

British Smaller Companies VCT2 plc

Unaudited Interim Results and Interim Management Report for the six months ended 30 June 2025

British Smaller Companies VCT2 plc (the “Company”) announces its unaudited interim results for the six months ended 30 June 2025.

HIGHLIGHTS

- Net Asset Value at 30 June 2025 of 55.05p per share (31 December 2024: 57.10p) following payment of dividends of 2.50p per share during the period
- Total Return increase of 0.45p per share in the quarter, to 146.80p per share
- Fully subscribed offer raised net proceeds of £28.3 million
- The Board has declared a second interim dividend of 1.50p per share in respect of the year ending 31 December 2025, which will bring total dividends paid in the current financial year to 4.00p per share, which equates to 7.0 per cent of the opening net asset value per share
- Two new investments and six follow-on investments totalling £7.7 million completed during the period. Subsequent to the period-end, one new investment and three follow-on investments totalling £3.8 million completed, bringing the total invested this year to £11.5 million
- Proceeds from realisations of £4.3 million in the period, a gain of £0.1 million over the opening carrying value and £4.2 million over cost.

CHAIR'S STATEMENT

I am pleased to present the interim results of British Smaller Companies VCT2 plc (the “Company”) for the six months to 30 June 2025.

The first half of 2025 has been marked by a challenging macroeconomic backdrop. In the UK, early-year growth gave way to a slowdown in Q2, with inflationary pressures resurfacing and the Bank of England taking finely balanced decisions to cut interest rates in an effort to stimulate the economy. Globally, volatility remains with evolving US tariff policies and ongoing conflicts.

The Company continues to navigate these conditions through its active portfolio management approach. By focusing on and working closely with high-growth businesses that help their customers address critical challenges, reduce costs, or grow revenues, the portfolio remains well-positioned to deliver long-term value.

This has resulted in the Company's Total Return increasing by 0.45 pence in the period, a 0.8 per cent increase on the opening net asset value per share.

PORTFOLIO PERFORMANCE

The period has seen ongoing positive performance from several portfolio companies, with many showing strong potential. Of the 27 companies valued on a revenue basis, 22 have grown sales in the last year, with 12 delivering growth of over 25 per cent. We are seeing opportunities to help our fastest growing businesses to accelerate their progress by providing material further funding. This was seen in the period, with an aggregate £4.7 million invested into six portfolio companies and a further £2.6 million invested into three portfolio companies since 30 June.

The 12 companies that are growing revenues at over 25 per cent per annum produced aggregate revaluation gains of £7.1 million in the first half of the year.

There were upward revaluations from Summize, AutomatePro, Vypr, Unbiased, DrDoctor, Xapien and SharpCloud, offset by aggregate downward revaluations of £4.1 million in the period across three portfolio companies: Matillion, where the Company's holding has been impacted by the weak US dollar; Wooshii, where post-period-end the Company sold its interest in the trade and liabilities in the business following trading difficulties in a challenging market; and Outpost, which continues to navigate industry-specific challenges arising from the Hollywood writers' strike.

These movements reflect the disciplined approach the Company takes with valuations. The Company's Manager works closely with the businesses across the portfolio, focusing on both market-specific challenges and opportunities for growth.

NEW INVESTMENTS

The Company completed two new investments during the first half of the year, with investments into S4labour (£1.6 million), a workforce management platform purpose-built for the hospitality sector; and Stormharvester (£1.4 million), an AI-driven SaaS provider that helps wastewater utilities detect blockages, prevent flooding, and reduce pollution through smart wastewater management solutions.

Subsequent to the period-end the Company has invested £1.2 million into cyber risk platform DynaRisk; DynaRisk helps insurers, brokers and businesses reduce cyber threats through short risk assessment tools.

REALISATION IN THE PERIOD

In February 2025, the Company sold its investment in ACC Aviation for initial cash consideration of £3.1 million, plus potential deferred consideration of £1.5 million, of which £1.2 million has been recognised at the end of the period. 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.

Following the period end, the sale of the trade and liabilities of Wooshii was completed; no proceeds were received on exit, although there is the potential for a small return for the Company depending on future trading. Despite early promise in what was seen as a fast-growing market, the business struggled as market conditions deteriorated and customers reduced their spending in the face of rising inflation.

FINANCIAL RESULTS

The movement in net asset value (“NAV”) per ordinary share and the dividends paid are set out in the table below.

	Pence per ordinary share	£000
NAV at 31 December 2024	57.10	160,451
Net gain from investment portfolio	0.85	2,778
Net operating costs	(0.35)	(1,059)
Total Return in period	0.50	1,719
Issue/buy-back of new shares*	(0.05)	27,729
NAV before the payment of dividends	57.55	189,899
Dividends paid	(2.50)	(7,772)
NAV at 30 June 2025	55.05	182,127
Cumulative dividends paid	91.75	
Total Return:		
At 30 June 2025	146.80	
At 31 December 2024	146.35	

* the first allotment on 30 January 2025 from the 2024/25 fundraising reduces Total Return per ordinary share as the allotment was priced at the unaudited 30 September 2024 NAV, being the latest published NAV at the allotment date, as adjusted for the interim dividend of 1.50 pence per ordinary share paid on 1 November 2024 and the special dividend of 1.00 pence per ordinary share paid on 27 January 2025.

