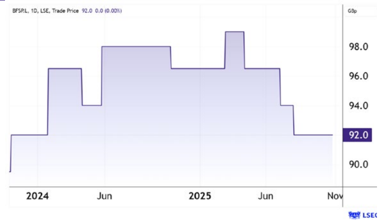
21 November 2025

HARDMAN & CO.
TAX ADVANTAGED

BLACKFINCH SPRING VCT

Blackfinch Investments Limited

VCT Specialist: Technology



Source: LSEG, 2025

Market data

EPIC/TKR	**BFSP**
Price (p)	**92.0**
12m high (p)	99.0
12m low (p)	92.0
Shares (m)	66.4
Mkt cap (£m)	61.1
NAV (£m)	64.0
NAV/share (8 Aug'24, p)	96.4
Discount to NAV	-3.5%
Country/Currency	UK/GBP
Market	LSE

Objective

Founded in 2019, Blackfinch Spring VCT will invest in technology and technology-enabled companies that are scaling up.

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Manager data

VCT assets	£64.0m
Offer size	£20m + £20m
EIS & VCT assets	£124m
Total FUM	£922m
Launch date	2019

Diary

Early bird ends	15 Dec'25
Tax year close	1 Apr'26
Offer closes	24 Aug'26

Analyst

Brian Moretta bm@hardmanandco.com

Why invest

Positives

- **Strategy:** Exposure to a portfolio of scale-up, technology-enabled companies, with good management and large markets.

Issues

- **Dividend coverage:** While the dividend is covered by earnings, there are no realised gains as yet.

Fund manager

Positives

- **Team:** There is a diverse range of experience in the team, with a clear strategy and well-designed processes.

Issues

- **Track record:** The Ventures team has a limited track record but has produced good performance over the past three years.

Nuts & bolts

- **Offer:** To raise £20m, plus a £20m overallotment, with a closing date of 1 April 2026 for the 2025/26 tax year, and final close on 24 August 2026.
- **Diversification:** This has improved significantly: as of June 2025, the VCT had 35 active investments, with an active deal pipeline.
- **Buybacks:** At a 5% discount to NAV, subject to available reserves and board approval. First buybacks were made in 2025.

Fees

- **Fees:** The ongoing charges and fees totalled 3.19% in FY'24, after a 0.5% rebate to shareholders (primarily, to pay advisory fees).
- **Performance fee:** 20%, subject to a 130p minimum return.

Risks

- **Target returns:** A target return of 2.5x for individual investments suggests that the strategy is high-risk investment.
- **Companies:** Growth-stage, technology-enabled companies at the start of scale-up. There will be a spread of company returns, as the successful investments will do very well, but those that fail may do so completely.

Financial summary and valuation

Year-end Dec	2021	2022	2023	2024	1H'25
NAV/share (p)	93.08	90.85	101.54	103.62	99.10
Dividend paid (p)	0.00	0.00	0.00	5.10	2.50
NAV yield	0.0%	0.0%	0.0%	5.0%	2.4%
NAV return	-1.1%	-2.4%	11.8%	7.1%	-1.9%

Source: Hardman & Co Research

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Important notice to readers

This report has been commissioned by our Client, Blackfinch Investments Limited, and is provided for informational purposes only. The contents should not be interpreted, in any respect, as offering investment advice nor be viewed as a substitute for readers' own due diligence.

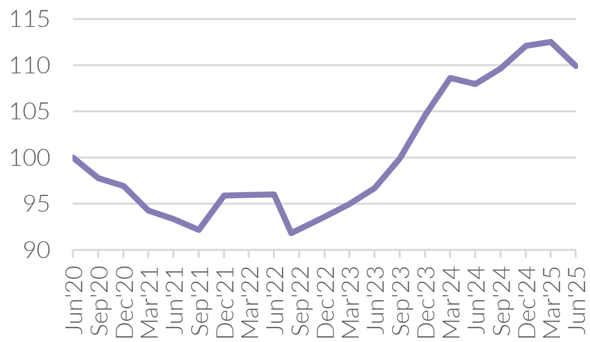
Our Client has confirmed that, to the best of its knowledge, this report contains factually correct information at the time of publication and that the content is not misleadingly presented. Potential investors should seek updated information prior to any financial commitment, and acknowledge that future outcomes may differ materially from current expectations.

Investing in early-stage growth companies is a high-risk activity. Access to liquidity may be totally or highly restricted. Investors should seek appropriate professional advice before deciding whether to make a financial commitment.

For further information relating to the Client's activities, please contact management directly.

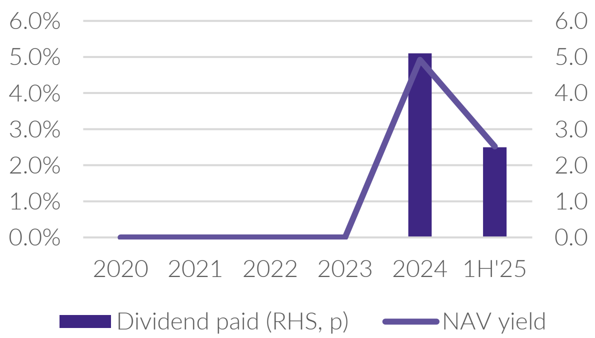
The attention of readers is drawn to important disclaimers printed at the end of this document.

