

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 VCT plc (BSC or the Company).

Performance

In the quarter to 31 December 2025, BSC generated a 0.8 per cent increase on its opening Net Asset Value per share. An interim dividend of 2.0 pence per share was paid on 19 December 2025, with the Net Asset Value standing at 78.7 pence per share as at 31 December 2025.

Investments

The Company continues to benefit from a healthy pipeline of opportunities to invest into both new and existing portfolio businesses. During the quarter, the Company invested £2.7 million into new investment TeamFeePay; and a further £4.1 million into existing portfolio companies Plandek, Xapien, Ohalo and Sipsynergy.

Post-quarter end, the Company invested £3.0 million into portfolio business, Summize. This takes the total amount invested by the Company this financial year to £18.5 million.

Realisations

It has been a busy period for realisations, with five portfolio holdings sold since October 2025. Elucidat exited in October 2025, with £5.5 million in initial proceeds received, generating a 1.3x return that could increase to 1.45x with deferred consideration. The Company's investment in SharpCloud was realised in December 2025, with £8.7 million in initial proceeds, generating a 2.0x return that could increase to 2.2x with deferred consideration.

In December 2025, Teraview successfully listed on the Korean Stock Exchange, a first for one of the Company's portfolio businesses. The Company's holding in Teraview was sold down during December 2025 and January 2026, delivering £3.2 million of proceeds at an 8.1x return.

Post-year end, the Company realised its residual holding in Vuealta for £0.7 million, taking the total return to £5.4 million, at a 1.5x return. The Company also exited its investment in Sipsynergy for £0.9 million, a 0.3x return, which was in line with the year-end valuation.

Budget

In the November 2025 Budget, the Government announced increases to the investment limits for VCTs. This is a positive step and will allow the Company, as well as the broader VCT industry, to provide greater levels of capital support for longer, to help portfolio companies on their scaling journey.

The Government also announced a reduction in the initial VCT income tax relief from the 2026/27 tax year. It is too early to gauge the impact of this change on the VCT ecosystem. However, the Company is well-placed to continue to progress, given its strong track record of returns, its liquidity and the quality of its portfolio and investment pipeline.

Fundraising

On 25 September 2025, the BSC VCTs launched a joint offer for the 2025/26 tax year (the Offers), with the intention to raise up to £85 million (inclusive of a £25 million over-allotment facility).

The Offers closed to new applications on 18 December 2025. Gross applications of £85 million were received, of which c.£53 million relate to the Company. The first allotment of £25 million (£15.6 million relating to the Company) took place on 7 January 2026. The second and final allotment will take place between 1 and 2 April 2026.

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.

Shareholder Workshop

We would be delighted if you could join us at our next shareholder workshop, which takes place on Thursday 18 June 2026 at The Royal Institution, 21 Albemarle Street, London W1S 4BS. **You will find further details below and your reply slip on page 2.** The workshop is a highlight of our financial year and we very much hope you'll be able to attend.

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 VCT plc may go down as well as up and you may not get back the full amount invested.

SHAREHOLDER WORKSHOP

THURSDAY 18 JUNE 2026

We are delighted to announce that the next shareholder workshop will be held at The Royal Institution, 21 Albemarle Street, London W1S 4BS on Thursday 18 June 2026. We expect to begin with registration between 10:00am – 10:30am and to finish at approximately 1:30pm for lunch.

If you would like to attend, or bring along a guest, the best way to do this is to **email bscfunds@yfmp.com** (please make sure you include your address and any dietary requirements). **Alternatively, complete the form overleaf and return in the enclosed reply-paid envelope.** Please do not write anything on the envelope - FREEPOST YFM - is correct. Confirmation and an itinerary of the day will be emailed/posted out nearer the time. We look forward to seeing you there!

FOR OVER 200 YEARS, The Royal Institution has enabled the leading scientists of the day and the public to connect. Its historic building and labs have been home to groundbreaking science engagement, including the world-famous Christmas Lectures, and to scientists, such as Michael Faraday and Humphry Davy, whose discoveries have helped shape the modern world.