DIVIDENDS

A special dividend of 1.00 pence per ordinary share was paid on 27 January 2025. An interim dividend of 1.50 pence per ordinary share was paid on 23 June 2025, bringing the cumulative dividends paid to date to 91.75 pence per ordinary share.

The Board has proposed a second interim dividend of 1.50 pence per ordinary share for the year ending 31 December 2025 which, when combined with the above dividends, will bring total dividends paid in the current financial year to 4.00 pence per ordinary share (2024: 3.00 pence per ordinary share). The dividend will be paid on 31 October 2025 to shareholders on the register on 26 September 2025.

SHAREHOLDER RELATIONS

This year’s Investor Workshop was held in London on 19 June, alongside British Smaller Companies VCT plc, (together the “BSC VCTs”), welcoming around 200 attendees. 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 expert who spoke about the development of AI and what the future might hold. CEOs of the portfolio businesses, Xapien and AutomatePro, provided overviews on their companies and how they are using AI within their own product offerings.

FUNDRAISING

In the period the Company issued shares from its fully subscribed 2024/25 share offer across two allotments, on 30 January and 1 April 2025. Gross proceeds of £29.2 million were raised by the Company, resulting in the allotment of 50,774,434 ordinary shares.

On 22 August 2025, the Company announced its intention to launch a new joint offer for subscription for the tax year 2025/26 later this year, alongside British Smaller Companies VCT plc. The current intention is for the BSC VCTs, in aggregate, to raise up to £60 million, with over-allotment facilities of up to a further £25 million, in aggregate, before issue costs. Any election for the Company to make use of its over-allotment facility will be subject to the decisions of the individual boards of the BSC VCTs at the relevant time.

A prospectus with full details of the proposed Offer is expected to be published on or around 25 September, with applications expected to open one week following publication. Once published, the prospectus will be available from the BSC VCTs' website, www.bscfunds.com.

OUTLOOK

The UK's short to medium-term economic outlook remains uncertain, with government budget pressures, stubborn inflation and modest growth prompting expectations of further interest rate cuts by the Bank of England; while globally, tensions remain elevated due to rising tariffs and geopolitical conflicts.

Despite these conditions, portfolio companies are continuing to make good progress; no portfolio companies are directly impacted by tariffs, and the companies are operating in large markets where there remain significant growth opportunities, despite macro challenges. This is being seen with good levels of revenue growth in the portfolio, presenting the Company with strong opportunities to provide further funding into existing portfolio companies. The Manager also continues to identify attractive new opportunities for the Company to invest into high-growth, tech-enabled businesses. As such, we remain optimistic for the Company's outlook as it moves through the second half of 2025 and into 2026.

I thank our shareholders for their continued support.

Barbara Anderson

Chair

12 September 2025

OBJECTIVES AND STRATEGY

The Company's objective is to maximise Total Return and provide investors with a long-term tax-free dividend yield whilst maintaining the Company's status as a venture capital trust.

INVESTMENT STRATEGY

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 VCT Regulations.

The Company predominantly invests in unquoted smaller companies and expects that this will continue to make up the significant majority of the portfolio. It will also retain holdings in cash or near-cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buy-backs.

Unquoted investments are structured using various investment instruments, including ordinary shares, preference shares, convertible securities and, very occasionally, loan stock, to achieve an appropriate balance of income and capital growth, having regard to the VCT Regulations. The portfolio is diversified by investing in a broad range of industry sectors. The normal investment period into the portfolio companies is expected to be typically between the range of five to seven years.

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 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.

INVESTMENT REVIEW

At 30 June 2025 the Company's portfolio was valued at £111.6 million. The top ten investments represent 38.4 per cent of the net asset value, with the largest representing 10.0 per cent of the net asset value.

The movements in the investment portfolio are set out below:

TABLE A

INVESTMENT PORTFOLIO

	Portfolio £million
Opening fair value at 1 January 2025	105.5
Additions	7.7
Disposal proceeds	(4.3)
Net revaluation arising from the investment portfolio	2.7
Closing fair value at 30 June 2025	111.6

The Company's portfolio value increased by £2.7 million in the period, of which £2.6 million arose from the residual portfolio, with a gain of £0.1 million from realisations.

There were upward revaluations from Summize, AutomatePro, Vypr, Unbiased, DrDoctor, Xapien and SharpCloud, offset by decreases from Matillion, Wooshii and Outpost.

REALISATION OF INVESTMENTS

The Company generated £4.3 million from disposals (inclusive of deferred consideration) with a gain of £0.1 million over the opening carrying value, and crystallising a gain of £4.2 million on cost. Further details are given on page 3 of the interim report and in note 6.

