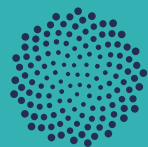


Northern Venture Trust PLC

Half-Yearly Financial Report
30 September 2023



Northern VCTs



Welcome

Northern Venture Trust PLC is a Venture Capital Trust (VCT) whose investment adviser is Mercia Fund Management Limited.

The trust was one of the first VCTs launched on the London Stock Exchange in 1995. 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.

For additional information visit
our investor area online
www.mercia.co.uk/vcts/

Contents

Financial summary.....	01
Half-yearly management report.....	02
Five-year performance	04
Investment portfolio.....	05
Income statement.....	06
Balance sheet.....	07
Statement of changes in equity.....	08
Statement of cash flows	09
Notes to the financial statements.....	10
Risk management	11
Company information.....	12

Financial summary

	Six months ended 30 September 2023	Six months ended 30 September 2022	Eighteen months ended 31 March 2023
Net assets	£106.6m	£106.2m	£102.5m
Net asset value per share	61.4p	63.5p	62.1p
Return per share			
Revenue	0.2p	(0.2)p	(0.3)p
Capital	1.1p	(2.8)p	(5.7)p
Total	1.3p	(3.0)p	(6.0)p
Dividend per share declared in respect of the period	1.6p	2.0p	6.0p
Cumulative return to shareholders since launch			
Net asset value per share	61.4p	63.5p	62.1p
Dividends paid per share*	190.5p	186.5p	188.5p
Net asset value plus dividends paid per share	251.9p	250.0p	250.6p
Mid-market share price at end of period	56.50p	61.75p	57.50p
Share price discount to net asset value	8.0%	2.8%	7.4%
Tax-free dividend yield (based on the net asset value per share)**	6.3%	5.4%	5.4%

* Excluding interim dividend not yet paid.

** The annualised dividend yield is calculated by dividing the dividends paid in respect of the 12 month period ended on each reference date by the net asset value per share at the start of the 12 month period.

Key dates

23 November
2023

Half-yearly results announced

14 December
2023

Shares quoted ex dividend

17 January
2024

Interim dividend paid
(to shareholders on register
on 15 December 2023)



Simon Constantine
Chair

Half-yearly management report

for the six months ended 30 September 2023

Over the past six months, the UK economy has faced numerous challenges including high inflation and little growth. Despite this backdrop, your Company has continued to provide much needed investment into early-stage companies, support for its existing portfolio companies and achieve returns through realisations.

Venture capital investment activity and portfolio update

Despite the macroeconomic backdrop, we are pleased to report that a number of our venture investments have performed well over the period, reflected in an overall increase in the valuation of the unquoted portfolio. Where portfolio companies have struggled or are at risk of failure, we have also made a number of reductions in valuations to reflect our current assessment. The listed AIM portfolio has stabilised following a decline in the previous financial period.

Further progress has been made on the development of the portfolio and deployment of our cash reserves, with two new venture capital investments totalling £3.0 million made during the six month period and £1.9 million invested in five existing portfolio companies.

One benefit of the increased interest rate environment is the yield that we are able to achieve on uninvested cash balances. In the period we liquidated the Company's portfolio of listed shares with RBC Brewin Dolphin, placing the cash in a money market fund, and as at 30 September the blended rate achieved on uninvested cash was 4.3%. Approximately £10m of our cash was held in listed shares for almost five years and generated a compound total return of 5.0% a year over that period, significantly exceeding the rate of return available from interest rates.

We have continued to see positive realisations from portfolio companies. We have sold our holding in Evox, for initial net proceeds of £12.7 million, representing 4.6 times return on

the original cost. We have also sold our holding in Weldex (International) Offshore Holdings for proceeds of £1.6 million.

The original investment in Weldex was in 1996 and this final exit represents a lifetime return (including previously received proceeds and interest) of 9.9 times. Venture investment disposals made in the six month period generated blended proceeds of 2.4 times original cost.

