



Herald
LEADING-EDGE INVESTING

Herald Investment Trust plc 2025

Half-yearly financial report
For the six months ended 30 June 2025

INVESTMENT OBJECTIVE

Herald Investment Trust plc’s (“Herald” or the “Company”) objective is to achieve capital appreciation through investments in smaller quoted companies in the areas of technology and communications. Investments may be made across the world. The business activities of investee companies will include technology and communications, and the supply of equipment and services to these companies.

INVESTMENT POLICY

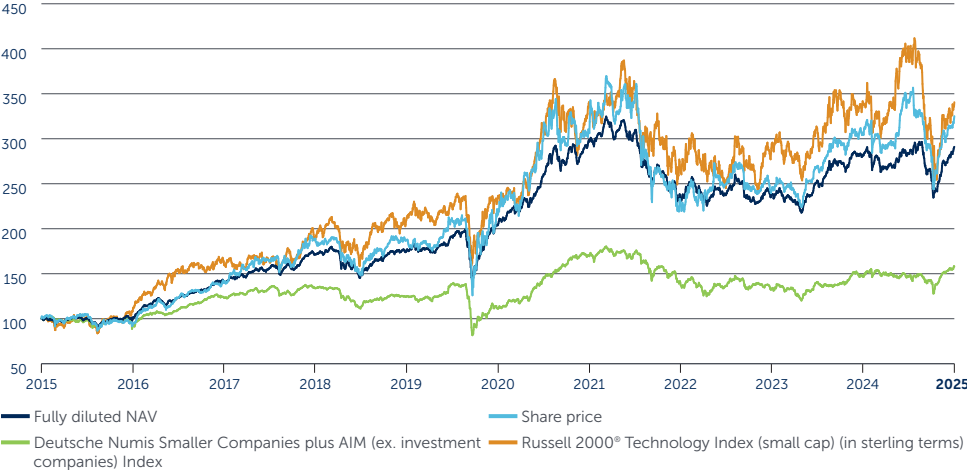
While the policy is global investment in smaller quoted companies in technology and communications, the approach is to construct a diversified portfolio through the identification of individual companies which offer long-term growth potential, typically over a five-year horizon or more. The portfolio is actively managed and does not seek to track any comparative index. With a remit to invest in smaller companies with market capitalisation generally below \$5bn at the point of purchase, there tends to be a correlation with the performance of smaller companies, as well as that of the technology and communications sectors. A degree of volatility relative to the overall market should be expected. The risk associated with the illiquidity of smaller companies is reduced by generally restricting the stake in any one company to less than 10% of the shares in issue. A number of investments are in early-stage companies, which have a higher stock specific risk but the potential for above average growth. Stock specific risk is reduced by having a diversified portfolio.

In addition, to contain the risk of any one holding, the Manager generally takes profits when a holding reaches more than 5% of the portfolio. The Manager actively manages the exposure within the constraint that illiquid positions cannot be traded for short-term movements. The Company has a policy not to invest more than 15% of gross assets in other UK-listed investment companies. From time to time, fixed interest holdings, non-equity or unquoted investments may be held on an opportunistic basis.

The Company recognises the long-term advantages of gearing and has a maximum gearing limit of 50% of net assets. Borrowings are invested primarily in equity markets but the Manager is permitted to invest in other securities in the companies in the target areas when it is considered that the investment grounds merit the Company taking a geared position. The board’s intention is to gear the portfolio when appropriate, taking into account current and future cashflow requirements of the Manager. Gearing levels are monitored closely by the Manager and reviewed by directors at each board meeting.

The Company may use derivatives which will be principally, but not exclusively, for the purpose of efficient portfolio management (i.e. for the purpose of reducing, transferring or eliminating investment risk in its investments, including protection against currency risk).