INVESTMENTS

During the six months ended 30 June 2025, the Company invested £7.7 million into eight companies. This comprised two new investments, totalling £3.0 million, and six follow-on investments, totalling £4.7 million. A further £3.8 million was invested post-period end. A breakdown of these investments is shown below:

Company	Description	Investments made £million		
		New	Follow-on	Total
S4labour	Workforce management	1.6	-	1.6
Vypr	Data validation	-	1.6	1.6
Workbuzz	Insights and engagement	-	1.4	1.4
Stormharvester	AI analytics	1.4	-	1.4
DrDoctor	Patient engagement	-	1.2	1.2
Force24	B2B marketing automation software	-	0.3	0.3
Relative Insight	Text data analytics	-	0.1	0.1
Immunobiology	Life sciences	-	0.1	0.1
Invested in the period		3.0	4.7	7.7
DynaRisk	Cyber risk solutions	1.2	-	1.2
Panintelligence	Business Intelligence software	-	0.2	0.2
Fuuse	EV charging point software	-	1.2	1.2
AutomatePro	Automated software testing	-	1.2	1.2
Invested in the year to date		4.2	7.3	11.5

CASH DEPOSITS AND OTHER LIQUID FUNDS

The Company takes an active approach to cash management, while ensuring its primary aim of capital preservation is met. A portion of the Company's liquid assets are held across a diversified range of Triple-A rated money market funds, managed by global institutions; while the balance is held as readily accessible cash, all of which is held at Tier 1 Financial Institutions (A2 rated or above). £1.3 million of income was earned from money market funds and bank deposits during the period. At 30 June 2025, the Company was achieving a weighted average return on liquid assets of 4.0 per cent; at the time of publication, this had reduced to 3.8 per cent, decreasing as global interest rates fall.

PORTFOLIO

The top 10 investments had a combined value of £69.9 million, 62.6 per cent of the total portfolio.

Name of company	Industry Sector	Date of initial investment	Amount invested £000	Valuation at 30 June 2025 £000	Recognised Income / proceeds to date £000	Realised & unrealised value to date* £000
Matillion Limited	Data	Nov 16	1,778	18,129	5,946	24,075
Unbiased EC1 Limited	Tech-enabled Services	Dec 19	3,731	9,703	-	9,703
Vypr Validation Technologies Limited	Tech-enabled Services	Jan 21	3,798	7,292	-	7,292
Xapien (via Digital Insight Technologies Ltd)	Application Software	Mar 23	4,064	5,817	-	5,817
AutomatePro Limited	Cloud & DevOps	Dec 22	2,683	5,602	-	5,602
SharpCloud Software Limited	Data	Oct 19	2,920	5,462	-	5,462
Summize Limited	Application Software	Oct 22	1,700	5,247	-	5,247
DrDoctor (via ICNH Ltd)	Application Software	Feb 23	3,570	4,273	-	4,273
Workbuzz Analytics Ltd	Application Software	Jun 23	3,135	4,203	-	4,203
Force24 Ltd	Application Software	Nov 20	2,850	4,173	112	4,285
Quality Clouds Limited	Cloud & DevOps	May 22	3,880	3,952	-	3,952
Outpost VFX Limited	New Media	Feb 21	3,833	3,763	113	3,876
Elucidat Ltd	Application Software	May 19	2,840	3,640	481	4,121
Plandek Limited	Cloud & DevOps	Oct 22	2,360	2,771	-	2,771
Tonkotsu Limited	Retail & Brands	Jun 19	1,592	2,744	-	2,744
Spotless Water Limited	Business Services	Jun 24	1,456	2,016	-	2,016
Fuuse Limited	Application Software	May 24	2,000	2,000	-	2,000
GEEIQ (via Checkpoint GG Limited)	Data	Sep 23	1,572	1,916	-	1,916
S4 Labour Limited	Application Software	Apr 25	1,600	1,600	-	1,600
Biorelate Limited	Application Software	Nov 22	1,540	1,552	-	1,552
Stormharvester Limited	Data	Jan 25	1,400	1,498	-	1,498
Relative Insight Limited	Tech-enabled Services	Mar 22	3,057	1,402	14	1,416
Ohalo Limited	Data	Jun 24	1,110	1,377	-	1,377
Frescobol Carioca Ltd	Retail & Brands	Mar 19	1,200	1,372	-	1,372

KeTech Technology Holdings Limited	Tech-enabled Services	Nov 15	2,000	1,291	4,059	5,350
Arcus Global Limited	Application Software	May 18	2,050	1,220	234	1,454
Vuealta Holdings Limited	Tech-enabled Services	Sep 21	2,386	1,173	3,124	4,297
Integrum ESG Limited	Data	Sep 24	1,160	1,160	-	1,160
Value £1.0 million and below			16,140	5,278	4,603	9,881
Total unquoted investments			83,405	111,626	18,686	130,312
Full disposals to date			52,827	-	98,017	98,017
Total portfolio			136,232	111,626	116,703	228,329

* Represents recognised income and proceeds received to date plus the unrealised valuations at 30 June 2025.

PORTFOLIO AT A GLANCE

AGE OF INVESTMENTS (%)

	2025
Less than 1 year	4%
Between 1 and 3 years	33%
Between 3 and 5 years	19%
Greater than 5 years	44%
Total	100%

VALUE COMPARED TO COST (%)

	2025
Value above cost	88%
At cost	6%
Value below cost	6%
Total	100%

INVESTMENT INSTRUMENT (%)

	2025
Loan	2%
Preference shares	2%
Equity	96%
Total	100%

INDUSTRY SECTOR (%)

	2025
Application Software	30%
Data	27%
Tech-enabled Services	19%
Cloud & DevOps	12%
New Media	4%
Retail & Brands	4%
Business Services	2%
Other	2%
Total	100%

PRINCIPAL RISKS AND UNCERTAINTIES

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed from those identified in the Annual Report and Accounts for the year ended 31 December 2024. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 of the Income Tax Act 2007. In summary, the principal risks are:

- Macroeconomic;
- Portfolio;
- ESG;
- Strategic;
- Legislative & Regulatory;
- Operational;
- Liquidity; and
- Emerging Risk – Cyber Security & Information Technology.

