YFM Equity Partners

Investor Workshop

British Smaller Companies VCT plc

British Smaller Companies VCT2 plc

June 2021

Agenda

2.00	Welcome	Helen Sinclair, Chairman British Smaller Companies VCT plc
2.03	Q&A Function	James Savage, Partner, YFM
2.05	A lockdown deal … Force24	Diana Rowatt Operations Director, Force24
2.15	Performance and Portfolio Review	David Bell, Head of Portfolio, YFM
2.30	Accelerating growth…Elucidat Incl Q&A	Steve Penfold CEO, Elucidat
2.45	Investment Activity	Jamie Roberts, Partner, YFM
3.00	What lies ahead	David Hall, Managing Director YFM
3.10	Questions & Answers	Facilitated by James Savage

The Q&A function …

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Throughout, you can use the Q&A function to set out your question in writing

James will collate questions during the webinar and group them appropriately

After the presentation, James will direct your question to the appropriate panellist

If you have any technical difficulties during the webinar, please contact tracey.nice@yfmep.com

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David Bell, Head of Portfolio

Performance & Portfolio Review

Key updates in the 6 months since December 2020 (both VCTs)

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Investments of £10.7m

- **2 new investments - £5.0m**
- **5 furthers - £5.7m**

Realisations – Deep Secure imminent

Total Returns BSC 24.6%, BSC2 26.1%
(Full Year to 31 March 2021)

Past performance of BSC or BSC2 is no guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the full amount invested.

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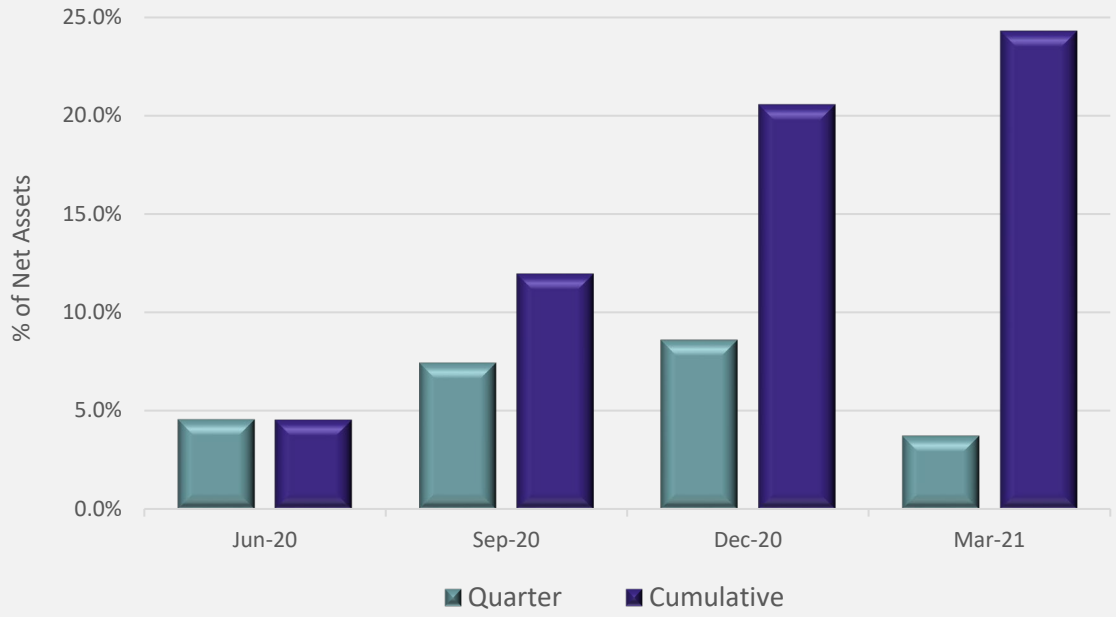
Historic Quarterly Total Return growth



- A strong recovery after lockdown.
- Positive gains have continued through the year.

