

The Company aims to build a diversified portfolio by investing in a variety of UK businesses spanning both established and emerging industries, all of which demonstrate potential for growth and innovation in their products and services.

Dear Shareholder

We are pleased to provide an update on the progress of British Smaller Companies VCT2 plc (BSC2 or the Company).

Performance

The Company registered a 0.2 per cent increase in its Net Asset Value per share in the quarter to 31 March 2025, reflecting good levels of underlying revenue growth in portfolio companies.

The Company's Total Return at 31 March 2025 was up 0.10 pence to 146.45 pence per ordinary share, and BSC2's Net Asset Value per share stood at 56.20 pence.

Post-period end, on 23 June 2025, an interim dividend of 1.50 pence per ordinary share was paid. This resulted in a corresponding reduction in the Company's Net Asset Value per ordinary share, adjusting the last reported Net Asset Value to 54.70 pence per ordinary share.

Investments

During the quarter, the Company invested £4.2 million into three existing portfolio companies: DrDoctor, Workbuzz and Vypr; and £1.4 million into new investment Stormharvester. Subsequent to the period-end, a further £1.6 million has been invested into new investment S4labour, and £0.5 million into existing portfolio companies Force24, Relative Insight and Immunobiology.

Realisation

In February 2025, the Company realised its investment in ACC Aviation, receiving initial proceeds of £3.1 million, with additional deferred consideration of £1.5 million anticipated to be received over the next two to four years. The ACC investment has generated an overall return of £6.7 million to date, a 4.8x return on the original cost of £1.4 million. Including deferred consideration, proceeds have the potential to rise to £8.2 million and the return to 5.9x.

Fundraising

In the 2024/25 tax year the Company, alongside British Smaller Companies VCT plc (together the "BSC VCTs"), raised £75 million in aggregate under their joint offers. A total of £29.2 million was raised by the Company, of which £9.8 million was allotted on 30 January 2025 and £19.4 million was allotted shortly after the period-end, on 1 April 2025.

Funds will be used to (i) take advantage of the high level and quality of new opportunities available throughout the UK regions; (ii) continue supporting our existing portfolio companies with follow-on funding; and (iii) manage ongoing cashflow requirements of the BSC VCTs.

Investor Workshop

This year's Investor Workshop was held in London on Thursday 19 June 2025. We were delighted to welcome around 200 guests on what was one of the hottest days of the year so far. The theme for the day was Artificial Intelligence (AI). Alongside the more regular updates on the performance and outlook of the BSC VCTs that are covered every year, the attendees also heard from an independent AI expert who spoke about how this technology has developed and what the future might hold. The CEOs of two of the Company's portfolio businesses, Xapien and AutomatePro, also spoke, providing overviews on their own companies and how they are using AI within their product offerings. It was an equally thought-provoking and enjoyable morning and we are already looking forward to seeing shareholders again at next year's event, which will be announced later this year.



Thank you again for your continued support.

Jamie Roberts

Managing Partner, YFM Equity Partners



Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT2 plc may go down as well as up and you may not get back the full amount invested.



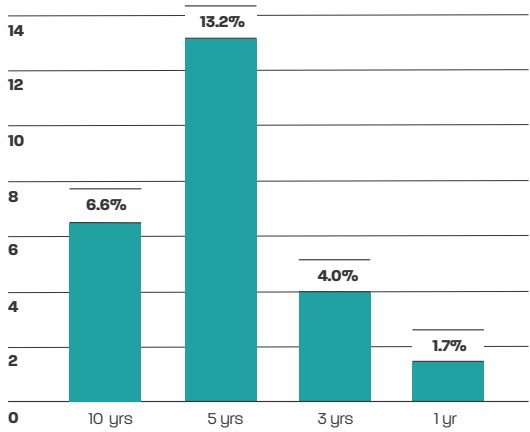
SECTOR: Tech-enabled Services
LOCATION: Manchester
DEAL TYPE: Growth Capital
INVESTMENT SIZE: £5.4 million
INVESTMENT DATES: 2021/22/25
WEBSITE: vyproclients.com

“Having known the YFM team for some time, we were confident that they would be able to support us as we invest in a first class team to take the business forward, turning a strong product in a nascent market into a global leader in its field. For a deal of this size and space in the market, they are the right partner, particularly given their regional coverage. I know a number of businesses in which YFM have invested and I rate the team very highly.”

