19 June 2025

HARGREAVE HALE AIM VCT PLC
(the â€œ**Company**â€)

Unaudited Interim Results

The Company announces its half-year results for the six months ended 31 March 2025.

These half-year results will be available on the Company's website at Â https://www.hargreaveaimvcts.co.uk/document-library/.

In accordance with UK Listing Rule 6.4.1, a copy of this document will also be submitted to the UK Listing Authority via the National Storage Mechanism and will be available for viewing shortly at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Additionally, the interim report can also be found here: Â HHV 2025 Interim Report

Financial highlights

Net asset value (NAV) per share Â	NAV total return Â	Tax free dividends paid in the period Â	Share price total return Â	Ongoing charges ratio
34.48p Â	-8.19% Â	2.75 Â	-6.28% Â	2.45%

- Â£3.6m invested in Qualifying Companies in the period.
- 92.29% invested by VCT tax value in Qualifying Investments at 31 March 2025.
- Offer for subscription launched on 9 October 2024 to raise up to Â£20m. At the date of this report 14m Shares have been issued raising gross proceeds of Â£5.4m.
- Final dividend of 1.25 pence and special dividend of 1.50 pence per Share paid 14 February 2025.
- Interim dividend of 0.75 pence and special dividend of 0.50 pence per Share approved by the Board.

Summary financial data	**Six months ending 31-Mar-25**	**Six months Ending 31-Mar-24**	**Year ending 30 Sept-24**
NAV (Â£m)	126.75	155.74	148.01
NAV per Share (p)	34.48	43.64	40.55
NAV total return (%)	-8.19	-2.59	-3.86
Market capitalisation (Â£m)	124.25	150.60	142.34
Share price (p)	33.80	42.20	39.00
Share price discount to NAV per Share (%)	1.97	3.30	3.82
Share price 5 year average discount to NAV per Share (%)	-5.52	-5.83	-5.79
Share price total return (%)	-6.28	1.63	0.00
Loss per Share for the period (p)	-3.39	-1.22	-1.86
Dividends paid per Share (p)	2.75	1.50	4.00
Ongoing charges ratio (%)	2.45	2.45	2.43

Investment Managerâ€™s report

Overview

What would Harold Wilson, who famously quipped that a week was a long time in politics, have made of the extraordinary times we are living through? If JD Vanceâ€™s Munich speech signalled that the new administration was unconstrained by red lines, established protocols or strategic alliances, few truly anticipated the confusion and chaos that would follow on â€˜Liberation Dayâ€™.

The tumultuous reaction to Trumpâ€™s Rose Garden speech reflected the upending of the principles that had underpinned global trade for decades. Uncertainty swept through markets as analysts assessed the implications for the global economy, a task that was made considerably more difficult by the rapidly evolving nature of the proposed tariff regime and, more broadly, US trade policy. With future outcomes very difficult to predict and price in, significant volatility emerged in a huge range of financial assets. In the medium term, there are potentially profound implications for the value of invested capital as companies review their business models and supply chains.

Spectacular as this has been, the impact on AIM has been relatively muted. Whilst risk assets in the US were overdue a correction, the same was not true of companies listed on AIM. The early part of the financial year was difficult with the 2024 UK Autumn Budget preceded by some unhelpfully stark messaging from the government. GDP, employment reports and PMI surveys all highlighted a notable softening in the UK economy through the second half of the 2024 calendar year. Measures of UK consumer and business confidence dipped, suggesting that households and companies were becoming increasingly cautious. Both the Office for Budget Responsibility and Bank of England reduced their GDP forecasts for 2025.

Although UK fiscal policy is seen as being negative to growth and positive for inflation, a very significant increase in public spending is expected to support a pick up in UK economic activity in 2025 with the market consensus for GDP growth in 2025 currently +1.0%. While the Bank of England is currently forecasting 3.5% inflation in 2025, significantly above the 2.0% target, the downside risks to the global economy that have subsequently emerged, along with falling energy prices, are expected to reduce CPI to comfortably below 3.0% by early 2026. As a result, the outlook for interest rate cuts has significantly improved with the market now pricing in up to four interest cuts in 2025. For context, the market was expecting just one cut as we entered into 2025.