Performance – Total NAV return per share (Jun'20=100)



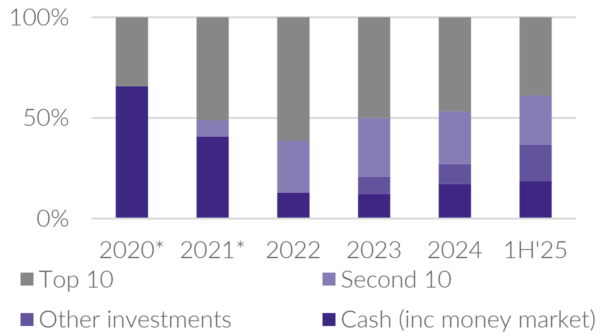
- As a newer VCT, to begin with, Blackfinch experienced drag from initial expenses and cash drag, although this has decreased
- Over the past 12 months, the total return has been 1.8%, placing it in the second quartile
- Over three years, a total return of 14.5% is firmly top quartile

Dividends and yield



- A first dividend was paid in April 2024
- Cumulative dividends of 10.3p paid to date
- A second dividend for 2025 of 2.7p was paid in August

Asset allocation



- Cash drag reduced quickly in the first few years, but has ticked up slightly since 2023
- Top 10 investments are now comparable with other VCTs while cash is better than average

**Fewer than 10 investments in 2020 and less than 20 in 2021. Source: Company data, Hardman & Co Research*

Factsheet

Blackfinch Spring VCT	
Product name	Blackfinch Spring VCT
Product manager	Blackfinch Investments Limited
Product advisor	n/a
Tax eligibility	VCT
Target return	2.5x on portfolio companies
Target income	5% dividend yield, plus specials when appropriate
Type of product	Venture Capital Trust
Term	Evergreen
Sectors	Technology
Diversification:	
Number of companies	35 (June 2025)
Equivalent level investments	27.2

Fees	Amount	Paid by
Initial fees:		
Initial fee	2.5%	VCT
Arrangement fee	3.5% (typical)	Investee company (depends on deal size)
External diligence fees		
Annual fees:		
Annual advisory fee	2.5%, discounted to 2%	VCT – see page 13 for more details
Adviser ongoing charge, Execution-only intermediary ongoing fee, Direct Investor ongoing fee	Up to 0.5%	
Directors' fees/monitoring fees	£12,000-£24,000	Investee company
Administration services	Higher of 0.3% of NAV and £60,000 (no VAT)	VCT
Exit fees:		
Performance fee	20%	Investor – aggregate returns over 130p

Advisor fee facilitation	Yes
Advisor fee amounts	As agreed with investor
Advance Assurance	Yes, for each investment, or opinion from a tax specialist
Reporting	Quarterly valuations and reports every six months as of 30 June and 31 December
Buybacks	At 5% discount to NAV
Fundraising:	
Minimum investment	£3,000
Current net assets	£64.0m
Fundraising target	£20m, plus £20m overallotment
Closing date(s)	15 December 2025 (early bird), 1 April 2026 (tax year)

Source: Blackfinch, Hardman & Co Research

Fund aims

The Blackfinch Spring VCT will give investors exposure to a range of growth-stage, technology-enabled investments. It is targeting a dividend yield of 5%, with special dividends if realisations permit.

Summary of risk areas

Note: *There are generic risks from investing in EIS, VCTs or unquoted companies, in addition to the specific ones commented on below. Comments on relative risk refer to other VCT investments, and not to wider investments.*

Investments

Portfolio risk

Each investment will be providing risk capital to an unquoted, early-stage, technology-enabled company ready to scale up. Although diversification is improving and top holding concentration is better than with the sector, as a newer VCT, it still has fewer holdings than is the case for its peers; however, this is improving quickly. New investments now make up less than 5% of NAV, hastening the improvement in diversification.

The target average return of 2.5x capital suggests a high-risk approach, and seems appropriate for the strategy.

Sourcing and external oversight

When Blackfinch Ventures was established, it worked on establishing a good decision-making process, with the clever use of technology. The run rate for potential investments looks adequate and has now been sustained for a while. Two thirds of the Investment Committee are external to Blackfinch, with the internal members being from outside the Ventures team, and bring a variety of backgrounds.

Ongoing support and monitoring

Blackfinch dedicates part of its investment team to supporting and monitoring companies after investment. As well as taking observer rights, typically, a Venture Partner is appointed to the board of each investee company. There is ongoing KPI monitoring too. While it is still a little early to assess how well this will work in practice, the signs are that investee companies believe they are getting the right level of support.

Exits

With only one successful exit from the EIS Portfolios so far, there is limited data for the team as yet. As is normal for the sector, the primary focus is expected to be trade sales. Blackfinch has started to bring advance support to prepare companies for exit.

Manager

Team

The Blackfinch Ventures team is small but brings a range of experiences. Although we have seen some change in the past year, the earlier strong recruitment, including three senior team members, means it remains well resourced. The rest of the team has significant venture capital investing and entrepreneurial experience. Blackfinch has plans to grow the ventures business and is recruiting as it scales up.

Track record

Although Blackfinch has been present in the EIS market for a number of years, the Ventures operation is relatively new and, consequently, has a limited track record. So far, it has had one successful exit (2.6x MoIC) and six failures, two of which were in the VCT. Investments in the VCT show an aggregate unrealised gain of 24%. In the three years to 30 June 2025, the VCT's total return was 14.5%. This compares with the Generalist VCT sector average of -6.0%, thus showing some realisation of potential.

VCT performance

	2020	2021	2022	2023	2024	1H'25
NAV per share (p)	94.08	93.08	90.85	101.54	103.62	99.10
Dividends (p)	0.00	0.00	0.00	0.00	5.10	2.50
Total return		-1.1%	-2.4%	11.8%	7.1%	-1.9%

Source: Hardman & Co Research

Regulation

Product

While some investments may get Advanced Assurance, Blackfinch obtains the opinion of a tax specialist on each investment. Having surpassed 80% invested in 2023, the VCT is now approved.

Manager

The manager of the fund is Blackfinch Investments Limited. It is FCA-registered (number 153860), with appropriate permissions. Submissions to Companies House appear to be up to date.

Risk analysis/commentary

With the VCT having passed its fifth anniversary, we can see that Blackfinch has made significant progress. Having invested in developing an investment process that produces the right opportunities, we are starting to see performance coming through. Top-quartile performance over three years, as well as the payment of four dividends, indicates good progress. Achieving some realised gains is the main missing item.

While many other VCTs are also making technology investments, the Blackfinch Spring VCT does not bring the baggage of historical strategies. This approach may give purer exposure, although that difference has diminished over time.

Investors need to be aware that they will be investing risk capital into early-stage technology companies. The use of Venture Partners means that a more specialist director is being added to investee companies, and this takes some of the pressure off the Blackfinch team. This should be good for the investee companies, although it is, again, too early to assess properly.

Blackfinch co-invests alongside the VCT. Although the amounts are small relative to Blackfinch as a whole, it does add to the credibility of the processes being followed.