Results and dividend

The unaudited net asset value (NAV) per share at 30 September 2023 was 61.4 pence (62.1 pence (audited) on 31 March 2023). The total return per share before dividends for the six months ended 30 September 2023 as shown in the income statement was 1.3 pence, compared with minus 3.0 pence in the corresponding period last year. The performance was driven by an unrealised increase of £1.9 million in the valuation of investments over the last six months, along with a realised gain on disposal of investments of £0.8 million.

Five years ago, we introduced a target dividend yield of 5% of opening NAV, which has been exceeded in each of the years since then. On 18 August 2023 the final dividend of 2.0 pence in respect of the period ending 31 March 2023 was paid to shareholders. After careful consideration, and taking our target yield into account, we have decided to declare an interim dividend of 1.6 pence per share in respect of the year to 31 March 2024. The interim dividend will be paid on 17 January 2024 to shareholders on the register on 15 December 2023.

Our dividend investment scheme, which 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, continues to operate. Details on how to join the scheme are included within the dividend section of our website, which can be found here: mercia.co.uk/vcts/nvt/.

Shareholder issues

As a result of the fully subscribed public share offer launched in January 2023, 9,741,182 new ordinary shares were issued in April 2023 for gross proceeds of £6.0 million.

We continue to experience a sustained demand for long-term growth capital for smaller companies in the UK. In order to continue to support our existing portfolio and invest in new early-stage opportunities, we are currently fundraising in conjunction with the other Northern VCTs. Full details of how to participate in the fund raise is available on the Company's website at <http://www.mercia.co.uk/vcts/>.

We have maintained our policy of being willing to buy back the Company's shares in the market in order to maintain liquidity, at a 5% discount to NAV. During the period a total of 1,836,810 shares were purchased by the Company for cancellation, representing around 1.1% of the opening ordinary share capital.

Change of registrar

We are pleased to report that from close of business on 10 November 2023 the Company changed its registrar to The City Partnership (UK) Limited ("City"). You will receive a letter confirming this change, and should you need to contact City, contact details may be found on page 12.

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. Mercia 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.

The 2025 'sunset clause' was a European state aid requirement that was introduced when the VCT scheme received state aid approval, which meant that without small change in legislation investors would not receive upfront tax relief when investing in VCTs after this date. We were pleased to receive the news on 22nd November 2023 that the Sunset Clause will be extended by 10 years to 2035 in the Autumn Finance Bill 2023.

Outlook

While macroeconomic conditions remain challenging, the unquoted venture portfolio remains resilient and the Company is well capitalised, which will enable the existing portfolio to be supported as necessary. We remain confident in the long term prospects of your Company's diversified portfolio of businesses.

On behalf of the Board

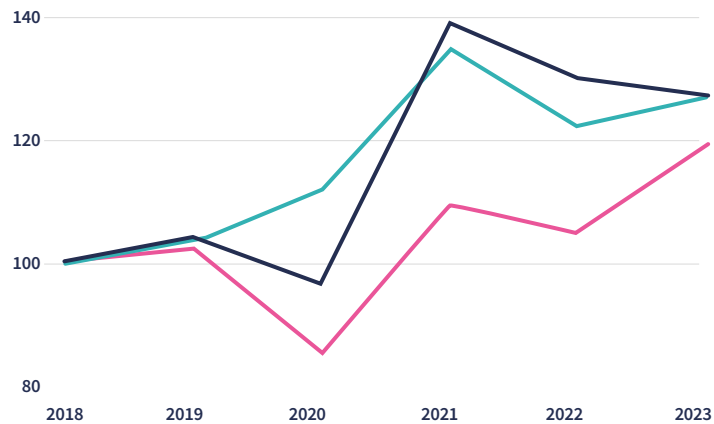
Simon Constantine
Chair

Five-year performance



Comparative return to shareholders (assuming dividends re-invested)

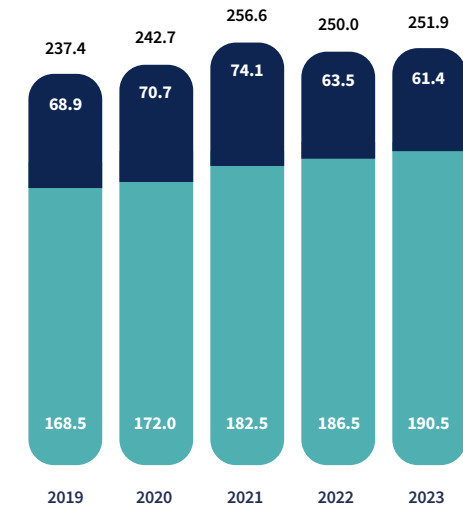
Five years to 30 September 2023 (30 September 2018 = 100)