You might reasonably expect all of this to heap more selling pressure onto UK equities. Whilst that was the case within the period under review, it is not so more recently. Although the constantly evolving narrative threatens to undermine the current dynamic, as it stands UK equity markets are going through a mini renaissance. As we have previously observed, UK markets are cheap, both in relative and absolute terms. As the US economy falters and the US exceptionalism narrative comes under pressure, investors are starting to look elsewhere. With a high weighting to more defensive companies, an expectation that the UK economy should emerge relatively unscathed from the new tariff regime, stable politics and low valuations, there is clear interest in UK equities from investors rotating away from US equities. This is yet to result in fund inflows to the IA UK Small Cap sector; however, the flow picture has improved. For now, at least, the marketâ€™s focus has shifted away from UK fiscal policy to international trade and the impact of tariffs.

Returning to events within the six months to 31 March 2025, we regrettably report that AIM was again notably weak, with the Deutsche Numis Alternative Market (ex IC) returning -7.51% over the period on a total return basis. This was not specific to AIM, the domestically focused FTSE 250 Index also endured a difficult period as business and financial markets returned a withering assessment of the 2024 Autumn Budget. Ultimately, pressure on UK government borrowing costs forced the Chancellor to announce spending cuts in her 2025 Spring Statement. More will need to be done and we expect the government to come forward with new initiatives to promote growth, contain spending and/or increase taxes. It will be a difficult balancing act.

PerformanceÂ

In the six months to 31 March 2025 the unaudited NAV per Share decreased from 40.55 pence to 34.48 pence. A final dividend for FY24 of 1.25 pence and a special dividend of 1.50 pence were paid on 14 February 2025, giving a NAV total return to Shareholders of -3.32 pence per Share, which translates to a loss of -8.19%.

The Qualifying Investments made a net contribution of -2.70 pence per Share whilst the Non-Qualifying Investments returned -0.25 pence per Share. The contribution to net asset performance is split out in further detail below.

Qualifying InvestmentsÂ

Positive ContributorsÂ

In November 2024, Aquis Exchange (+95.8%, +Â£1.71m) received a takeover offer from its larger Swiss peer SIX Exchange at 727p, equivalent to an enterprise value of Â£194m. The offer price, which was at a 120% premium to the previous closing price and slightly above the 2021 share price high, resulted in an exit multiple of 4.7x book cost. The deal was approved by Aquis shareholders on 18 December 2024 and is expected to complete in July 2025.

Shares in Cohort (+26.1%, +Â£1.12m) continued to perform strongly as European nations announced plans to significantly boost defence spending. The UK government announced plans to increase spending to 2.5% of GDP by 2027, an additional spend of Â£13.4bn p.a. from current levels. The company announced its subsidiary MASS Consultants received a two-year extension to its Joint Command and Staff Training contract for UK Strategic Command worth over Â£17.5m. Cohort also completed the acquisition of Australian-based satellite communications company EM Solutions.

Oberon Investment Group (+43.3%, +Â£0.49m) raised a further Â£2.5m in February 2025, providing additional investment to accelerate growth across corporate broking, wealth management and fund management. We used the opportunity to increase our investment in the company. H1 2025 results showed revenue growth of 78% to Â£4.8m, coupled with a reduction in EBITDA losses. Current trading remains positive with like for like revenue growth of over 30% expected for FY25 (March YE).

Ilika (+56.5%, +Â£0.48m) continued to make technical progress with Goliath, its solid state battery technology for electric vehicles (EV). In partnership with the UK Battery Industrialisation Centre, the company built a prototype battery using industrial equipment and processes, demonstrating the scalability of key steps in the manufacturing process. Goliath has achieved energy density parity with current lithium-ion cells, successfully reached its D6 milestone of testing 10Ah cells, and expects to achieve minimum viable product for EV applications within 2026. The company also successfully completed the transfer of its Stereax micro-battery production to US-based partner Cirtec Medical and expects this partnership to generate revenues in H2 2025.

Intelligent Ultrasound (+30.0%, +Â£0.41m) received a takeover offer from Swedish medical simulation company Surgical Science at 13p in December 2024. The transaction valued Intelligent Ultrasound at an enterprise value of Â£4.7m. Adjusting for the sale of the Clinical-AI business to GE Healthcare in October 2024 for Â£40.5m, the offer placed a relatively low value on the simulation division. Whilst we voted against the scheme due to the low valuation, the transaction was approved by shareholders on 6 February 2025 and completed on 18 February 2025.