Full details of the principal risks can be found in the financial statements for the year ended 31 December 2024 on pages 31 to 34, a copy of which is available at www.bscfunds.com.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors of British Smaller Companies VCT2 plc confirm that, to the best of their knowledge, the condensed set of financial statements in this interim report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the UK, and give a true and fair view of the assets, liabilities, financial position and profit and loss of British Smaller Companies VCT2 plc, and that the interim management report includes a true and fair review of the information required by DTR 4.2.7R and DTR 4.2.8R.

The directors of British Smaller Companies VCT2 plc are listed in note 11.

By order of the Board

Barbara Anderson

Chair

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Unaudited 6 months ended 30 June 2025			Unaudited 6 months ended 30 June 2024		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£000	£000	£000	£000	£000	£000
Gain (loss) on investments held at fair value	6	-	2,719	2,719	-	(1,104)	(1,104)
Gain on disposal of investments	6	-	59	59	-	459	459
Income	2	1,548	-	1,548	1,701	-	1,701
Total income		1,548	2,778	4,326	1,701	(645)	1,056
Administrative expenses:							
Manager's fee		(341)	(1,023)	(1,364)	(296)	(890)	(1,186)
Other expenses		(388)	-	(388)	(343)	-	(343)
Fair value movement related to credit risk		(557)	-	(557)	-	-	-
Incentive fee		-	(298)	(298)	-	-	-
		(1,286)	(1,321)	(2,607)	(639)	(890)	(1,529)
Profit (loss) before taxation		262	1,457	1,719	1,062	(1,535)	(473)
Taxation	3	(91)	91	-	-	-	-
Profit (loss) for the period		171	1,548	1,719	1,062	(1,535)	(473)
Total comprehensive income (expense) for the period		171	1,548	1,719	1,062	(1,535)	(473)
Basic and diluted earnings (loss) per ordinary share	5	0.05p	0.50p	0.55p	0.40p	(0.58p)	(0.18p)

The Total column of this statement represents the Company's Unaudited Statement of Comprehensive Income, prepared in accordance with UK adopted international accounting standards. The supplementary Revenue and Capital columns are prepared under the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (issued in July 2022 – "SORP") published by the Association of Investment Companies.

UNAUDITED BALANCE SHEET

AS AT 30 JUNE 2025

		Unaudited 30 June 2025	Unaudited 30 June 2024	Audited 31 December 2024
	Notes	£000	£000	£000
ASSETS				
Non-current assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	6	112,571	97,716	106,767
Other assets		1,144	-	-
		113,715	97,716	106,767
Current assets				
Accrued income and other assets		1,015	936	1,651
Current asset investments		46,000	38,000	35,500
Cash at bank and other cash equivalents		21,912	26,440	17,627
		68,927	65,376	54,778
LIABILITIES				
Current liabilities				
Trade and other payables		(217)	(198)	(1,094)
Provisions for liabilities and charges	7	(298)	-	-
Net current assets		68,412	65,178	53,684
Net assets		182,127	162,894	160,451
Shareholders' equity				
Share capital		36	30,855	31
Share premium account		29,444	53,681	-
Capital redemption reserve		-	88	-
Other reserve		2	2	2
Merger reserve		217	217	217
Capital reserve		116,117	42,035	121,455
Investment holding gains and losses reserve		34,859	33,639	36,280
Revenue reserve		1,452	2,377	2,466
Total shareholders' equity		182,127	162,894	160,451
Net asset value per ordinary share	8	55.05p	57.50p	57.10p

Signed on behalf of the Board

Barbara Anderson

Chair

UNAUDITED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Share capital £000	Share premium account £000	Other reserves* £000	Capital reserve £000	Investment holding gains and losses reserve £000	Revenue reserve £000	Total equity £000
At 31 December 2023	25,014	25,386	5,615	37,458	40,245	1,898	135,616
<i>Revenue return for the period</i>	-	-	-	-	-	1,062	1,062
<i>Expenses charged to capital</i>	-	-	-	(890)	-	-	(890)
<i>Investment holding loss on investments held at fair value</i>	-	-	-	-	(1,104)	-	(1,104)
<i>Realisation of investments in the period</i>	-	-	-	459	-	-	459
Total comprehensive (expense) income for the period	-	-	-	(431)	(1,104)	1,062	(473)
<i>Issue of share capital</i>	5,720	28,814	-				34,534
<i>Issue of shares - DRIS</i>	121	577	-	-	-	-	698
<i>Issue costs</i>	-	(1,096)	-	-	-	-	(1,096)
<i>Purchase of own shares</i>	-	-	-	(2,115)	-	-	(2,115)
<i>Dividends</i>	-	-	-	(3,687)	-	(583)	(4,270)
Total transactions with owners	5,841	28,295	-	(5,802)	-	(583)	27,751
Transfer between reserves	-	-	(5,308)	5,308	-	-	-
Realisation of prior year investment holding gains	-	-	-	5,502	(5,502)	-	-
At 30 June 2024	30,855	53,681	307	42,035	33,639	2,377	162,894
<i>Revenue return for the period</i>	-	-	-	-	-	899	899

