

British Smaller Companies VCT2 plc

Unaudited Interim Results and Interim Management Report for the six months ended 30 June 2026

Subsequent to the initial announcement of the Net Asset Value at 30 June 2026 on 6 August 2026, British Smaller Companies VCT2 plc (the “Company”) confirms its unaudited interim results for the six months ended 30 June 2026.

HIGHLIGHTS

- Net Asset Value at 30 June 2026 of 52.25p per share (31 December 2025: 54.40p) following payment of a 1.50p per share dividend during the period
- Total Return decrease of 0.65p per share in the period, to 147.00p per share
- Fully subscribed offer raised net proceeds of £30.9 million
- The Board is today declaring a second interim dividend of 1.50p per share in respect of the year ending 31 December 2026, which will bring total dividends paid in the current financial year to 3.00p per share, which equates to 5.5 per cent of the opening net asset value per share
- Four new investments and three follow-on investments totalling £11.7 million completed during the period. Subsequent to the period-end, one new investment and five follow-on investments totalling £2.9 million completed, bringing the total invested this year to £14.6 million
- Proceeds from realisations of £2.6 million in the period, a gain of £0.8 million over the opening carrying value and £1.9 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 2026.

The first half of the year has seen continued macroeconomic challenges, with ongoing geopolitical tensions and political change at home. For the Company, the most significant challenge arose from market concerns around the risk of AI impacting existing software solutions, which caused a reduction in the revenue multiples used to value many of the Company’s investments.

Against this backdrop, it has been pleasing to see two of the fastest growing businesses in the portfolio, Summize and Xapien, both close significant Series B funding rounds in recent months, validating our position that the fastest growing businesses with AI embedded into their offering will continue to attract premium valuations.

The profile of the portfolio continues to evolve, with the top five investments by value (Summize, Xapien, Vypr, Matillion and Unbiased) now being held at valuations of between £8 million and £15 million. Each of these companies is targeting further opportunities for expansion. The diversification and upside potential provided to the Company’s shareholders from these holdings, as well as many others in the Company’s portfolio, is encouraging for the future returns profile.

The wider portfolio saw some recovery in their valuation multiples during the second quarter of the period, but overall the Company’s Total Return decreased by 0.65 pence across the half-year, a 1.2 per cent decrease on the opening net asset value per share.

Portfolio Performance

During the first half of the year, there has been revenue growth across a substantial proportion of the portfolio. Of the 26 companies valued on a revenue basis, 20 have grown sales in the last year, with 13 delivering growth of over 25 per cent. We continue to pursue a strategy of providing follow-on capital to accelerate the scaling journey of portfolio companies. During the six months to 30 June 2026, an aggregate £6.3 million was invested into three portfolio companies and a further £1.7 million was invested into five portfolio companies after the period-end.

The 13 companies that are growing revenues at over 25 per cent per annum produced aggregate valuation gains of £4.4 million in the first half of the year.

Portfolio companies Xapient, Summize, Vypr and Stormharvester were key positive contributors in the first half of the year, having seen good trading performance over the period, offset by downward revaluations from Matillion, AutomatePro, Force24, Quality Clouds and Panintelligence.

The Company is committed to maintaining a disciplined and transparent approach to valuing its portfolio holdings. This is complemented by the Manager's active portfolio management, which provides strong visibility on the performance of the underlying portfolio businesses.

New Investments

The Company completed four new investments during the first half of the year, with investments into TiPJAR (£1.8 million) – a digital platform for tipping and service charges; StudentCrowd (£1.6 million) – a data and insights provider; Aura Life (£1.0 million) – a digital platform for funeral plans; and Inploi (£1.0 million) – a candidate experience tool.

Subsequent to the period-end, the Company invested £1.2 million into NextWave, a consultancy platform which helps Tier 1 global financial services firms accelerate digital transformation, automation and AI adoption.

Realisations

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. The balance of the Company's holding was realised in January 2026, generating £1.8 million of proceeds. Overall, the Teraview investment has generated an 8.2x return on the original cost.

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.