- Northern Venture Trust VCT NAV total return
- Northern Venture Trust VCT share price total return
- UK equity market index total return

Net asset value and cumulative dividends per share

As at 30 September (pence per share)



- Net asset value per share
- Cumulative dividends paid since launch

Investment portfolio

(Unaudited) as at 30 September 2023

	Cost £000	Valuation £000	% of net assets by value
Fifteen largest venture capital investments			
Gentronix	1,362	4,317	4.0%
Grip-UK (t/a Climbing Hangar)	3,885	3,885	3.6%
Volumatic Holdings	216	3,037	2.8%
Tutora (t/a Tutorful)	2,722	2,872	2.7%
Pure Pet Food	1,774	2,722	2.6%
Project Glow Topco (t/a Currentbody.com)	1,686	2,632	2.5%
Newcells Biotech	2,479	2,629	2.5%
Rockar	1,877	2,488	2.3%
Biological Preparations Group	2,366	2,417	2.3%
Netacea	2,292	2,309	2.2%
Buoyant Upholstery	1,173	2,201	2.1%
Adludio	2,103	2,103	2.0%
Forensic Analytics	2,016	2,015	1.9%
IDOX*	238	2,002	1.9%
Clarilis	1,972	1,972	1.8%
Fifteen largest venture capital investments	28,161	39,601	37.2%
Other venture capital investments	49,738	33,105	31.0%
Total venture capital investments	77,899	72,706	68.2%
Net current assets		33,941	31.8%
Net assets		106,647	100.0%

* Quoted on AIM



Income statement

(Unaudited) for the six months ended 30 September 2023

	Six months ended 30 September 2023			Six months ended 30 September 2022			Eighteen months ended 31 March 2023		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Gain on disposal of investments	-	834	834	-	132	132	-	2,944	2,944
Movements in fair value of investments	-	1,922	1,922	-	(3,983)	(3,983)	-	(9,776)	(9,776)
	-	2,756	2,756	-	(3,851)	(3,851)	-	(6,832)	(6,832)
Dividend and interest income	873	-	873	128	-	128	948	-	948
Investment management fee	(260)	(780)	(1,040)	(265)	(796)	(1,061)	(811)	(2,432)	(3,243)
Other expenses	(345)	-	(345)	(214)	-	(214)	(796)	-	(796)
Return before tax	268	1,976	2,244	(351)	(4,647)	(4,998)	(659)	(9,264)	(9,923)
Tax on return	86	(86)	-	-	-	-	181	(181)	-
Return after tax	354	1,890	2,244	(351)	(4,647)	(4,998)	(478)	(9,445)	(9,923)
Return per share	0.2p	1.1p	1.3p	(0.2)p	(2.8)p	(3.0)p	(0.3)p	(5.7)p	(6.0)p

- The total column of the income statement is the statement of total comprehensive income of the Company prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The supplemental revenue return and capital return columns have been prepared in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in July 2022 by the Association of Investment Companies ("AIC SORP").
- There are no recognised gains or losses other than those disclosed in the income statement.
- All items in the above statement derive from continuing operations.
- The accompanying notes are an integral part of this statement.

Balance sheet

(Unaudited) as at 30 September 2023

	30 September 2023 £000	30 September 2022 £000	31 March 2023 £000
Fixed assets			
Investments	72,706	83,625	88,609
Current assets			
Debtors	362	50	70
Cash and cash equivalents	33,720	22,632	14,001
	34,082	22,682	14,071
Creditors (amounts falling due within one year)	(141)	(109)	(183)
Net current assets	33,941	22,573	13,888
Net assets	106,647	106,198	102,497
Capital and reserves			
Called-up equity share capital	43,457	41,781	41,230
Share premium	23,159	19,069	19,394
Capital redemption reserve	5,801	4,544	5,342
Capital reserve	38,668	36,160	34,433
Revaluation reserve	(5,192)	4,172	1,698
Revenue reserve	754	472	400
Total equity shareholders' funds	106,647	106,198	102,497
Net asset value per share	61.4p	63.5p	62.1p