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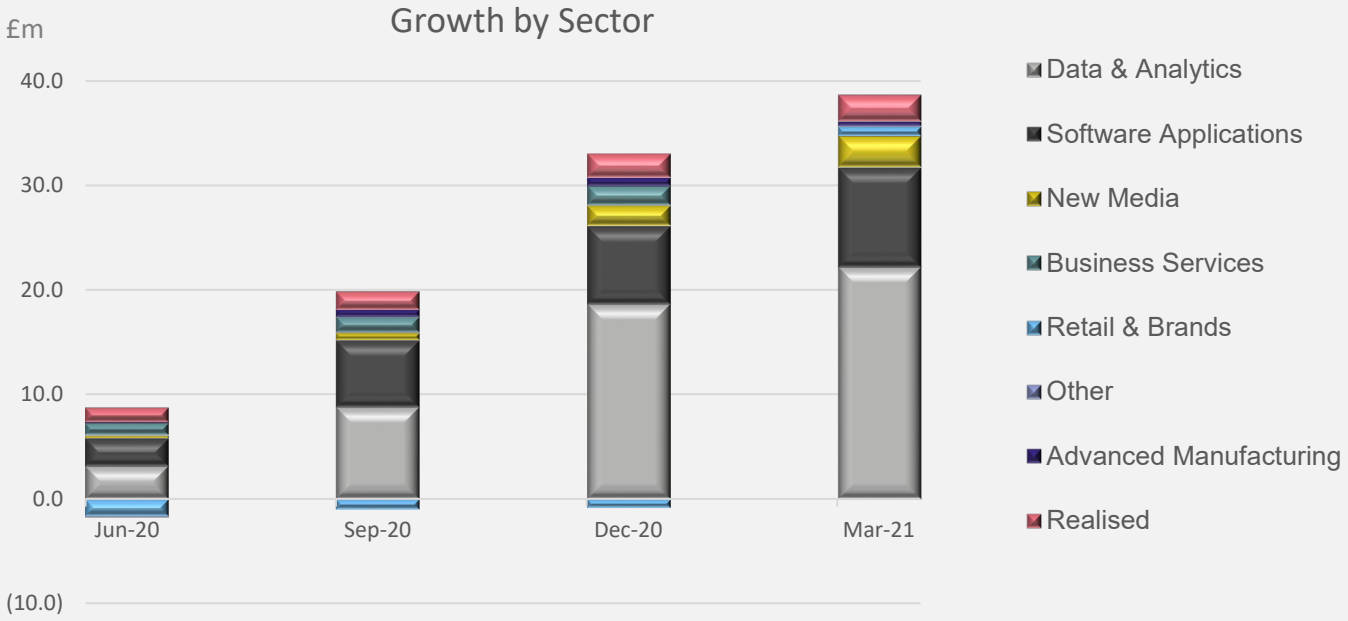
Historic Quarterly Total Return



- Value gains across all sectors
- But, led by Data & Analytics and Software Applications

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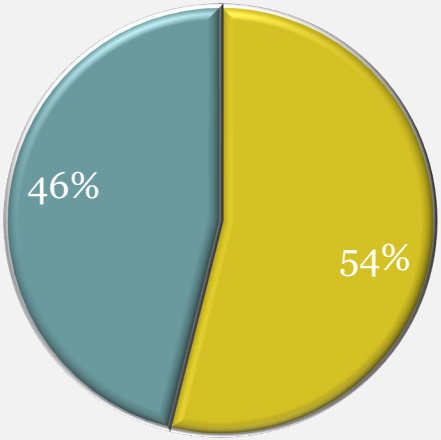
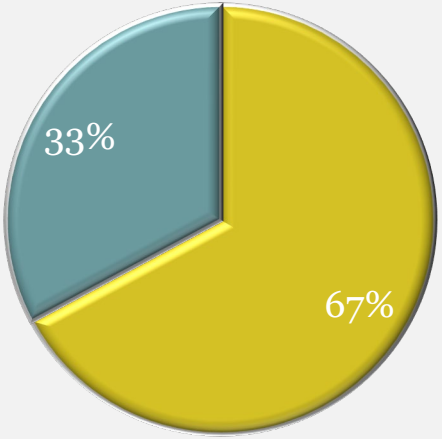
Evolving Portfolio Characteristics

March 2020



March 2021



Investments since November 2015
Investments prior to November 2015

- Portfolio Value splits based on reported valuations as at 31 March
- Two thirds now in younger, all equity investments