The Company's investment in Sipsynergy realised its operations in February 2026, with total expected proceeds of c.£0.7 million for the Company over the next two years, of which £0.4 million was received during the period. The total expected proceeds represent a 0.3x return on the original cost.

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 2025		54.40		178,399
Net loss from investment portfolio	(0.45)		(1,756)	
Net operating costs	(0.20)		(727)	
Total Return in the period		(0.65)		(2,483)
Issue/buy-back of new shares		-		29,458
NAV before the payment of dividends		53.75		205,374
Dividends paid		(1.50)		(5,736)
NAV at 30 June 2026		52.25		199,638
Cumulative dividends paid		94.75		
Total Return:				
At 30 June 2026			147.00	
At 31 December 2025			147.65	

Dividends

An interim dividend of 1.50 pence per ordinary share was paid on 22 June 2026, bringing the cumulative dividends paid to date to 94.75 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 2026 which, when combined with the above dividends, will bring total dividends paid in the current financial year to 3.00 pence per ordinary share (2025: 4.00 pence per ordinary share). The dividend will be paid on 23 October 2026 to shareholders on the register on 25 September 2026.

Shareholder Relations

This year’s Shareholder Workshop, held at the Royal Institution in London in June, was once again a great success. Updates were provided on the Company and the broader VCT market, with the presentations by the CEOs of two portfolio companies (Unbiased and TeamFeePay) on their businesses’ journeys a particular highlight. We look forward to seeing shareholders again at next year’s event and will announce details for this in due course.

Budget

As noted in previous communications to shareholders, in the 2025 Budget the Government announced a reduction in the initial VCT income tax relief. Whilst the impact of this on the 2026/27 VCT fundraising market will not become clear for several months, the Company remains well-placed, given the strength of its balance sheet, the quality of its portfolio and its reputation, which has been built on competitive long-term performance.

Fundraising

In the period the Company issued shares from its fully subscribed 2025/26 share offer across two allotments, on 7 January and 1 April 2026.

Gross proceeds of £31.9 million were raised by the Company, resulting in the allotment of 56,931,815 ordinary shares.

Post period-end, on 28 July 2026, the Company announced its intention to launch a new joint offer for subscription for the tax year 2026/27 later this year, alongside British Smaller Companies VCT plc (together the “BSC VCTs”). The proceeds of the offer will be used to make investments into new and existing portfolio companies and help the Company to maintain its strong current levels of liquidity.

The current intention is for the BSC VCTs to raise up to £40 million in aggregate, with over-allotment facilities of up to a further £20 million in aggregate, before issue costs. Any election for the Company to make use of its over-allotment facility will be subject to the decision of the Board at the relevant time.

A prospectus with full details of the proposed Offer is expected to be published on or around 23 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 global economic outlook remains closely tied to whether there is a permanent resolution to the conflict between the US and Iran. The UK's economy is showing modest levels of growth, with the Bank of England continuing to maintain a cautious stance on interest rates, whilst it assesses the ongoing outlook for inflation.

There has been some improvement in valuation multiples for software technology companies over the summer months, which has helped provide an uplift to the net asset value in the second half of the period. It is too early to say how these valuation multiples will react in the second half of 2026, but over the longer-term, we would expect businesses that are developing innovative products and services and delivering strong financial performance to command strong levels of interest from potential acquirers at exit.

Given the encouraging rates of growth shown by a number of the portfolio companies, we believe that the portfolio is well-positioned to enable the Company to achieve its investment objectives over the long-term. Furthermore, the strength of the Company's balance sheet means that it is able to continue with its long-standing approach of investing in high-growth businesses, supporting their growth, and returning funds to shareholders through dividends and the share buy-back scheme.

I thank our shareholders for their continued support.

Barbara Anderson

Chair

11 September 2026

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 these 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 typically expected to be 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 2026 the Company's portfolio was valued at £119.6 million. The top ten investments represent 38.5 per cent of the net asset value, with the largest representing 7.2 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 2026	112.3
Additions	11.7
Disposal proceeds	(2.7)
Net revaluation arising from the investment portfolio	(1.7)
Closing fair value at 30 June 2026	119.6

The Company's portfolio value decreased by £1.7 million in the period, of which a fall of £2.6 million arose from the residual portfolio, with a gain of £0.9 million from realisations.

