investment opportunities will be identified in order to meet the Company's objectives, which could have an adverse effect on investor returns. Additionally, the Company's ability to obtain maximum value from its investments may be limited by the requirements of the relevant VCT Rules in order to maintain the VCT status of the Company.	The Manager has a dedicated investment team that identifies and transacts in qualifying investments. The Directors regularly meet with the Manager to maintain awareness of the pipeline, and factors this into the Company's fund raising plans.
Credit risk: the Company holds a number of financial instruments and cash deposits and is dependent on the counterparties discharging their commitment. Such balances may be held with banks or in money market funds as part of the Company's liquidity management.	The Directors review the creditworthiness of the counterparties to these instruments including the rating of money market funds to seek to manage and mitigate exposure to credit risk.
Economic and geopolitical risk: events such as economic recession or general fluctuation in stock markets, exchange rates and interest rates, notwithstanding recent lower inflation and falling interest rates, may affect the valuation of investee companies and their ability to access adequate financial resources, as well as affecting the Company's own share price and discount to net asset value. In addition, US trade policy and hostilities in the Middle East and Ukraine (including sanctions on the Russian Federation) may have further economic consequences as a result of market volatility and the restricted access to certain commodities and energy supplies. Such conditions may adversely affect the performance of companies in which the Company has invested (or may invest), which in turn may adversely affect the performance of the Company, and may have an impact on the number or quality of investment opportunities available to the Company and the ability of the Manager to realise the Company's investments. Any of these factors could have an adverse effect on investor returns.	The Company invests in a diversified portfolio of investments spanning various industry sectors and which are at different stages of growth. The Company maintains sufficient cash reserves to be able to provide additional funding to investee companies where it is appropriate and in the interests of the Company to do so. The Manager's team is structured such that appropriate monitoring and oversight is undertaken by an experienced investment executive. As part of this oversight, the investment executive will guide and support the board of each unquoted investee company. At all times, and particularly during periods of heightened economic uncertainty, the investment team of the Manager share best practice from across the portfolio with the investee management teams in order to help with addressing economic challenges.
Financial risk: most of the Company's investments involve a medium to long-term commitment and many are illiquid.	The Directors consider that it is inappropriate to finance the Company's activities through borrowing except on an occasional short-term basis. Accordingly they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to pursue new unquoted investment opportunities and to make follow-on investments in existing portfolio companies. The Company has very little direct exposure to foreign currency risk and does not enter into derivative transactions.
Investment and liquidity risk: the Company invests in early stage companies which may be pre-revenue at the point of investment. Portfolio companies may also require significant funds, through multiple funding rounds to develop their technology or the products being developed may be subject to regulatory approvals before they can be launched into the market. This involves a higher degree of risk and company failure compared to investment in larger companies with established business models. Early stage companies generally have limited product lines, markets and financial resources and may be more dependent on key individuals. The securities of companies in which the Company invests are typically unlisted, making them particularly illiquid and may represent minority stakes, which may cause difficulties in valuing and disposing of the securities. The Company may invest in businesses whose shares are quoted on AIM however this may not mean that they can be readily traded and the spread between the buying and selling prices of such shares may be wide.	The Directors aim to limit the investment and liquidity risk through regular monitoring of the investment portfolio and oversight of the Manager, who is responsible for advising the Board in accordance with the Company's investment objective. The investment and liquidity risks are mitigated through the careful selection, close monitoring and timely realisation of investments, by carrying out rigorous due diligence procedures and maintaining a wide spread of holdings in terms of financing stage and industry sector within the rules of the VCT scheme. The Board reviews the investment portfolio and liquidity with the Manager on a regular basis.
Legislative and regulatory risk: in order to maintain its approval as a VCT, the Company is required to comply with current VCT legislation in the UK. Changes to UK legislation in the future could have an adverse effect on the Company's ability to achieve satisfactory investment returns whilst retaining its VCT approval.	The Board and the Manager monitor political developments and where appropriate seek to make representations either directly or through relevant trade bodies.
Operational risk: the Company does not have any employees and the Board relies on a number of third party providers, including the Manager, registrar and custodian, sponsor, receiving agent, lawyers and tax advisers, to provide it with the necessary services to operate. Such operations delegated to the Company's key service providers may not be performed in a timely or accurate manner, resulting in reputational, regulatory, or financial damage. The risk of cyber-attack or failure of the systems and controls at any of the Company's third party providers may lead to an inability to service shareholder needs adequately, to provide accurate reporting and accounting and to ensure adherence to all VCT	The Board has appointed an Audit and Risk Committee, who monitor the effectiveness of the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These controls are designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained. Third party suppliers are required to have in place their own risk and controls framework, business continuity plans and the necessary expertise and resources in place to ensure that a high quality

legislation rules.	service can be maintained even under stressed scenarios.
Performance of the Manager: the successful implementation of the Company's investment policy is dependent on the expertise of the Manager and its ability to attract and retain suitable staff. The Company's ability to achieve its investment objectives is largely dependent on the performance of the Manager in the acquisition and disposal of assets and the management of such assets. The Board has broad discretion to monitor the performance of the Manager and the power to appoint a replacement, but the Manager's performance or that of any replacement cannot be guaranteed.	The Board reviews the performance of the Manager formally at Management Engagement Committee meetings and during the year at Board meetings. There is on-going dialogue outside of formal meetings. Performance is closely monitored against other VCT funds and review of other market intelligence.
VCT qualifying status risk: while it is the intention of the Directors that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that this status will be maintained. A failure to continue meeting the qualifying requirements could result in the loss of VCT tax relief, the Company losing its exemption from corporation tax on capital gains, to shareholders being liable to pay income tax on dividends received from the Company and, in certain circumstances, to shareholders being required to repay the initial income tax relief on their investment.	The Manager keeps the Company's VCT qualifying status under continual review and its reports are reviewed by the Board on a quarterly basis. The Board has also retained Philip Hare & Associates LLP to undertake an independent VCT status monitoring role.

The Board continually assesses and monitors emerging risks that could impact the Company's operations and strategic objectives. As part of the risk assessment process, the Board evaluates a wide range of potential threats and uncertainties that may arise from evolving market dynamics, regulatory changes, technological advancements such as artificial intelligence, geopolitical developments, and other external factors. By remaining aware of emerging risks, the Board ensures that the Company is better equipped to anticipate challenges and adapt swiftly to changing circumstances.

Other matters

The above summary of results for the year ended 31 March 2025 does not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006 and has not been delivered to the Registrar of Companies. Statutory financial statements will be filed with the Registrar of Companies in due course; the independent auditor's report on those financial statements under Section 495 of the Companies Act 2006 is unqualified, does not include any reference to matters to which the auditor drew attention by way of emphasis without qualifying the report and does not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The calculation of the return per share is based on the profit after tax for the year of £8,366,000 (2024: £2,848,000) and on 223,219,247 (2024: 199,198,196) shares, being the weighted average number of shares in issue during the year.

If approved by shareholders, the proposed final dividend of 1.3 pence per share for the year ended 31 March 2025 will be paid on 5 September 2025 to shareholders on the register at the close of business on 8 August 2025.

The full annual report including financial statements for the year ended 31 March 2025 is expected to be made available to shareholders on or around 27 June 2025 and will be available to the public at the registered office of the company at Forward House, 17 High Street, Henley-in-Arden B95 5AA and on the Company's website.

The contents of the Mercia Asset Management PLC website and the contents of any website accessible from hyperlinks on the Mercia Asset Management PLC website (or any other website) are not incorporated into, nor form part of, this announcement.