

British Smaller Companies VCT2 plc

Interim Management Statement for the quarter ended 31 March 2026

British Smaller Companies VCT2 plc (the “Company”) presents its interim management statement for the quarter ended 31 March 2026. 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.bsccfunds.com.

Overview

In the quarter to 31 March 2026 the Company’s Total Return per share decreased by 1.30 pence, a 2.4 per cent decrease on the opening NAV per share. At 31 March 2026 the NAV per ordinary share totalled 53.10 pence.

The decrease in the quarter predominantly reflects market concerns around the risk of AI impacting existing software solutions; this caused a reduction in the revenue multiples used to value businesses in the quarter, which resulted in the valuations of some portfolio companies remaining flat or reducing; albeit, this was compensated by ongoing positive valuation movements from the Company’s fastest growing holdings.

In the 2025/26 tax year the Company, alongside British Smaller Companies VCT plc, raised £85 million in aggregate under their joint offers. A total of £31.8 million was raised by the Company, of which £9.4 million was allotted on 7 January 2026 and £22.4 million was allotted shortly after the period-end, on 1 April 2026.

Investment Activity

During the quarter, the Company invested £2.8 million into new investments TiPJAR (£1.8 million) and Aura Life (£1.0 million); and a further £2.0 million into existing portfolio company Summize. Subsequent to the quarter end, the Company invested £2.6 million into new portfolio companies Inploi (£1.0 million) and StudentCrowd (£1.6 million), and £4.3 million into existing portfolio companies GEEIQ (£1.9 million) and Spotless Water (£2.4 million), taking the total amount invested so far this year to £11.7 million.

In December 2025, portfolio company Teraview successfully completed an oversubscribed listing on the Korean Stock Exchange. The Company subsequently realised 34 per cent of its holding in December 2025, receiving proceeds of £1.2 million. The balance of the Company’s holding was realised in January 2026, generating a further £1.8 million of proceeds. Overall, the Teraview investment has generated an 8.2x return on the original cost of £0.4 million.

In January 2026, the Company realised its remaining holding in Vuealta, receiving proceeds of £0.5 million, in line with the valuation at the year end. Overall, the Vuealta investment has generated total proceeds of £3.6 million, a 1.5x return on the original cost of £2.4 million.

The Company's investment in Sipsynergy realised its operations in February 2026, with total expected proceeds of c.£0.7 million for the Company. This represents a 0.3x return on the original cost of £2.1 million.

Performance

The table below sets out movements in key metrics for the Company.

	31 December 2025	<i>Net decrease in value</i>	<i>Shares issued</i>	<i>Buyback of shares</i>	Movement in period	31 March 2026
Net Assets (£m)	178.4	<i>(4.4)</i>	<i>9.2</i>	<i>(1.3)</i>	3.5	181.9
NAV per share (PPS)	54.40	<i>(1.30)</i>	-	-	(1.30)	53.10
Cumulative dividends paid (PPS)	93.25	-	-	-	-	93.25
Total Return (PPS)	147.65	<i>(1.30)</i>	-	-	(1.30)	146.35
Shares in issue	327,977,427	-	<i>16,978,814</i>	<i>(2,484,587)</i>	14,494,227	342,471,654

Cumulative dividends paid at 31 March 2026 were 93.25 pence per ordinary share (31 December 2025: 93.25 pence per ordinary share).

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

	£m	Pence per ordinary share
NAV at 31 December 2025	178.4	54.40
Change in portfolio value	(4.0)	(1.20)
Net operating costs	(0.4)	(0.10)
	<u>(4.4)</u>	<u>(1.30)</u>
Issue/buyback of shares	7.9	-
Total Return in the period	3.5	(1.30)
NAV at 31 March 2026	181.9	53.10

Dividends and shares in issue

Under its standing buyback authority, on 27 March 2026 the Company purchased 2,484,587 shares at 52.18 pence per share at a cost of £1.3 million. These shares are held in treasury.

The first allotment of the Company's 2025/26 fundraise took place on 7 January 2026, with 16,978,814 shares allotted (generating £9.4 million of proceeds). Post-period end, the final 39,953,001 fundraising shares were allotted on 1 April 2026, generating £22.4 million of proceeds and taking the total number of ordinary shares to 382,424,655, with a further 38,696,133 shares held in treasury.

Net assets

Net assets at 31 March 2026 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	110,955	61.0
Cash and money market funds	68,751	37.8
Other net assets	2,157	1.2
Net assets	181,863	100.0

Investments

The investment portfolio at 31 March 2026 comprised:

	Valuation £000	Cumulative valuation as a % of net assets
Matillion	16,386	9.0%
Unbiased	10,761	14.9%
Xapien	10,226	20.6%
Summize	9,021	25.5%
Vypr	7,833	29.8%
AutomatePro	5,448	32.8%
DrDoctor	4,234	35.1%
Plandek	3,853	37.3%
Workbuzz	3,541	39.2%
Outpost	3,375	41.1%
	74,678	41.1%
Other investments	36,277	61.0%
Total investments	110,955	61.0%

Portfolio performance

In the quarter to 31 March 2026, the aggregate portfolio valuation decreased by £4.0 million. Despite continued growth in revenues from 19 of the 24 companies valued on a revenue basis in the portfolio, the aggregate portfolio valuation reduction was driven by falls in valuation multiples used by the market for Software-as-a-Service (SaaS) businesses.

Dividends

The Company previously announced the payment of an interim dividend for the year ending 31 December 2026 of 1.50 pence per ordinary share ("Interim Dividend"). The Interim Dividend will be paid on 22 June 2026, to shareholders on the Company's register at the close of business on 22 May 2026. The ex-dividend date was 21 May 2026. Following payment of the Interim Dividend the most recently announced NAV will be 51.60 pence per share.

Shareholder relations

Alongside British Smaller Companies VCT plc, the Company will be hosting its annual Investor Workshop on 18 June 2026 at The Royal Institution, 21 Albemarle Street, London W1S 4BS. For further details please contact Tracey Nice at bscfunds@yfmeop.com.

Outlook

Since the start of 2026, geopolitical tensions have increased, following the US-led action in Iran. The lasting economic impact of the resulting supply-side, inflationary shocks will be dictated by how long it takes for a peaceful resolution to be negotiated.

Alongside geopolitical tensions, the macroeconomic environment continues to be shaped by the accelerating development of Artificial Intelligence (AI). Market reaction to the opportunities and risks presented by AI continues to be mixed, with excitement over future productivity gains balanced against concerns over job losses and volatility in valuation multiples.

Despite the external market conditions, the Company is well-capitalised and therefore well placed to continue to pursue its investment strategy. YFM Equity Partners, the Manager, has one of the largest investment teams in the VCT industry, providing the Company with access to a healthy pipeline of new and follow-on investment opportunities and dedicated resource to provide active portfolio management.

The compression in valuation multiples for SaaS businesses seen in recent months has been indiscriminate. Nevertheless, over the medium term, we expect to see those businesses that can demonstrate AI enablement, defensibility and strong growth momentum outperforming those that cannot. The Manager is actively managing the portfolio on this basis and we remain optimistic about its future potential.

11 June 2026

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:

Marcus Karia	YFM Equity Partners	Tel: 0113 244 1000
Alex Collins	Panmure Liberum	Tel: 0207 886 2767