There were upward revaluations from Summize, Xapien, Vypr and Stormharvester, offset by decreases from Matillion, AutomatePro, Force24, Quality Clouds and Panintelligence.

Realisation of Investments

The Company recognised £2.6 million from disposals (inclusive of deferred consideration) with a gain of £0.8 million over the opening carrying value, and crystallising a gain of £1.9 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 2026, the Company invested £11.7 million into seven companies. This comprised four new investments, totalling £5.4 million, and three follow-on investments, totalling £6.3 million. A further £2.9 million was invested post period-end. A breakdown of these investments is shown below:

			Investments made £million	
Company	Description	New	Follow-on	Total
Spotless Water	Pure water distribution network	-	2.4	2.4
Summize	Contract lifecycle management tool	-	2.0	2.0
GEEIQ	Data and market intelligence	-	1.9	1.9
TiPJAR	Digital platform for tipping and service charges	1.8	-	1.8
StudentCrowd	Data and insights provider	1.6	-	1.6
Aura Life	Digital platform for funeral plans	1.0	-	1.0
Inploi	Candidate experience tool	1.0	-	1.0
Invested in the period		5.4	6.3	11.7
NextWave	Specialist technology consultancy for Tier 1 financial institutions	1.2	-	1.2
Xapien	Automated research on individuals and companies	-	0.8	0.8
Biorelate	AI research platform for the Pharma sector	-	0.4	0.4
Tonkotsu	Japanese ramen noodle restaurant chain	-	0.3	0.3
Integrum	Software streamlining integration of ESG data	-	0.1	0.1
Force24	Cloud-based B2B marketing automation software	-	0.1	0.1
Invested in the year to date		6.6	8.0	14.6

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 2026, the Company was achieving a weighted average return on liquid assets of 3.5 per cent.

PORTFOLIO

The top 10 investments had a combined value of £76.8 million, 64.2 per cent of the portfolio.

	2026
Industry Sector	£million
Application Software	45.9
Data	24.6
Tech-enabled Services	22.2
Cloud & DevOps	11.6
Business Services	4.7
Retail & Brands	4.7
New Media	3.9
Other	2.0
Total	119.6

Name of company	Industry Sector	First investment	Amount invested	Value at 30 June 2026	Recognised income / proceeds to date	Return to date*
			£000	£000	£000	£000
Matillion Limited	Data	Nov 16	1,778	14,398	5,946	20,344
Summize Limited	Application Software	Oct 22	3,701	11,149	-	11,149
Unbiased EC1 Limited	Tech-enabled Services	Dec 19	3,731	10,894	-	10,894
Xapien (via Digital Insight Technologies Ltd)	Application Software	Mar 23	5,072	10,747	-	10,747
Vypr Validation Technologies Limited	Tech-enabled Services	Jan 21	3,798	8,120	-	8,120
AutomatePro Limited	Cloud & DevOps	Dec 22	3,923	4,928	-	4,928
Spotless Water Limited	Business Services	Jun 24	3,856	4,638	-	4,638
DrDoctor (via ICNH Ltd)	Application Software	Feb 23	3,570	4,298	-	4,298
Plandek Limited	Cloud & DevOps	Oct 22	3,414	3,897	-	3,897
GEEIQ (via Checkpoint GG Limited)	Data	Sep 23	3,483	3,720	-	3,720
Workbuzz Analytics Limited	Application Software	Jun 23	3,135	3,629	-	3,629
Outpost VFX Limited	New Media	Feb 21	3,833	3,589	113	3,702