Evolving Sector Mix – at March 2021

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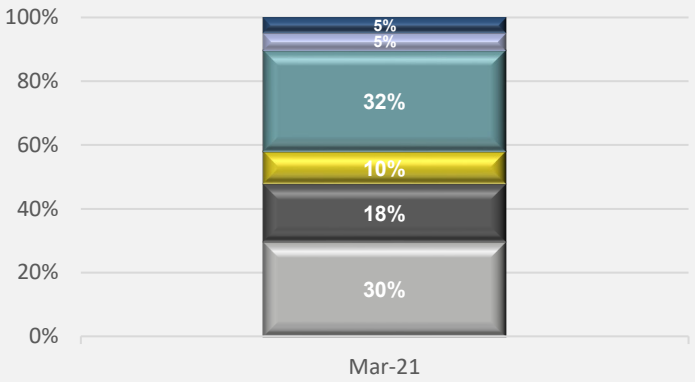
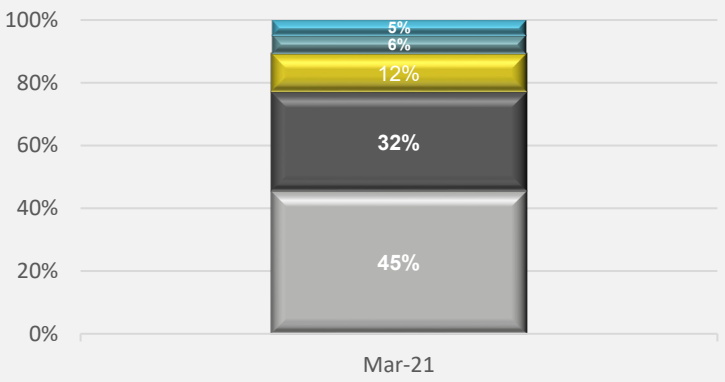
Investments before Nov 2015



Investments since Nov 2015



- Data & Analytics
- Software Applications
- New Media
- Business Services
- Retail & Brands
- Advanced Manufacturing
- Other

- Investing in the same sectors, but more skewed towards technology

Past performance of BSC or BSC2 is no guide to future performance and may not be repeated. The value of investments may go down as well as up and you may not get back the full amount invested.

Historic Quarterly Total Return

- Good returns delivered from pre- and post- November 2015 portfolios

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Top 10 Portfolio by value – 31 March 2021

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Company	Type of business	Cost £m	Value £m	% Nav	Years
Matillion	Cloud-based integration technologies	3.8	**29.7**	15.8%	4
Intelligent Office UK	Business process outsourcing	4.9	**7.8**	4.2%	7
Springboard	Retail performance data tools	4.6	**7.0**	3.7%	6
Unbiased	Tech-enabled marketplace for professionals	4.9	**6.7**	3.6%	1
Deep-Secure	Cyber and IT security software	1.5	**6.2**	3.3%	11
Elucidat	E-learning authoring software tools	4.5	**6.0**	3.2%	2
ACC Aviation	Aviation Broking and professional services	0.4	**5.5**	2.9%	6
KeTech	Rail communications and defense products	3.0	**5.4**	2.9%	5
Arcus Global	Cloud-based public sector software solutions	4.9	**5.2**	2.8%	3
Force24	Marketing automation software	4.0	**4.8**	2.6%	1

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Realisation – Deep Secure

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Cyber security defence solutions

Active growth journey:
- Strengthened Management
- Developed new products
- Diversified customers

Sale to US trade acquiror Forcepoint Federal LLC

6.5x return over 11 years

Pending security clearance

Uplift to BSC and BSC2 NAV's of 2.3% and 1.6% respectively

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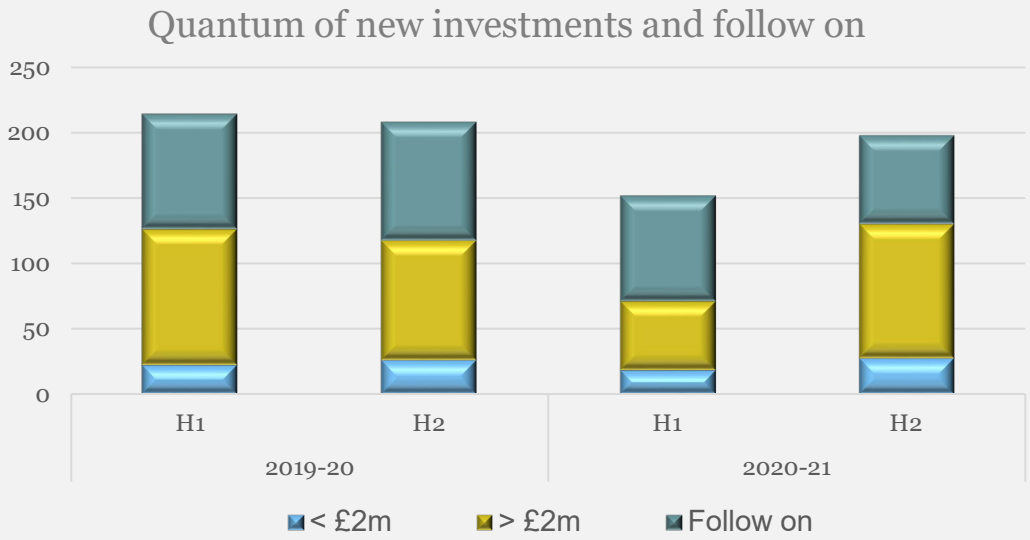
Jamie Roberts, Partner