10 YEAR TOTAL RETURN OF NAV, SHARE PRICE AND COMPARATIVE INDICES
(FIGURES HAVE BEEN REBASED TO 100 AT 30 JUNE 2015)



SUMMARY OF PERFORMANCE

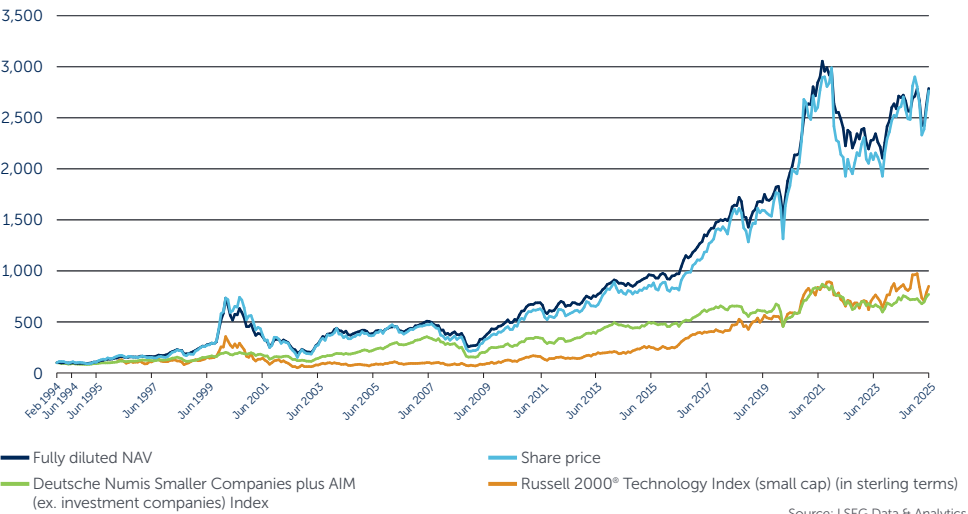
NET ASSET VALUE (NAV) ^A PER SHARE 30 JUNE 2025	CHANGE IN NAV ^A PER SHARE SINCE 31 DECEMBER 2024	TOTAL NAV RETURN PER SHARE SINCE INCEPTION
£25.54	+2.6%	+2,687.6%
SHARE PRICE 30 JUNE 2025	CHANGE IN SHARE PRICE SINCE 31 DECEMBER 2024	SHARE PRICE TOTAL RETURN SINCE INCEPTION
£23.15	-4.7%	+2,663.4%

NAV AT 31 DECEMBER 2024	TOTAL RETURN IN PERIOD	SHARE BUYBACKS IN PERIOD	NAV AT 30 JUNE 2025
£1,252.6m	+ £31.5m	-£7.3m	= £1,276.8m

Total return for the period	At inception 16 February 1994	At 1 January 2025	At 30 June 2025	Performance since 1 January 2025	Performance since inception
Net asset value ^a per ordinary share (including current year revenue)	98.7p	2,488.2p	2,553.9p	2.6%	2,687.6%
Net asset value ^a per ordinary share (excluding current year revenue)	98.7p	2,488.2p	2,553.1p	2.6%	2,687.6%
Share price	90.9p	2,430.0p	2,315.0p	-4.7%	2,663.4%*
Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index (total return)	2,299.9	16,554.4	17,703.9	6.9%	669.8%
Russell 2000® Technology Index (small cap) (in sterling terms) (total return) [†]	674.7	6,023.5	5,313.9	-11.8%	687.6%**

^A Alternative Performance Measure (APM) — See page 18.
^{*} Share Price Total Return based on 90.9p, the 1994 CGT base subscription price for shareholders adjusting for warrants, which were issued on a 1 for 5 basis.
^{**} At 9 April 1996 being the date funds were first available for international investment.
[†] The Russell 2000® Technology Index (small cap) was rebased during 2009 following some minor adjustments to its constituents. The rebased index is used from 31 December 2008 onwards.

TOTAL RETURN SINCE INCEPTION (FIGURES HAVE BEEN REBASED TO 100 AT 16 FEBRUARY 1994)



Source: LSEG Data & Analytics.

Past performance is not a reliable indicator of future returns.

CHAIRMAN'S STATEMENT

I am pleased to report that after a strong 2024, the first half of 2025 saw a further increase in the Net Asset Value ("NAV") per share in spite of extraordinarily volatile markets and unpredictable events in geopolitics.

The Investment Manager's Report covers the performance in the first half year in some detail. In summary, the NAV per share rose by 2.6%. This would have been materially higher but for the significant appreciation in sterling against the US Dollar over the period (c. 9.7%), with the US Dollar in general enduring its weakest first six months for more than 50 years. With US stocks accounting for 34.1% of the Company's portfolio this led to a lower headline return for the portfolio. Geographically in sterling terms, the US portfolio returned a favourable return of 3.4% compared with the Russell 2000® Technology Index (small cap) return of -11.8%. Both the Asia and the Europe, Middle East and Africa ("EMEA") portfolios showed strong returns; and only the UK portfolio was down, and that by a small amount, underperforming the Deutsche Numis Smaller Companies plus AIM (ex. investment companies) Index.

Stepping back, many of the trends identified in recent annual and half-yearly statements also affected this period. These include the continuing decline in the proportion of the portfolio invested in UK stocks, now 30.8%, reflecting the regrettable reduction in the number of technology companies listed in the UK; smaller company returns in stock markets generally lagging the tech giants; the lack of IPOs to replenish takeovers; and the phenomenon of stocks involved in the AI boom leading the growth in NAV. Although these larger trends are a principal determinant of performance, it remains the case that in small company investing stock selection is critical.