Fuuse Limited	Application Software	May 24	3,200	3,349	-	3,349
Tonkotsu Limited	Retail & Brands	Jun 19	1,592	2,931	-	2,931
Force24 Limited	Application Software	Nov 20	2,850	2,876	216	3,092
Quality Clouds Limited	Cloud & DevOps	May 22	3,880	2,493	-	2,493
Stormharvester Limited	Data	Jan 25	1,400	2,149	-	2,149
TeamFeePay (via Concept Apps Ltd)	Application Software	Dec 25	1,800	1,800	-	1,800
TiPJAR (via Pocket Change Pioneers Ltd)	Application Software	Mar 26	1,800	1,800	-	1,800
Ohalo Limited	Data	Jun 24	1,710	1,722	-	1,722
S4Labour Limited	Application Software	Apr 25	1,600	1,659	-	1,659
StudentCrowd Limited	Data	Apr 26	1,600	1,600	-	1,600
Frescobol Carioca Ltd	Retail & Brands	Mar 19	1,200	1,458	-	1,458
DynaRisk Limited	Application Software	Jul 25	1,200	1,264	-	1,264
Aura Life Limited	Tech-enabled Services	Mar 26	1,000	1,234	-	1,234
Arcus Global Limited	Application Software	May 18	2,050	1,220	243	1,463
KeTech Technology Holdings Limited	Tech-enabled Services	Nov 15	2,000	1,194	4,059	5,253
Biorelate Limited	Application Software	Nov 22	1,540	1,011	-	1,011
Inploi Limited	Application Software	Apr 26	1,000	1,000	-	1,000
Value below £1.0 million			20,265	4,793	5,111	9,904
Total unquoted investments			94,981	119,560	15,688	135,248
Full disposals to date			61,350	-	115,238	115,238
Total portfolio			156,331	119,560	130,926	250,486

*Represents recognised income and proceeds received to date plus the unrealised valuations at 30 June 2026.

THE PORTFOLIO AT A GLANCE

AGE OF INVESTMENTS (%)

	2026
Less than 1 year	7%
Between 1 and 3 years	15%
Between 3 and 5 years	36%
Greater than 5 years	42%
Total	100%

VALUE COMPARED TO COST (%)

	2026
Value above cost	85%
At cost	6%
Value below cost	9%
Total	100%

INVESTMENT INSTRUMENT (%)

	2026
Loans and preference shares	3%
Equity	97%
Total	100%

INDUSTRY SECTOR (%)

	2026
Application Software	38%
Data	21%
Tech-enabled Services	19%
Cloud & DevOps	10%
Business Services	4%
Retail & Brands	4%
New Media	3%
Other	1%
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 2025. 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:

- Investment & Portfolio;
- Liquidity;
- Economic;
- VCT Qualifying Status;
- Legislative and Regulatory;
- Operational; and
- IT & Cyber Security.

Full details of the principal risks can be found in the financial statements for the year ended 31 December 2025 on pages 31 to 32, 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 10 of these interim financial statements.

By order of the Board

Barbara Anderson

Chair

UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2026

		Unaudited 6 months ended 30 June 2026			Unaudited 6 months ended 30 June 2025		
	Notes	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
(Loss) gain on investments held at fair value	6	-	(2,595)	(2,595)	-	2,719	2,719
Gain on disposal of investments	6	-	839	839	-	59	59
Income	2	1,409	-	1,409	1,548	-	1,548
Total income		1,409	(1,756)	(347)	1,548	2,778	4,326
Administrative expenses:							
Manager's fee		(436)	(1,310)	(1,746)	(341)	(1,023)	(1,364)
Other expenses		(390)	-	(390)	(388)	-	(388)
Fair value movement related to credit risk		-	-	-	(557)	-	(557)
Incentive fee		-	-	-	-	(298)	(298)
		(826)	(1,310)	(2,136)	(1,286)	(1,321)	(2,607)
Profit (loss) before taxation		583	(3,066)	(2,483)	262	1,457	1,719
Taxation	3	(61)	61	-	(91)	91	-
Profit (loss) for the period		522	(3,005)	(2,483)	171	1,548	1,719
Total comprehensive income (expense) for the period		522	(3,005)	(2,483)	171	1,548	1,719
Basic and diluted earnings (loss) per ordinary share	5	0.15p	(0.83p)	(0.68p)	0.05p	0.50p	0.55p

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 2025 – "SORP") published by the Association of Investment Companies.