New Investments: Market & Activity

Market activity levels



Source: David Cartwright

- 20% reduction in new investments >£2m and follow-on investments in the last tax year:
  - Strong Government support
  - Ability to forecast
- Improving picture over the course of 2020-21

What we're looking to invest in

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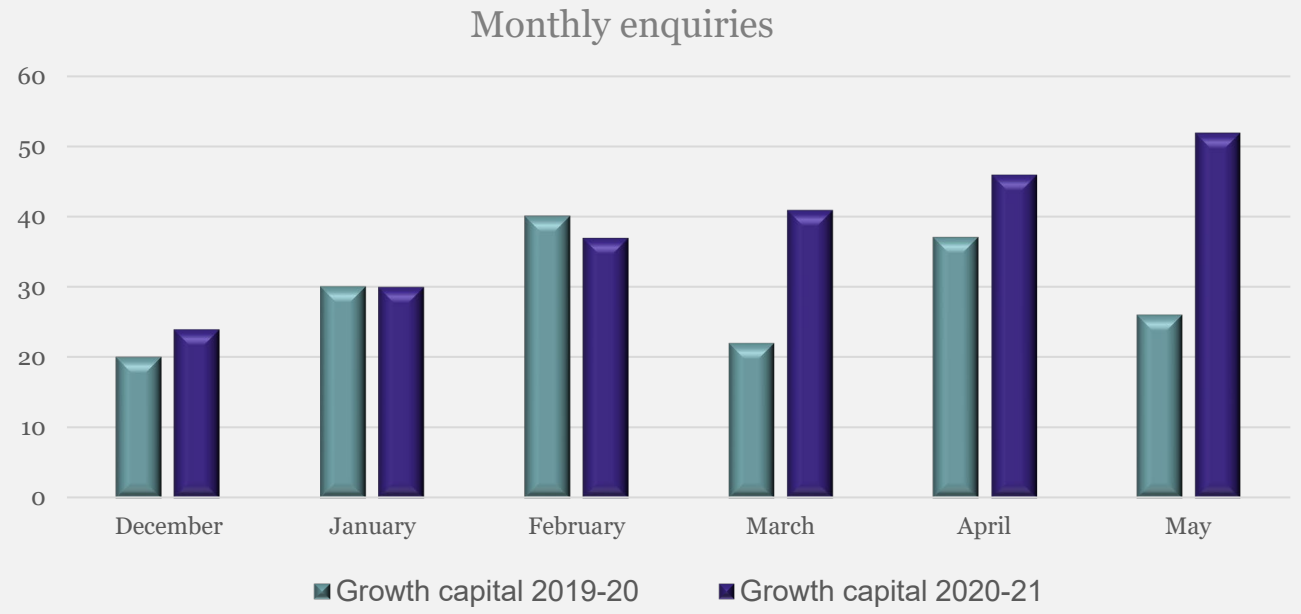
- UK-based SME
- Market opportunity
- Proven business model
- Good progress in being ready to scale
- Credible growth plan
- Looking for a partnership
- Aligned team and shareholders
- £2-5m of initial growth capital
- VCT qualifying

