

**British Smaller Companies VCT2 plc**  
**Interim Management Statement**  
**For the quarter ended 31 March 2018**

British Smaller Companies VCT2 plc (the “Company”) presents its interim management statement for the quarter ended 31 March 2018. The statement also includes relevant financial information between the end of the quarter and the date of this statement. A copy of this interim management statement can be found at [www.bscfunds.com](http://www.bscfunds.com).

**Overview**

The Company has continued to make progress in the quarter with total return rising to 114.7 pence per ordinary share. This is an increase of 0.4 pence per ordinary share.

It is pleasing that improved performance across a number of investments contributed to the £0.5 million increase in Net Asset Value (“NAV”) from the portfolio in the period.

A number of investments were being held up due to delays in HMRC’s advance assurance process, but these have now been received, allowing the Company to have a strong start to the year, with investments totalling £4.3 million to date and a successful fundraising. The Company launched a top-up fundraising on 11 January 2018 which was fully subscribed from existing shareholders, closing on 26 January 2018 and raising net proceeds of £4.3 million.

**Performance**

	<b>31 March 2018</b>	<b>Movement</b>	<b>31 December 2017</b>
<b>Net Assets (£m)</b>	<b>63.6</b>	<b>4.5</b>	<b>59.1</b>
<b>NAV per share (PPS)</b>	<b>59.2p</b>	<b>0.4p</b>	<b>58.8p</b>
<b>Cumulative dividends paid (PPS)</b>	<b>55.5p</b>	<b>-</b>	<b>55.5p</b>
<b>Total Return (PPS)</b>	<b>114.7p</b>	<b>0.4p</b>	<b>114.3p</b>
<b>Shares in issue</b>	<b>107,442,275</b>	<b>6,951,700</b>	<b>100,490,575</b>

The total return at 31 March 2018, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 114.7 pence per ordinary share compared to 114.3 pence per ordinary share at 31 December 2017. Cumulative dividends paid were unchanged at 55.5 pence per ordinary share (31 December 2017: 55.5 pence per ordinary share).

The unaudited NAV per ordinary share as at 31 March 2018 was 59.2 pence per ordinary share (31 December 2017: 58.8 pence per ordinary share) representing an increase of 0.4 pence per ordinary share primarily from the net upward movement in the overall portfolio valuation.

## Dividends and shares in issue

On 16 February 2018 the Company issued 7,366,700 ordinary shares as part of the top-up fundraising, raising net proceeds of £4.3m.

On 27 March 2018 the Company purchased 415,000 ordinary shares of 10 pence each at a price of 56.36 pence per ordinary share. These shares were placed in treasury.

The number of ordinary shares in issue at 31 March 2018 was 107,442,275 (31 December 2017: 100,490,575). In addition, at 31 March 2018 the Company held 4,421,351 ordinary shares in treasury (31 December 2017: 4,006,351).

## Net assets

Net assets at 31 March 2018 comprised the following:

	<b>£000</b>	<b>% of net assets</b>
Unquoted investments at fair value	<b>41,951</b>	65.9
Quoted investments at bid price	<b>2,184</b>	3.5
<b>Total investments</b>	<b>44,135</b>	69.4
Cash and cash equivalents	<b>18,367</b>	28.9
Other net current assets	<b>1,126</b>	1.7
<b>Net assets</b>	<b>63,628</b>	100.0

The investment portfolio at 31 March 2018 was comprised as follows:

	<b>Valuation £000</b>	<b>Valuation as a % of net assets</b>
Matillion Limited	<b>3,292</b>	5.2
Intelligent Office UK	<b>3,246</b>	5.1
ACC Aviation	<b>3,119</b>	4.9
Mangar Health Limited	<b>2,771</b>	4.4
KeTech Enterprises Limited	<b>2,488</b>	3.9
Eikon Holdco Limited	<b>2,000</b>	3.1
Gill Marine Holdings Limited	<b>1,951</b>	3.1
GTK (Holdco) Limited	<b>1,933</b>	3.0
Business Collaborator Limited	<b>1,865</b>	2.9
Springboard Research Holdings Limited	<b>1,843</b>	2.9
	<b>24,508</b>	38.5
Other investments	<b>19,627</b>	30.9
<b>Total investments</b>	<b>44,135</b>	69.4

During the quarter to 31 March 2018 the Company made two new investments of £2.0 million into Eikon Holdco Limited, a leading end-to-end digital post-production services provider for the motion picture and broadcast industry and £1.0 million into Ncam Technologies Limited, a provider of innovative and leading Augmented Reality solutions for the entertainment industries. The Company also made a follow-on investment of £0.4 million into Matillion Limited as part of an £18 million series B fundraising that was supported by two US investors.

Since the end of the quarter the Company has invested £0.9 million into Hutchinson Networks Limited, a specialist in the provision of computer networking and data centre services.

In the quarter to 31 March 2018 the realisation and repayment of investments generated cash proceeds of £0.2 million.

### **Portfolio Performance**

Over the quarter to 31 March 2018 the aggregate unrealised portfolio valuation has increased by £0.5 million.

The Board continues to follow its policy of maintaining a diversified portfolio. At 31 March 2018, only two investments represented more than 5 per cent of the Company's NAV.

### **Outlook**

While the UK's economic performance remains subdued the Company's portfolio businesses have continued to adapt their business models and the new investment pipeline remains strong, as shown by the level of investment so far this year. HMRC's recently revised guidance on their advance assurance process could also help to improve the speed at which new investments are made.

As the latest investments show, the composition of the Company's portfolio is changing towards growth capital investments in earlier stage, younger businesses, while the success of the series B fundraising into Matillion demonstrates that the portfolio contains investments with good growth opportunities.

Your Board continues to manage the Company's portfolio in order to maximise the total return and smooth the transition to a period of expected greater volatility of returns through targeted new investments, selective realisations and periodic reviews of the Company's dividend and buy-back policies.

Your Board is committed to delivering long-term value to shareholders through a strong and diversified portfolio.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU No. 596/2014). Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

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### **For further information please contact:**

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