Expenses charged to capital	-	-	-	(1,800)	-	-	(1,800)
Investment holding gain on investments held at fair value	-	-	-	-	4,209	-	4,209
Realisation of investments in the period	-	-	-	(225)	-	-	(225)
Taxation	-	-	-	12	-	(12)	-
Total comprehensive (expense) income for the period	-	-	-	(2,013)	4,209	887	3,083
Issue of shares - DRIS	125	584	-	-	-	-	709
Issue costs	-	(35)	-	-	-	-	(35)
Reduction in nominal value	(30,949)	-	-	30,949	-	-	-
Share premium cancellation	-	(54,230)	(88)	54,318	-	-	-
Purchase of own shares	-	-	-	(1,971)	-	-	(1,971)
Dividends	-	-	-	(3,431)	-	(798)	(4,229)
Total transactions with owners	(30,824)	(53,681)	(88)	79,865	-	(798)	(5,526)
Realisation of prior year investment holding gains	-	-	-	1,568	(1,568)	-	-
At 31 December 2024	31	-	219	121,455	36,280	2,466	160,451
Revenue return for the period	-	-	-	-	-	262	262
Expenses charged to capital	-	-	-	(1,321)	-	-	(1,321)
Investment holding gain on investments held at fair value	-	-	-	-	2,719	-	2,719
Realisation of investments in the period	-	-	-	59	-	-	59
Taxation	-	-	-	91	-	(91)	-

Total comprehensive (expense) income for the period	-	-	-	(1,171)	2,719	171	1,719
<i>Issue of share capital</i>	5	29,165	-				29,170
<i>Issue of shares - DRIS</i>	-	1,213	-	-	-	-	1,213
<i>Issue costs</i>	-	(934)	-	-	-	-	(934)
<i>Purchase of own shares</i>	-	-	-	(1,720)	-	-	(1,720)
<i>Dividends</i>	-	-	-	(6,587)	-	(1,185)	(7,772)
Total transactions with owners	5	29,444	-	(8,307)	-	(1,185)	19,957
Realisation of prior year investment holding gains	-	-	-	4,140	(4,140)	-	-
At 30 June 2025	36	29,444	219	116,117	34,859	1,452	182,127

* Other reserves includes the capital redemption reserve, the merger reserve and the other reserve, which are non-distributable.

RESERVES AVAILABLE FOR DISTRIBUTION

Under the Companies Act 2006, the capital reserve and the revenue reserve are distributable reserves. The table below shows amounts that are available for distribution.

	Capital reserve	Revenue reserve	Total
	£000	£000	£000
Distributable reserves as above	116,117	1,452	117,569
Share capital and cancelled share premium not yet distributable	(89,580)	-	(89,580)
Revaluation losses	(3,187)	-	(3,187)
Income/proceeds not yet distributable	(1,771)	(945)	(2,716)
Reserves available for distribution*	21,579	507	22,086

* Subject to filing the interim financial statements at Companies House.

The capital reserve and the revenue reserve are both distributable reserves. These reserves total £117,569,000, representing a decrease of £6,352,000 in the period since 31 December 2024. The directors consider the level of the investment holding gains and losses reserve and the future requirements of the Company when determining the level of dividend payments.

Of the potentially distributable reserves of £117,569,000 shown above, £2,716,000 relates to income/proceeds not yet receivable, and revaluation losses of £3,187,000 included within the investment holding gains and losses reserve are not considered recoverable. In addition, £89,580,000 relates to the 2024 cancellation of the Company's share premium and reduction in the nominal value of share capital, which will become distributable from the dates shown in the table below.

	£000
1 January 2026	25,253
1 January 2027	29,523
1 January 2028	34,804
Total amount not yet distributable	89,580

UNAUDITED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Unaudited 6 months ended 30 June 2025	Unaudited 6 months ended 30 June 2024	Audited year ended 31 December 2024
	Notes	£000	£000	£000
Profit (loss) before taxation*		1,719	(473)	2,610
Decrease in trade and other payables		(877)	(1,644)	(748)
Decrease (increase) in accrued income and other assets		390	(178)	(14)
Increase in provisions for liabilities and charges		298	-	-
Gain on disposal of investments		(59)	(459)	(234)
(Gain) loss on investments held at fair value		(2,719)	1,104	(3,105)
Net cash outflow from operating activities		(1,248)	(1,650)	(1,491)
Cash flows from (used in) investing activities				
Purchase of financial assets at fair value through profit or loss	6	(7,666)	(7,257)	(15,127)
Proceeds from sale of financial assets at fair value through profit or loss	6	3,142	6,482	8,406
Deferred consideration	6	600	43	43
Net cash outflow from investing activities		(3,924)	(732)	(6,678)
Cash flows from (used in) financing activities				
Issue of ordinary shares		29,170	34,534	34,542
Costs of ordinary share issues**		(934)	(1,096)	(1,131)
Purchase of own shares		(1,720)	(2,115)	(4,086)
Dividends paid	4	(6,559)	(3,572)	(7,100)
Net cash inflow from financing activities		19,957	27,751	22,225
Net increase in cash and cash equivalents		14,785	25,369	14,056
Cash and cash equivalents at the beginning of the period		53,127	39,071	39,071
Cash and cash equivalents at the end of the period		67,912	64,440	53,127

Cash and cash equivalents comprise

Money market funds	46,000	38,000	35,500
Cash at bank and other cash equivalents	21,912	26,440	17,627
Cash and cash equivalents at the end of the period	67,912	64,440	53,127