The six months to 30 June 2025 was notable for two general meetings. The first, on 22 January 2025, was a requisitioned meeting which saw a resounding defeat of the attempt by Saba Capital Management L.P. ("Saba") to replace the board with its own nominees. The second meeting was the AGM in March which also included the triennial continuation vote. Saba was again almost the only shareholder to vote against the board's recommendation, which at the AGM was for continuation of the Company. The board is grateful to all the shareholders who took the time and effort to vote at the meetings and for those who were able to attend in person.

Saba continues to be a major shareholder with what is now a 30% holding of the Company's shares. The board has engaged with Saba, whose current intentions remain unclear. The majority of shareholders, as clearly expressed at the two meetings, are supportive of the Company and its manager, Herald Investment Management Limited ("HIML" or the "Manager"), and the board would like to find a resolution to the uncertainty caused by Saba's large holding. The board is mindful that not only is the Company a successful, long-term investment trust, offering its shareholders access to investments many could not in practice access themselves in a cost effective way, but it is also systemically important as an active investor in the small cap tech market, historically and hopefully in the future providing capital to growing tech companies.

During the period, the Company continued to buy back its shares: in aggregate 0.7% of the opening number of shares since 1 January 2025, bringing the proportion of the Company's shares bought back since 1 January 2023 to 19.6%. The Company's share price in the six months lagged the growth in NAV per share, reflecting the end to Saba's buying campaign ahead of the first of the General Meetings mentioned earlier.

As covered in the annual report for the year ended 31 December 2024, the board was very sad to see the departure of James Will as a director at the conclusion of the AGM on 24 March 2025 after ten years of service. His wisdom and expertise will be missed.

Given the pace and breadth of developments in technology and the providers of services to it in all regions in which the Company invests, the board continues to believe there is a bright future for the Company with HIML as its manager. The Manager's specialist strategy works well in its chosen sectors.

ANDREW JOY

CHAIRMAN

22 July 2025

INVESTMENT MANAGER'S REPORT

The first half of 2025 has proved to be a volatile period for investments globally, and it is something of a relief to have ended the period with a positive return in net assets per share of 2.6%. The North American portfolio, which now comprises the largest element of the Company's assets (34.1%) began the year strongly but corrected materially as markets anticipated the Trump tariffs in February and March so that the first quarter return of the US Russell 2000 Technology Index (small cap) (the Russell Index) was down 23.6% in sterling. The second quarter saw some recovery so that by the end of June the Russell Index decline was only 11.8% for the half. It is therefore pleasing to report a positive North American return of 3.4% for the portfolio of the Company in the half. The UK, which now accounts for 30.8% of the Company's assets, was down 12.9% in the first quarter reflecting a continued flight of capital from the UK small companies' sector in which the main co-investors are domestically owned UK smaller companies' funds. However, Trump's Liberation Day seemed to mark a point of inflection where the selling pressure eased in the UK. Albeit net inflows are elusive, flows from the UK to the US ebbed. The second quarter saw some recovery, so the UK portfolio ended the period down 3.5%, which is materially behind the Deutsche Numis Smaller Companies plus AIM (ex. Investment companies) Index (+6.9%) albeit within the index both the technology sector (+0.9%) and the media sector (–17.7%) underperformed the wider index. Currency has been a major headwind for the value of USD assets, with sterling appreciating 9.7% versus the USD. Overall, the currency headwind has been £24m on translation of overseas holdings, however, it also affects the performance and profitability of many UK holdings, as UK technology companies often have material USD revenues, but predominantly sterling costs. The returns in both Asia (+12.2%) and Europe (+17.8%) have been strong, and the Euro has actually strengthened versus £. In addition, capital flows have conspicuously increased towards European equities without the retail selling so visible in the UK.

Regional Market Values and IRR (total return)	Market Value (£m)		IRR*
	31 December 2024	30 June 2025	
Asia	150.2	164.9	12.2%
EMEA	146.3	143.9	17.8%
North America	427.3	435.6	3.4%
UK	444.8	393.6	–3.5%
Total	1,168.6	1,138.0	2.5%
Liquid assets and government bonds net of share buybacks	84.0	138.8	
Total net assets	1,252.6	1,276.8	

* IRR- Internal Rate of Return.