Statement of changes in equity

(Unaudited) for the six months ended 30 September 2023

	Non-distributable reserves				Distributable reserves		Total £000
	Called-up share capital £000	Share premium £000	Capital redemption reserve £000	Revaluation reserve* £000	Capital reserve £000	Revenue reserve £000	
At 1 April 2023	41,230	19,394	5,342	1,698	34,433	400	102,497
Return after tax	-	-	-	(6,890)	8,780	354	2,244
Dividends paid	-	-	-	-	(3,475)	-	(3,475)
Net proceeds of share issues	2,686	3,765	-	-	-	-	6,451
Shares purchased for cancellation	(459)	-	459	-	(1,070)	-	(1,070)
At 30 September 2023	43,457	23,159	5,801	(5,192)	38,668	754	106,647
Six months ended 30 September 2022							
At 1 April 2022	40,143	14,969	3,833	9,904	40,220	823	109,892
Return after tax	-	-	-	(5,732)	1,085	(351)	(4,998)
Dividends paid	-	-	-	-	(3,369)	-	(3,369)
Net proceeds of share issues	2,349	4,100	-	-	-	-	6,449
Shares purchased for cancellation	(711)	-	711	-	(1,776)	-	(1,776)
At 30 September 2022	41,781	19,069	4,544	4,172	36,160	472	106,198
Eighteen months ended 31 March 2023							
At 1 October 2021	40,268	14,608	3,508	21,430	38,325	1,159	119,298
Return after tax	-	-	-	(19,732)	10,287	(478)	(9,923)
Dividends paid	-	-	-	-	(9,609)	(281)	(9,890)
Net proceeds of share issues	2,796	4,786	-	-	-	-	7,582
Shares purchased for cancellation	(1,834)	-	1,834	-	(4,570)	-	(4,570)
At 31 March 2023	41,230	19,394	5,342	1,698	34,433	400	102,497

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

Statement of cash flows

(Unaudited) for the six months ended 30 September 2023

	Six months ended 30 September 2023 £000	Six months ended 30 September 2022 £000	Eighteen months ended 31 March 2023 £000
Cash flows from operating activities			
Return before tax	2,244	(4,998)	(9,923)
Adjustments for:			
(Gain)/loss on disposal of investments	(834)	(132)	(2,944)
Movements in fair value of investments	(1,922)	3,983	9,776
(Increase)/decrease in debtors	(292)	5	238
(Decrease)/increase in creditors	(42)	(12)	(2,496)
Net cash (outflow)/inflow from operating activities	(846)	(1,154)	(5,349)
Cash flows from investing activities			
Purchase of investments	(5,263)	(5,543)	(27,450)
Sale/repayment of investments	23,922	4,592	28,572
Net cash inflow/(outflow) from investing activities	18,659	(951)	1,122
Cash flows from financing activities			
Issue of ordinary shares	6,603	6,480	7,796
Share issue expenses	(152)	(32)	(214)
Purchase of ordinary shares for cancellation	(1,070)	(1,776)	(4,570)
Equity dividends paid	(3,475)	(3,368)	(9,890)
Net cash inflow/(outflow) from financing activities	1,906	1,304	(6,878)
Net increase/(decrease) in cash and cash equivalents	19,719	(801)	(11,105)
Cash and cash equivalents at beginning of period	14,001	23,433	25,106
Cash and cash equivalents at end of period	33,720	22,632	14,001