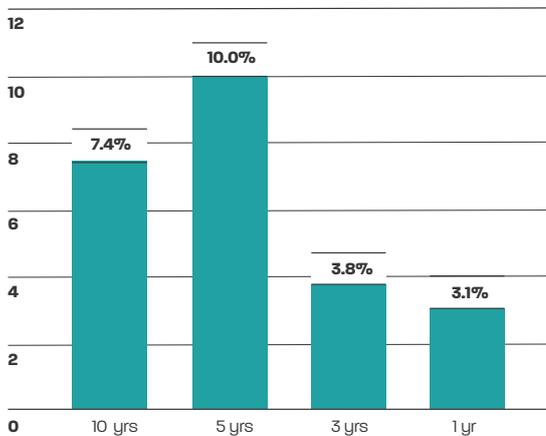
SECTOR: Application Software
LOCATION: Lancaster
DEAL TYPE: Growth Capital
INVESTMENT SIZE: £4.8 million
INVESTMENT DATES: 2024 & 2025
WEBSITE: fuuse.io

“YFM’s experience of working with innovation-led businesses has proved invaluable. The team immediately understood our vision and recognised our potential. With YFM’s backing we can now continue to curate the future of EV infrastructure and help more customers to deliver an optimised EV charging experience. Importantly, through the further proliferation of our cutting-edge technology, we will also support the transition to zero emissions.”

MICHAEL GIBSON, CEO FUUSE

BSC INVESTMENT RATE OF RETURN

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



*Excluding DRIS and benefits of all tax reliefs

BSC TOTAL SHAREHOLDER RETURN

Legend: Total Return (pps) (white), NAV (pps) (teal), Cumulative dividends (pps) (black)



As at 31 March unless otherwise stated

INVITATION

SHAREHOLDER WORKSHOP THURSDAY 18 JUNE 2026

Please detach the reply slip below and return in the enclosed envelope

I would like to attend the shareholder workshop being held on Thursday 18 June 2026 at The Royal Institution, 21 Albemarle St, London W1S 4BS.

YOUR NAME :	Would you like to bring a guest? YES <input type="checkbox"/> NO <input type="checkbox"/>
ADDRESS :	GUEST NAME :
POSTCODE :	Please let us know of any dietary requirements by selecting from the list below:
EMAIL :	YOU: Vegan <input type="checkbox"/> Vegetarian <input type="checkbox"/> Gluten free <input type="checkbox"/>
TEL :	GUEST: Vegan <input type="checkbox"/> Vegetarian <input type="checkbox"/> Gluten free <input type="checkbox"/>

Please include your telephone number in case we need to speak to you.

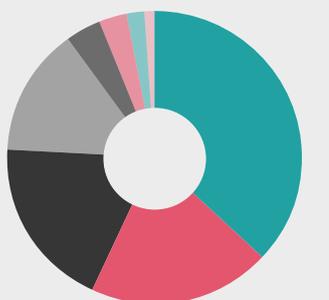
PORTFOLIO UPDATE

In the third quarter of the financial year the aggregate investment portfolio delivered realised and unrealised gains of £2.4 million (net of additions). The successful exits from SharpCloud and Elucidat were further bolstered by positive revaluations from over half the portfolio, with Summize and Xapien delivering particularly strong underlying revenue growth. A reduction in valuation multiples (for comparable public technology companies) used to price similar stocks in BSC's portfolio, alongside adverse currency movements, have depressed the valuation of Matillion. The Top 10 investments generated £2.8 million towards this value gain.

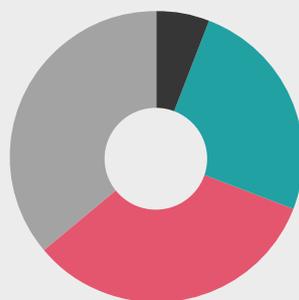
Company	Website	Unaudited investment valuation at 30 Sep 2025 £000	Proceeds £000	Additions £000		Valuation gains (losses) including profits on disposal £000	Unaudited investment valuation at 31 Dec 2025 £000	Cumulative % of net asset value of £278.5m
Matillion	matillion.com	20,420	–	–	↓	(802)	19,618	7.0%
Unbiased	unbiased.co.uk	16,097	–	–	↑	487	16,584	13.0%
Xapien	xapien.com	10,201	–	1,512	↑	2,542	14,255	18.1%
Vypr	vyprclients.com	10,890	–	–	↑	425	11,315	22.2%
Summize	summize.com	9,098	–	–	↑	875	9,973	25.8%
Automate Pro	automatepro.com	10,237	–	–	↓	(477)	9,760	29.3%
DrDoctor	drdoctor.co.uk	6,342	–	–	↓	(66)	6,276	31.5%
Workbuzz	workbuzz.com	6,173	–	–	↓	(212)	5,961	33.7%
Plandek	plandek.com	4,070	–	1,581	↑	251	5,902	35.8%
Force24	force24.co.uk	6,053	–	–	↓	(212)	5,841	37.9%
TOP 10 TOTAL		99,581	–	3,093	↑	2,811	105,485	37.9%
Remainder of portfolio		67,533	(15,993)	3,727	↓	(391)	54,876	57.6%
TOTAL PORTFOLIO		167,114	(15,993)	6,820	↑	2,420	160,361	57.6%