Cash has been received from the takeover of eleven holdings for an aggregate value of £64.8m: three in each of the North America, UK and Asia, and two in Europe. The two in EMEA, Esker and Nexus AG had an aggregate value of £29.1m, which equates to 19.9% of the value of the Europe portfolio at the start of the year. It is sad to see Esker go at €262/share, having first acquired them at €10 in 2012, albeit the position was subsequently increased from 35,000 shares to 100,000 through subsequent purchases. Over the period of ownership, the share count increased by a third, and the final take-out value was €1.62bn, demonstrating what a successful micro-cap stock it has been. In addition, European holdings in Raysearch Laboratories, Lumibird, Nordic Semiconductor and Wallix Group have all performed well. There are four further takeovers pending of which three are in the US and one in the UK with an aggregate value of c.£15m. Almost all the takeovers completed and announced have been made by private equity and to our concern, management have rolled into private equity in frustration at public markets failure to provide capital or an appropriate valuation.

INVESTMENT MANAGER'S REPORT CONTINUED

The North American performance has again been led by the companies in the AI (artificial intelligence) supply chain. In aggregate Celestica, Super Micro Computer and Fabrinet have returned £29.2m, so the remaining holdings have in aggregate declined by £14.8m. This equates to a return of –3.5% for other positions, which is still usefully better than the Russell Index return of –11.8% in sterling. Arlo Technologies and Silicon Motion Technology have also contributed well, while Cogent Communications and QuickLogic have disappointed. In percentage terms the stars have been Tecogen (+323%), Digital Turbine (+218%) and Ouster (+102%).

The UK portfolio (–3.5%) has seen the strongest sterling returns from Volex, Cohort and Diploma (c£13.1m in aggregate), and ITM Power and Filtronic both returned in excess of 100%. These positive returns have been offset by a few disappointments. Celebris Technologies plc also declined noticeably which seemed anomalous but the share price has reassuringly recovered since the period end. Trustpilot was the star performer last year but gave back £5.4m in the half and GB Group continued to disappoint declining by £4.8m. Since it was first held GB Group has nevertheless delivered a return of £26.2m reflecting the fact that we had managed to take some profits at higher levels and bought 6.4m shares at an average price of 25.14p in 2008 and 2009 when the market capitalisation was c£23m. Next Fifteen has also delivered strong returns historically, up £25.7m despite losing £4m this year. Sadly, this has led to the long-standing CEO falling on his sword. His insightful views on the technology sector and efforts over a long period will be missed. In our view the share price is now unjustifiably low and we have therefore added to the position this half. The challenge of selling successful positions or buying at good prices or providing follow-on funding is a function of a rather broken market. Sadly, it has led to a deliberate further withdrawal of funds from the UK market of £34m. We observe that since 1 January 2017 £322m has been withdrawn from the UK portfolio, and over the same 8 and a half year period the Company has bought back £405m in shares of which £7m has been in the first half. Over the same period the UK as a proportion of total net assets has halved to 30.8%. A further decline is expected in the second half of this year. Having raised outside capital of £95m we have provided primary capital of £533m to UK listed companies over 30 years. The first half total of £440,000 in two follow-on placings is by far the lowest rate ever. Perhaps the powers that be will recognise that the stock market has a purpose for funding domestic companies and not continue to undermine it.

The Asian return of 12.2% has been led by Japan which returned 22.8%, and accounts for 33.8% of the Asian portfolio. The return was helped by the takeovers of Kaonavi and Proto. South Korea also returned 26.2% with Genians and RFHIC both returning more than 100%, however South Korea accounts for only 11.0% of the Asian exposure. Taiwan is the other main market, accounting for 32.6% and returned 5.8%. Historically it has been the most profitable country for the Company, but lagged others this time. Catapult Group and Electro Optic Systems in Australia and BizLink in Taiwan also did well. The workforce in Asia have strong discipline and a sound work ethic. In addition, the sector in the region started as low cost, low added value manufacturing, but it is increasingly moving up the value-added chain.

The table below provides a snapshot of the forward P/E ratio for each portfolio region at the period end, according to analyst forecasts on Bloomberg.

Regional Price to Earnings	31 December 2023	31 December 2024	30 June 2025
Asia	21.5	20.5	19.0
EMEA	30.4	29.2	23.2
North America	22.3	23.3	25.4
UK	16.0	16.6	16.1

It is our policy to invest in companies with a market capitalisation below \$5bn, but we are not compelled to sell above that level. We draw attention to the fact that there are now 21 holdings with a market capitalisation greater than \$5bn with a combined market value of these holdings of £269.1m and a residual book cost of £32.1m having already realised profits of £218.6m. On average these holdings are now 8.4x book cost. These stocks have therefore delivered cumulative returns of £475m, while the total return of the whole current portfolio of investments is £1.05bn. By contrast the 69 holdings below \$100m market capitalisation have cumulatively lost £25.3m. This reflects in part the disappointing holdings, but also there is a lifecycle. Some in this bracket are early stage and we remain optimistic they will be in a position to deliver returns in future periods.