Individual investments in the VCT are likely to follow the usual venture capital pattern: those that succeed are likely to produce exceedingly good returns, while those that do not may return little. Blackfinch has made a lot of progress since the first funds were received, reducing cash drag and rapidly improving portfolio diversification. Investors should look for continued, prompt investment of existing funds to keep it on course, as well as those exits.

VCT history

Unlike many VCTs, Blackfinch Spring VCT has a simple history. It was created in 2019, and was the first, brand-new VCT for several years. As such, it does not have any legacy investments made under old rules. A notable milestone is the payment of the first dividends in 2024.

Investment process

Deeper dig into process

Blackfinch is looking to invest in technology-enabled businesses. It seeks companies that are focused on research and development and innovation, giving an emphasis on those where the technology is creating the value. The team looks for high growth with reasonable exit timescales and a large (greater than £1bn) market. There are two main criteria that Blackfinch uses:

- **The company should be ready to scale up:** This goes beyond simple evidence of product-market fit, with meaningful market traction a requirement, and annual revenues of, typically, £0.5m or more. It means an ability to control new customer acquisition and being able to supply the metrics to demonstrate such. Companies should have also demonstrated an ability to meet previous milestones.

- **Blackfinch is also looking for a strong management team:** Motivation, alignment of interests and a strong work ethic are all seen as important. The decision-making process involves repeated contact with company management, much of which is recorded to allow other members of the team to review, as necessary.

Within technology, there are no sector preferences, the only desire being to avoid companies in regulated industries. This means, for example, that there will not be many medtech investments. The intention is to give investors exposure to a spread of technology areas. The portfolio shows exposure to a wide range of markets, including some investments beyond the more typical technology areas.

Blackfinch has noted evolving preferences. When the Ventures team started, it was more open to having some investments that were "all or nothing" in nature. However, it has since moved to having more focus on companies with some downside protection. Nevertheless, it still looks for potential for a 10x return, if all goes well. In practice, there is a strong bias to B2B companies, with only 7% of the VCT's investments having B2C exposure.

It should be noted that the criteria are slightly different from the EIS Portfolios product. The VCT, generally, is looking to invest at a later stage of development, broadly around Series A stage; although, there may be some overlap, and investment may be made from both in the same round. The target average return on individual investments of 2.5x is, appropriately, slightly lower than that of 3x for the EIS.

Blackfinch, as a whole, has moved towards responsible investments, and the Ventures team is no exception. It looks for investments to have clear responsible values, with a senior member of the team taking responsibility for assessing the credentials. While not as aggressive as impact funds, this strategy should reassure investors in a market that appears, finally, to be moving in that direction.

The targeted stage of development is common among VCTs, particularly those with a technology focus. While the formal criteria are limited, the team gives a good understanding of what it is looking for in a potential investment.

Current portfolio

As of the June 2025 interim results, the investment portfolio consists of 35 active companies, which are listed in *Appendix 3* of this note. This represents further progress from the 30 companies at the time of last year's report, with several companies having received further follow-on investments.

Blackfinch Spring VCT portfolio concentration, June 2025

		Valuation (£000)	Prop'n. of NAV
Unlisted investments			
Largest holding	Illuma Tech	3,698	5.8%
Top 5		14,656	22.8%
Top 10		24,951	36.9%
Top 20		40,567	63.2%
Number of active investments	35		
Total investments		52,196	81.3%
Cash/other current assets		11,997	18.7%
Net assets		64,193	100.0%

Source: Blackfinch, Hardman & Co Research

A significant challenge for a new VCT is that new funds raised can give significant cash drag until invested. Generally, Blackfinch has managed this well, taking it down from 41% in 2021 to 12% by the end of 2023. The pace of fundraising has increased significantly since then, but we have only seen the cash proportion increase to 18.7%. Although distinctly above best in class, it is still better than many established VCTs. In the past year, the cash drag has been reduced by the use of money market funds.

Diversification continued to improve over the past year: for example, the top 10 weight reduced to 36.9% from 55.7% two years ago. Overall concentration is well within the normal VCT range and better than many. Although we would expect diversification to improve with further investments, we are now seeing valuation movements that offset this. We note that the reduced concentration is helped by the strong fund raise and weak performance of Illuma in the past 12 months.

Looking across the sectors, Blackfinch has brought exposure to several technology areas. In its annual report, it listed 12 different sectors to which the VCT has exposure, with the largest (HR technology) at 19.9% of investments.

All investments, to date, are Qualifying. While additional new funds have two years to reach the threshold of 80% in Qualifying investments, the VCT exceeds that level already and does not have any qualification issues.

Examples

Hardman & Co does not assess any portfolio investments but describes these to illustrate what investors may get exposure to.

Blackfinch suggests Spaceflux and Minimal X as good examples of investments that illustrate its thesis. Both companies are new investments in 2025 with Minimal X being a co-investment with the EIS Portfolios and Spaceflux being VCT only.

Spaceflux uses a combination of telescopes around the world and AI to track objects in space, including debris. Concern has risen sharply due to the rise of lower-cost satellites, which has significantly increased the number of objects in earth orbit in the past few years, and therefore the corresponding risk of collisions with each other and debris.

Currently, it supplies data on a real-time basis to both governments and private companies. With space technology seeing increased investment, it seems likely that demand for this service will remain strong.

Minimal X produces compact electric vehicles for urban delivery fleets. Its vehicles match the technological sophistication of its competitors, while being significantly cheaper. The company also produces a software platform, which allows operators to optimise routes and manage the fleets efficiently.

While this is a competitive market, Blackfinch was strongly attracted to the team, which has a strong track record of execution.

Sourcing deals

The Blackfinch team is split, with part of the team having specific responsibility for sourcing potential investments. Assessments are made alongside candidates for the EIS products.

The VCT will invest in a mixture of companies that are new to Blackfinch and follow-on investments into companies that have received EIS investment. Over time, Blackfinch expects that the VCT will have a more distinct deal flow. The aim is to make 5-10 new VCT investments a year, plus follow-ons.

