

# Investor Workshop

British Smaller  
Companies VCT plc

British Smaller  
Companies VCT2 plc



June 2024

# Agenda

11.00

Welcome

Barbara Anderson, Chair

British Smaller Companies VCT2 plc

11.30

Workbuzz

Steve Frost

CEO

12.40

Portfolio Update

Steve Harrison

Head of Portfolio – North, YFM

11.05

BSC VCTs overview

Eamon Nolan

Managing Partner, YFM

11.55

New Investment Activity

David Wrench

Partner, Investments, YFM

13.00

Wrap Up and Q&A

Eamon Nolan

Managing Partner, YFM

11.15

Financial Performance

Marcus Karia

CFO, YFM

12.15

Displayplan

Scott Morris

Managing Director

13.30

LUNCH

Welcome

We would like to  
welcome you all to our  
**Annual VCT Investor Workshop**

# YFM Equity Partners

## An Overview

Eamon Nolan, Managing Partner, YFM



# British Smaller Companies VCTs

Strong and resilient portfolio

Good exit activity

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Large and experienced regional UK team, which have managed BSC VCTs for >25 years

Strong rates of investment and follow-ons with £43.2m invested in last 18 months

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Successful £90m fundraise in a tougher fundraising market

# 2023/24 Fundraise

Over 1,800 new shareholders

Recommended by 425 IFA practices across the UK

Market-first return on investor funds awaiting allotment

Positive response to shareholder survey to date

Deadline is 28 June



**YFM Equity Partners** British Smaller Companies VCT plc  
British Smaller Companies VCT2 plc

## Shareholder Survey

Please complete before Friday 28 June 2024.

Many of you kindly took part in the last shareholder survey we conducted in 2021, the results of which were very useful in ensuring the best experience for our investors. With significant growth of the shareholder base in recent years, it is time to conduct another survey, to update us with your views and preferences.

For any further information, please contact Tracy Nice by phone on 07500 330088 or email at [bcsfunds@ympp.com](mailto:bcsfunds@ympp.com)

Completion of this survey is voluntary, totally confidential, and non-attributable.

<b>1. How long have you been investing in VCTs?</b> PLEASE TICK ONE First time this year <input type="checkbox"/> 2-5 years <input type="checkbox"/> 6-10 years <input type="checkbox"/> More than 10 years <input type="checkbox"/>	<b>4. Why do you specifically invest in British Smaller Companies VCTs?</b> PLEASE TICK ALL THAT APPLY To support small, growing UK businesses <input type="checkbox"/> Dividends <input type="checkbox"/> Performance/track record <input type="checkbox"/> Regional focus <input type="checkbox"/> Portfolio <input type="checkbox"/> IFA recommended them <input type="checkbox"/> Manager reputation <input type="checkbox"/> ESG and sustainability considerations <input type="checkbox"/> Other (please specify below): <input type="text"/>
<b>2. What age range are you in?</b> PLEASE TICK ONE Under 30 <input type="checkbox"/> 30-39 <input type="checkbox"/> 40-49 <input type="checkbox"/> 50-54 <input type="checkbox"/> 55-59 <input type="checkbox"/> 60-64 <input type="checkbox"/> 65-69 <input type="checkbox"/> 70-79 <input type="checkbox"/> 80 or over <input type="checkbox"/>	<b>5. Please rank the below investment considerations from 1 (most important) to 5 (least important).</b> Dividends <input type="checkbox"/> NAV preservation <input type="checkbox"/> Track record <input type="checkbox"/> ESG and sustainability <input type="checkbox"/> Fees and charges <input type="checkbox"/>
<b>3. Why do you invest in VCTs?</b> PLEASE TICK ALL THAT APPLY To support small, growing UK businesses <input type="checkbox"/> Dividend yield <input type="checkbox"/> As an alternative to my pension fund <input type="checkbox"/> Capital growth <input type="checkbox"/> Tax relief <input type="checkbox"/> IFA recommended them <input type="checkbox"/> ESG and sustainability considerations <input type="checkbox"/>	



# An update on YFM

Growing team – now 56 strong and a strong regional presence

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Expanding value creation capabilities

