

20 November 2025

## Northern 3 VCT PLC

### Half-yearly management report for the six months ended 30 September 2025

Northern 3 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:

	Unaudited six months ended 30 September 2025	Unaudited six months ended 30 September 2024	Audited year ended 31 March 2025
<b>Net assets</b>	<b>£131.8m</b>	£129.7m	£130.1m
<b>Net asset value per share</b>	<b>89.2p</b>	88.5p	90.0p
<b>Return per share</b>			
Revenue	<b>0.2p</b>	0.4p	0.7p
Capital	<b>1.4p</b>	0.9p	4.1p
Total	<b>1.6p</b>	1.6p	4.8p
<b>Dividend declared in respect of the period</b>	<b>2.0p</b>	2.0p	4.5p
Cumulative return to shareholders since launch			
Net asset value per share	89.2p	88.5p	90.0p
Dividends paid per share*	124.6p	120.1p	122.1p
<b>Net asset value plus dividends paid per share</b>	<b>213.8p</b>	208.6p	212.1p
<b>Mid-market share price at end of period</b>	<b>84.0p</b>	85.0p	84.0p
<b>Share price discount to net asset value</b>	<b>5.8%</b>	4.0%	6.7%
<b>Tax-free dividend yield (based on the net asset value per share)**</b>	<b>5.1%</b>	4.7%	5.0%

\* Excluding interim dividend not yet paid.

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

## Chairman's statement

Over the past six months, the UK economy has lagged behind international peers, with sluggish growth and stubbornly high inflation. Speculation on the upcoming UK government budget, global political tensions and trade wars continue to influence market sentiment. Your Company has maintained its long-term strategy of investing in promising early-stage businesses, supporting its existing portfolio companies, and generating cash from realisations where circumstances permit.

### Venture capital investment activity and portfolio update

We are pleased to report an overall increase in the holding value of the unquoted portfolio, with strong performances from a number of portfolio companies increasing valuations by more than reductions in the valuations of companies that have performed less well.

During the period, we made a new investment of £2.3 million in Thanks Ben, an employee benefits orchestration platform. We have also invested £3.1 million in ten existing portfolio companies. Since 30 September, £4.2 million has been invested into seven companies, including a new investment into Space and Time Limited (t/a Tesseract). Partial realisations were made in Buoyant Upholstery, Fresh Approach, and Project Glow (trading as The Beauty Tech Group) at our holding value, and in Angle plc, a listed investment, at a price marginally below the 31 March 2025 holding value.

One further realisation has also completed, with Thanksbox Limited (t/a Mo) returning £0.8 million, a £0.5 million uplift on June's holding value.

Shortly after the end of the period, portfolio company Project Glow (trading as The Beauty Tech Group) completed its IPO on the London Stock Exchange. This was picked up by the press as an encouraging sign of activity returning to the stock market, and is a really positive step for the company, which the Northern VCTs have supported since 2018. As part of the transaction, we realised 30% of our holding, generating proceeds of £2.3 million which was a return of 5.8 times our original investment cost.

The £8.9 million portfolio of listed securities managed by RBC Brewin Dolphin was liquidated and the funds were moved into a money market fund.

### Results and dividend

The unaudited net asset value (NAV) per share at 30 September 2025 was 89.2 pence (90.0 pence (audited) on 31 March 2025). The total return per share before dividends for the six months ended 30 September 2025 as shown in the income statement was 1.6 pence, compared with 1.3 pence in the corresponding period last year. The performance produced an unrealised increase of £2.7 million in the valuation of the investments.

It remains our objective to pay a dividend at least equivalent to 4.5% of the opening NAV in each year. The Board has declared an interim dividend for the year ending 31 March 2026 of 2.0 pence per share, which will be paid on 21 January 2026 to shareholders who are on the register on 19 December 2025

We continue to operate 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. We have included details of the scheme within the dividend section of our website, which can be found at: [www.mercia.co.uk/vcts/n3vct/](http://www.mercia.co.uk/vcts/n3vct/).

### Shareholder matters

As a result of the fully subscribed public share offer launched in January 2025, 6,596,320 shares were issued for gross proceeds of £6.0 million.

We continue to observe 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 this are available on the Company's website at [www.mercia.co.uk/vcts](http://www.mercia.co.uk/vcts).

We have maintained our policy of being willing to buy back the Company's shares in the market to maintain liquidity, at a 5% discount to NAV. During the period a total of 3,845,712 shares were purchased by the Company for cancellation, representing 2.7% of the opening ordinary share capital.

### 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 Investment 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.