Although the team has a network that it uses for sourcing deals, Blackfinch also takes a very proactive approach to sourcing potential investments. In particular, it tracks accelerators and incubators, looking to approach interesting companies before they require funds, and hoping to gain preferential access as a consequence. A former team member previously ran an accelerator, which has helped build relationships in this area.

Use is also made of a research platform, which gives some visibility across the whole market. The tool is used to generate companies that may be approached proactively. As the Venture Partner network has grown, it has become a more important source of referrals. Blackfinch also invites applications through its website, *LinkedIn* and other direct approaches, but notes that these tend to be of lower quality.

While there is no intention to bring a geographical focus, Blackfinch is finding that its location in Gloucester means that it tends to be more attractive to those outside the South East. Nevertheless, it will invest across the whole country.

From a standing start in 2018, Blackfinch is assessing more than 1,000 potential leads a year. It has noted that, as its networks have become more established, the quality of the deal flow has improved over the past couple of years. Increased portfolio maturity also means more options for follow-ons into the existing EIS and VCT companies, which should boost deal flow.

The VCT made 22 investments in 2024, of which 7 were new to the VCT, with the balance being follow-ons. Previously, all VCT investments were either co-investments with or follow-ons to EIS fund investments, but 2025 saw the first two VCT-only deals. While the lead total covers both the VCT and EIS products, at that rate of generation, it seems likely that Blackfinch can source enough investments for both.

Decision-making

Blackfinch has established a seven-stage investment process (including post-investment monitoring). When the Ventures team was new within Blackfinch, it spent significant time and investment on putting a well-thought-out process in place. A significant evolution took place in 2021 and this process is now well-established, albeit the team continues to seek improvements (we make changes every year in this section of our reviews). Underpinning the investment process is a technology platform that is used to manage all the stages of investment. This should help make the process scalable, which is becoming increasingly important.

Each stage is subject to a "pass", "hold" or "progress" decision. Holds are for companies that may be of interest but need to make further progress before becoming suitable. They are tracked and later reviewed to see if they have reached the appropriate stage. Daily team meetings take place, at which the pipeline is discussed and decisions for the early stages are made.

Prospects are subject to an initial filtering by a senior team member before being added to a long list. This filtering looks at whether the business has a tech focus, is not too early- or late-stage, meets ESG criteria and is VCT-/EIS-eligible.

Companies on the long list are assigned to a member of the pipeline team. The team gathers standard information, which is collected under standard headings on the system. The team member also has a couple of half- to one-hour recorded video conference calls with the company management.

More recently. Blackfinch has added in a couple of reference calls at this stage, which it believes has improved its shortlist quality. It has also brought forward some elements of diligence that were previously done later in the process. While this generates extra work, Blackfinch believes that it enhances the earlier decision making and speeds up the process overall, which it feels is necessary to execute competitive deals in the current environment.

Roughly half of the long-list companies progress onto a shortlist, often after Blackfinch has obtained more information, as required. Companies on this list get a pitch session. The pitch is at the heart of the Blackfinch process. Founders are instructed to give a 15-minute pitch, which will be followed by a deep-dive discussion. Sessions are scheduled to allow them to run on for as long as necessary – usually it takes more than three hours. The aim is to acquire enough information to issue a term sheet.

When Blackfinch started, the whole investment team participated, but this has since evolved to multiple people, with at least two senior team members being present. With Blackfinch conducting around 120 of these sessions a year, this part of the process represents a significant commitment of resources. Sessions are recorded to allow for review by the team or the Investment Committee.

They are followed by further investigation of relevant metrics, company performance and financials. The team also seeks guidance from relevant sector specialists.

Investment Committee

The Investment Committee then has its first involvement. This stage is managed in an interesting way. The investment team presents to the Committee a range of deals in which it is happy to invest but that are of a greater amount than can be invested in. The input from the Committee forces the team to actively select, with the aim of getting to the very best deals. Selection is guided by a blind ranking of companies.

Until recently, Blackfinch held these batch selections three times a year, each combined for the EIS Portfolios and VCT. However, to quicken up the process for companies, it is now holding more frequent meetings with smaller numbers of candidates.

When issuing term sheets, Blackfinch usually uses standard documentation, which it has developed internally. The exception is when there are earlier investors who may not like existing terms being changed. The team notes that this documentation is being improved upon on an ongoing basis. The terms are largely normal for the sector, with one exception: founders are expected to re-vest their shares over the four years after investment is received. This is an interesting way of reaffirming their commitment to the company.

The due diligence stage covers the usual areas, including technical, team, financial, tax, market and competitor analysis. Blackfinch notes that the process has become deeper over time, with increased reference calls. This includes building relationships with other professional investors in the company who can give further insight, particularly when they have been invested for some time. A tax specialist is used to review VCT/EIS eligibility in case anything has changed or been missed in Advance Assurance.

Increasingly, the technical diligence is happening remotely, using a technical expert from Blackfinch's network. In addition, the investment team speaks to the employees of the company. Where there are co-investors, they are usually engaged with at this stage.

A key part of the Blackfinch approach is the use of Venture Partners. These are highly experienced people, with significant sector, technical or business experience. Initially, Blackfinch looked to bring them in after the investment was made, but it is now involving them at an earlier stage, so that they can assist in the diligence process. Final agreement from the Investment Committee is then required, before progressing to the next stage.

Full Form documentation includes any final negotiations, as well as signing papers and making the investment. Blackfinch estimates that it can go through the process in four to eight weeks, but this depends on the company and the diligence required.

Any follow-ons will undertake a slightly different process. The previous diligence and ongoing contact reduce the depth of investigation that is required. Depending on the length of time, some items, such as technology or disclosures, may be checked again. The Investment Committee paper tends to be much shorter than for brand-new investments, although it may reference other material, if required.

Overall, the decision-making process seems well-structured, with an unusually systematic use of technology, and it more than satisfies best practices within the sector. The Venture Partner addition is not unique but does complement more standard processes.

Typical investments

Generally, the team wishes to be leading rounds and to have control over the timetable. Blackfinch also makes a small, direct co-investment into each investee company.