Direct Origination, Talent and Revenue Opportunities

Launch of our Entrepreneur Economy campaign

YFM's "10 steps to turbocharge UK entrepreneurialism" manifesto

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# YFM Equity Partners

## Financial Performance

Marcus Karia, CFO, YFM





# Strong performance

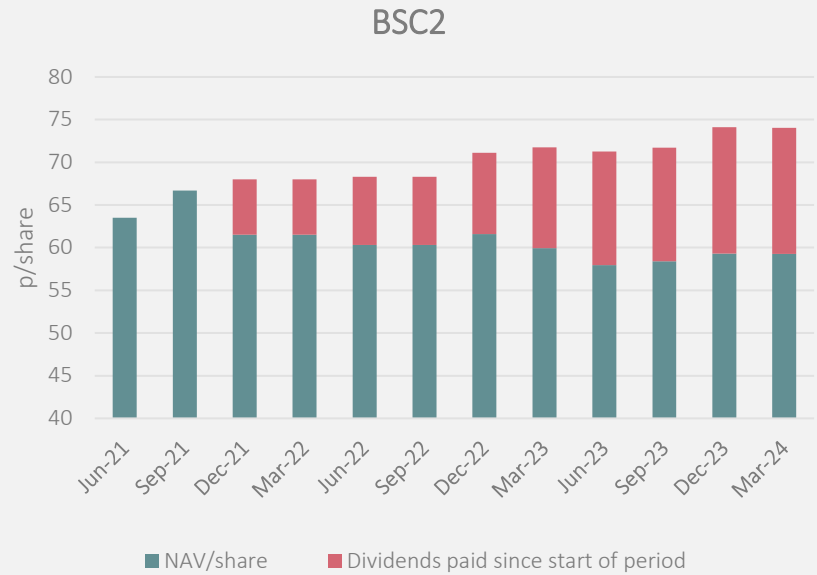
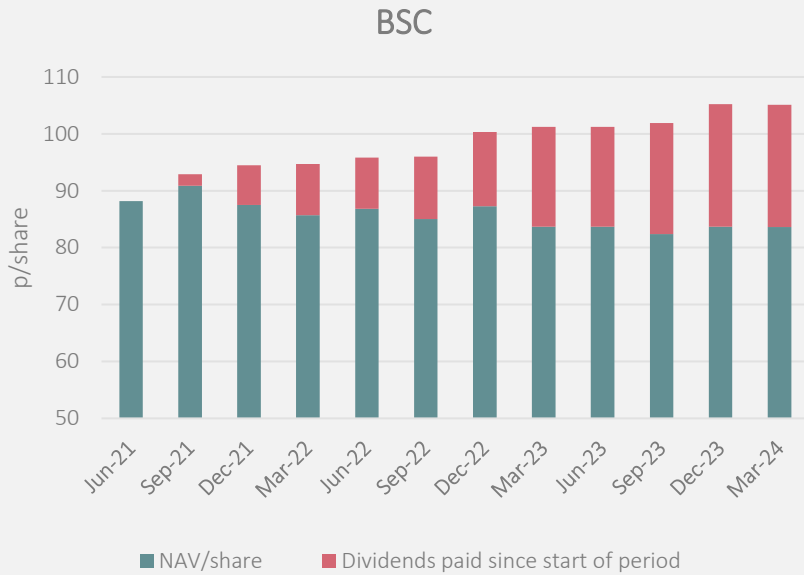
Total Return IRR*	1 year	3 years	5 years
BSC	4.8%	13.3%	10.9%
BSC2	4.0%	11.7%	9.9%
60/40 investment split	4.5%	12.7%	10.5%

\*Based on figures to 31 March 2024

Dividend yield**	1 year	3 years	5 years
BSC	4.8%	9.5%	8.5%
BSC2	5.0%	8.9%	8.3%
60/40 investment split	4.9%	9.3%	8.4%

\*\*Dividends in period as a percentage of opening NAV

# Historic quarterly total return growth



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.

# 2023 Key updates (both VCTs)

Investment of  
£25.1m

4 Realisations

Special  
dividends

4.5p (BSC)  
and 2.25p  
(BSC2)

Normal  
dividends

4p (BSC) and  
3p (BSC2)


