HERALD INVESTMENT MANAGEMENT LIMITED

MIFIDPRU 8 Disclosure - Remuneration

Introduction

The Financial Conduct Authority ("FCA") in its prudential sourcebook for MiFID Investment Firms ("MIFIDPRU") sets out the detailed prudential requirements that apply to Herald Investment Management Limited ("Herald"). In particular, it also sets out public disclosure obligations with which the firm must comply with, further to those prudential obligations.

Herald is classified under MIFIDPRU as a small and non-interconnected investment firm ("SNI investment firm"). As such, MIFIDPRU requires the firm to disclose information regarding its remuneration policy and practices. This disclosure has been produced to satisfy those requirements and to give readers an insight into the firm's remuneration culture.

Remuneration Philosophy

At Herald the primary aim is to achieve long-term investment performance for our clients. In doing so, we will uphold our values and consider the interests of all stakeholders. Our investment approach is to achieve capital growth by investing in companies in the areas of technology and communications. The firm's investment philosophy is similar to that of 'growth' investment, as a result investments are usually held for a number of years.

Our remuneration philosophy reflects Herald's primary aim and is based on rewarding individual contribution over an extended period. We believe that fund management organisations with strong alignment structures are best placed to attract, retain and motivate key talent and hence have the greatest likelihood of generating long-term outperformance. Our goal has been to create a culture which is based upon performance rather than entitlement and long-term business viability rather than short-term personal gain.

Remuneration Policy

Herald's remuneration arrangements promote effective risk management and are consistent with its cautious risk profile, appetite, and strategy. Herald ensures that its Remuneration Policy satisfies all relevant UK remuneration and disclosure rules as are appropriate to its legal structure, size, internal organisation and the nature, scope and complexity of its activities.

In light of the above, Herald has taken a proportionate approach and as such we do not have a separate remuneration committee. Final decisions on staff remuneration are determined by the Board, which currently consists of three non-executive directors and a managing director. Herald's Remuneration Policy is reviewed and approved annually by the Board.

Remuneration Framework

Herald is a relatively mature business. The firm is able to sustain a level of fixed overhead to support employee and non-executive director remuneration. Herald's approach is to pay base salary at the market rate for individuals of commensurate skills and experience. The award of discretionary staff bonuses through various schemes is largely dependent on Herald's annual profits and is at the discretion of the Board.

The firm has an appraisal system which includes the setting of objectives each year for every employee and an assessment of performance against those objectives. The appraisal output is the

basis of the remuneration process, when in addition the profitability of the area of business in which the employee is involved may be taken into account, as well as the profitability of the firm as a whole and the contribution of the individual employee, to decide the level of employees fixed and variable remuneration.

No limits have been fixed to the ratio of variable to fixed remuneration however given Herald's primary aim and cautious risk profile, as described above, the variable element awarded to all staff is in line with that approach.

Aggregate Quantitative Information on Remuneration

The firm awarded the following total remuneration to all staff for the financial year ending 31 March 2025:

- Fixed remuneration in aggregate - £2.5m
- Variable remuneration in aggregate - £0.7m

For these purposes, 'staff' is defined to include employees of the firm itself, directors and consultants.