With the current size of the VCT, investments will be up to £2m, although most are still under £1m. The lower size of many existing investments reflected the portfolio size at the time, although some smaller new investments are still being made. The aim is that those that are making satisfactory progress will get follow-ons in due course to raise their weight, and we have already seen this in more than half of the portfolio. The intention is to grow the initial investment to £1m-£2m, as the VCT grows its capacity. Blackfinch aims for new investments to make up less than 5% of the portfolio; however, with recent growth, this is now £3m, so will not be a restriction going forward.

While the VCT is aimed at a later stage of company development than the EIS Portfolios, there is an overlap, and both may look to invest in the same round. There is an allocation policy in place that balances the priorities of each. Generally, allocations will be *pro rata* to undeployed funds, although there are exceptions for pre-existing investments and short-term timing requirements. Blackfinch expects this overlap to become rarer over time.

Exits

Exits are expected to be via the usual routes, with trade sales dominating. Blackfinch guides investors to expect two to seven years for realisations.

Governance and monitoring of investments

VCT

Advance Assurance may be sought from HMRC on investments prior to completion. All investments will be reviewed by a tax specialist, regardless of whether Advanced Assurance has been received or not. Currently, it makes use of its panel of lawyers for this advice.

All custody and administration is handled internally by Blackfinch.

The NAV will be calculated quarterly, using IPEV guidelines, which is more frequent than for some other VCTs. Companies will usually be held at cost for at least three months after investment, unless there is another investment round. After three months, the valuation will usually be based on metric multiples from comparable companies. At the most recent annual report, just under half of investments were valued on a revenue multiple, with another 45% valued at the price of the most recent investment.

These are audited by BDO. The usual listing requirements are an Interim Report as of 30 June each year (usually published at the end of August) and an Annual Report as of 31 December (usually published mid-April).

Investments

As indicated above, typically, Blackfinch will find a Venture Partner to take a board position with the company. It is expected that the Venture Partner will support the company through mentoring and guidance. The choice is made through working out where the company's gaps are – so directors can add value to the investee company. In practice, some have fitted so well that they have become further involved with the company. Blackfinch now carries out six-monthly reviews of the Venture Partners, with some being shuffled around, if appropriate.

Although the directors are clearly Blackfinch's representatives, it does not delegate its rights to them. Blackfinch also takes information and observer rights. It expects to receive monthly financial figures, which are compared against those forecast in the company's model. If there is significant deviation, there will be follow-up with the company with the aim of providing further support, if required.

A member of the team attends all board meetings, usually remotely. These meetings are expected to be the main route of communication, although there is also *ad hoc* contact and direct support. Over the past couple of years. Blackfinch has beefed up its portfolio team to ensure adequate internal resources to provide this support.

Blackfinch aspires to be the first port of call for help. It has found that some investments have been sceptical on this at outset but seem to have been converted, which suggests that the approach is working. It has also become more proactive about addressing problems, usually drawing upon its network for additional support, when required. We note that Blackfinch continues to bulk up its capacity for supporting investments.

Recently, the Blackfinch team has been providing some sales support to companies and has been running workshops, where appropriate. It has also built a panel of corporate finance firms to help companies with advance preparation for exits, even if that is likely to be 3-4 years away.

An in-house, cloud-based dashboard system has been developed to support monitoring. At the time of investment, 5-10 KPIs are contractually agreed with each company, and these will continue to be monitored, at least monthly, alongside the financial information.

Blackfinch has also negotiated a range of offers and discounts with relevant service companies, including for banking, SEO, CRM and recruitment.

Given the areas in which Blackfinch is investing, it seems likely that many investments will require follow-on funding. There is the intention to do some within the VCT, where good progress has been made and the investment criteria are still satisfied.

ESG

Since our first product review for the, then new, Ventures team in 2020, Blackfinch has positioned itself within a responsible investing framework. To a large extent, this was merely formalising what it was already doing. The Ventures team has built in a responsible investing aspect, almost from inception.

The Ventures team works on the basis that it wants everything to make a positive difference, although that could be an economic benefit. Diligence includes an ESG assessment on its criteria, which aim to allow all stakeholders to thrive. It includes identification of risks with an acceptance that these may not always be mitigated. Blackfinch is aware that the companies it will invest in are unlikely to have fully fledged ESG policies, so they view the attitude of the founders as key.

Several companies have been rejected at later stages in the investment process, because they have not been able to live up to appropriate ESG criteria. After investment, Blackfinch continues to monitor companies. The team also works actively with companies to make sure that they have the right values. In 2024, it launched an Energy Transition EIS. While this has been merged with the longer-standing EIS Portfolios, it established more deal flow in this area.

While we would characterise this process as being closer to compliant/ESG neutral than impact, Blackfinch was relatively early in establishing a constructive policy.

Track record

Companies

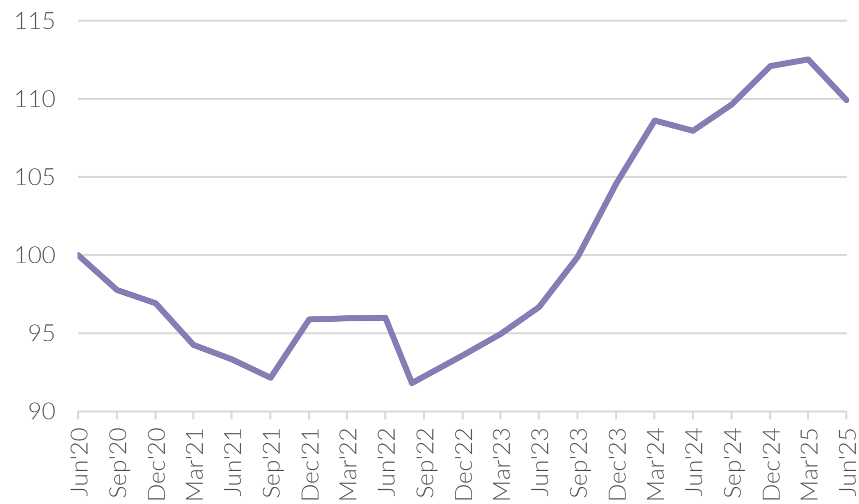
The VCT is still a relatively new offering by Blackfinch, with the Ventures team having started in 2018. The latter has invested almost £59m in its EIS Portfolios product, as well as £42m for the VCT. We note that the growth in the former product should mean increased opportunities for the VCT to carry out more follow-on investments. Blackfinch has raised significant funds for other EIS schemes, but they were different in nature from the current offerings. Consequently, the track record is still somewhat limited. Hardman & Co has been supplied with data, as of August 2025.

