

The Company aims to provide investors with exposure to a diversified portfolio of UK businesses that leverage innovation in their products and services across established and emerging industries.

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 0.6 per cent increase in its Net Asset Value (NAV) per share in the quarter to 30 September 2025, reflecting good levels of underlying revenue growth in portfolio companies.

The Company's Total Return at 30 September 2025 was up 0.35 pence, taking BSC2's NAV per share at quarter-end to 55.40 pence.

Post-period end, on 31 October 2025, an interim dividend of 1.5 pence per share was paid. This resulted in a corresponding reduction in the Company's NAV per share, adjusting the last reported NAV to 53.90 pence per share.

Investments

During the quarter, the Company invested £2.6 million into three existing portfolio companies: AutomatePro, Fuuse and Panintelligence; and £1.2 million into new portfolio company DynaRisk. Subsequent to the period-end, a further £1.1 million has been invested into existing portfolio company Plandek, taking the total amount invested so far this year to £12.5 million.

Realisations

In July 2025, the sale of the trade and liabilities of Wooshii was completed. No proceeds were received on exit, in line with its minimal carrying value at the period end.

In October 2025, the Company realised its investment in Elucidat, receiving £3.6 million in proceeds, with additional deferred consideration of £0.5 million anticipated to be received over the next 18 months. To date, the Elucidat investment has generated a 1.3x return on the original cost, which could rise to 1.45x with the deferred consideration.

Budget

It was pleasing to see the introduction of significantly increased investment limits for VCTs announced in the Budget, with the annual investment limits to rise from £5 million to £10 million, the lifetime investment amount to rise from £12 million to £24 million, and the company gross asset test before investment to rise from £15 million to £30 million. These limits are set to increase even further for 'knowledge intensive' companies. This is welcome news and will allow the Company to back its best performing companies for longer.

A reduction in the up-front tax relief for investors in VCTs from the 2026/27 tax year was also introduced. It will take some time to understand the impact of this change; however, the Company continues to be well positioned with its strong record of returns, supporting growing British businesses right across the UK.

Fundraising

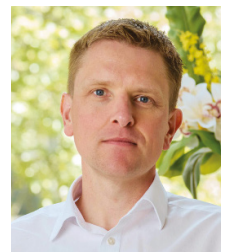
On 25 September 2025, the Company, alongside British Smaller Companies VCT plc (together the BSC VCTs), launched a joint offer for the 2025/26 tax year (the Offers). The Offers seek to raise £85 million (inclusive of a £25 million over-allotment facility). The Offers will close on 27 March 2026, or earlier if fully subscribed.

In line with the previous fundraising, capital raised through the Offers will be used to (i) take advantage of the high level and quality of new opportunities available throughout the UK regions; (ii) continue to support existing portfolio companies with follow-on funding; and (iii) manage ongoing cashflow requirements of the BSC VCTs.

We hope that existing shareholders will take up the opportunity to participate in the Offers and thank you all for your continued support.

Jamie Roberts

Managing Partner, YFM Equity Partners



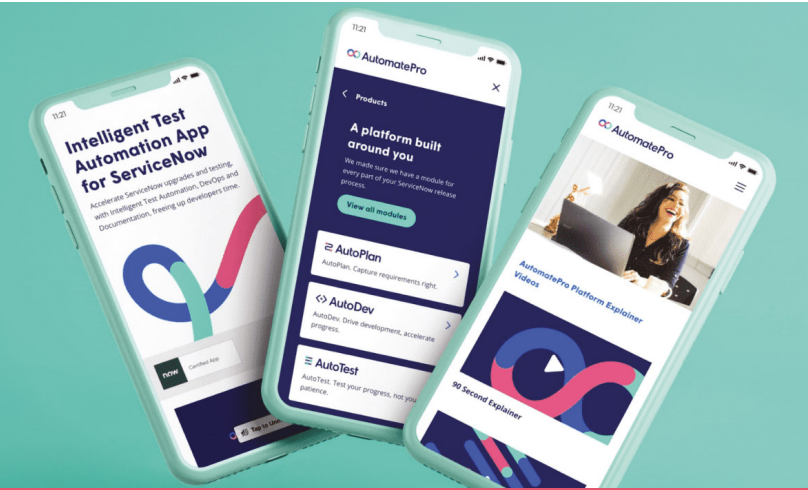
Past performance is no guide to future performance and the value of an investment in British Smaller Companies VCT2 plc may go down as well as up and you may not get back the full amount invested.

NOW OPEN 2025/2026 FUNDRAISING OFFERS

To invest in the 2025/2026 Offers, please speak to your financial adviser. Alternatively, access all details and documents (including Prospectus, Investor Guide and Application Form) via the **Fundraising tab at bscfunds.com** where you can also track the progress of the fundraising.