In an unsettled world with excessive Government deficits and growing geopolitical tensions, returns are going to be more difficult to achieve from a wide range of financial and other investment assets. Nevertheless, the pace of innovation is faster than ever, and we continue to be excited to be globally diversified in the growth sectors of technology and communications. We have repeatedly demonstrated that the winners can really make a difference and deliver for the portfolio strong returns into the future.

KATIE POTTS
22 July 2025

TOP TWENTY EQUITY HOLDINGS

At 30 June 2025

Ordinary or common shares unless otherwise stated.

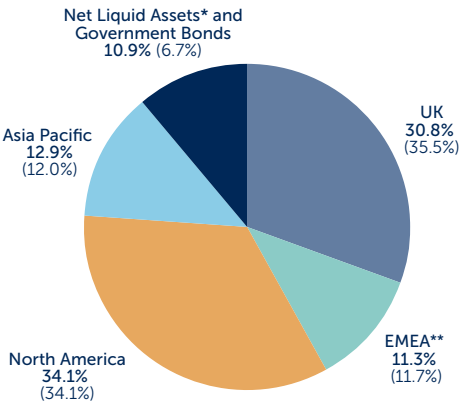
Company (region)	Business	Value £'000	% of total assets
Celestica (NA)	Leader in design, manufacturing, hardware platform and supply chain solutions	39,810	3.1
Fabrinet (NA)	Advanced optical, electro-mechanical and electronic manufacturing services	30,029	2.3
BE Semiconductor Industries (EMEA)	Supplier of semiconductor assembly equipment	26,157	2.1
Diploma (UK)	Distributor of components and systems	24,985	2.0
Super Micro Computer (NA)	Leading server and storage vendor	24,983	2.0
Pegasystems (NA)	Develops applications for sales, marketing and operations	23,740	1.9
Trustpilot (UK)	Digital platform to independently record customer experiences and ratings	20,805	1.6
Silicon Motion Technology ADR* (NA)	Develops controllers used with flash memory	19,515	1.5
Volex (UK)	Leading global supplier of power and connectivity-related solutions	19,251	1.5
Telecom Plus (UK)	Provider of telecommunications and other utilities	15,949	1.3
Catapult (APAC)	Supplier of products for sports teams to capture, analyse and share insights about athletes	15,035	1.2
Cohort (UK)	Provides a range of technology for customers in defence and security sectors	15,018	1.2
Nordic Semiconductor (EMEA)	Wireless semiconductor technology	14,898	1.2
Radware (NA)	Developer of application delivery and cyber security solutions	14,433	1.1
Varonis Systems (NA)	Data security and data protection software provider	14,223	1.1
Descartes Systems (NA)	Cloud-based logistics and supply chain management solutions	13,689	1.1
Arlo Technologies (NA)	Provides a cloud-based security platform	13,583	1.1
RaySearch Laboratories (EMEA)	Developer of innovative software solutions to improve cancer treatment	12,782	1.0
Sidetrade (EMEA)	Develops AI-powered order-to-cash application software	11,952	0.9
GB Group (UK)	Global specialists in digital identity and fraud prevention	11,767	0.9
		382,604	30.1

* American Depositary Receipt.

GEOGRAPHICAL SPREAD OF INVESTMENTS

(Distribution of total assets)

30 June 2025 (31 December 2024)



* Cash, current assets and liabilities.
 ** EMEA: Europe, Middle East and Africa.

TOP FIVE WINNERS AND LOSERS

For the six months ended 30 June 2025 in sterling terms (millions)

TOP 5 LOSERS		TOP 5 WINNERS	
Trustpilot	-5.4	15.5	Celestica
GB Group	-4.8	7.9	Super Micro Computer
Cogent Communications	-4.1	5.9	Rayseach Laboratories
Next 15	-4.0	5.8	Fabrinet
Celebrus Technologies	-4.0	5.6	Catapult

INTERIM MANAGEMENT REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks facing the Company, including the board’s assessment thereof and mitigation factors, are detailed in the annual report and financial statements for the year ended 31 December 2024 on pages 35 to 37 of the Strategic Report. Market risk, liquidity risk and credit risk are discussed in detail in note 17 of the Company’s annual report and financial statements for the year ended 31 December 2024. Principal risks facing the Company include the following: strategic risk (risk as an investor in smaller companies, the Company’s objective and strategy are not attractive to investors, and the continuation vote fails to be passed); market, economic and geopolitical risks (with these three risks covering currency risk, interest rate risk and other price risk including, but not limited to liquidity, price, valuation, technology and communications, small cap, and political developments); investment management risks (including liquidity of the portfolio and key person risks); third party service provider operational risks (failure of service providers and cyber risk); emerging/external risk (failure to have in place procedures that assist in identifying new or familiar risks that become apparent in new or unfamiliar conditions). Other risks are also considered: gearing risk (the use of borrowings can magnify the impact of falling markets); discount and discount volatility; operational risk; emerging/external risks (climate change and global pandemic risk); and regulatory risk (the loss of investment trust status or a breach of applicable legal and regulatory requirements).