# 2024 YTD Key updates (both VCTs)



Investment of  
£18.1m



Further  
realisations

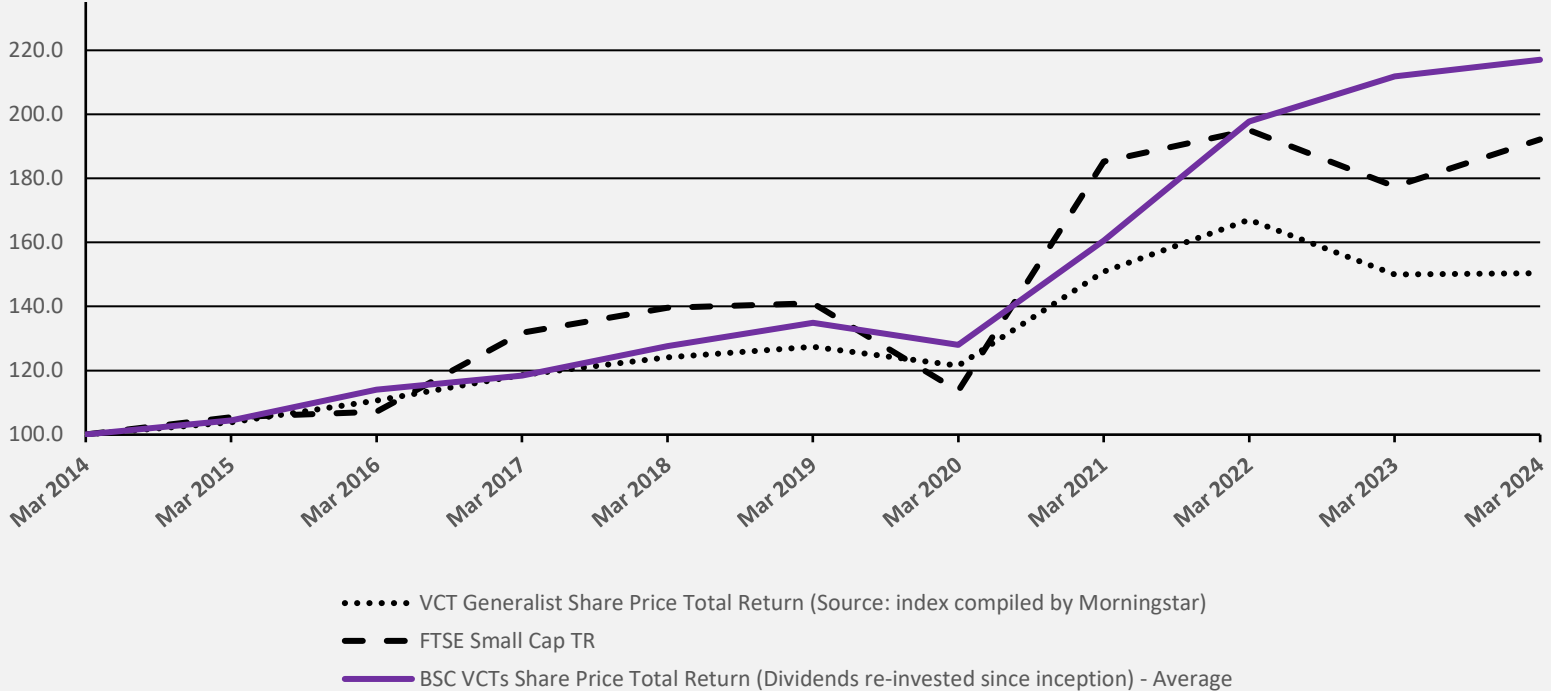


Normal  
dividends  
declared



Record £90m  
fundraising

# Comparative performance re small cap and VCT Generalists



*Assumes dividends are re-invested*

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.

# Other updates

Responding to feedback

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Two allotments, January and April  
Return on cash awaiting allotment

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Management fees

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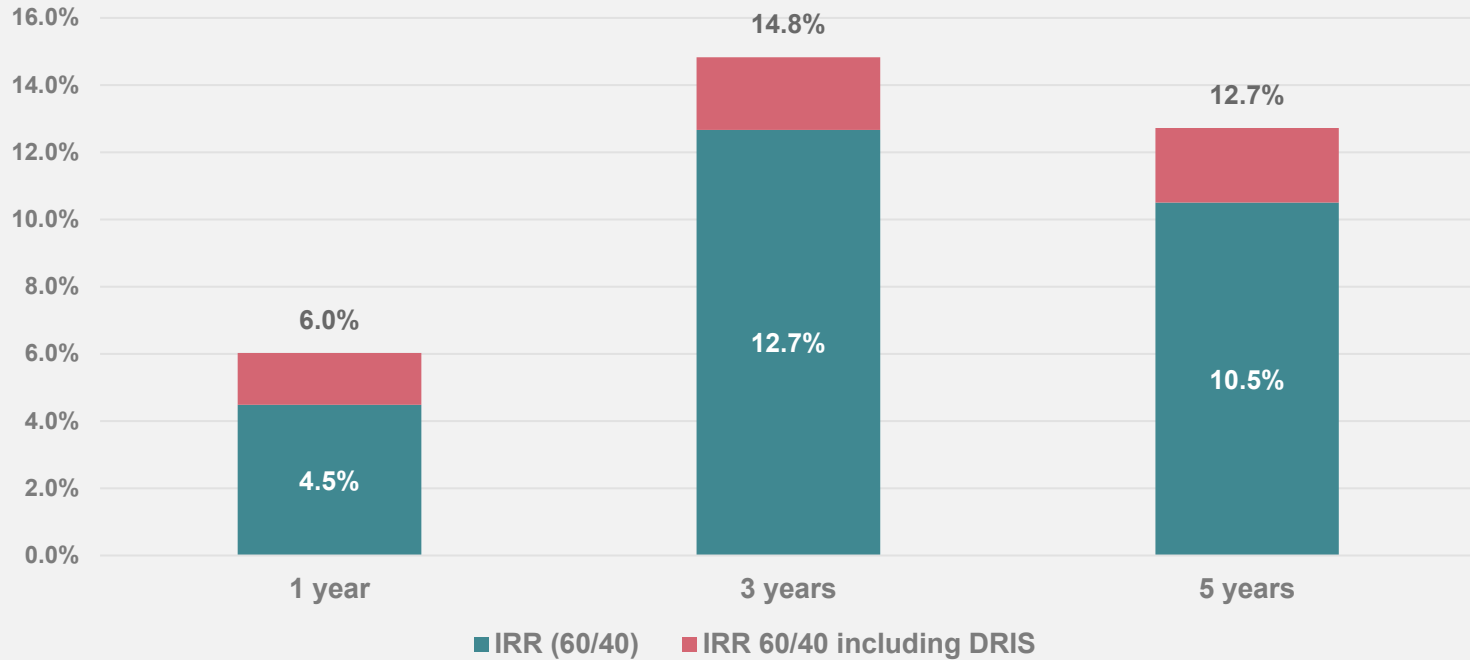
Low ongoing charges ratio  
1% fee on surplus cash