PORTFOLIO AT A GLANCE

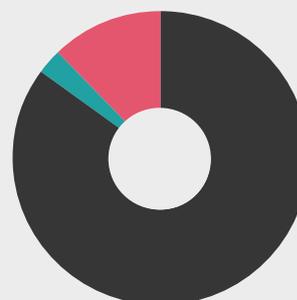
INDUSTRY SECTOR (%)



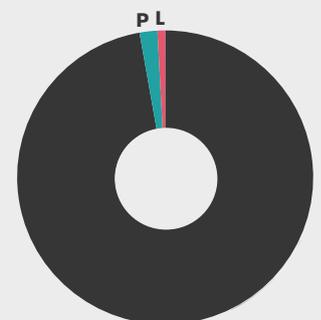
AGE OF INVESTMENT (%)



VALUE COMPARED TO COST (%)



INVESTMENT INSTRUMENT (%)



Application Software	37%
Tech-enabled Services	20%
Data	19%
Cloud & DevOps	14%
Retail & Brands	4%
New Media	3%
Business Services	2%
Advanced Manufacturing / Other	1%

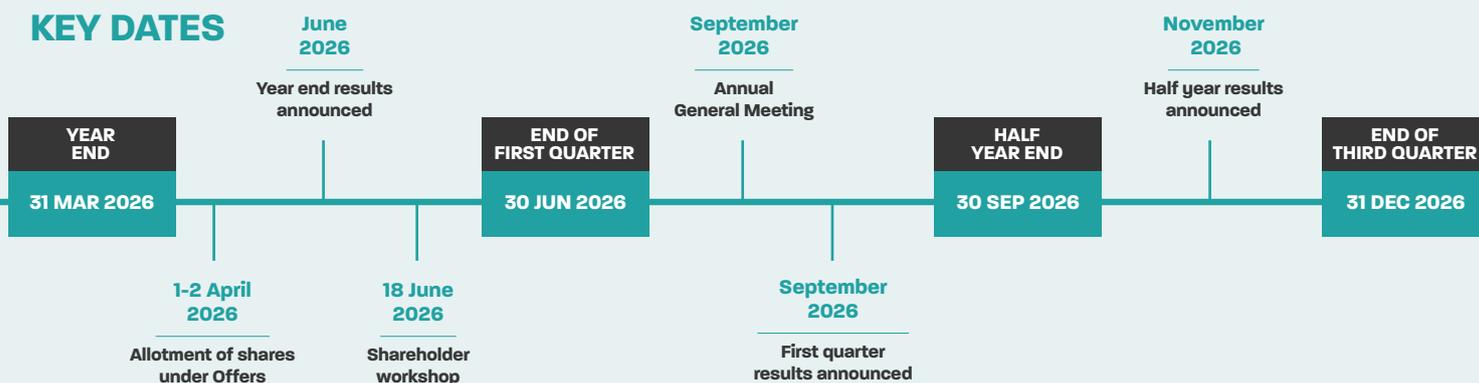
Less than 1 year	6%
1 – 3 years	25%
3 – 5 years	33%
5+ years	36%

Value above cost	85%
At cost	3%
Value below cost	12%

Ordinary shares	97%
Preference shares	3%
Loan	

Data source: Based on BSC Valuations at 31 December 2025

KEY DATES



FOR YOUR RECORDS - DIVIDENDS AND DATES

The table below displays the dates when BSC 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 March 2012	79.15
17 August 2012	3.00
14 January 2013	2.00
13 August 2013	4.50
21 March 2014	2.00
1 August 2014	3.50
7 January 2015	2.00
2 March 2015	2.50
4 August 2015	3.50
7 September 2015	3.50
15 January 2016	2.00
11 March 2016	1.00

DATE PAID	PENCE PER SHARE
5 August 2016	2.00
5 August 2016	3.50
18 January 2017	16.50
26 May 2017	5.75
18 May 2018	4.00
15 February 2019	7.00
12 June 2019	4.00
20 March 2020	2.00
31 July 2020	2.00
5 October 2020	2.00
23 July 2021	2.00
16 November 2021	5.00

DATE PAID	PENCE PER SHARE
5 January 2022	2.00
12 July 2022	2.00
3 October 2022	2.00
11 January 2023	4.50
28 July 2023	2.00
8 December 2023	2.00
26 July 2024	2.00
20 December 2024	2.00
27 January 2025	1.25
25 July 2025	2.00
19 December 2025	2.00
Cumulative to 31 December 2025	188.15

IMPORTANT NOTICE



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 VCT 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, and for more details on the shareholder workshop.

- Dividends
- Shareholder workshop
- General

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