*Includes net income from:

Dividends	-	-	248
Interest	1,422	1,448	3,083

**Issue costs include both fundraising costs and expenses incurred from the Company's DRIS.

EXPLANATORY NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION, BASIS OF PREPARATION, AND PRINCIPAL ACCOUNTING POLICIES

These half-year statements have been approved by the directors whose names appear at note 11, each of whom has confirmed that to the best of their knowledge:

- the interim management report includes a fair review of the information required by rules 4.2.7 and 4.2.8 of the Disclosure Rules and the Transparency Rules; and
- the half-year statements have been prepared in accordance with IAS 34 'Interim financial reporting' and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The half-year statements are unaudited and have not been reviewed by the auditors pursuant to the International Standard on Review Engagements (UK and Ireland) 2410 guidance on Review of Interim Financial Information performed by the independent Auditor of the entity. They do not constitute full financial statements as defined in section 435 of the Companies Act 2006. The comparative figures for the year ended 31 December 2024 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 December 2024. Those accounts were reported upon without qualification by the auditors and have been delivered to the Registrar of Companies.

The accounting policies and methods of computation followed in the half-year statements are the same as those adopted in the preparation of the audited financial statements for the year ended 31 December 2024. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2024 annual report.

The accounts have been prepared on a going concern basis as set out below and in accordance with UK adopted international accounting standards.

The accounts have been prepared under the historical cost basis as modified by the measurement of investments at fair value through profit or loss.

The accounts have been prepared in compliance with the recommendations set out in the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued by the Association of Investment Companies (issued in July 2022 – "SORP") to the extent that they do not conflict with UK adopted international accounting standards.

The financial statements are prepared in accordance with UK adopted international accounting standards (International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS")) and interpretations in force at the reporting date. New standards coming into force during the year and future standards that come into effect after the period-end have not had a material impact on these financial statements.

The Company has carried out an assessment of accounting standards, amendments and interpretations that have been issued by the IASB and that are effective for the current reporting period. The Company has determined that the transitional effects of the standards do not have a material impact.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), except where stated.

Going Concern: The directors have carefully considered the issue of going concern and are satisfied that the Company has sufficient resources to meet its obligations as they fall due for a period of at least 12 months from the date these half-year statements were approved. As at 30 June 2025 the Company held cash balances and money market funds with a combined value of £67,912,000. Cash flow projections show the Company has sufficient funds to meet both its contracted expenditure and its discretionary cash outflows in the form of share buy-backs and the dividend policy. In the year ended 31 December 2024 the Company's costs and discretionary expenditures were:

	£'000
Administrative expenses (before incentive fee)	3,247
Share buybacks	4,086
Dividends (before DRIS)	8,499
Total	15,832

The directors therefore believe that it is appropriate to continue to apply the going concern basis of accounting in preparing these half-year statements.

2. INCOME

	Unaudited 6 months ended 30 June 2025 £000	Unaudited 6 months ended 30 June 2024 £000
Income from investments		
- Interest on loans to unquoted companies	75	71
- Dividends from unquoted companies	147	213
	222	284
Interest on money market funds	950	921
Income from investments held at fair value through profit or loss	1,172	1,205
Interest on bank deposits	376	496
	1,548	1,701

3. TAXATION

	Unaudited 6 months ended 30 June 2025			Unaudited 6 months ended 30 June 2024		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
Profit (loss) before taxation	262	1,457	1,719	1,062	(1,535)	(473)
Profit (loss) before taxation multiplied by the standard small company rate of corporation tax in UK of 19.0% (2024: 19.0%)	50	277	327	202	(292)	(90)
Effect of:						
UK dividends received	41	-	41	(40)	-	(40)
Non-taxable (profits) losses on investments	-	(528)	(528)	-	123	123
Deferred tax not recognised	-	160	160	(162)	169	7
Tax charge (credit)	91	(91)	-	-	-	-

The Company has no provided, or unprovided, deferred tax liability in either period.

Deferred tax assets in respect of losses have not been recognised as the directors do not currently believe that it is probable that sufficient taxable profits will be available against which the assets can be recovered.

Due to the Company's status as a venture capital trust, and the continued intention to meet the conditions required to comply with Chapter 3 Part 6 of the Income Tax Act 2007, the Company has not provided deferred tax on any capital gains or losses arising on the revaluation or realisation of investments.

4. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:

	Unaudited six months ended 30 June 2025			Unaudited six months ended 30 June 2024		
	Revenue	Capital	Total	Revenue	Capital	Total
	£000	£000	£000	£000	£000	£000
First interim dividend for the year ending 31 December 2025 of 1.50p (2024: 1.50p) per ordinary share	1,185	3,777	4,962	583	3,687	4,270
Special dividend for the year ending 31 December 2025 of 1.00p per ordinary share	-	2,810	2,810	-	-	-
	1,185	6,587	7,772	583	3,687	4,270
Shares allotted under DRIS			(1,213)			(698)
Dividends paid in the Statement of Cash Flows			6,559			3,572

	Audited year ended 31 December 2024		
	Revenue	Capital	Total
	£000	£000	£000
First interim dividend for the year ended 31 December 2024 of 1.50p per ordinary share	583	3,687	4,270
Second interim dividend for the year ended 31 December 2024 of 1.50p per ordinary share	798	3,431	4,229
	1,381	7,118	8,499
Shares allotted under DRIS			(1,399)
Dividends paid in the Statement of Cash Flows			7,100

The special dividend of 1.00 pence per ordinary share was paid on 27 January 2025 to shareholders on the register as at 27 December 2024.