UNAUDITED BALANCE SHEET

as at 30 June 2026

	Notes	Unaudited 30 June 2026	Unaudited 30 June 2025	Audited 31 December 2025
		£000	£000	£000
ASSETS				
Non-current assets at fair value through profit or loss				
Financial assets at fair value through profit or loss	6	120,135	112,571	112,785
Other assets		644	1,144	1,916
		120,779	113,715	114,701
Current assets				
Accrued income and other assets		1,930	1,015	816
Current asset investments		52,000	46,000	38,000
Cash at bank and other cash equivalents		25,151	21,912	25,840
		79,081	68,927	64,656
LIABILITIES				
Current liabilities				
Trade and other payables		222	217	958
Provisions for liabilities and charges		-	298	-
Net current assets		78,859	68,412	63,698
Net assets		199,638	182,127	178,399
Shareholders' equity				
Share capital		42	36	36
Share premium account		61,782	29,444	30,165
Other reserve		2	2	2
Merger reserve		217	217	217
Capital reserve		101,521	116,117	108,960
Investment holding gains and losses reserve		35,211	34,859	37,594
Revenue reserve		863	1,452	1,425
Total shareholders' equity		199,638	182,127	178,399
Net asset value per ordinary share	7	52.25p	55.05p	54.40p

Signed on behalf of the Board

Barbara Anderson

Chair

11 September 2026

UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026

	Share capital	Share premium account	Other reserves*	Capital reserve	Investment holding gains and losses reserve	Revenue reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
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
Issue of share capital	5	29,165	-	-	-	-	29,170
Issue of shares - DRIS	-	1,213	-	-	-	-	1,213
Issue costs	-	(934)	-	-	-	-	(934)
Purchase of own shares	-	-	-	(1,720)	-	-	(1,720)
Dividends	-	-	-	(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
Revenue return for the period	-	-	-	-	-	535	535
Expenses charged to capital	-	-	-	(1,436)	-	-	(1,436)

Investment holding gain on investments held at fair value	-	-	-	-	1,457	-	1,457
Realisation of investments in the period	-	-	-	2,147	-	-	2,147
Taxation	-	-	-	55	-	(55)	-
Total comprehensive (expense) income for the period	-	-	-	766	1,457	480	2,703
Issue of shares - DRIS	-	748	-	-	-	-	748
Issue costs	-	(27)	-	-	-	-	(27)
Purchase of own shares	-	-	-	(2,213)	-	-	(2,213)
Dividends	-	-	-	(4,432)	-	(507)	(4,939)
Total transactions with owners	-	721	-	(6,645)	-	(507)	(6,431)
Transfer between reserves	-	-	-	(4,610)	4,610	-	-
Realisation of prior year investment holding gains	-	-	-	3,332	(3,332)	-	-
At 31 December 2025	36	30,165	219	108,960	37,594	1,425	178,399
Revenue return for the period	-	-	-	-	-	583	583
Expenses charged to capital	-	-	-	(1,310)	-	-	(1,310)
Investment holding loss on investments held at fair value	-	-	-	-	(2,595)	-	(2,595)
Realisation of investments in the period	-	-	-	839	-	-	839
Taxation	-	-	-	61	-	(61)	-
Total comprehensive (expense) income for the period	-	-	-	(410)	(2,595)	522	(2,483)
Issue of share capital	6	31,847	-	-	-	-	31,853
Issue of shares - DRIS	-	755	-	-	-	-	755
Issue costs	-	(985)	-	-	-	-	(985)

Purchase of own shares	-	-	-	(2,165)	-	-	(2,165)
Dividends	-	-	-	(4,652)	-	(1,084)	(5,736)
Total transactions with owners	6	31,617	-	(6,817)	-	(1,084)	23,722
Transfer between reserves	-	-	-	(1,255)	1,255	-	-
Realisation of prior year investment holding gains	-	-	-	1,043	(1,043)	-	-
At 30 June 2026	42	61,782	219	101,521	35,211	863	199,638

*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	101,521	863	102,384
Share capital and cancelled share premium not yet distributable	(64,327)	-	(64,327)
Income/proceeds not yet distributable	(2,162)	(575)	(2,737)
Reserves available for distribution*	35,032	288	35,320

*subject to filing these interim financial statements at Companies House.