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Treasury management

Risk / return  
VCT rule restrictions

# Dividend Re-Investment Scheme (DRIS)



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.



# Employee Engagement for your Everyday Heroes

Get the power to  
understand your people





# Agenda

1. About WorkBuzz
2. June 23 Series A
3. Progress Since
4. What the Future Holds

# WorkBuzz helps organisations improve their employee experience, adapt to the changing world of work, and win the war for talent



**400+**

Clients



**77**

Net Promoter Score



**9.3/10**

Average client rating



**91%**

Client renewal rate

Trusted by:

whistl

**euro**  
CAR PARTS

ROYAL  
PHARMACEUTICAL  
SOCIETY

SINCE 1886  
**HOVIS**

BRAVISSIMO

FIVE  
GUYS

PREZZO

national  
highways

PRIORY

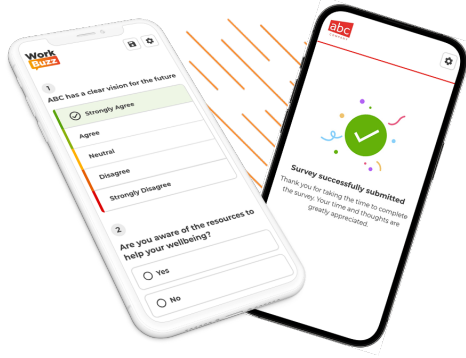
Home  
Instead.

