

British Smaller Companies VCT plc

Interim Management Statement

For the quarter ended 30 June 2021

British Smaller Companies VCT plc (the “Company”) presents its interim management statement for the quarter ended 30 June 2021. 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.

Overview

As announced on 27 August 2021, the Company’s Total Return at 30 June 2021 was 245.6 pence per ordinary share, representing an increase of 12.4 pence per ordinary share over the Total Return of 233.2 pence per ordinary share as at 31 March 2021. The increase represents 16.4 per cent of the opening net asset value of 75.8 pence per share.

Five follow-on investments totalling £3.4 million were made during the quarter.

The Company completed the sale of its shareholding in Deep-Secure Ltd in July. The exit (which was realised at the value held at 30 June 2021) generated capital proceeds of £6.6 million delivering a profit of £5.6 million above cost, and an uplift of £2.4 million on the carrying value at the beginning of the financial year. Including income, the total return from this investment was £7.7 million over an 11.6 year holding period, producing an internal rate of return of 23 per cent and a multiple of 7.7x cost.

On 27 August 2021 the Company also announced that contracts had been exchanged for the partial sale of its holding in Matillion, with completion expected 30 days from the exchange of contracts. The impact following this exchange of contracts is an additional increase on the 30 June 2021 Net Asset Value of 1.8 pence per ordinary share, (equivalent to 2.0 per cent).

Performance

The movement in **Total Return** in pence per ordinary share is set out in the table below:

	31 March 2021	<i>Increase in Value</i>	<i>Buyback of shares</i>	Movement In Period	30 June 2021
Net Assets (£m)	110.4	<i>18.0</i>	<i>(0.6)</i>	17.4	127.8
NAV per share (PPS)	75.8p	<i>12.4p</i>	-	12.4p	88.2
Cumulative dividends paid (PPS)	157.4p	-	-	-	157.4p
Total Return (PPS)	233.2p	<i>12.4p</i>	-	12.4p	245.6p
Shares in issue	145,624,667	-	<i>(781,869)</i>	(781,869)	144,842,798

The unaudited NAV per ordinary share increased from 75.8 pence per share to 88.2 pence per share, equivalent to 16.4 per cent in the period. Cumulative dividends paid at 30 June 2021 were 157.4 pence per ordinary share (31 March 2021: 157.4 pence per ordinary share).

The movements in NAV per ordinary share are set out in the table below:

	£m	Pence per ordinary share
NAV at 31 March 2021	110.4	75.8
Increase in portfolio value	18.3	12.6
Net operating costs	(0.3)	(0.2)
Issue/buy-back of shares	(0.6)	-
	17.4	12.4
NAV at 30 June 2021	127.8	88.2

Following payment of the interim dividend of 2.0 pence per ordinary share for the year ending 31 March 2022 on 23 July 2021 the unaudited net asset value is 86.2 pence per ordinary share.

Dividends and shares in issue

On 24 June 2021 the Company purchased 781,869 ordinary shares of 10 pence each at a price of 70.61 pence per ordinary share. These shares were placed in treasury.

The number of ordinary shares in issue at 30 June 2021 was 144,842,798 (31 March 2021: 145,624,667). In addition, at 30 June 2021 the Company held 16,468,050 ordinary shares in treasury (31 March 2021: 15,686,181).

Following the payment of the interim dividend of 2.0 pence per share the Company issued 1,022,316 ordinary shares under the DRIS, taking the number of ordinary shares in issue to 145,865,114 at that date.

Net assets

Net assets at 30 June 2021 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	95,398	74.7
Listed investment funds	4,980	3.9
Cash and cash equivalents	26,573	20.8
Other net current assets	814	0.6
Net assets	127,765	100.0

Investments

The investment portfolio at 30 June 2021 comprised:

	Valuation	Valuation
	£000	as a % of
		net assets
Matillion Limited	30,171	23.6%
Deep-Secure Ltd	6,551	28.7%
Intelligent Office UK	4,585	32.3%
Wooshii Limited	4,277	35.7%
Springboard Research Holdings Limited	4,257	39.0%
Unbiased EC1 Limited	4,027	42.2%
SharpCloud Software Limited	4,007	45.3%
Elucidat Ltd	3,970	48.4%
Force24 Ltd	3,409	51.1%
ACC Aviation Group Limited	3,315	53.7%
Displayplan Holdings Limited	2,925	56.0%
KeTech Enterprises Limited	2,748	58.2%
Arcus Global Limited	2,599	60.2%
Ncam Technologies Limited	2,394	62.1%
Sipsynergy (via Hosted Network Services Limited)	1,745	63.5%
Tonkotsu Limited	1,739	64.9%
Vypr Validation Technologies Limited	1,681	66.2%
Arraco Global Markets Limited	1,676	67.5%
Outpost VFX Limited	1,676	68.8%
Frescobol Carioca Ltd	1,296	69.7%
	89,048	69.7%
Other investments	6,350	5.0%
Total investments	95,398	74.7%

Investments made since November 2015 represented 71 per cent of the value of the unquoted portfolio at 30 June 2021.

Portfolio performance

Over the quarter to 30 June 2021 the aggregate portfolio valuation has increased by £18.3 million which incorporates a number of increased valuations including Matillion (£14.5m) and Deep Secure (£2.4m).

Fundraising

It is anticipated that the Company's proposed Joint Fundraising with British Smaller Companies VCT2 plc in the 2021/22 tax year will open in the week commencing 20 September 2021, seeking to raise in aggregate £40 million, with an over-allotment facility of £20 million. Further details of the Fundraising will be announced at the time of the launch.

Investment Policy

The investment policy of the Company is to invest in UK businesses across a broad range of sectors 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.

These investments will all meet the definition of a Qualifying Investment and be primarily in unquoted UK companies. It is anticipated that the majority of these will be re-investing their profits for growth and the investments will, therefore, comprise mainly equity instruments.

The Company seeks to build a broad portfolio of investments in early stage companies focused on growth with the aim of spreading the maturity profiles and maximising return as well as ensuring compliance with the VCT guidelines in this regard.

Borrowing

The Company funds the investment programmes out of its own resources and has no borrowing facilities for this purpose.

Co-investment

British Smaller Companies VCT plc and British Smaller Companies VCT2 plc (“the VCTS”) have in aggregate first choice of all investment opportunities meeting the VCT qualifying criteria that require up to £4.5 million of equity. Amounts above £4.5 million will be allocated one third to YFM's co-investment funds and two thirds to the VCTs. Where there are opportunities for the VCTs to co-invest with each other the basis for allocation is 60 per cent to the Company and 40 per cent to British Smaller Companies VCT2 plc. The Board of the Company has discretion as to whether or not to take up or, where British Smaller Companies VCT2 plc does not take up its allocation, increase its allocation in such co-investment opportunities.

Asset Mix

Pending investment in venture capital trust qualifying securities, surplus cash is primarily held in interest bearing instant access, short-notice bank accounts, money market funds and investment funds listed on a recognised stock exchange (including FCA authorised and regulated UCITS funds). Subsequent to the Finance (No. 2) Act 2015 investments can no longer be made in non-qualifying quoted investments traded on an unregulated exchange. This change therefore now excludes most AIM investments in this category.

Outlook

With most portfolio businesses having come through the pandemic largely unscathed or with improved competitive positions, your Company has been increasingly supporting those that are investing for accelerated growth.

As we come out of the pandemic the volume of opportunities to back innovative business models and management teams continues to be strong. The plans to add additional investment capacity are intended to ensure that your Company remains well funded to take advantage of the investment opportunities as they arise.

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.

10 September 2021

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