

The investment strategy of the Company is to invest in UK businesses across a broad range of sectors to create a portfolio that blends a mix of businesses operating in established and emerging industries that offer opportunities in the application and development of innovation in their products and services.

Dear Shareholder

We are pleased to provide an update on the progress of British Smaller Companies VCT plc (BSC).

Performance

In the quarter to 31 December 2022, the Company generated a Total Return of 4.3 pence per ordinary share, a 5.1 per cent increase on the net asset value (NAV) at the beginning of the quarter of 85.0 pence per share. AIC data compiled by RAM Capital Partners now ranks the Company first across all generalist VCTs when considering a blended average performance ranking over 1, 3, 5 and 10 years. Total Return at 31 December 2022 was 257.7 pence per share.

We are continuing to see promising potential new investments, as well as opportunities to deploy funds into the existing portfolio to help them accelerate their growth plans. We look forward to updating investors in the coming quarters on our progress in investing the proceeds from BSC's recent fundraise.

Investments

During the quarter to 31 December 2022, the Company deployed £7.7 million into four new investments: AutomatePro (automated software testing); Biorelate (data curation software); Plandek (a software development analytics platform); and Summize (digital contracting software).

A number of investments within the portfolio are seeking to extend or accelerate their growth plans, which resulted in further investment of £4.5 million into four portfolio companies in the period, including £2.7 million into Unbiased, to help the company's overseas expansion plans.

Subsequent to the quarter end, a further £3.6 million has also been invested into new investment DrDoctor, a patient engagement and communications software platform, and £1.7 million into new investment Xapien, an AI-powered software platform that fully automates detailed background research on individuals and companies. BSC has also invested a further £2.4 million into Quality Clouds, to provide the runway and resources to accelerate the company's sales growth, taking the total invested in the year to 31 March 2023 to £28.3 million, following the £9.8 million invested in the full year to 31 March 2023.

Realisations

In December 2022, the Company completed the partial exit of its investment in planning and forecasting software and services business, Vuealta, through the sale of its fast-growing software division to long-standing partner, Anaplan. The sale generated proceeds of £4.6 million, 1.5x cost, and an uplift of 45 per cent, or £1.4 million, on the carrying value at the beginning of the year (including further investments made in the financial year prior to sale). The Company remains invested in the core Vuealta consulting business to support its next phase of growth.

Shortly after the quarter end, the Company also completed the successful sale of Wakefield Acoustics for £0.9 million, in line with the 31 December 2022 valuation.

Fundraising

Alongside British Smaller Companies VCT2 plc, BSC completed a successful fundraise for the 2022-23 tax year. The joint offer was fully subscribed, raising £75 million in aggregate, of which £46.2 million relates to BSC. The allotment of the related shares took place on 4 April 2023. We would like to thank both existing and new shareholders for their support.

While it has been a challenging period for the UK economy, with pressures from high rates of inflation, rising interest rates and political instability, BSC's portfolio companies are to date proving themselves to be adaptable. Portfolio companies continue to show great resilience, with key investments demonstrating robust revenue growth.

Shareholder workshop

We would be delighted if you could join us at our next shareholder workshop, which takes place on Tuesday 20 June 2023 at One Great George Street in the heart of London's Westminster. **You will find further details below and your reply slip on page 2.** The workshop is a highlight of our financial year, and we very much hope you'll be able to attend.



Thank you again for your continued support.

David Hall
Managing Director, YFM Equity Partners



Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT plc may go down as well as up and you may not get back the full amount invested.

SHAREHOLDER WORKSHOP **Tuesday 20 June 2023**

We are delighted to invite you to our next shareholder workshop, which is returning to last year's venue, One Great George Street (OGGS), Westminster, London SW1P 3AA, on Tuesday 20 June 2023. OGGS was designed by James Miller and is the headquarters of the Institution of Civil Engineers. It is a magnificent Edwardian building with a rich neo-Palladian and Baroque interior. We expect to begin with registration between 10.00am – 10.30am and to finish at approximately 1.30pm with lunch. The presentations will start promptly at 11.00am.