So far, the Ventures team has had seven exits, of which one was successful. This is typical in a venture capital portfolio where, unfortunately, the failures usually arrive before the successes. Of these, two liquidations (Movebubble and Kokoon) were in the VCT. The successful exit was EIS only and produced a 2.6x multiple. One of the liquidations returned a small amount.

As *Appendix 3* shows, within the VCT, there are 21 investments (out of 35) showing unrealised uplifts with 3 writedowns, for a 24% increase in the investment portfolio, which is 19% of NAV. While the existing portfolio has mostly progressed, the quantity of new funds and investments has diluted the gains. The EIS portfolio is showing an unrealised uplift of 16% on £51m of active investments.

VCT shares

Blackfinch Spring VCT total NAV return per share (Jun'20=100)



Source: Hardman & Co Research

While the NAV track record is still a little limited, the VCT has seen decent unrealised performance in the past couple of years, albeit 2025 has been a little weaker. The first couple of years were affected initially by setup costs, then a weak venture market and immature investments.

However, the total return to 30 June 2025 is 1.8% over the past 12 months and 14.5% over three years. The three-year performance is firmly top quartile within the sector, compared with a sector average of -6.0%. Over one year, the VCT is second quartile, against a sector average of +0.6%. The five-year total return of 9.9% is slightly behind the sector average of 10.2% and is third quartile.

Last year, we highlighted the concentration of gains in the portfolio, with the then top four accounting for 79% of all gains. The figure has improved dramatically to 45%, albeit partly due to the weak performance in 2025 of the largest holding. Nevertheless, with a wider spread of gains, and reduced concentration overall, there is now a more solid base of performance.

We also note the reduced cash drag since 2022, which will have aided performance.

VCT financials

Blackfinch Spring VCT financial results					
£m	2021	2022	2023	2024	1H'25
Income statement					
Realised gains/losses	-0.549	0	0	0	0
Unrealised gains/losses	1.172	0.438	3.871	4.612	-0.185
Investment income					
Manager fees	-0.243	-0.427	-0.655	-1.065	-0.767
Other expenses	-0.283	-0.337	-0.212	-0.504	-0.274
Net profit	0.097	-0.326	3.004	3.06	-1.226
EPS (p)	1.00	-1.82	11.52	7.77	-2.09
Dividends					
Declared dividend (p)				5.1	5.2
Declared dividend/NAV				5.02%	5.08%
Div. coverage (realised gains)				0%	0%
Div. coverage (return)				152%	-84%
Balance sheet					
Investments	6.96	16.78	25.76	34.20	52.20
Cash (inc. money market funds)	4.97	2.69	3.73	8.57	12.00
NAV	11.76	19.27	29.36	41.32	64.19
NAV per share (p)	93.08	90.85	101.54	102.30	99.10
Number of shares (m)	12.63	21.21	28.91	41.45	64.78

Source: Hardman & Co Research

Note that, since June, another 1.8m shares have been issued and 251k bought back, with an additional dividend paid, reducing the current NAV to £63.2m. As noted above, all gains to date are unrealised other than the two failures (in FY'21 and 1H'25, with the latter already being written down). Blackfinch has made steady progress, with cash reducing from 41% of NAV at the end of 2021 to 18.7% in the most recent figures.

Until recently, uninvested cash has not generated any interest. After a delay, £5m of this was invested in money market funds in late 2024 (now £7m). This will start to produce some investment income, albeit a small amount relative to the VCT as a whole.

Dividends and buybacks

At inception, Blackfinch targeted a dividend yield of 5% from FY'24. It has achieved this with 5.1p of dividends paid in 2024 and 5.2p so far in 2025. To achieve this without realised gains, the VCT cancelled £25.3m from its share premium account in 2023 and transferred it to a distributable reserve.

VCT cash shareholder inflows and outflows						
(£000)	2020	2021	2022	2023	2024	1H'25
Proceeds from share issue	3,931	8,113	7,904	7,152	17,628	19,273
Cost of buybacks						-270
Cost of dividends					-1,866	-1,723

Source: Hardman & Co Research

The 1H'25 dividend payment was £1.72m in total. Despite the VCT growing quickly, this distributable reserve should be enough for several years of dividends. Although there were no realised gains, net profits of the past couple of years (derived from unrealised gains) are more than adequate to cover the previous losses and the dividends to date. In addition, we note that the VCT has had a good take up on its dividend reinvestment programme (almost 20% of 2024 dividends), which mitigates the cash required.

The stated buyback policy is at a 5% discount to NAV. This will also depend on available reserves and board approval. The VCT reached its fifth anniversary in late 2024 and had its first buybacks in 2025. At just over £0.5m to date, these are not large relative to the current NAV; albeit, for context, they represent 7% of the interim 2021 NAV.

Fees

The fees are set out in the Factsheet, on page 3, but there are some items that may be clearer with a little explanation.

Initial fees

The initial fee is net of adviser charges, and less any applicable discounts. The latter may include the early-bird discount or the loyalty discount. Execution-only clients may get an uplift in the number of shares of up to 3%, if there is no payment to the intermediary.

Annual fees

The effective annual advisory fee is 2%, as 0.5% p.a. is rebated to investors. The investor can use the rebate to pay the ongoing fees or direct investor ongoing premiums, with any money left over being used to buy the investor more shares in the VCT. This is a technical adjustment, as payments to advisers can only be made by the manager, and not the VCT.

Where the VCT is following on an EIS investment, the directors' and monitoring fees will usually be payable only once. Blackfinch can envisage circumstances – typically, with large investments – where two directors could be appointed.

Performance fee

This is payable at 20% in any given year, subject to exceeding the high watermark. It is defined as the higher of 130p per share or the highest performance value per share in any preceding accounting period. It is payable on the performance value per share, which is defined as the total of:

- NAV;
- all performance fees previously paid or accrued; and
- cumulative dividends paid prior to the reference date, including those that are ex-dividend.