Negative ContributorsÂ

Despite reductions to its overheads, a difficult retail environment undermined Kidly (-100.00%, -Â£1.26m) in its attempts to establish a fundable pathway to profitability. Kidly was placed into administration on 4 March 2025 following a formal sales process. Although the company was subsequently sold from administration, the proceeds did not result in any recoverable value to the Company.

Zoo Digital (-74.3%, -Â£1.14m) issued a disappointing year-end trading update with FY25 revenues growing 24% to 50.5m (consensus: 55m) and EBITDA of at least 1m. Cash was also below expectations at 1m. Whilst the film and TV industry has begun to recover from the 2023 strikes, the company has been impacted by project delays and cancellations as streaming platforms continue to evaluate their commercial models.

On 31 March 2025, Equipmake (-40.0%, -Â£0.93m) announced a Â£5m strategic investment from Caterpillar Ventures and a development agreement with Caterpillar. We view this outcome as a significant achievement for a company that was operating with limited working capital . The company also announced a development agreement with JCB, and post period-end, a Â£650,000 development agreement with CorPower Ocean. A new CFO was appointed.

Team Internet (-54.8%, -Â£0.86m) shares fell sharply in Q4 2024 as the company announced that revenues at a recently acquired online marketing business, Shinez would fall short of expectations. This was followed by the negative news in Q1 2025 when the company announced that 2025 would be impacted by changes being made by Google, with a major impact on revenues in the companyâ€™s online marketing business. The company also confirmed that it was no longer in talks regarding a potential takeover offer. The year end trading update confirmed 2024 net revenues of 188m (-2% vs prior year) and an operating profit of 8.2m following a 36m impairment to the value of Shinez.

Eagle Eye (-21.3%, -Â£0.85m) issued a profit warning in January 2025, cautioning that FY25 revenues would be below market expectations due to lengthening sales cycles. The warning was exacerbated by the companyâ€™s decision to make a strategic shift away from professional services work. More promising was the announcement of a major new partnership with a large software vendor where Eagle Eye will be directly integrated into the vendorâ€™s product. Whilst this opportunity will take time to generate revenues, the partnership could become a very material profit generator in time. H1 2025 results reported revenues of Â£24.2m (unchanged year on year), and adjusted EBITDA of Â£5.9m.

Recurring revenue represented 82% of the total with annual recurring revenue increasing by 16% to Â£41m. The company continues to benefit from a strong balance sheet with net cash of Â£11.7m.

Non-qualifying Investments

Within the non-qualifying portfolio, the IFSL Marlborough UK Micro-Cap Growth Fund and IFSL Marlborough Special Situations Fund declined by Â£1.27m over the period. We reduced our investments in both to release liquidity ahead of scheduled dividend payments.

Within the non-qualifying direct equities portfolio, the weaker outlook for the UK economy following the 2024 Autumn Budget impacted WH Smith and Hollywood Bowl. Bodycote struggled with weak end markets, notably automotive and aerospace, and we sold the position. BAE Systems performed well as the outlook for defence spending in the UK and Europe strengthened and TP ICAP rose as the company announced plans to spin-out its data business Parameta Solutions alongside good results. We exited BAE Systems and took profits in Chemring following strong share price performance and initiated a new position in Trustpilot. The direct equity holdings returned -Â£0.14m (-1.3%). The losses were offset by gains in the non-qualifying fixed income portfolio, which returned +Â£0.35m.

We released Â£0.99m of liquidity through the sale of the Next 3.0% 2026 bond, again to support scheduled dividend payments. The average maturity of the current portfolio of six investment grade corporate bonds is just over two years with an average yield to maturity of 4.9%. This part of the Companyâ€™s portfolio is expected to generate annual income of approximately Â£0.85m.

Portfolio structureÂ

The VCT is comfortably through the HMRC defined investment test and ended the period at 92.29% invested as measured by the HMRC investment test.

