

**British Smaller Companies VCT2 plc**  
**Interim Management Statement**  
**For the quarter ended 30 September 2020**

British Smaller Companies VCT2 plc (the “Company”) presents its interim management statement for the quarter ended 30 September 2020. 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’s Total Return at 30 September 2020 was 120.6 pence per ordinary share, representing an increase of 3.7 pence per ordinary share over the Total Return of 116.9 pence per ordinary share as at 30 June 2020.

**Performance**

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

	<b>Pence per ordinary share</b>	
Cumulative dividends to 30 June 2020	68.5	
Net Asset Value (“NAV”) at 30 June 2020	48.4	
Total Return at 30 June 2020		116.9
Increase in portfolio value	3.9	
Value realised as income	<u>(1.5)</u>	
Net movement in portfolio value	2.4	
Net income after expenses / share buy-backs	1.3	
Increase in Total Return		3.7
<b>Total Return at 30 September 2020</b>		<b>120.6</b>

The value of the portfolio increased by 3.9 pence per share, equivalent to 8.1 per cent of the Net Asset Value at 30 June 2020. Of this increase £1.9 million from ACC Aviation was crystallised as a dividend payment to the Company which is shown in the net income after expenses.

	<b>30 June 2020</b>	<i>Increase in Value</i>	<i>Issue under DRIS / buyback of shares</i>	<i>Dividends</i>	<b>Movement In Period</b>	<b>30 September 2020</b>
<b>Net Assets (£m)</b>	<b>62.6</b>	<i>4.8</i>	<i>0.2</i>	<i>(1.9)</i>	<b>3.1</b>	<b>65.7</b>
<b>NAV per share (PPS)</b>	<b>48.4p</b>	<i>3.7p</i>	-	<i>(1.5p)</i>	<b>2.2p</b>	<b>50.6p</b>
<b>Cumulative dividends paid (PPS)</b>	<b>68.5p</b>	-	-	<i>1.5p</i>	<b>1.5p</b>	<b>70.0p</b>
<b>Total Return (PPS)</b>	<b>116.9p</b>	<i>3.7p</i>	-	-	<b>3.7p</b>	<b>120.6p</b>
<b>Shares in issue</b>	<b>129,373,784</b>	-	<i>481,632</i>	-	<b>481,632</b>	<b>129,855,416</b>

The Total Return at 30 September 2020, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 120.6 pence per ordinary share compared to 116.9 pence per ordinary share at 30 June 2020.

The unaudited NAV per ordinary share increased from 48.4 pence per share to 52.1 pence per share, equivalent to 7.6 per cent in the period. Of this increase 1.5 pence per ordinary share was paid as an interim dividend on 21 September 2020, taking cumulative dividends paid at 30 September 2020 to 70.0 pence per ordinary share (30 June 2020: 68.5 pence per ordinary share). The resultant Net Asset Value at the end of the period is 50.6 pence per share.

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

	£m	Pence per ordinary share
NAV at 30 June 2020	62.6	48.4
Increase in portfolio value	5.0	3.9
Value realised as income	(1.9)	(1.5)
Net movement in portfolio	3.1	2.4
Net income after expenses	1.7	1.3
Issue/buy-back of shares	0.2	-
	5.0	3.7
<b>NAV before payment of dividend</b>	67.6	52.1
Dividend paid	(1.9)	(1.5)
<b>NAV at 30 September 2020</b>	<b>65.7</b>	<b>50.6</b>

### Dividends and shares in issue

On 25 September 2020 the Company purchased 441,258 ordinary shares of 10 pence each at a price of 45.00 pence per ordinary share. These shares were placed in treasury.

Following the payment of the interim dividend of 1.5 pence per share on 21 September 2020 the Company issued 922,890 ordinary shares under the DRIS.

The number of ordinary shares in issue at 30 September 2020 was 129,855,416 (30 June 2020: 129,373,784). In addition, at 30 September 2020 the Company held 11,477,112 ordinary shares in treasury (30 June 2020: 11,035,854).

### Dividend Re-Investment Scheme

Following a review of market practice the Board has decided that future issues of shares under the Company's DRIS will be re-invested at the last reported net asset value, as adjusted for the relevant dividend in question if this has not already been recognised. The Company will be writing to shareholders to give them the required one month's notice of this change.

## Net assets

Net assets at 30 September 2020 comprised the following:

	<b>£000</b>	<b>% of net assets</b>
Unquoted investments	<b>39,911</b>	60.7%
Cash and cash equivalents	<b>25,277</b>	38.5%
Other net current assets	<b>547</b>	0.8%
<b>Net assets</b>	<b>65,735</b>	100%

The investment portfolio at 30 September 2020 comprised:

	<b>Valuation £000</b>	<b>Valuation as a % of net assets</b>
Matillion Limited	<b>8,895</b>	13.5%
Intelligent Office UK Limited	<b>3,185</b>	4.8%
ACC Aviation Group Limited	<b>3,060</b>	4.7%
Unbiased EC1 Limited	<b>2,449</b>	3.7%
Springboard Research Holdings Limited	<b>2,424</b>	3.7%
KeTech Enterprises Limited	<b>2,283</b>	3.5%
Arcus Global Limited	<b>2,136</b>	3.2%
Deep-Secure Limited	<b>1,698</b>	2.6%
Elucidat Limited	<b>1,580</b>	2.4%
Wooshii Limited	<b>1,519</b>	2.3%
	<b>29,229</b>	44.4%
Other investments	<b>10,682</b>	16.3%
<b>Total investments</b>	<b>39,911</b>	60.7%

Investments made prior to the November 2015 Budget represented 41 per cent of the value of the unquoted portfolio at 30 September 2020.

On 20 November 2020 the Company invested £1.6 million into Leeds based marketing automation software business Force24.

## Portfolio performance

Over the quarter to 30 September 2020 the aggregate unrealised portfolio valuation has increased by £5.0 million prior to recognising the £1.9 million ordinary dividend received from ACC Aviation.

## Board composition

As previously announced Barbara Anderson joined the Board as an independent non-executive director with effect from 1 October 2020, and Robert Pettigrew will resign as a director on 31 December 2020.

## Shareholder relations

Your Company will be holding an on-line version of the investor workshop on 14 December 2020, details of which have been communicated to shareholders.

## **Outlook**

The portfolio has adapted well to the various restrictions imposed as a result of the coronavirus pandemic and valuations have continued to recover. Demand for growth capital continues, as the recent investment in Force24 shows and the Company continues to look for opportunities in innovative businesses and growing sectors. The Company is well positioned to provide further funding for these opportunities and to the portfolio as its investments seek to further expand and, where appropriate, accelerate their growth plans.

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.

25 November 2020

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

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