Notes to the financial statements

(unaudited) for the six months ended 30 September 2023

1. The financial statements have been prepared under FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and in accordance with the Statement of Recommended Practice “Financial Statements of Investment Trust Companies and Venture Capital Trusts” issued in July 2022 by the Association of Investment Companies (“AIC SORP”).
2. The calculation of return per share is based on the return after tax for the six months ended 30 September 2023 and on 173,914,768 (30 September 2022: 168,596,795) ordinary shares, being the weighted average number of shares in issue during the period.
3. The calculation of net asset value per share is based on the net assets at 30 September 2023 divided by the 173,828,792 (30 September 2022: 167,123,927) ordinary shares in issue at that date.
4. The interim dividend of 1.6 pence per share for the year ending 31 March 2024 will be paid on 17 January 2024 to shareholders on the register on 15 December 2023.
5. The unaudited half-yearly financial statements for the six months ended 30 September 2023 do not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006, have not been reviewed or audited by the Company’s independent auditor and have not been delivered to the Registrar of Companies. The comparative figures for the eighteen months ended 31 March 2023 have been extracted from the audited financial statements for that period, which have been delivered to the Registrar of Companies; the independent auditor’s report on those financial statements (i) was unqualified, (ii) did not include any reference to matters to which the auditor drew attention by way of emphasis without qualifying the report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The half-yearly financial statements have been prepared on the basis of the accounting policies set out in the annual financial statements for the period ended 31 March 2023.
6. Each of the directors confirms that to the best of their knowledge the half-yearly financial statements have been prepared in accordance with the Statement “Half-yearly financial reports” issued by the UK Accounting Standards Board and the half-yearly financial report includes a fair review of the information required by (a) DTR 4.2.7R of the Disclosure Rules and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year, and (b) DTR 4.2.8R of the Disclosure Rules and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
7. Copies of this half-yearly report are available to the public at the Company’s registered office, and on the Company’s website.

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 Company's business model and future performance, and the steps taken with a view to their mitigation, are as follows:

Risk

Investment and liquidity risk: investment in smaller and unquoted companies, such as those in which the Company invests, involves a higher degree of risk than investment in larger listed companies because they generally have limited product lines, markets and financial resources and may be more dependent on key individuals. The securities of smaller companies in which the Company invests are typically unlisted, making them illiquid, and this may cause difficulties in valuing and disposing of the securities. The Company may invest in businesses whose shares are quoted on AIM – the fact that a share is quoted on AIM does not mean that it can be readily traded and the spread between the buying and selling prices of such shares may be wide.

Financial risk: most of the Company's investments involve a medium to long-term commitment and many are illiquid.

Economic risk: events such as economic recession or general fluctuation in stock markets, exchange rates and 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. The level of economic risk has been elevated most recently by inflationary pressures and interest rate increases.

Mitigation

The directors aim to limit the risk attaching to the portfolio as a whole by 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 with the investment adviser on a regular basis.

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.

The Company invests in a diversified portfolio of investments spanning various industry sectors, and 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 adviser typically provides an investment executive to actively support the board of each unquoted investee company. At all times, and particularly during periods of heightened economic uncertainty, the investment executives share best practice from across the portfolio with investee management teams in order to mitigate economic risk.

Risk management (continued)

Risk	Mitigation
<p>Stock market risk: some of the Company's investments are quoted on AIM and will be subject to market fluctuations upwards and downwards. External factors such as terrorist activity, political activity or global health crises, can negatively impact stock markets worldwide. In times of adverse sentiment there may be very little, if any, market demand for shares in smaller companies quoted on AIM.</p>	<p>The Company's quoted investments are actively managed by Mercia in the case of the AIM-quoted investments, and the Board keeps the portfolio and the actions taken under ongoing review.</p>
<p>Credit risk: the Company holds a number of financial instruments and cash deposits and is dependent on the counterparties discharging their commitment.</p>	<p>The directors review the creditworthiness of the counterparties to these instruments and cash deposits and seek to ensure there is no undue concentration of credit risk with any one party.</p>
<p>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.</p>	<p>The Board and the investment adviser monitor political developments and where appropriate seek to make representations either directly or through relevant trade bodies.</p>
<p>Internal control risk: the Company's assets could be at risk in the absence of an appropriate internal control regime which is able to operate effectively even during times of disruption.</p>	<p>The Board regularly reviews the system of internal controls, both financial and non-financial, operated by the Company and the investment adviser. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.</p>
<p>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.</p>	<p>The investment adviser 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.</p>

Company information

Directors

Simon Constantine (Chair)
Richard Green
Deborah Hudson
David Mayes

Secretary

Mercia Company Secretarial Services Limited

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