**£60m
OFFER
SIZE**
**£25m
OVER
ALLOTMENT**





AutomatePro

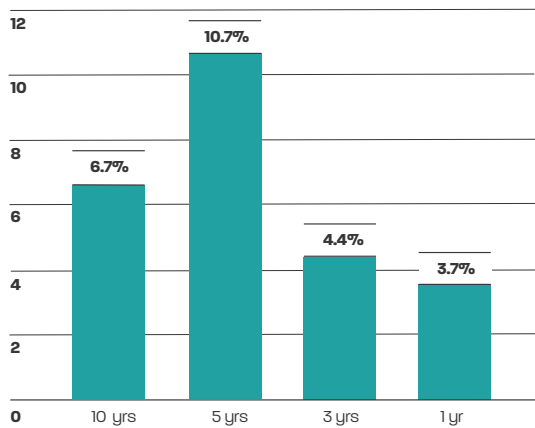
SECTOR: Cloud & Dev Ops
LOCATION: London
DEAL TYPE: Growth Capital
BSC2 INVESTMENT SIZE: £2.7 million
INVESTMENT DATES: 2022/24/25
WEBSITE : automatepro.com

“We are delighted to welcome YFM on board as our first institutional shareholder, having recognised early on the alignment with our strategy and values. The investment and support from YFM will enable us to help even more enterprises across the globe accelerate their digital transformation with ServiceNow and other cloud platforms.”

PAUL CHORLEY, CEO AND CO-FOUNDER

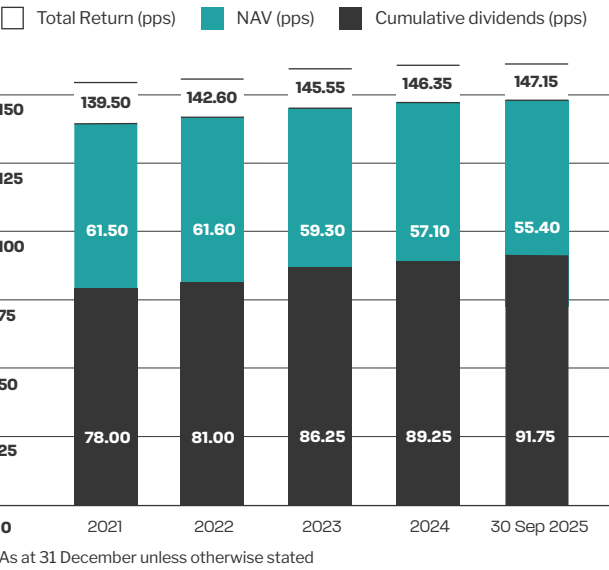
BSC2 INVESTMENT RATE OF RETURN

Annualised rate of return* per annum over 10, 5, 3 and 1 year periods to 30 September 2025



*Excluding DRIS and benefits of all tax reliefs

BSC2 TOTAL SHAREHOLDER RETURN



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.

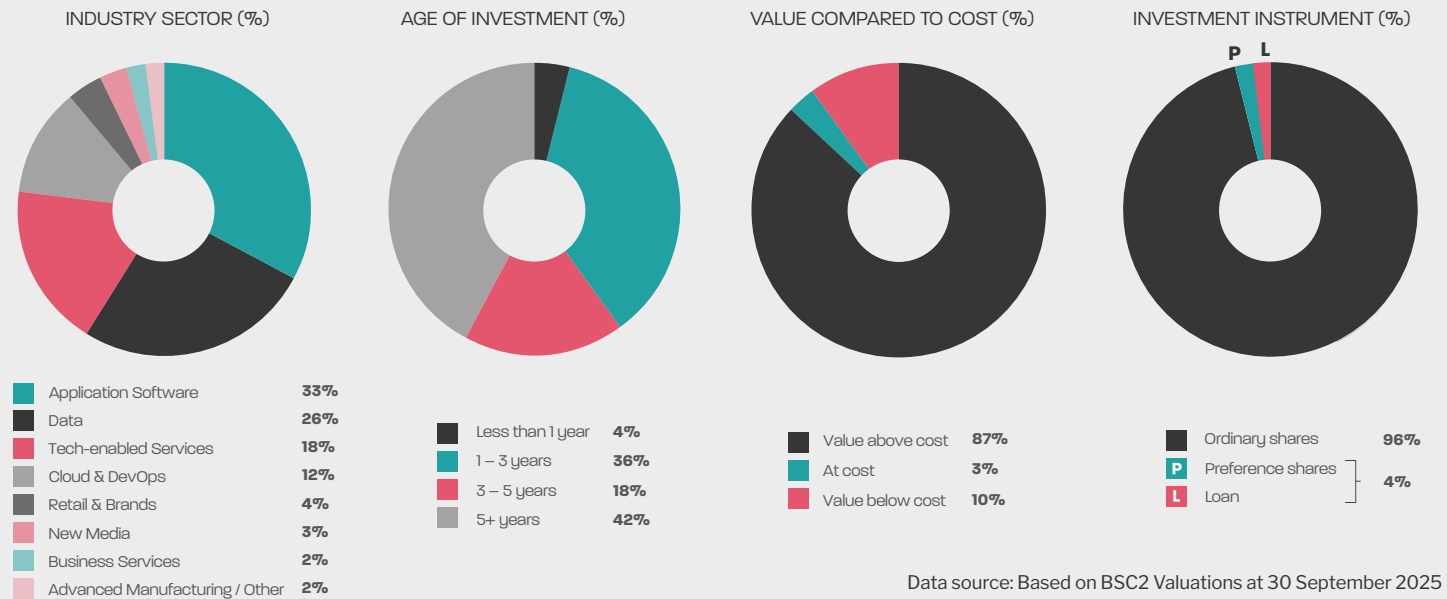
<https://bsc-funds.cityhub.uk.com>
If you are looking for specific, personalised, information about your holdings, the Company’s registrar, The City Partnership, has an online hub at <https://bsc-funds.cityhub.uk.com>. Details on how to access the hub and information on the Registrar in general, can 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