The market for new Qualifying Investment remained very subdued with just two VCT qualifying IPOs within the 12 months to 31 March 2025. Within the period under review, AIM VCTs invested Â£27.2m across 17 companies. We were measured in our deployment of capital, investing Â£3.6m into five companies. The new Qualifying Investments included follow on investments into Rosslyn Data Technologies and Oberon Investments Group. We invested in one IPO, RC Fornax, in addition to two new equity investments into existing AIM companies, Feedback and IXICO.

Feedback. The company provides software solutions for the NHS which deliver secure, compliant clinical workforce tools and data management. The companyâ€™s flagship product, Bleepa, is a secure, cloud-based platform that enables healthcare professionals to share and view medical images, as well as notes and other records between primary and secondary care settings. The company has secured partnerships with both a primary care record provider and an IT consultancy to implement the solution. The VCT invested as part of a Â£6.1m fundraise in November 2024.

IXICO. The company is a contract research organisation which provides tech-enabled imaging analysis services to pharma companies conducting clinical trials in neurological diseases, with a focus on Huntingdonâ€™s disease, Alzheimerâ€™s disease and Parkinsonâ€™s disease. The company has a network of more than 1,000 qualified sites and currently works with 18 pharma clients across 26 studies. The VCT invested as part of a Â£4m fundraise in October 2024.

RC Fornax. The company is an engineering consultancy founded by former RAF engineers which serves the defence industry. The VCT invested as part of the AIM IPO in February 2025 which raised Â£3.7m.

Within the qualifying portfolio, we exited through takeover Equals Group, Intelligent Ultrasound and Learning Technologies Group. The Equals Group exit valuation of Â£277m resulted in a gain of 141% over book cost. The Learning Technologies Group exit valued the company at Â£858m, a gain of 376% over book cost. We also sold our investments in Gfinity and Surface Transforms following poor performance and reduced our holding in Cohort following a period of strong share price performance.

By market value, the VCT had an increased 58.4% (Sep 24: 56.0%) weighting to Qualifying Investments, an increased 14.2% (Sep 24: 12.9%) weighting to non-qualifying fixed income, a reduced combined 11.9% (Sep 24: 13.4%) weighting to the IFSL Marlborough UK Micro-Cap Growth Fund and IFSL Marlborough Special Situations Fund following disposals, and a reduced 7.3% (Sep 24: 8.1%) weighting to non-qualifying direct equities. New investment into Qualifying Companies and the return of capital through dividend distributions resulted in a reduced weighting to cash of 7.6%(1) (Sep 24: 9.3%(1)) of net assets despite inflows from the offer for subscription and the sale of Qualifying and Non-Qualifying Investments.

The HMRC investment tests are set out in Chapter 3 of Part 6, ITA , which should be read in conjunction with this Investment Managerâ€™s report. Funds raised by VCTs are first included in the investment tests from the start of the accounting period containing the third anniversary of the date on which the funds were raised. Therefore, the allocation of Qualifying Investments as defined by the VCT Rules can be different to the portfolio weighting as measured by market value relative to the net assets of the VCT.

Outlook

Although tail risks remain, broadly speaking the US appears to be inching towards a more moderate and workable position on trade policy. Whilst equity markets have quickly moved to price in a benign outcome, other measures such as borrowing costs and exchange rates continue to signal concern about the medium and long term impact on the US. Historically, this would be perceived as a major risk for the global economy; however, in a multi-polar world, there is potential for a moderate decoupling.

Back at home, the government has completed two reviews that have shown increased support for defence, healthcare and housebuilding. We have good exposure to the first two. There continues to be much discussion about the outlook for the UK as a leading financial hub and the manner in which we support our growth companies. This debate will continue for some time; however, we draw comfort from the level of engagement by a variety of stakeholders. Greater and more coordinated support for the broader growth ecosystem, even if in areas that are adjacent to where we operate, will provide welcome second order benefits.

This has fed through to AIM, which has been strongly positive since the post â€˜Liberation Dayâ€™ correction with the index moving higher as investors react to the growth and value opportunity. It remains too early to comment on the durability of the rally but the foundations are being laid. Whilst government spending, as recently outlined, will support the UK growth story for several years to come; we will need to wait until the 2025 Autumn Budget to see whether this is offset by further changes to tax policy.

We continue to see signs that deal flow is improving, albeit slowly. UK fund flows remain negative; that is the missing piece that must fall into place before investors can finally feel that a corner may have been turned.

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