If you would like to attend, the best way to do this is to **email Tracey at tracey.nice@yfmeop.com** (please make sure you include your address and any dietary requirements). **Alternatively, complete the form overleaf and return in the reply-paid enclosed envelope.** Please do not write anything on the envelope - FREEPOST YFM - is correct.

Confirmation and an itinerary of the day will be emailed/posted out nearer the time.

If you need any further information, please call Tracey on 0113 261 6478 or 07500 330986. We look forward to seeing you there!



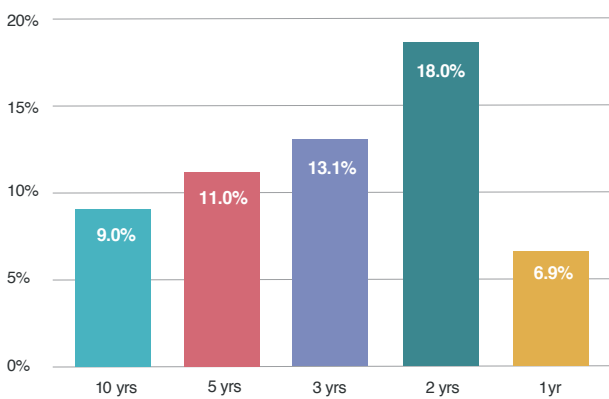
Sector: Application Software
Location: Manchester
Deal type: Growth capital
Investment size: £2.6 million
Investment date: 2022
Website: biorelate.com

“Drug discovery is so exciting right now, as there are just so many incredible companies working on remarkable new therapeutics. Our mission at Biorelate is to capture this untapped data and help them make sense of it. With this improved understanding we are empowering these companies to make better decisions and speed up the drug discovery process.”

DAN JAMIESON, FOUNDER AND CEO OF BIORELATE

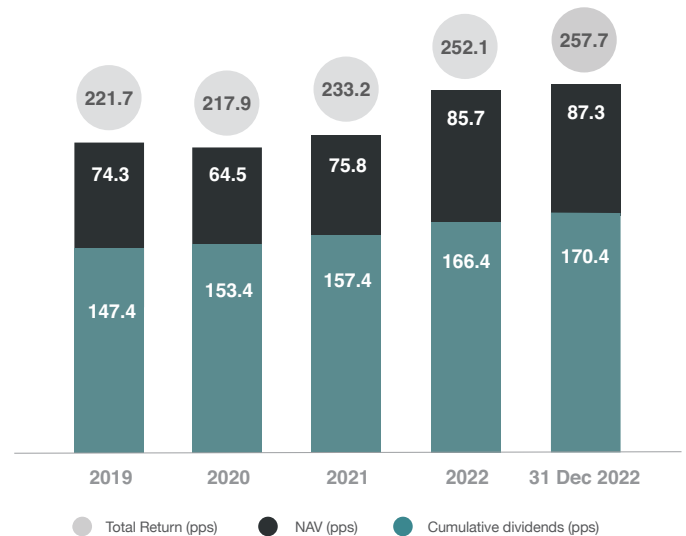
BSC Investment Rate Of Return

Annualised rate of return per annum over
10, 5, 3, 2 and 1 year periods to 31 December 2022*



*Excluding all tax reliefs

BSC Total Shareholder Return



As at 31 March unless otherwise stated

INVITATION

SHAREHOLDER WORKSHOP Tuesday 20 June 2023

Please detach reply slip below and return in the enclosed envelope.

I would like to attend the shareholder workshop being held on Tuesday 20 June 2023 at OGGs.

Name:

Address:

Postcode:

Email:

Tel:

Please let us know of any dietary requirements by selecting from the list below:

Vegan Vegetarian Gluten free

Please include your telephone number in case we need to speak to you.

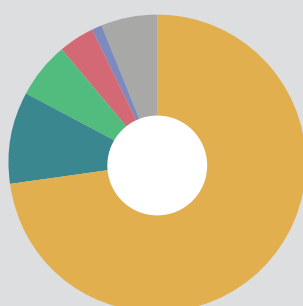
Portfolio Update

In the third quarter of the financial year the aggregate investment portfolio delivered realised and unrealised gains of £7.5 million (net of additions) driven by positive revaluations from companies across the portfolio and the partial exit from Vuealta. Valuation multiples for comparable public technology companies, which are used as metrics to value BSC's portfolio, have shown some signs of recovery, which benefited the valuation of Matillion. £3.8 million of the valuation uplift in the quarter came from the ten largest investments. The portfolio includes 25 companies valued at over £1.0 million.