RICHARD LAW, CHAIRMAN

BSC2 INVESTMENT RATE OF RETURN

Annualised rate of return* per annum over 10, 5, 3 and 1 year periods to 31 March 2025



*Excluding DRIS and benefits of all tax reliefs

BSC2 TOTAL SHAREHOLDER RETURN

□ Total Return (pps) ■ NAV (pps) ■ Cumulative dividends (pps)



As at 31 December unless otherwise stated



IMPROVED ONLINE RESOURCES FOR INVESTORS

www.bscfunds.com

Alongside a recent brand refresh for the BSC VCTs and the Fund Manager (YFM), the Company has launched a revised and improved website. A new, intuitive, navigation format provides quick and easy access to key information and shareholder documentation, as part of our drive to enhance the online experience for investors. Please do visit www.bscfunds.com to explore the content and find out more.

<https://bsc-funds.cityhub.uk.com>

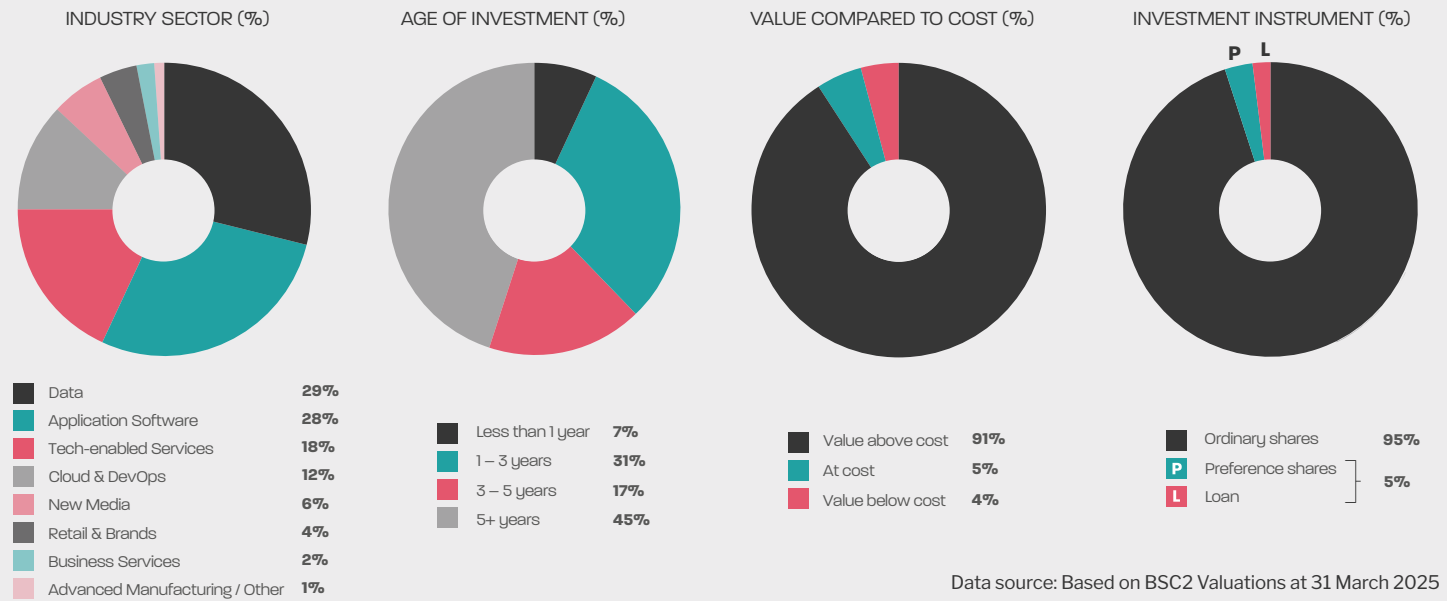
If you are looking for specific, personalised, information about your holdings, the Company’s registrar, The City Partnership, has an online hub at <https://bsc-funds.cityhub.uk.com>. Details on how to access the hub and information on the Registrar in general, can be found in the FAQs section of the Company’s website, along with a host of other helpful information for managing your investments.