VCT enquiry levels

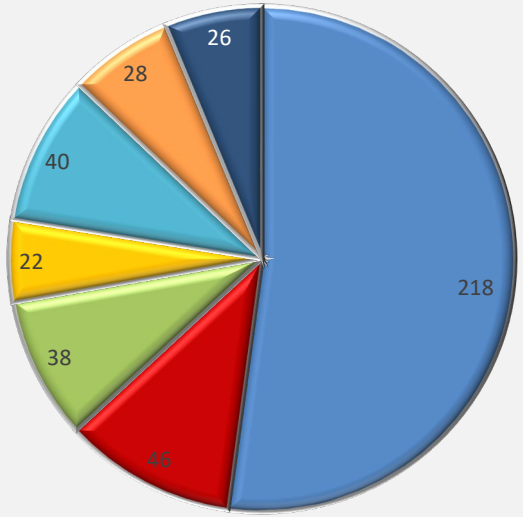


- Leading indicators positive for investment levels

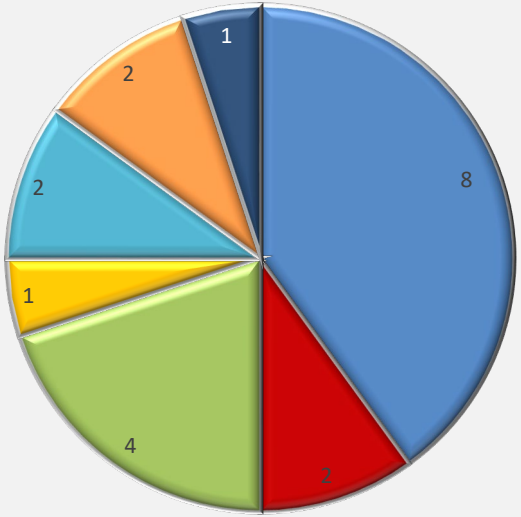
YFM's 5th regional office opened in Reading

- We expect regional presence to continue to be important
- YFM's Reading office opened in June

Opportunities by region



Post-2015 VCT portfolio by business location



London South East South West Midlands North West Yorkshire & NE Wales, Scotland & NI

Recently added investments

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Force24	ARRACO GLOBAL MARKETS	Vypr.	outpost
Marketing automation software	Global commodities broker	Consumer insight software	Film and TV visual effects
Software	Business services	Data and analytics	New media
£4.0m	£3.75m	£2.5m	£2.5m
To scale sales and product development, doubling team over next 18 months	To grow the existing London office, establish new geographies and product desks	To grow sales and marketing team, invest in product and international expansion	For US expansion and to further develop own software and support infrastructure

£7.2 million further investments

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Elucidat	sipsynergy	SharpCloud	WOOSHII
E-learning software	Unified comms provider	Collaboration software	Video-tech platform
Software applications	Software applications	Data and analytics	New media
£1.0m	£0.7m	£2.0m	£2.5m
Accelerating investment into sales and marketing	Exploiting widescale adoption of Microsoft Teams	Further expansion into US and Europe	Expansion to service and product offering

B2M SOLUTIONS	NCAM	traveltek
Mobile device software	Augmented reality technology	Travel industry software
Data & analytics	New media	Software applications
£0.2m	£0.2m	£0.6m
Launch of expanded product	Product development and new partnership	US expansion enhanced platform efficiency

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David Hall, Managing Director

What lies ahead

What lies ahead

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Trends

- Stage
- Investments
- Follow

Regulatory

- Brexit aftermath
  - Short
  - Medium
  - Long

Fundraising

- Capital
- NAV

What lies ahead: Trends

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VCT industry averages

Age: 4-7 years
Employees: 30-40
Revenue: £2-3m
Investment £2-4m

- Regional

Investment

	2020 %	2019 %	2018 %	2017 %
Industry*				
New	55	58	59	69
Further	45	42	41	31
BSC VCTs				
New	80	89	91	81
Further	20	11	9	19

More rounds
Longer holds?

* source: David Cartwright

What lies ahead: Regulatory

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Short

- State aid structure
- Tidy definitions….

Medium

- Recycle
- Limits

Long

- Age vs size?
- Investor limits

Consumption and fundraising

	BSC	BSC2	Total
	£m	£m	£m
Investment	18.0	12.0	30.0
Shareholder returns, costs, net proceeds*	6.0	5.0	11.0
Annual capital consumption	24.0	17.0	41.0
Illustrative Cash 31.3.22**	11.0	6.0	17.0
NAV 31.3.21	110.4	77.9	188.3

March 22 potentially need to raise £40m - £60m representing 16-20 months capital; 25-31% NAV

*Dividends, buybacks, net operating costs and retained proceeds from realisations
**Figures are for illustrative purposes only, excluding fundraising

Summary

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Strong Performance

Resilient Portfolio

Increasing Investment Rate

First full fundraising since 18/19

Q & A