PREMIER  
FOODS

Shell  
ENERGY

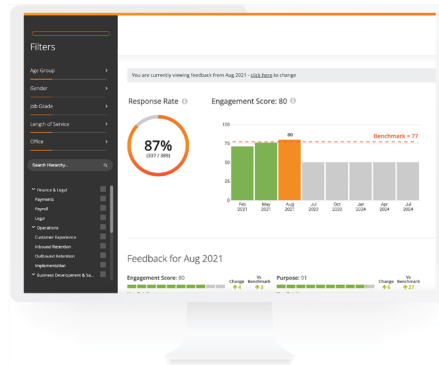
# Our platform

## Flexible



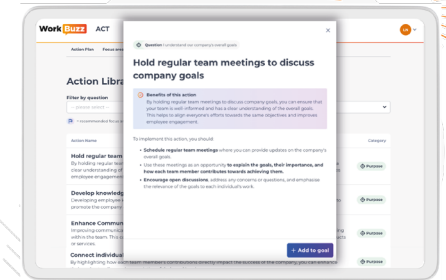
Fully accessible for all employees

## Simple



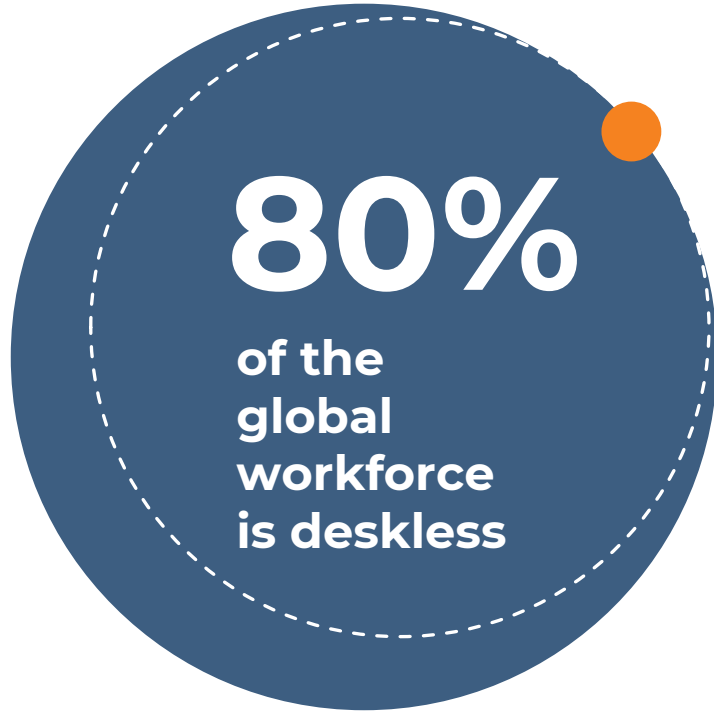
Easy set-up and customisation

## Actionable



WorkBuzz coaches managers how to improve

# Optimised for companies with deskless employees and frontline workers



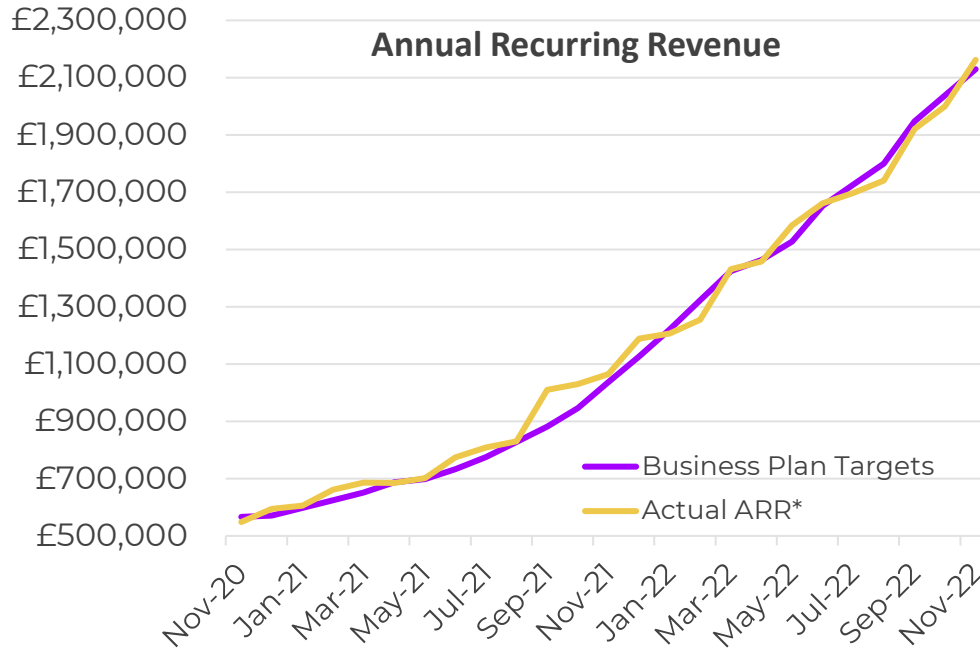
And yet just

**1%**

of business software is designed with them in mind.

Source: OniGroupGlobal

# Before YFM invested, we had raised a £780k seed round in March 21 and £1.5m in June 22



303

Customers

110%

Net Revenue Retention

93%

Logo retention

# Our Series A would help us > £10m ARR, within 2 or 3 years

## Product Development

- Increase Product & Engineering headcount
- Accelerate product roadmap and innovation

## UK Growth

- Driving higher Average Client Value
- Build outbound SDR function and leverage complementary partners

## International

- Selling into the US initially from the UK, before we put boots on the ground
- Leverage partners to drive international distribution

Target  
£5m  
Funding

£1.3m

£1.5m

£1.4m

Plus £800k cashflow contingency

# We chose YFM to lead this and raised £6.2m in Jun-23

A partner we could trust:

- Came to see us @ WorkBuzz HQ
- Spoke about culture
- Understood our vision
- Fair and pragmatic
- Moved fast
- Great references



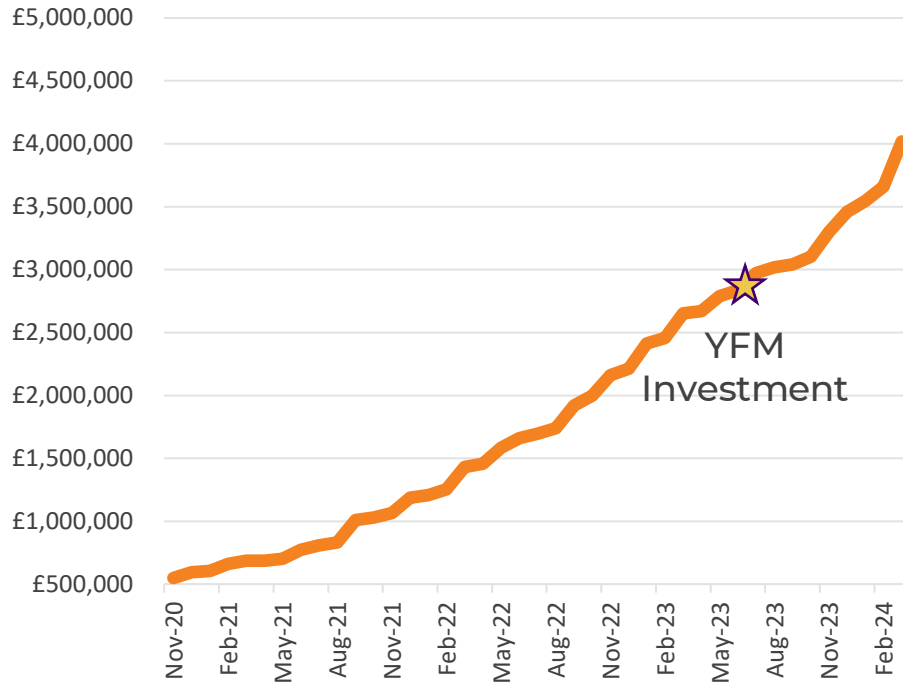
YFM Funding  
was £4.3m of  
the £6.2m  
raised