The first interim dividend of 1.50 pence per ordinary share was paid on 23 June 2025 to shareholders on the register as at 23 May 2025.

A second interim dividend of 1.50p per ordinary share amounting to approximately £5.0 million is proposed. This dividend has not been recognised in these half-year financial statements as the obligation did not exist at the balance sheet date.

5. BASIC AND DILUTED EARNING (LOSS) PER ORDINARY SHARE

The basic and diluted earnings (loss) per ordinary share is based on the profit after tax attributable to equity shareholders of £1,719,000 (30 June 2024: loss of £473,000) and 311,829,500 (30 June 2024: 262,540,942) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted revenue earnings per ordinary share is based on the revenue profit attributable to equity shareholders of £171,000 (30 June 2024: £1,062,000) and 311,829,500 (30 June 2024: 262,540,942) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted capital earnings (loss) per ordinary share is based on the capital profit attributable to equity shareholders of £1,548,000 (30 June 2024: loss of £1,535,000) and 311,829,500 (30 June 2024: 262,540,942) ordinary shares being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 50,774,434 new ordinary shares from the fundraising, and 2,216,441 new ordinary shares in respect of its DRIS.

The Company has also repurchased 3,213,443 of its own shares in the period and these shares are held in the capital reserve. The total of 31,984,406 treasury shares has been excluded in calculating the weighted average number of ordinary shares during the period.

The Company has no dilutive shares and consequently, basic and diluted earnings per ordinary share are equivalent at 30 June 2025, 31 December 2024 and 30 June 2024.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2025	30 June 2024
	£000	£000
Investment portfolio	111,626	96,178
Accrued income and other assets*	945	1,538
Financial assets at fair value through profit and loss	112,571	97,716

*Relates to accrued income not past due which has been disclosed as part of the investment value.

IFRS 13, in respect of financial instruments that are measured in the balance sheet at fair value, requires disclosure of fair value measurements by level within the following fair value measurement hierarchy:

- Level 1: quoted prices in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is defined as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1 and comprise money market funds classified as held at fair value through profit or loss. The Company's current asset investments fall into this category.
- Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The Company held no such instruments in the current or prior year.

- Level 3: the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as revenue or earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. All of the Company's investments classified as financial instruments classified at fair value through profit and loss fall into this category.

Each investment is reviewed at least quarterly to ensure that it has not ceased to meet the criteria of the level in which it was included at the beginning of each accounting period. There have been no transfers between these classifications in the period (2024: none). The change in fair value for the current and previous year is recognised through profit or loss. All items held at fair value through profit or loss were designated as such upon initial recognition.

Valuation of Investments

Unquoted investments are valued in accordance with IFRS 13 "Fair Value Measurement" and using the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines ("the Guidelines").

Initial Measurement

The best estimate of the initial fair value of an unquoted investment is the cost of the investment. Unless there are indications that this is inappropriate, an unquoted investment will be held at this value within the first three months of investment.

Subsequent Measurement

Based on the Guidelines we have identified six of the most widely used valuation methodologies for unquoted investments. The Guidelines advocate that the best valuation methodologies are those that draw on external, objective market-based data in order to derive a fair value.

Full details of the methods used by the Company were set out on pages 66 and 67 of the financial statements for the year ended 31 December 2024, a copy of which can be found at www.bscfunds.com.

The primary methods used for valuing non-quoted investments, and the key assumptions relating to them are:

Unquoted Investments

- Revenue multiple. An appropriate multiple, given the risk profile and revenue growth prospects of the underlying company, is applied to the revenue of the company. The multiple is adjusted to reflect any risk associated with lack of marketability and to take account of the differences between the investee company and the benchmark company or companies used to derive the multiple.
- Earnings multiple. An appropriate multiple, given the risk profile and earnings growth prospects of the underlying company, is applied to the maintainable earnings of the company. The multiple is adjusted to reflect any risk associated with lack of marketability and to take account of the differences between the investee company and the benchmark company or companies used to derive the multiple.

Movements in investments at fair value through profit or loss during the six months to 30 June 2025 are summarised as follows:

IFRS 13 measurement classification	Level 3
	Unquoted Investments
	£000
Opening cost	69,273
Opening valuation gain	36,253
Opening fair value at 1 January 2025	105,526
Additions at cost	7,666
Disposal proceeds	(4,312)
Net profit on disposals*	27
Change in fair value	4,404
Foreign exchange loss	(1,685)
Closing fair value at 30 June 2025	111,626
Closing cost	76,794
Closing valuation gain	34,832
Closing fair value at 30 June 2025	111,626

*The net profit on disposal in the table above is £27,000 whereas that shown in the Statement of Comprehensive Income is £59,000. The difference comprises the change in the value of deferred proceeds totalling £32,000 in respect of assets that have been disposed of and are not included in the investment portfolio at 1 January 2025.

Level 3 valuations include assumptions based on non-observable data, such as discounts applied either to reflect changes in the fair value of financial assets held at the price of recent investment, or to adjust revenue or earnings multiples.