The capital reserve and the revenue reserve are both distributable reserves. These reserves total £102,384,000, representing a decrease of £8,001,000 in the period since 31 December 2025. 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 £102,384,000 shown above, £2,737,000 relates to income/proceeds not yet receivable. In addition, £64,327,000 relates to the 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 2027	29,523
1 January 2028	34,804
Total amount not yet distributable	64,327

UNAUDITED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2026

	Notes	Unaudited 6 months ended 30 June 2026	Unaudited 6 months ended 30 June 2025	Audited year ended 31 December 2025
		£000	£000	£000
(Loss) profit before taxation*		(2,483)	1,719	4,422
Decrease in trade and other payables		(736)	(877)	(136)
(Increase) decrease in accrued income and other assets		(6)	390	184
Increase in provisions for liabilities and charges		-	298	-
Gain on disposal of investments		(839)	(59)	(2,206)
Loss (gain) on investments held at fair value		2,595	(2,719)	(3,619)
Net cash outflow from operating activities		(1,469)	(1,248)	(1,355)
Cash flows from (used in) investing activities				
Purchase of financial assets at fair value through profit or loss	6	(11,712)	(7,666)	(16,053)
Proceeds from sale of financial assets at fair value through profit or loss	6	2,747	3,142	13,310
Deferred consideration	6	23	600	1,285
Net cash outflow from investing activities		(8,942)	(3,924)	(1,458)
Cash flows from (used in) financing activities				
Issue of ordinary shares		31,853	29,170	29,170
Costs of ordinary share issues**		(985)	(934)	(961)
Purchase of own shares		(2,165)	(1,720)	(3,933)
Dividends paid	4	(4,981)	(6,559)	(10,750)
Net cash inflow from financing activities		23,722	19,957	13,526
Net increase in cash and cash equivalents		13,311	14,785	10,713
Cash and cash equivalents at the beginning of the period		63,840	53,127	53,127
Cash and cash equivalents at the end of the period		77,151	67,912	63,840
Cash and cash equivalents comprise				
Money market funds		52,000	46,000	38,000
Cash at bank and other cash equivalents		25,151	21,912	25,840
Cash and cash equivalents at the end of the period		77,151	67,912	63,840
* includes net income from:				
Dividends		-	-	483
Interest		1,435	1,422	2,590

**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 10, 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 2025 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 31 December 2025. 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 2025. 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 2025 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 2025 – "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 Company is assessing the effects of IFRS18, Presentation and Disclosure of Financial Statements, as it is not yet effective.

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 2026 the Company held cash balances and money market funds with a combined value of £77,151,000. 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 2025 the Company's costs and discretionary expenditures were:

	£000
Administrative expenses (before incentive fee)	3,641
Share buy-backs	3,933
Dividends (before DRIS)	12,711
Total	20,285

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 2026	Unaudited 6 months ended 30 June 2025
	£000	£000
Income from investments		
- Interest on loans to unquoted companies	25	75
- Dividends from unquoted companies	74	147
	99	222
Interest on money market funds	939	950
Income from investments held at fair value through profit or loss	1,038	1,172
Interest on bank deposits	371	376
	1,409	1,548