In the view of the board, the principal risks and uncertainties facing the business are broadly the same as those in the published annual report and financial statements for the year ended 31 December 2024, and these risks and uncertainties remain applicable to the remaining six months of the year. In particular, the board notes that though the triennial continuation vote risk for the Company has reduced, global factors (such as armed conflicts, tariffs, retrenchment from climate initiatives, etc) keep uncertainty higher than was historically the case.

The annual report can be obtained free of charge from the Manager, Herald Investment Management Limited (“HIML”) (see contact details on page 19) and is available on its website: www.heralduk.com.

RELATED PARTY TRANSACTIONS

Details of the related party transactions were provided in the annual report and financial statements for the year ended 31 December 2024. There have been no changes to the related party transactions described in the annual report that could have a material effect on the financial position or performance of the Company.

GOING CONCERN

The directors have undertaken a review of the Company’s financial position and ability to continue as a going concern. This review took account of continuing global factors such as armed conflicts and tariffs which continue to create geopolitical and economic uncertainties. The Company’s principal risks are market-related and the current market conditions have demonstrated the resilience of the Company and its investment objective and policy. The board considers that there are no material uncertainties that call into question the Company’s ability to continue as a going concern for at least twelve months from the date of approval of these financial statements and the board is confident that the Company will be able to continue in operation and meet its liabilities as they fall due. Consequently, the financial statements continue to be prepared on a going concern basis.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- a) the condensed set of financial statements has been prepared in accordance with FRS 104 'Interim Financial Reporting' and gives a true and fair view of the assets, liabilities, financial position and profit of the Company;
- b) the half-yearly financial report and interim management report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.7R; and
- c) the half-yearly financial report includes a fair review of the information required by Disclosure Guidance and Transparency Rule 4.2.8R (disclosure of related party transactions and changes therein). There have been no such transactions that have materially affected the financial position of the Company.

On behalf of the board

ANDREW JOY

CHAIRMAN

22 July 2025

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited)

	For the six months ended 30 June 2025			For the six months ended 30 June 2024		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	–	42,462	42,462	–	80,211	80,211
Movements in unrealised gains on investments	–	(10,077)	(10,077)	–	53,254	53,254
Losses on foreign exchange	–	(1,229)	(1,229)	–	(507)	(507)
Income	8,020	–	8,020	8,560	–	8,560
Investment management fee – note 3	(6,041)	–	(6,041)	(6,532)	–	(6,532)
Other administrative expenses – note 4	(1,339)	(5)	(1,344)	(591)	(4)	(595)
Profit before taxation	640	31,151	31,791	1,437	132,954	134,391
Taxation	(252)	–	(252)	(225)	–	(225)
Profit after taxation	388	31,151	31,539	1,212	132,954	134,166
Profit per ordinary share (basic and diluted) – note 5	0.77p	61.98p	62.75p	2.21p	241.89p	244.10p
Weighted average number of ordinary shares in issue during the period			50,257,638			54,964,006

The total column of this statement is the profit and loss account of the Company, prepared in accordance with UK Accounting Standards.

The profit after taxation is the total comprehensive income and therefore no additional statement of comprehensive income is presented. The supplementary revenue and capital columns are presented for information purposes in accordance with the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations of the Company. No operations were acquired or discontinued in the period.

CONDENSED STATEMENT OF FINANCIAL POSITION

(Unaudited)

	As at 30 June 2025 (unaudited) £'000	As at 31 December 2024 (audited) £'000
Fixed assets		
Investments held at fair value through profit or loss	1,197,146	1,230,027
Current assets		
Cash and cash equivalents	72,864	21,890
Other receivables	8,412	1,850
	81,276	23,740
Current liabilities		
Other payables	(1,606)	(1,165)
	(1,606)	(1,165)
Net current assets	79,670	22,575
TOTAL NET ASSETS	1,276,816	1,252,602
Capital and reserves		
Called up share capital – note 8	12,499	12,585
Share premium	73,738	73,738
Capital redemption reserve	9,453	9,367
Capital reserve	1,182,065	1,158,239
Revenue reserve	(939)	(1,327)
TOTAL SHAREHOLDERS' FUNDS	1,276,816	1,252,602
NET ASSET VALUE PER ORDINARY SHARE (basic and diluted) (including current year revenue)	2,553.9p	2,488.2p
NET ASSET VALUE PER ORDINARY SHARE (basic and diluted) (excluding current year revenue)	2,553.1p	2,482.9p
Ordinary shares in issue	49,995,442	50,340,861