# We grew ARR 52% in 2023/24



>£4m+  
ARR

Hit £4m ARR milestone in Mar-24

52%

Year-on-year ARR growth

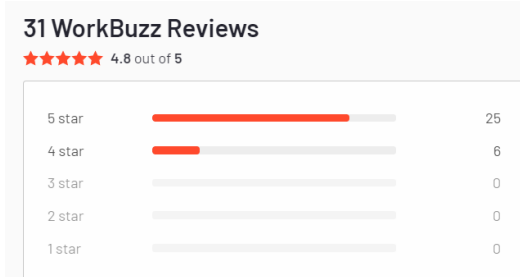
106%

Net Revenue Retention

£17k

Average Client Value,  
including £21k in Q4  
vs £11k historically

# Surveys in 50 languages and on our way to becoming world's best employee listening platform for deskless employers



★★★★★ Sep 07, 2023 **G**  
"WorkBuzz - the partner of choice for employee listening"

★★★★★ Sep 29, 2023 **G**  
"Wonderful Customer Experience & Platform Feedback"

★★★★★ Sep 14, 2023 **G**  
"Go for WorkBuzz - you won't regret it!"

★★★★★ Sep 29, 2023 **G**  
"Comprehensive, user friendly employee survey software, with excellent support services"

★★★★★ Sep 27, 2023 **G**  
"Flexible employee survey tool accompanied by great customer service team"

# What the future holds

## Product Innovation



## Go To Market



## Partners

**EDGE CUMBE**



## Accelerators



**Thank you**



YFM Equity Partners

# New Investment Activity

David Wrench, Partner, YFM



# Recently added investments

 **SpotlessWater**

Ultra-pure water distribution network

Business Services	£3.6m
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Growth capital to accelerate the national rollout strategy

 **ohalo**

Unstructured data governance platform

Data	£2.8m
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Accelerate product development and expand UK & International sales

 **Fuuse**

Electric Vehicle charge point management system

Application Software	£5.0m
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Growth capital to propel the next phase of growth in the UK and capitalise on international expansion opportunities

 **GEEIQ**

Data and market intelligence platform

Data	£3.9m
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Scale sales & marketing capabilities, accelerate the product roadmap and establish US operations

 **Work Buzz**

Insights and engagement software platform

Application Software	£4.3m
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Growth capital to continue to deliver product innovation and capitalise on international expansion opportunity

# The Entrepreneur Economy

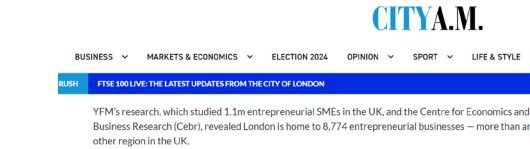
- Authored a study engaging with the Entrepreneurs driving the UK economy
- Launched late last year and received coverage from major outlets
- Report had 115,000+ views, video 70,000+ views, 11,000+ “likes” on social media
- 92 direct opportunities for new funding
- Just launched the next phase around the General Election



ENTREPRENEURSHIP

## Start-ups need more positive column inches, says top fund manager

Jamie Roberts, of YFM Equity Partners, argues that entrepreneurs need to see the success they can strive for and decry the negative 'spin' given to the Darktrace takeover



# What didn't we do

## Abacus Ltd - Scotland

- Software for stakeholders to whistle blow
- c£1m ARR – growing fast
- Exclusivity through a competitive process
- c4 months with the team and due diligence
- Concluded they did not really want to scale for a growth journey

## Invite Ltd - Essex

- Platform for global Corporates to manage their debtor ledger efficiently
- c£4m ARR – top tier customer list
- Off market process – attractive terms
- c6 months with team and diligence – tax issue (we would have resolved)
- Largest customer heavily resisting reference call – they confirmed they were going to switch off the solution