## Outlook

The portfolio continues to demonstrate resilience and growth potential. We remain confident in the strength and quality of the portfolio, many of which are well positioned to benefit from long-term structural trends. We will continue to invest selectively through the cycle, supporting high-growth businesses with strong fundamentals, while also seeking to deliver timely realisations where opportunities arise. With a diversified portfolio and a clear strategy for growth, we believe the Company is well placed to create shareholder value in the years ahead.

On behalf of the Board

**James Ferguson**  
Chairman

## **Statement of the Directors' responsibilities**

### **Responsibility statement**

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, James Ferguson (Chairman), Chris Fleetwood (Chair of the Audit Committee), Anna Brown, Tim Levett, David Ovens and John Waddell, being the Directors of the Company, confirm that to the best of their knowledge:

- (a) The condensed set of financial statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" gives a true and fair view of the assets, liabilities, financial position and profit of the Company as required by DTR 4.2.10;
- (b) the half-yearly management report includes a fair review of the information required by DTR 4.2.7, 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;
- (c) a description of the principal risks and uncertainties facing the Company for the remaining six months of the financial year are set out under the summary of principal risks and uncertainties below, in accordance with DTR 4.2.7; and
- (d) there were no related party transactions in the first six months of the current financial year that are required to be disclosed, in accordance with DTR 4.2.8.

### **Principal risks and uncertainties**

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Financial Statements for the year ended 31 March 2025 ("the Annual Report"). The Board considers that the present processes for mitigating those risks remain appropriate. Following the admission of the Company's largest investment on the London Stock Exchange in October 2025, the Board has included stock market risk as an additional principal risk to those included in the Annual Report. Stock market risk is the risk of adverse price movements on the Company's listed portfolio holdings as a result of macroeconomic or other factors resulting in the decline of the overall market.

The principal risks faced by the Company are:

- Availability of qualifying investments risk
- Credit risk
- Economic and geopolitical risk
- Financial risk
- Investment and liquidity risk
- Legislative and regulatory risk
- Operational risk

- Performance of the Investment Manager risk
- Stock market risk
- VCT qualifying status risk

A detailed explanation of the principal risks facing the Company can be found in the Annual Report and Financial Statements for the year ended 31 March 2025 on pages 19 to 20, as well as in Note 18 on Financial Instruments on pages 65 to 68 of that report. Copies can be viewed or downloaded from the Company's website: [www.mercia.co.uk/vcts](http://www.mercia.co.uk/vcts).

### **Environmental, Social and Governance considerations**

The Company is committed to conducting its affairs responsibly and considers environmental, social and governance (ESG) issues as part of its operations. More details of the Company's considerations can be found in the Responsible Investment section in the Annual Report and Financial Statements for the year ended 31 March 2025 on pages 31 to 32.

### **Going concern**

The Board has assessed the Company's operation as a going concern. The Company's business activities, together with the factors likely to affect its future development, performance and position are set out earlier in the half-yearly management report. The Directors have satisfied themselves that the Company's cash position is adequate to enable the Company to continue as a going concern under downside scenarios. The portfolio remains well funded and the Manager's investment team are ensuring that management teams undertake adequate cost control and cashflow planning. The major cash outflows of the Company (namely investments, share buy-backs and dividends) are within the Company's control. The Board's assessment of liquidity risk and details of the Company's policies for managing its capital and financial risks are shown in Note 18 of the Annual Report and Financial Statements for the year ended 31 March 2025 on pages 65 to 68. Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the half-yearly report and financial statements.

### **Cautionary statement**

This report may contain forward looking statements with regard to the financial condition and results of the Company, which are made in the light of current economic and business circumstances. Nothing in this report should be construed as a profit forecast.

For and on behalf of the Board:

James Ferguson  
Chairman  
20 November 2025

**Investment portfolio**  
**As at 30 September 2025 (unaudited)**

	Description	Cost £000	Valuation £000	% of net assets by value
<b>Fifteen largest venture capital investments</b>				
Project Glow Topco (t/a The Beauty Tech Group)	Online marketplace for home-use beauty products	1,301	7,363	5.6
Pure Pet Food	Production of organic pet food	1,512	6,237	4.7
Pimberly	Product information management software	1,910	3,342	2.5
Rockar	E-commerce and fulfilment platform for new car sales	1,660	3,095	2.3
Tutora (t/a Tutorful)	Website to help parents and students find private tutors	2,973	2,973	2.3
Risk Ledger	Cyber security focused on supply chain risk	1,556	2,713	2.1
Semble	Practice management software for healthcare clinicians/clinics	2,126	2,651	2.0
Netacea	AI-powered cyber security consultancy	2,577	2,577	2.0
Forensic Analytics	Call data communications analytics software	2,519	2,519	1.9
Broker Insights	Platform connecting insurers and brokers	2,366	2,488	1.9
Send Technology Solutions	Platform for insurers, reinsurers, and managing general agents	2,098	2,459	1.9
IDOX*	Document content software	530	2,378	1.8
Ridge Pharma	Sale of pharmaceuticals (branded, generics, specials)	1,345	2,302	1.7
Thanks Ben	Employee benefits orchestration platform	2,293	2,293	1.7
Turbine Simulated Cell Technologies	Simulation of cell reaction to treatment of complex disease	2,005	2,250	1.7
<b>Fifteen largest venture capital investments</b>		<b>28,771</b>	<b>47,640</b>	<b>36.1</b>
Other venture capital investments		60,979	51,181	38.9
<b>Total venture capital investments</b>		<b>89,750</b>	<b>98,821</b>	<b>75.0</b>
Net current assets			32,956	25.0
<b>Net assets</b>			<b>131,777</b>	<b>100.0</b>

Extracts from the unaudited half-yearly financial statements for the six months ended 30 September 2025 are set out below:

## Condensed income statement

For the six months ended 30 September 2025

Unaudited six months ended 30 September 2025			Unaudited six months ended 30 September 2024			Audited year ended 31 March 2025		
Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total

	Notes	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gain on disposal of investments</b>		-	294	294	-	1,065	1,065	-	2,902	2,902
<b>Movements in fair value of investments</b>		-	2,703	2,703	-	1,063	1,063	-	4,299	4,299
		-	2,997	2,997	-	2,128	2,128	-	7,201	7,201
Dividend and interest income	3	993	-	993	1,227	-	1,227	2,692	-	2,692
Investment management fee	4	(313)	(937)	(1,250)	(284)	(852)	(1,136)	(582)	(1,810)	(2,392)
Other expenses		(287)	-	(287)	(284)	-	(284)	(545)	-	(545)
<b>Return before tax</b>		393	2,060	2,453	659	1,276	1,935	1,565	5,391	6,956
Tax on return		(35)	35	-	(111)	111	-	(585)	585	-
<b>Return after tax</b>	6	358	2,095	2,453	548	1,387	1,935	980	5,976	6,956
<b>Return per share</b>		0.2p	1.4p	1.6p	0.4p	0.9p	1.3p	0.7p	4.1p	4.8p

## Condensed balance sheet

As at 30 September 2025

	Notes	Unaudited 30 September 2025 £000	Unaudited 30 September 2024 £000	Audited 31 March 2025 £000
<b>Fixed assets</b>				
Investments		98,821	94,812	103,231
<b>Current assets</b>				
Debtors		124	613	2,295
Cash and cash equivalents		33,013	34,394	24,862
		33,137	35,007	27,157
<b>Creditors (amounts falling due within one year)</b>		(181)	(163)	(279)
<b>Net current assets</b>		32,956	34,844	26,878
<b>Net assets</b>		131,777	129,656	130,109

<b>Capital and reserves</b>			
Called-up equity share capital	7,387	7,323	7,226
Share premium	68,128	61,979	62,268
Capital redemption reserve	1,384	1,076	1,192
Capital reserve	44,644	55,868	50,538
Revaluation reserve	9,070	2,152	7,632
Revenue reserve	1,164	1,258	1,253
<b>Total equity shareholders' funds</b>	<b>131,777</b>	129,656	130,109
<b>Net asset value per share</b>	7	88.5p	90.0

### Condensed statement of changes in equity

	Non-distributable reserves				Distributable reserves		
	Called up share capital	Share premium	Capital redemption reserve	Revaluation reserve	Capital reserve	Revenue reserve	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Six months ended 30 September 2025 (unaudited)</b>							
<b>At 1 April 2025</b>	7,226	62,268	1,192	7,632	50,538	1,253	130,109
Return after tax	-	-	-	1,438	657	358	2,453
Dividends paid	-	-	-	-	(3,276)	(447)	(3,723)
Net proceeds of share issues	353	5,860	-	-	-	-	6,213
Shares purchased for cancellation	(192)	-	192	-	(3,275)	-	(3,275)
<b>At 30 September 2025</b>	<b>7,387</b>	<b>68,128</b>	<b>1,384</b>	<b>9,070</b>	<b>44,644</b>	<b>1,164</b>	<b>131,777</b>
<b>Six months ended 30 September 2024 (unaudited)</b>							
<b>At 1 April 2024</b>	6,858	51,738	934	2,674	58,846	1,446	122,496
Return after tax	-	-	-	(522)	1,909	548	1,935
Dividends paid	-	-	-	-	(2,502)	(736)	(3,238)
Net proceeds of share issues	607	10,241	-	-	-	-	10,848
Shares purchased for cancellation	(142)	-	142	-	(2,385)	-	(2,385)
<b>At 30 September 2024</b>	<b>7,323</b>	<b>61,979</b>	<b>1,076</b>	<b>2,152</b>	<b>55,868</b>	<b>1,258</b>	<b>129,656</b>