These figures are all adjusted for the number of shares in issue, as of the relevant dates. The 130p threshold means that earlier investors are likely to get a benefit relative to later investors. The 130p per share is a 22% premium to the latest NAV plus dividends.

Expenses

The total expenses of the offer are estimated at 5.5% of the gross proceeds, including the initial fee.

The VCT incurs the usual range of third-party costs, including audit fees, directors' fees and listing costs. Blackfinch has agreed to cap the running costs, plus the trail commissions payable at 3.5% of NAV, with it bearing the balance above that. In 2024, ongoing fees and charges, after the fee rebate of 0.5% of NAV, was 3.19% of NAV. Given the current rate of fundraising, it is safe to assume that this cap is unlikely to have an effect going forward.

While this ratio is still above the median for generalist VCTs, we expect it to fall further as the VCT grows.

Current offer

Blackfinch aims to raise £20m under the current offer, with a £20m overallotment. There is an early-bird discount of 1% until 5pm on 15 December 2025. The close for the 2025/26 tax year is 1 April 2026. The offer runs until 24 August 2026, although it may close earlier if the offer fills sooner. Going by previous years, this is unlikely, but the recent good performance and dividend has increased the fundraise significantly. The expectation is that there will be a first allotment on 19 November 2025, and then as required.

The minimum subscription is £3,000. Existing Blackfinch investors will receive a 1% loyalty discount, applied to the offer price.

Investment manager

Blackfinch Investments Limited started over 30 years ago as Neville James Limited – a market maker in the traded endowment market. For most of the past decade, it has focused on the tax-enhanced market, with a range of EIS, BR and property-related offerings. Having been based in Malvern for many years, it moved to Gloucester a few years ago.

Prior to 2017, Blackfinch's EIS offerings were focused on areas that are no longer eligible. Blackfinch Ventures started in 2019, looking to invest in companies that satisfy the risk-to-capital criteria. The Ventures team highlights the benefits of being part of a larger, well-established group, with good legal and IT support available. Apart from the VCT, the Ventures team also offers an EIS Portfolios service. It did trial an Energy Transition EIS in 2024, but this has been merged into the main EIS service.

The Investment Committee consists of the CEO and two independent members, indicated below. The members have a wide range of experience, are mostly relatively new to Blackfinch and bring independence to their oversight.

The Ventures team now consists of 12 people. There has been a little turnover, notably with the Head of Ventures moving on. Blackfinch's CIO of Asset Management & Ventures now has overall oversight and additional recruitment has taken place within the team. There are plans for some further hiring, most likely in the portfolio team. The team is now split into operations, deal flow and portfolio support, with the pipeline team further splitting between generalist and specialist. Additionally, there are Venture Partners on the boards of all bar two investments, with a pool of well over 100.

The team has grown quickly in the past few years, and Blackfinch believes that, after the current recruitment, it will be the right size for its current scale of operations and expected near-term growth.

VCT governance and board

Blackfinch Spring VCT has now achieved the 80% target for Qualifying Investments and has moved from provisional approval to being approved.

The board members are listed below. Dr Katrina Tarizzo joined the board in 2023, replacing Kate Jones. Nic Pillow replaced Reuben Wilcock as the manager board member in 2024.

Peter Hewitt – Chairman

Has an extensive career as an entrepreneur and director. Having started with his own estate agency, he led Wigmore Group from near insolvency to an exit. He has been on the boards of 13 listed companies, including three other VCTs. He is currently a Senior Advisor at Brennan & Partners, and founder/Co-Chairman of Universal Defence and Security Solutions.

www.linkedin.com/in/peterlrhewitt/

Dr Katrina Tarizzo – Independent Director

Has been a founding shareholder and director in many early-stage companies. She was an early director of The Share Centre, before establishing Johnston Fry Privatisations in 1994. She co-founded Eurogum, a speciality chemicals company, and later Tarisoga LLC (linescape.com) and is currently also a director of City Living PCC Limited.

www.linkedin.com/in/katrina-tarizzo-5226aab4/

Dr Nic Pillow –Ventures Director

Has a technology background, having started as a software developer with Aethos Communication Systems, followed by roles at Logica, Portal Software and Apertio. In 2008, he became head of Product Management for a global team at Nokia. He co-founded and was CEO for three years at Rhizome Live, a SaaS company, before joining Blackfinch in 2019.

www.linkedin.com/in/nicpillow/

Investment team

Dr Dan Appleby – CIO (Listed Investments)

Having gained a PhD in nanoelectronics, spent 17 months as an engineer at Intel. In 2016, he moved to asset management at Fidelity, working on various technical and quant projects. He has led research and analysis at Blackfinch since 2018 and now oversees Blackfinch Ventures.

www.linkedin.com/in/dan-appleby-phd/

Richard Harley – Ventures Director

Was a partner at Somecrazy, and co-founded Scholarpack, an edtech data and data analytics platform, in 2011. He led this to an exit in 2018. He started angel investing in 2019, and joined Blackfinch in 2022.

www.linkedin.com/in/richharley/

Nic Pillow – Ventures Director

See above.

Kimberley Hay – Ventures Director

Started in investment banking with BNP Paribas in 2014, moving to RBC after two years then joining Penfida. In 2019, she moved to NoBa capital, focusing on companies disrupting "The Future of Work". She joined Blackfinch in 2023.

www.linkedin.com/in/kimberley-hay-a3051862/

Simon Porter – Principal

Started in equity analysis at Nils Taube Investments. After six years, he moved to Oakley in 2015, where he had various roles. He then had six years with Pembroke VCT, before becoming a principal at Active Partners. He joined Blackfinch in 2025.

www.linkedin.com/in/simon-porter-ph-d-459a6711/

Richard Cook – Founder and CEO

Had short spells in banking roles at Merrill Lynch and Bank of New York, before founding Blackfinch in 2004. He has been CEO since 2009, and chairs the Ventures Investment Committee.

www.linkedin.com/in/richard-cook-a011a610/

Steven Raffe – Investment Committee, Venture Partner

After two years as an engineer at Arcam, joined StarLeaf in 2009. Initially, he worked on hardware, before moving to software engineering and progressing to Vice-