PORTFOLIO UPDATE

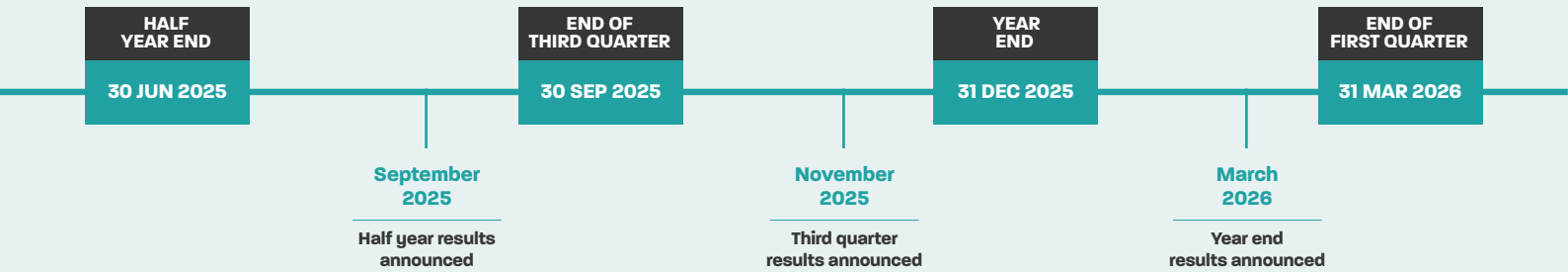
Over the quarter to 31 March 2025, the aggregate unquoted portfolio valuation increased by £1.3 million, reflecting good levels of underlying revenue growth in portfolio companies.

Company	Website	Audited investment valuation at 31 Dec 2024 £000	Proceeds £000	Additions £000		Valuation gains (losses) including profits on disposal £000	Unaudited investment valuation at 31 Mar 2025 £000	Cumulative % of net asset value of £167.1m
Matillion	matillion.com	19,624	–	–	↑	5	19,629	11.7%
Unbiased	unbiased.co.uk	8,962	–	–	↓	(126)	8,836	17.0%
Vypr	vyproclients.com	4,475	–	1,598	↑	1,018	7,091	21.3%
Xapien	xapien.com	5,132	–	–	↑	177	5,309	24.5%
SharpCloud	sharpcloud.com	4,789	–	–	↑	512	5,301	27.6%
AutomatePro	automatepro.com	4,253	–	–	↑	562	4,815	30.5%
Outpost	outpost-vfx.com	5,058	–	–	↓	(309)	4,749	33.4%
Summize	summize.com	3,256	–	–	↑	988	4,244	35.9%
DrDoctor	drdoctor.co.uk	2,377	–	1,193	↑	660	4,230	38.4%
Workbuzz	workbuzz.com	2,476	–	1,417	↑	186	4,079	40.9%
TOP 10 TOTAL		60,402	–	4,208	↑	3,673	68,283	40.9%
Remainder of portfolio		45,124	(4,285)	1,400	↓	(2,406)	39,833	64.7%
TOTAL PORTFOLIO		105,526	(4,285)	5,608	↑	1,267	108,116	64.7%

PORTFOLIO AT A GLANCE



KEY DATES



FOR YOUR RECORDS - DIVIDENDS AND DATES

The table below displays the dates when BSC2 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 December 2010	26.00
10 June 2011	2.00
8 September 2011	2.00
22 May 2012	2.00
26 October 2012	2.50
5 June 2013	2.50
27 September 2013	2.00
30 June 2014	2.50
7 October 2014	2.00
8 June 2015	2.50
28 September 2015	2.00
9 May 2016	2.50

DATE PAID	PENCE PER SHARE
26 September 2016	2.00
12 May 2017	1.50
29 September 2017	1.50
11 May 2018	1.50
28 September 2018	1.50
15 February 2019	5.00
10 May 2019	1.50
13 September 2019	1.50
12 May 2020	2.00
21 September 2020	1.50
5 March 2021	1.50
25 October 2021	1.50

DATE PAID	PENCE PER SHARE
16 November 2021	5.00
6 May 2022	1.50
3 October 2022	1.50
11 January 2023	2.25
26 June 2023	1.50
3 November 2023	1.50
28 June 2024	1.50
1 November 2024	1.50
27 January 2025	1.00
Cumulative to 31 March 2025	90.25
23 June 2025	1.50

IMPORTANT NOTICE

i 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 VCT2 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: 4th Floor, 2 Bond Court, Leeds LS1 2JZ.

CONTACT US

Please call or email for further information on any shareholder issue, including switching to direct dividend payments.

- Dividends
- Registrar
- General

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