CONDENSED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

For the six months ended 30 June 2025

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
Shareholders' funds at 1 January 2025	12,585	73,738	9,367	1,158,239	(1,327)	1,252,602
Profit after taxation	–	–	–	31,151	388	31,539
Shares purchased for cancellation – note 8	(86)	–	86	(7,325)	–	(7,325)
Shareholders' funds at 30 June 2025	12,499	73,738	9,453	1,182,065	(939)	1,276,816

For the six months ended 30 June 2024

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total Shareholders' funds £'000
Shareholders' funds at 1 January 2024	14,034	73,738	7,918	1,154,062	(3,995)	1,245,757
Profit after taxation	–	–	–	132,954	1,212	134,166
Shares purchased for cancellation – note 8	(520)	–	520	(43,260)	–	(43,260)
Shareholders' funds at 30 June 2024	13,514	73,738	8,438	1,243,756	(2,783)	1,336,663

CONDENSED STATEMENT OF CASH FLOWS

(Unaudited)

	For the six months ended 30 June 2025 £'000	For the six months ended 30 June 2024 £'000
Cash flow from operating activities		
Profit before taxation	31,791	134,391
Adjustments for gains on investments	(32,385)	(133,465)
Purchase of investments	(112,566)	(127,771)
Sale of investments	171,831	168,074
Capital special dividends/return of capital	73	223
Increase in receivables	(233)	(34)
Increase in payables	76	64
Amortisation of fixed income book cost	(361)	(874)
Effect of foreign exchange rate changes	1,229	507
Overseas tax on overseas income	(292)	(234)
Net cash inflow from operating activities	59,163	40,881
Cash flow from financing activities		
Shares purchased for cancellation	(6,960)	(42,815)
Net cash outflow from financing activities	(6,960)	(42,815)
Net increase/(decrease) in cash and cash equivalents	52,203	(1,934)
Cash and cash equivalents at start of the period	21,890	42,285
Effect of foreign exchange rate changes	(1,229)	(507)
Cash and cash equivalents at the end of the period	72,864	39,844
Comprised of:		
Cash and cash equivalents	72,864	39,844

Cash flow from operating activities includes interest received of £2,222,000 (30 June 2024 – £2,065,000) and dividends received of £4,860,000 (30 June 2024 – £5,463,000).

As the Company did not have any long-term debt at both the current and prior six month period end, no reconciliation of the net debt position is presented.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1 FINANCIAL STATEMENTS

The condensed financial statements for the six months to 30 June 2025 within the Half Yearly Financial Report comprise the statements set out on pages 11 to 14 together with the related notes on pages 15 to 17. The condensed financial statements do not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006 and have been neither audited nor reviewed by the Company's auditor. Financial information in relation to the year ended 31 December 2024 has been extracted from the statutory accounts which have been filed with the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The directors have adopted the going concern basis in preparing the accounts. Details of the directors' assessment of the going concern status of the Company is shown on page 9.

2 ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, FRS 104 Interim Financial Reporting and the Statement of Recommended Practice Financial Statements of Investment Trust Companies and Venture Capital Trusts, issued by the Association of Investment Companies in July 2022.

The accounting policies applied for the condensed financial statements are as set out in the Company's annual report for the year ended 31 December 2024.

3 INVESTMENT MANAGEMENT FEE

Herald Investment Management Limited is appointed investment manager under a management agreement which is terminable on twelve months' notice. The management fee is 1.0% per annum of the Company's net asset value (excluding current year net revenue) based on middle market prices up to £1.25bn and 0.8% per annum on amounts beyond this level. The management fee is levied on all assets.

4 OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses have increased significantly in the six months ended 30 June 2025, largely as a result of the requisition in late 2024 of a general meeting of the Company by Saba Capital Management L.P.

5 NET RETURN PER ORDINARY SHARE

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000
Revenue profit after taxation	388	1,212
Capital profit after taxation	31,151	132,954
Total net return	31,539	134,166
Weighted average number of ordinary shares	50,257,638	54,964,006

Net return per ordinary share is based on the above totals of revenue and capital and the weighted average number of ordinary shares in issue during each period.

There are no dilutive or potentially dilutive shares in issue.

6 DIVIDENDS

In accordance with FRS 102 Section 32 ‘Events After the End of the Reporting Period’, the final dividend payable on ordinary shares is recognised as a liability when approved by shareholders. Interim dividends are recognised only when paid.