**Year ended 31 March 2025**

<b>At 1 April 2024</b>	<b>6,858</b>	<b>51,738</b>	<b>934</b>	<b>2,674</b>	<b>58,846</b>	<b>1,446</b>	<b>122,496</b>
Return after tax	-	-	-	4,958	1,018	980	6,956
Dividends paid	-	-	-	-	(4,980)	(1,173)	(6,153)
Net proceeds of share issues	626	10,530	-	-	-	-	11,156
Shares purchased for cancellation	(258)	-	258	-	(4,346)	-	(4,346)
<b>At 31 March 2025</b>	<b>7,226</b>	<b>62,268</b>	<b>1,192</b>	<b>7,632</b>	<b>50,538</b>	<b>1,253</b>	<b>130,109</b>

**Condensed statement of cash flows**
**For the six months ended 30 September 2025**

	<b>Unaudited six months ended 30 September 2025 £000</b>	Unaudited six months ended 30 September 2024 £000	Audited year ended 31 March 2025 £000
<b>Cash flows from operating activities</b>			
Return before tax	<b>2,453</b>	1,935	6,956
Adjustments for:			
(Gain)/loss on disposal of investments	<b>(294)</b>	(1,065)	(2,902)
Movements in fair value of investments	<b>(2,703)</b>	(1,063)	(4,299)
(Increase)/decrease in debtors	<b>2,171</b>	314	82
(Decrease)/increase in creditors	<b>(98)</b>	5	121
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,529</b>	126	(42)
<b>Cash flows from investing activities</b>			
Purchase of investments	<b>(5,638)</b>	(6,476)	(16,126)
Sale/repayment of investments	<b>13,045</b>	4,793	9,647
<b>Net cash inflow/(outflow) from investing activities</b>	<b>7,407</b>	(1,683)	(6,479)
<b>Cash flows from financing activities</b>			
Issue of ordinary shares	<b>6,396</b>	11,323	11,653
Share issue expenses	<b>(183)</b>	(475)	(497)
Purchase of ordinary shares for cancellation	<b>(3,275)</b>	(2,385)	(4,346)
Equity dividends paid	<b>(3,723)</b>	(3,238)	(6,153)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(785)</b>	5,225	657



<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>8,151</b>	3,668	(5,864)
Cash and cash equivalents at beginning of period	24,862	30,726	30,726
<b>Cash and cash equivalents at end of period</b>	<b>33,013</b>	34,394	24,862

## Other matters

The unaudited financial statements are prepared in accordance with accounting policies consistent with Financial Reporting Standard 102 (“FRS102”), Financial Reporting Standard 104 (“FRS104”) - Interim Financial Reporting, with the Companies Act 2006 and the 2014 Statement of Recommended practice, ‘Financial Statements of Investment Trust Companies and Venture Capital Trusts’ (“the SORP”) (updated in July 2022) issued by the Association of Investment Companies (“AIC”). The condensed financial statements comply with FRS 104, applying the recognition and measurement principles of FRS 102. The financial statements have been prepared on a going concern basis.

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss (“FVTPL”) in accordance with FRS 102 sections 11 and 12. The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines as updated in 2022.

The accounting policies have been applied consistently throughout the period. Full details of principal accounting policies are disclosed in Note 1 on page 57 of the Annual Report and Financial Statements for the year ended 31 March 2025. The significant accounting estimates and judgements applied are consistent with those disclosed in the Annual Report for the year ended 31 March 2025.

The interim dividend of 2.0 pence per share for the year ending 31 March 2026 will be paid on 21 January 2026 to shareholders on the register on 19 December 2025.

The calculation of the return per share is based on the return after tax for the six months ended 30 September 2025 and on 149,765,566 (30 September 2024: 147,760,918) ordinary shares, being the weighted average number of shares in issue during the period.

The calculation of net asset value per share is based on the net assets at 30 September 2025 divided by the 147,737,417 (30 September 2024: 146,458,027) ordinary shares in issue at that date.

The half-yearly financial report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at [www.mercia.co.uk/vcts](http://www.mercia.co.uk/vcts).