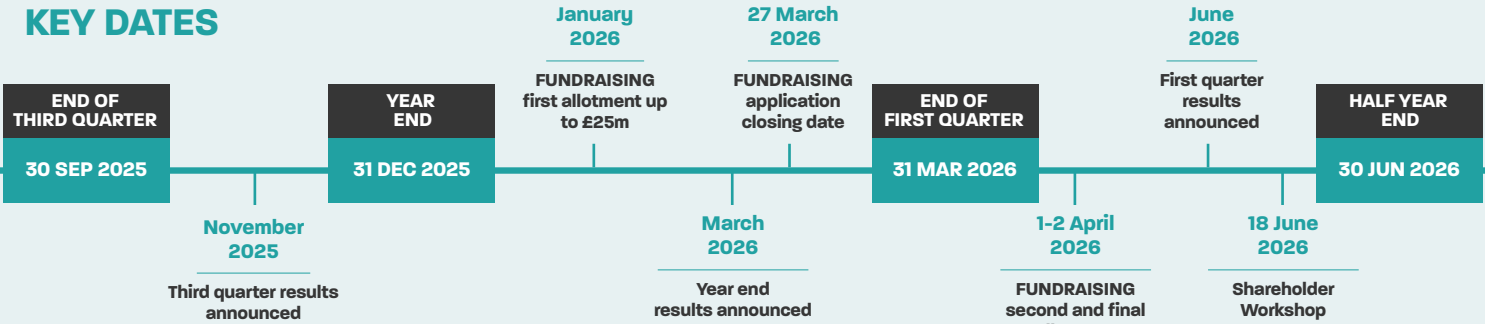
Over the quarter to 30 September 2025, the Company’s portfolio delivered a revaluation gain of £1.4 million. There were upward revaluations from Summize, Unbiased, Xapien, Fuuse, S4 Labour and SharpCloud. This gain was reduced by the aggregate downward revaluations of Matillion, Vuealta, Ohalo and Quality Clouds.

Company	Website	Unaudited investment valuation at 30 Jun 2025 £000	Proceeds £000	Additions £000	Valuation gains (losses) including profits on disposal £000	Unaudited investment valuation at 30 Sep 2025 £000	Cumulative % of net asset value of £182.4m
Matillion	matillion.com	18,129	–	–	↓ (880)	17,249	9.5%
Unbiased	unbiased.co.uk	9,703	–	–	↑ 1,029	10,732	15.3%
Vypr	vyprclients.com	7,292	–	–	↓ (32)	7,260	19.3%
AutomatePro	automatepro.com	5,602	–	1,240	↓ (17)	6,825	23.1%
Xapien	xapien.com	5,817	–	–	↑ 984	6,801	26.8%
Summize	summize.com	5,247	–	–	↑ 819	6,066	30.1%
SharpCloud	sharpcloud.com	5,462	–	–	↑ 223	5,685	33.2%
DrDoctor	drdoctor.co.uk	4,273	–	–	↓ (45)	4,228	35.6%
Workbuzz	workbuzz.com	4,203	–	–	↓ (88)	4,115	37.8%
Force24	force24.co.uk	4,173	–	–	↓ (137)	4,036	40.0%
TOP 10 TOTAL		69,901	–	1,240	↑ 1,856	72,997	40.0%
Remainder of portfolio		41,725	–	2,587	↓ (467)	43,845	64.1%
TOTAL PORTFOLIO		111,626	–	3,827	↑ 1,389	116,842	64.1%

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
23 June 2025	1.50
Cumulative to 30 September 2025	91.75
31 October 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 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, or for further information on the Fundraising Offers.

Tracey Nice, Investor Relations Manager
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✉ bscfunds@yfmeop.com
🌐 bscfunds.com

2025/2026 FUNDRAISING OFFERS: IN A NUTSHELL

£60m OFFER SIZE £25m OVER ALLOTMENT	£6,000 MINIMUM SUBSCRIPTION* <small>*Across both BSC & BSC2</small>	JANUARY 2026 FIRST ALLOTMENT UP TO £25m 1-2 APRIL 2026 SECOND AND FINAL ALLOTMENT	27 MARCH 2026 APPLICATION CLOSING DATE* <small>*Including cleared funds or earlier if fully subscribed</small>
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Full details and documentation available via the Fundraising tab at bscfunds.com. Please refer to page 12 of the Prospectus for a full list of risk factors. Before you make your decision to invest, we recommend that you seek the relevant financial advice from an appropriately authorised independent financial adviser. If you require any further assistance please contact our Investor Relations Manager, Tracey Nice.