Company	Website	Unaudited investment valuation at 30 Sep 2022 £000	Proceeds £000	Additions £000		Valuation gains (losses) including profits on disposal £000	Unaudited investment valuation at 31 Dec 2022 £000	Cumulative % of net asset value of £162.7m
Matillion	matillion.com	24,530	–	–	↑	1,365	25,895	15.9%
Outpost	outpost-vfx.com	8,203	–	–	↑	1,099	9,302	21.6%
Unbiased	unbiased.co.uk	6,495	–	2,650	↓	(38)	9,107	27.2%
Displayplan	displayplan.com	7,367	–	–	↑	263	7,630	31.9%
Wooshii	wooshii.com	5,478	–	585	↑	233	6,296	35.8%
Elucidat	elucidat.com	4,054	–	1,260	↑	744	6,058	39.5%
ACC Aviation	accaviation.com	4,702	–	–	↑	638	5,340	42.8%
Force24	force24.co.uk	4,781	–	–	↓	(145)	4,636	45.7%
Vypr	vyprclients.com	3,991	–	–	↓	(94)	3,897	48.1%
SharpCloud	sharpcloud.com	4,002	–	–	↓	(239)	3,763	50.4%
Top 10 total		73,603	–	4,495	↑	3,826	81,924	50.4%
Remainder of unquoted portfolio		25,407	(4,601)	7,746	↑	3,625	32,177	70.1%
Total portfolio		99,010	(4,601)	12,241	↑	7,451	114,101	70.1%

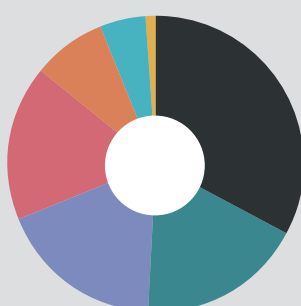
Portfolio at a Glance

VCT Rules Pre 2015 (%)



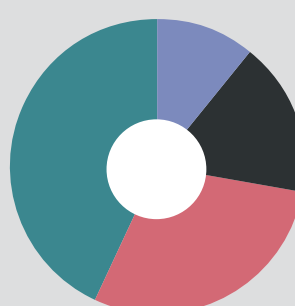
- Business Services: 73%
- Tech-enabled Services: 10%
- Advanced Manufacturing: 6%
- Application Software: 4%
- New Media: 1%
- Other: 6%

VCT Rules Post 2015 (%)



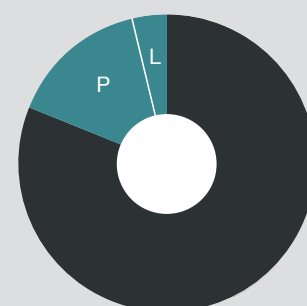
- Data: 33%
- Tech-enabled Services: 18%
- New Media: 18%
- Application Software: 17%
- Cloud & DevOps: 8%
- Retail & Brands: 5%
- Business Services: 1%

Age Of Investment (%)