President of Strategy and Alliances. In 2022, he became Commercial Director of Cambridge Future Tech and is a director of two Blackfinch portfolio companies.

www.linkedin.com/in/stevenraffe/details/experience/

Joe Hartman – Investment Committee

Co-founded 118MOB, which exited in 2005. He worked in M&A at BDO UK, before joining Octopus Investments, where he had various investment roles. After six years, he left to co-found Arenaroom, followed by Gray Consultancy in 2020.

www.linkedin.com/in/joe-hartman/

Appendix 1 – due diligence summary

Summary of core due diligence questions

Manager		Validated by
Manager	Blackfinch Investments Limited	Hardman & Co
Founded	1992	Hardman & Co
Type	Private limited company	Hardman & Co
Ownership	Blackfinch Group Limited	Hardman & Co
FCA registration	Yes – 153860	Hardman & Co
Solvency	Confirmed	Hardman & Co
PI arrangements	Yes	Hardman & Co
VCT	**Blackfinch Spring VCT**	**Validated by**
Founded	2019	Hardman & Co
Type	Public Limited Company	Hardman & Co
Year-end	31 December	Hardman & Co
Latest accounts	Interims – 30 June 2025	Hardman & Co
Custodian		
Company	Blackfinch Investment Limited	Prospectus
FCA registration	Yes – 153860	Hardman & Co

Source: Hardman & Co Research

Blackfinch Investments Limited was started as Neville James Limited. It has had two other name changes – AVD Wealth Limited (2010) and Blackfinch Investment Solutions (2013) – before taking its current name in 2015.

The manager of the fund is Blackfinch Investments Limited. It is FCA-authorised as Small Authorised UK AIFM (Sub-Threshold), with appropriate permissions for both investment management and custodian operations. The latest accounts (31 December 2024) had total equity of £5.55m, which is greatly in excess of its capital requirement. The company is very profitable, with earnings of £2.9m in 2024.

The ultimate parent of Blackfinch Investments Limited is BF Inter Limited, which is majority-owned by Richard Cook, with Richard Simmonds also holding a significant interest. There are another three smaller, related shareholdings.

Appendix 2 – example fee calculations

This calculates the estimated total amount payable to the manager under certain assumptions.

Basic assumptions	
Term	5 years
Investor amount	£100,000
Company investment	£750,000
Return	Constant each year

Source: Hardman & Co Research

Calculations

		Hardman & Co standard			Target
Gross return		**-50%**	**0%**	**50%**	**150%**
Amount (pre-tax relief)		**£100,000**	**£100,000**	**£100,000**	**£100,000**
Initial fees	**Rate**				
Initial fee	2.50%	£2,500	£2,500	£2,500	£2,500
Transaction fee (paid by company)	3%-5%	£3,000	£3,000	£3,000	£3,000
Total		**£5,500**	**£5,500**	**£5,500**	**£5,500**
Net investment within VCT		**£97,500**	**£97,500**	**£97,500**	**£97,500**
Annual fees					
Advisory and administration fees	2.3%	£8,970	£11,213	£13,455	£17,940
Other corporate costs (capped – not to Blackfinch)	1.2%	£5,616	£7,020	£8,424	£11,232
Annual fees – from company					
Director/monitoring fee	£12,000 per company	£7,800	£7,800	£7,800	£7,800
Gross fund after investment return and expenses		£34,164	£79,268	£124,371	£214,578
Exit fees					
Performance	20%	£0	£0	£0	£17,566
Net amount to investor		£34,164	£79,268	£124,371	£197,012
Gain (pre-tax relief)		-£65,836	-£20,733	£24,371	£97,012
Gain (post-tax relief)		-£35,836	£9,268	£54,371	£127,012
Total fees to manager		£22,270	£24,513	£26,755	£48,806

Note: some fees may be payable for longer, but we have used five years, in line with our standard assumptions; Source: Hardman & Co Research

Appendix 3 – portfolio

Blackfinch Spring VCT portfolio, June 2025				
£000	Cost	Valuation	% of NAV	Uplift
Unlisted investments				
Illuma Technology	1,518	3,698	5.8%	144%
Tended	2,455	2,887	4.5%	18%
Oculo Technologies	2,140	2,861	4.5%	34%
Teamed	1,562	2,617	4.1%	68%
Startpulsing	1,950	2,593	4.0%	33%
Watchmycompetitor.com	1,430	2,164	3.4%	51%
Staffcircle	1,713	2,163	3.4%	26%
Currensea	1,375	2,090	3.3%	52%
Measure Protocol	1,980	2,050	3.2%	4%
Client Share	858	1,828	2.8%	113%
Collective Tech	1,650	1,815	2.8%	10%
Lstn	1,800	1,800	2.8%	0%
Cultureshift Communications	1,140	1,768	2.8%	55%
GT Green Technologies	1,290	1,606	2.5%	24%
Minimal X	1,562	1,562	2.4%	0%
Supercritical Solutions	1,585	1,529	2.4%	-4%
Neuranics	1,500	1,500	2.3%	0%
Recruitment Smart Technologies	1,400	1,400	2.2%	0%
Up Learn	1,135	1,336	2.1%	18%
Cyclr Systems	1,300	1,300	2.0%	0%
Placed Recruitment	1,200	1,200	1.9%	0%
Brooklyn Supply Chain Solutions	1,163	1,197	1.9%	3%
What Matters Now	1,120	1,183	1.8%	6%
Transreport	770	1,171	1.8%	52%
Odore	830	937	1.5%	13%
Spotless Water	459	887	1.4%	93%
Tangle Software	870	870	1.4%	0%
Beings Beam	700	769	1.2%	10%
Edozo	763	763	1.2%	0%
Cogniss	600	600	0.9%	0%
Polished Rock	500	559	0.9%	12%
Spaceflux	528	528	0.8%	0%
Kelp Industries	500	475	0.7%	-5%
H2CHP	280	280	0.4%	0%
Quin AI	300	210	0.3%	-30%
Total investments	**41,926**	**52,196**	**81.3%**	**24%**
Money market funds	7,000	7,152	11.1%	
Cash /current assets		4,845	7.5%	
NAV	**52,771**	**64,193**		**19%**

Source: Blackfinch, Hardman & Co Research

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