IFRS13 requires disclosure, by class of financial instruments, if the effect of changing one or more inputs to reasonably possible alternative assumptions would result in a significant change to the fair value measurement. Each unquoted portfolio company has been reviewed in order to identify the sensitivity of the valuation methodology to using alternative assumptions, which still fall within the IPEV Guidelines. Where discounts have been applied (for example to revenue/earnings levels or multiple ratios) alternatives have been considered. For each unquoted investment, two scenarios have been modelled, principally a 5 per cent change to discount rates, although other factors were considered on an individual portfolio company basis: more prudent assumptions (downside case) and more optimistic assumptions (upside case). Applying the downside case, the value of the unquoted investments would be £4.2 million or 3.7 per cent lower (2024: £4.0 million or 4.1 per cent lower). Using the upside case, the value would be increased by £4.3 million or 3.8 per cent (2024: £4.1 million or 4.3 per cent).

All of the Company's investments are in unquoted companies held at fair value. The valuation methodology for these investments includes the application of externally produced revenue and earnings multiples. Therefore, the value of the unquoted element of the portfolio is also indirectly affected by price movements on the listed market. Those using revenue and earnings multiple methodologies include judgements regarding the level of discount applied to that multiple. The effect of changing the level of discounts applied to the multiples is considered above.

There have been no individual fair value adjustments downwards during the period that exceeded 5 per cent of the total assets of the Company (31 December 2024: none).

The following disposals took place during the period.

	Net proceeds from sale £000	Cost £000	Opening carrying value as at 1 January 2025 £000	Profit over opening carrying value £000
Unquoted investments				
ACC Aviation Group Limited	4,312	145	4,285	27
Total from portfolio	4,312	145	4,285	27
Traveltek Group Holdings Limited	32	-	-	32
Deferred consideration	32	-	-	32
Total from investment portfolio*	4,344	145	4,285	59

* The total from disposals in the table above is £4,344,000 whereas that shown in the Statement of Cash Flows is £3,742,000. This is due to the timing differences between the recognition of the deferred income arising on realisations and its receipt in cash.

7. PROVISIONS FOR LIABILITIES AND CHARGES

Incentive Fee

Under the terms of the Subscription Rights Agreement, the Manager and Chord Capital are entitled to a performance-related incentive fee if the year-end share price total return* exceeds a Hurdle. The Hurdle for the year ending 31 December 2025 is 143.800 pence per ordinary share, representing a return of 2.0 per cent over the closing share price at the end of the prior year.

The incentive fee payable is 20 per cent of returns per share in excess of the Hurdle, multiplied by the number of ordinary shares issued. Based on the net asset value per share at 30 June 2025, the Company estimates that the share price total return will increase to 144.250 pence per ordinary share. At this level, the Hurdle would be exceeded and a fee of £298,000 would be due. As such, this amount has been accrued at 30 June 2025. Any incentive fee ultimately paid is calculated on the actual share price total return at year-end, as defined below, and not on the estimated level.

*Share price total return for the purposes of the performance incentive fee means cumulative dividends per ordinary share paid or payable as at the last business day of December in any year, plus the average of the middle market price per ordinary share of the five dealing days prior to that day.

8. BASIC AND DILUTED NET ASSET VALUE PER ORDINARY SHARE

The basic and diluted net asset value per ordinary share is calculated on attributable assets of £182,127,000 (30 June 2024 and 31 December 2024: £162,894,000 and £160,451,000 respectively) and 330,808,564 (30 June 2024 and 31 December 2024: 283,400,383 and 281,031,132 respectively) ordinary shares in issue at 30 June 2025.

Treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 June 2025.

The Company has no potentially dilutive shares and consequently, basic and diluted net asset values are equivalent at 30 June 2025, 31 December 2024 and 30 June 2024.

9. TOTAL RETURN

Total Return per ordinary share is calculated on cumulative dividends paid of 91.75 pence per ordinary share (30 June 2024: 87.75 pence per ordinary share and 31 December 2024: 89.25 pence per ordinary share) plus the net asset value as calculated in note 8.

10. POST BALANCE SHEET EVENTS

Subsequent to the period end the Company has invested an aggregate £3.8 million into new investment DynaRisk and portfolio companies Panintelligence, Fuuse and AutomatePro.

Following the period end, the sale of the trade and liabilities of Wooshii was completed; no proceeds were received on exit, although there is the potential for a small return for the Company depending on future trading.

11. DIRECTORS

The directors of the Company are Barbara Anderson, Arif Ahmed and Roger McDowell.

12. OTHER INFORMATION

Copies of the interim report can be obtained from the Company's registered office: 4th Floor, 2 Bond Court, Leeds, LS1 2JZ or from www.bscfunds.com.

13. INTERIM DIVIDEND FOR THE YEAR ENDING 31 DECEMBER 2025

The directors are pleased to announce the payment of a second interim dividend for the year ending 31 December 2025 of 1.50 pence per ordinary share ("Interim Dividend").

The Interim Dividend will be paid on 31 October 2025 to those shareholders on the Company's register at the close of business on 26 September 2025. The ex-dividend date will be 25 September 2025.

14. DIVIDEND RE-INVESTMENT SCHEME ("DRIS")

The Company operates a DRIS. The latest date for receipt of DRIS elections so as to participate in the DRIS in respect of the Interim Dividend is the close of business on 17 October 2025.

15. INSIDE INFORMATION

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.

For further information, please contact:

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