No dividends were paid for the year ended 31 December 2024 (2023: same), nor declared for the interim (2024: same).

7 FINANCIAL INSTRUMENTS

The Company’s investments as disclosed in the Company’s balance sheet, are valued at fair value.

Nearly all of the Company’s portfolio of investments are in the Level 1 category as defined in FRS 102.

The three levels set out in FRS 102 are as follows:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Manager considers observable data to be the market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The analysis of the valuation basis for the financial instruments based on the hierarchy is as follows:

	As at 30 June 2025 £'000	As at 31 December 2024 £'000
Level 1	1,180,141	1,212,700
Level 3	17,005	17,327
Total fixed assets	1,197,146	1,230,027

The fair value of listed security investments is bid value. Investments on the Alternative Investment Market are included at their bid value. The fair value of unlisted investments uses valuation techniques determined by the directors on the basis of latest information in line with the relevant principles of the International Private Equity and Venture Capital Valuation Guidelines.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS CONTINUED
(Unaudited)

8 SHARE CAPITAL

As at 30 June 2025, the share capital consists of 49,995,442 fully paid ordinary shares of 25p each (31 December 2024: 50,340,861).

At the AGM held on 24 March 2025 the Company's authority to buy back up to 14.99% of its issued share capital at that date was renewed. In the six months to 30 June 2025 a total of 345,419 (30 June 2024: 2,080,423) ordinary shares of 25p each were bought back and cancelled at a total cost of £7,324,905 (30 June 2024: £43,259,825). At 30 June 2025 the Company had authority to buy back a further 7,200,676 ordinary shares.

9 FIXED ASSET INVESTMENTS

During the period, cost of purchases amounted to £112,566,000 (30 June 2024: £127,877,000) and proceeds of sales amounted to £178,048,000 (30 June 2024: £166,899,000).

	Six months ended 30 June 2025 £'000	Six months ended 30 June 2024 £'000
Transaction costs		
Commission costs:		
Purchases	193	262
Sales	196	339
Total commission costs	389	601
Custody transaction costs	5	4
Other transaction costs	19	16
Total transaction costs	413	621

ALTERNATIVE PERFORMANCE MEASURES

ALTERNATIVE PERFORMANCE MEASURE ('APM')

An APM is a numerical measure of the Company's current, historical or future performance, financial position or cash flows other than a financial measure defined or specified in the applicable financial framework. The following APMs are typically used within the investment trust sector to provide additional useful information to shareholders and others and to help assess an investment trust's performance and position against its peers and the market generally. The Company's directors have therefore chosen the following APMs as useful measures. However, shareholders should be aware for the discount APM that the Company does not target the discount (or premium) given that this is a function of the stock market's view of the Company's share price.

NET ASSET VALUE ('NAV') PER ORDINARY SHARE

The value of the Company's assets less any liabilities for which the Company is responsible, divided by the number of shares in issue. The NAV per ordinary share is published daily.

The NAV per ordinary share is shown both including and excluding current year revenue.

	PAGE		30 June 2025 per share (pence)	30 June 2025 £'000
Net asset value (including current period revenue)	2	A	2,553.9	1,276,816
Less net revenue profit after taxation		B	(0.8)	(388)
Net asset value (excluding current period revenue)	2	A+B	2,553.1	1,276,428

Net asset value per ordinary share is based on net assets as shown above divided by 49,995,442, being the number of ordinary shares in issue at the balance sheet date.

TOTAL RETURN

Share price and NAV total returns show how the NAV and share price have performed over a period of time in percentage terms, taking into account both the movement in share price/NAV and any dividends paid to shareholders.

	PAGE		Share Price	NAV (incl. revenue)	NAV (excl. revenue)
Opening at 1 January 2025	2	A	2,430.0p	2,488.2p	2,488.2p
Closing at 30 June 2025	2	B	2,315.0p	2,553.9p	2,553.1p
Price movements		$C=(B-A)/A$	-4.7%	2.6%	2.6%
Dividend reinvestment*		D	-	-	-
Total return		C+D	-4.7%	2.6%	2.6%

* No dividend has been declared for the period (2024–nil).

DISCOUNT OR PREMIUM

The amount by which the share price of an investment trust is either higher (premium) or lower (discount) than the NAV per share, expressed as a percentage of the NAV per share.

DISCOUNT OR PREMIUM	PAGE		30 June 2025	31 December 2024
Share Price (p)	2	A	2,315.0	2,430.0
Net Asset Value per share (p)	2	B	2,553.9	2,488.2
Discount	2	$(A-B)/B$	9.4%	2.3%

FURTHER SHAREHOLDER INFORMATION

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