## What has changed

# Market Dynamic

Companies who stretched funding post interest rate changes now need to raise

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Founders actively seek those with a reputation of backing the winners

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Growing opportunity pipeline outside of B2B SaaS

# Our Investment

Tripling size of our Direct Origination team

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Building internal pillars – Revenue Operations

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Five new hires to the Investment Team

# Looking Forward

Strong Pipeline

Regional  
Footprint  
Strength

New Sector  
Opportunities

Place to Work  
of Choice



## Portfolio Update

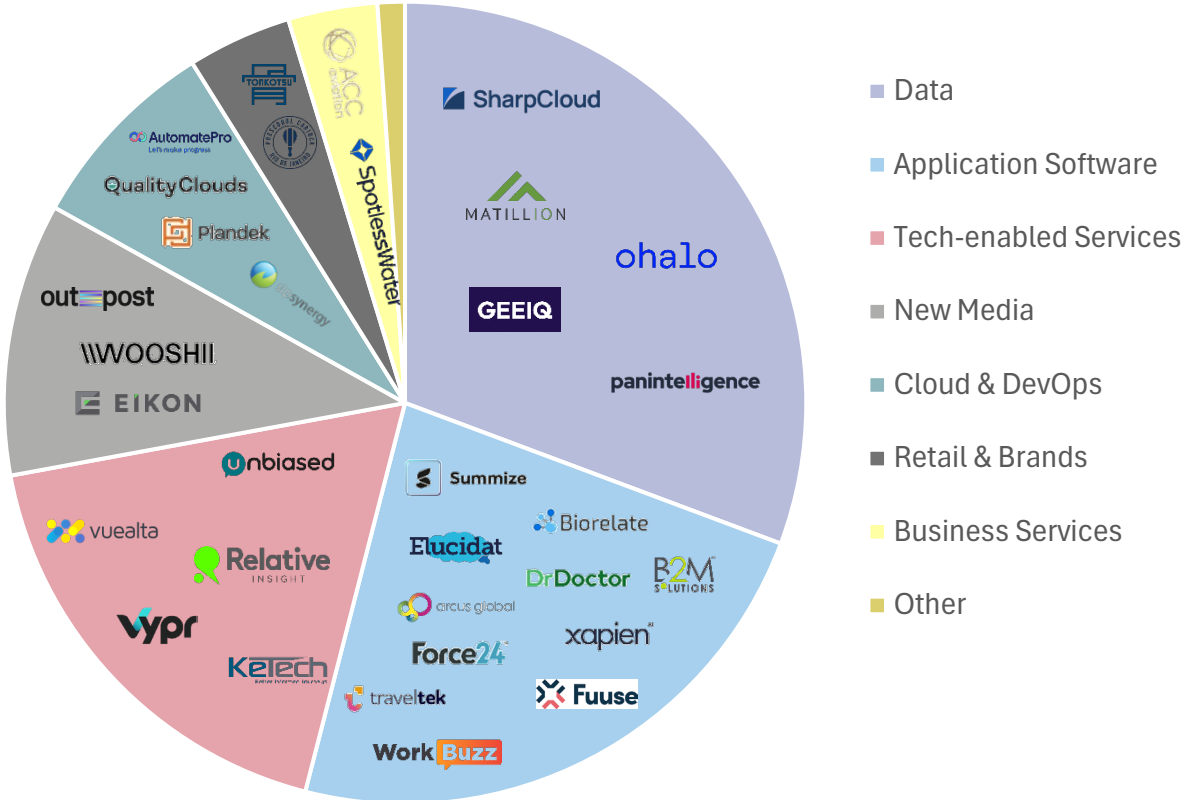
Steve Harrison, Head of Portfolio – North, YFM



# Portfolio – Overview at 31 March 2024

	<b>FY Mar 24</b>
Portfolio companies #	42
Portfolio value £m	£217.8m
Companies valued < cost	4%
Ave. revenue growth rates	+37% / +30%
Portfolio value growth %	+8.9%
Portfolio value growth £	£18.7m
Portfolio MM return to date	1.8x

# Portfolio Profile – Value by Sectors at 31 March 2024



# Top 10 portfolio by value – 31 March 2024


Company	Type of business	Cost £m	Value £m	Cumulative % Nav	Years	Annual growth %
<b>Matillion</b>	Cloud-based data integration tools	3.2	<b>50.6</b>	13.8%	7.4	19%
<b>Unbiased</b>	Tech enabled market-place for professionals	9.3	<b>21.4</b>	19.7%	4.3	32%
<b>Outpost</b>	Visual effects for film and TV	9.6	<b>15.9</b>	24.0%	3.2	9%
<b>Elucidat</b>	E-learning authoring software tools	7.1	<b>9.9</b>	26.7%	4.9	5%
<b>Force24</b>	Cloud-based marketing automation technology	6.5	<b>9.7</b>	29.4%	3.4	12%
<b>SharpCloud</b>	B2B Software	6.0	<b>9.0</b>	31.8%	4.5	20%
<b>Vypr</b>	Cloud-based data validation platform	5.5	<b>8.9</b>	34.2%	3.2	41%
<b>ACC Aviation</b>	Aviation broking and professional services	0.4	<b>7.9</b>	36.4%	9.4	-5%
<b>Wooshii</b>	A disruptive video production agency	7.7	<b>6.9</b>	38.3%	4.9	-29%
<b>Quality Clouds</b>	B2B software	6.5	<b>6.7</b>	40.1%	1.9	50%