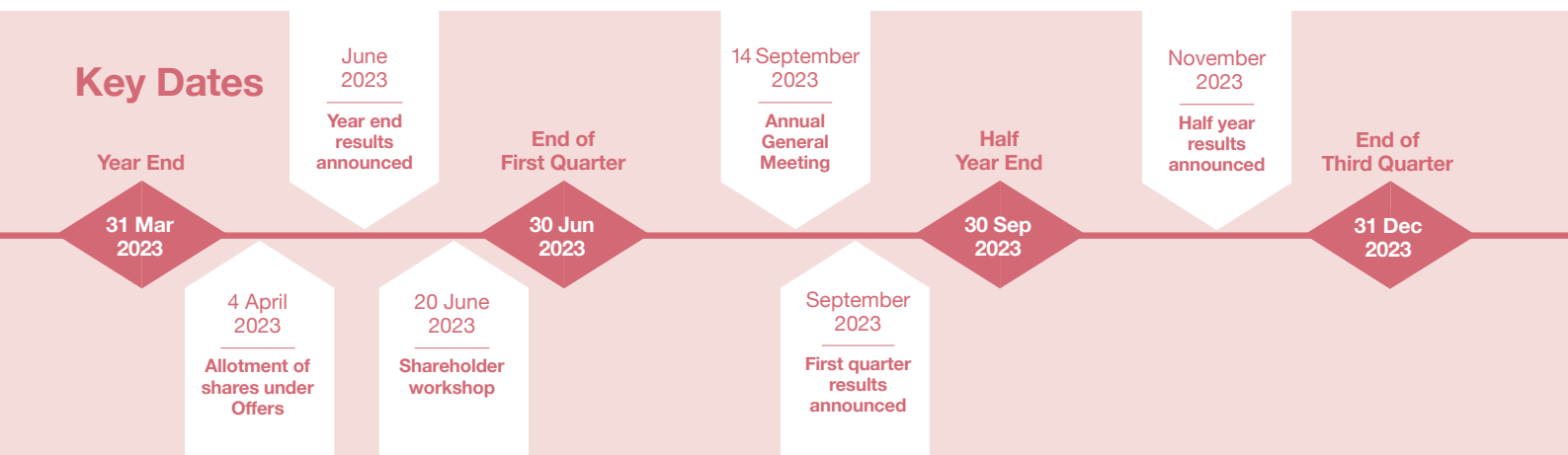
- Less than 1 year: 11%
- 1 – 3 years: 17%
- 3 – 5 years: 29%
- 5+ years: 43%

Investment Instrument (%)



- Ordinary shares: 81%
- Preference shares } 19%
- Loan

Data source: Based on BSC Valuations at 31 December 2022



For your Records - Dividends and Dates

The table below displays the dates when BSC dividends have been paid and we hope you find it useful in keeping and checking your records.

Date paid	Pence per share
Cumulative to 31 March 2012	79.20
17 August 2012	3.00
14 January 2013	2.00
13 August 2013	4.50
21 March 2014	2.00
1 August 2014	3.50
7 January 2015	2.00
2 March 2015	2.50
4 August 2015	3.50
7 September 2015	3.50

Date paid	Pence per share
15 January 2016	2.00
11 March 2016	1.00
5 August 2016	2.00
5 August 2016	3.50
18 January 2017	16.50
26 May 2017	5.75
18 May 2018	4.00
15 February 2019	7.00
12 June 2019	4.00
20 March 2020	2.00

Date paid	Pence per share
31 July 2020	2.00
5 October 2020	2.00
23 July 2021	2.00
16 November 2021	5.00
5 January 2022	2.00
12 July 2022	2.00
3 October 2022	2.00
Cumulative to 31 December 2022	170.45
11 January 2023	4.50

Important notice



This Investor Update is for information only. It has been provided to help you understand how the fund is invested and performing. It is not an offer to invest in the Company and should not be used for making investment decisions. Please contact your financial adviser if you require further explanation or advice.

Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT plc ("the Company") may go down as well as up and you may not get back the full amount invested.

Nothing within this Investor Update should be construed as investment, tax, legal or other advice. Tax treatment depends on individual circumstances, and may be subject to change in the future.

This Investor Update has been issued by YFM Private Equity Limited ("YFM"), which is authorised and regulated by the Financial Conduct Authority (FRN: 122120). YFM is the Fund Manager to the Company. YFM Private Equity Limited is ultimately owned by YFM Equity Partners LLP which is registered in England and Wales No: OC384467. Registered Office: 5th Floor, Valiant Building, 14 South Parade, Leeds LS1 5QS.

Contact us

Please call or email for further information on any shareholder issue, including switching to direct dividend payments, and for more details on the shareholder workshop.

- Dividends
- Shareholder workshop
- General

Tracey Nice

Investor Relations Support Manager

☎ 0113 261 6478 or 07500 330986

✉ tracey.nice@yfmeq.com

🌐 bsefunds.com