# Further Investments and Future Growth


- Follow on of £14.7m (9 companies) in last 18 months
- Expect this to double this coming year
- A cohort of exciting companies in the portfolio growing fast
- Increased size of the VCTs – we can back further, enhancing opportunity / returns




**+101%**



**+105%**




**+105%**



**+41%**



**+50%**



**+31%**

\* Annual recurring revenue growth rates

# Recent Exits

- Five exits and two partial exits in the last 18 months
- Proceeds of £28.6m / av. MM of 2.3x
- Uplifts in value of c 50% on exits
- M&A market suppressed but improving
- Focus on holding and growing value



9.6x MM  
34% IRR  
£14.8m Realisation



2.5x MM  
16% IRR  
£3.3m Realisation



2.0x MM  
13% IRR  
£2.9m Partial Realisation



2.0x MM  
12% IRR  
£2.5m Realisation



# Portfolio – YFM Support & Value Creation



## Our ESG Approach

- Building better businesses
- ESG and DE&I Committee
- Integrated into our investment processes through the lifecycle
- Upfront ESG assessment and annual 30-point ESG Healthcheck

Signatory of:



## Current Focus Areas

Environment - working with a partner:

- Carbon measurement
- Active reduction strategies
- Net zero targets

DE&I:

- Measurement
- Policies and processes
- Recruitment practices

People & society

- HR practices, training, wellbeing
- Giving back

# Build Better Businesses

We aim to build better businesses by improving their impact on the economy, on the people they employ, on wider society and on the environment.



## Grow our Economy

Job Creation

UK-wide Investment



**3,050 FTE jobs** across the portfolio



**£124m** of exports last year



## Value our People

Health & Wellbeing  
Skills & Development  
Engagement

DE&I



**80%** conduct formal employee surveys



**60%** have mental wellbeing programmes in place



## Improve our Society

Ethics & Governance  
Treating Customers Fairly

Community Support



**771** volunteering days and **£256k** donated to community causes per annum



**65%** have ISO 27001 (IT Security) or ISO 9001 (Quality) standards in place



## Protect our Environment

Carbon Goals

Waste Reduction



**55%** have an approved environmental policy



Introduced carbon measurement partner to help the portfolio calculate their footprint

KPIs from our 2023 portfolio

Signatory of:



We achieve this through Responsible Investing and Active Portfolio Engagement



# Portfolio Key Messages

## Diversified

focus on growth-sectors

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## Extensive support

expertise, funds & time

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## Resilience

continued growth & exits

# YFM Equity Partners

## Wrap Up and Q&A

Eamon Nolan, Managing Partner, YFM



# Change is the only constant



# Change is the only constant: Fundraising trends

VCT fundraising	Raised (£m)			Sought (£m)		
	2021-22	2022-23	2023-24	2021-22	2022-23	2023-24
Unquoted	837.0	829.2	665.6	1,034.8	1,179.0	1,000.0
AiM	165.3	84.9	70.0	170.4	95.0	70.0
	<b>1,002.3</b>	<b>914.1</b>	<b>735.6</b>	<b>1,205.2</b>	<b>1,274.0</b>	<b>1,070.0</b>
Success						
Unquoted	80.9%	70.3%	66.6%			
AiM	97.0%	89.4%	100.0%			

# Change is the only constant: **Investment**

Investments	Unquoted (£m)	AiM (£m)	Total (£m)	Unquoted (£m)	Aim (£m)	Total (£m)
	<b>2022</b>			<b>2023</b>		
New	413.5	30.6	<b>444.1</b>	262.1	27.5	<b>289.6</b>
Follow-on	238.3	17.3	<b>255.6</b>	191.6	24.5	<b>216.1</b>
	651.8	47.9	<b>699.7</b>	453.7	52.0	<b>505.7</b>
	93.2%	6.8%		89.7%	10.3%	



# Change is the only constant: Regulatory

## Sunset Clause

- Autumn Statement-extended for 10 years to April 2035
- Subject to EU sign off

## What might be next?

- > investment?
- > age limits?
- Mansion House
- Change Government

# Summary BSC VCTs

Strong Performance

Resilient Portfolio

Increasing Investment Opportunities

THANK YOU

Q & A