3. Taxation

	Unaudited 6 months ended 30 June 2026			Unaudited 6 months ended 30 June 2025		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Profit (loss) before taxation	583	(3,066)	(2,483)	262	1,457	1,719
Profit (loss) before taxation multiplied by the standard small company rate of corporation tax in UK of 19.0% (2025: 19.0%)	111	(583)	(472)	50	277	327
Effect of:						
UK dividends received	(50)	-	(50)	41	-	41
Non-taxable (profits) losses on investments	-	334	334	-	(528)	(528)
Deferred tax not recognised	-	188	188	-	160	160
Tax charge (credit)	61	(61)	-	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 6 months ended 30 June 2026			Unaudited 6 months ended 30 June 2025		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
First interim dividend for the year ending 31 December 2026 of 1.50p (2025: 1.50p) per ordinary share	1,084	4,652	5,736	1,185	3,777	4,962
Special dividend for the year ending 31 December 2025 of 1.00p per ordinary share	-	-	-	-	2,810	2,810
Shares allotted under DRIS	1,084	4,652	5,736 (755)	1,185	6,587	7,772 (1,213)
Dividends paid in the Statement of Cash Flows			4,981			6,559

	Audited year ended 31 December 2025		
	Revenue £000	Capital £000	Total £000
Special dividend for the year ended 31 December 2025 of 1.00p per ordinary share	-	2,810	2,810
First interim dividend for the year ended 31 December 2025 of 1.50p per ordinary share	1,185	3,777	4,962
Second interim dividend for the year ended 31 December 2025 of 1.50p per ordinary share	507	4,432	4,939
Shares allotted under DRIS	1,692	11,019	12,711 (1,961)
Dividends paid in the Statement of Cash Flows			10,750

The first interim dividend of 1.50 pence per ordinary share was paid on 22 June 2026 to shareholders on the register as at 22 May 2026.

A second interim dividend of 1.50p per ordinary share amounting to approximately £5.7 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 (Loss) Earnings per Ordinary Share

The basic and diluted (loss) earnings per ordinary share is based on the loss after tax attributable to equity shareholders of £2,483,000 (30 June 2025: profit of £1,719,000) and 362,849,749 (30 June 2025: 311,829,500) 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 £522,000 (30 June 2025: £171,000) and 362,849,749 (30 June 2025: 311,829,500) ordinary shares being the weighted average number of ordinary shares in issue during the period.

The basic and diluted capital (loss) earnings per ordinary share is based on the capital loss attributable to equity shareholders of £3,005,000 (30 June 2025: profit of £1,548,000) and 362,849,749 (30 June 2025: 311,829,500) ordinary shares being the weighted average number of ordinary shares in issue during the period.

During the period the Company allotted 56,931,815 new ordinary shares from the fundraising, and 1,462,532 new ordinary shares in respect of its DRIS.

The Company has also repurchased 4,216,830 of its own shares in the period and these shares are held in the capital reserve. The total of 40,428,376 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 2026, 31 December 2025 and 30 June 2025.

6. Financial Assets at Fair Value through Profit or Loss

	30 June 2026	30 June 2025
	£000	£000
Investment portfolio	119,560	111,626
Accrued income and other assets*	575	945
Financial assets at fair value through profit and loss	120,135	112,571

*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. The Company also held one portfolio investment classed as a financial asset at fair value through profit and loss in this category at 31 December 2025 which was subsequently realised in January 2026.
- 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 at 30 June 2026 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 (31 December 2025: one).

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 64 and 65 of the financial statements for the year ended 31 December 2025, 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 2026 are summarised as follows:

IFRS 13 measurement classification	Level 3 Unquoted Investments	Level 1 Quoted Investments	Total
	£000	£000	£000
Opening cost	79,044	249	79,293
Opening valuation gain	31,980	977	32,957
Opening fair value at 1 January 2026	111,024	1,226	112,250
Additions at cost	11,712	-	11,712
Disposal proceeds	(900)	(1,847)	(2,747)
Net profit on disposals*	319	621	940
Change in fair value	(2,861)	-	(2,861)
Foreign exchange gain	266	-	266
Closing fair value at 30 June 2026	119,560	-	119,560
Closing cost	90,242	-	90,242
Closing valuation gain**	29,318	-	29,318
Closing fair value at 30 June 2026	119,560	-	119,560

*the net profit on disposal in the table above is £940,000 whereas that shown in the Statement of Comprehensive Income is £839,000. The difference comprises the change in the value of deferred proceeds totalling £101,000 in respect of assets that have been disposed of and are not included in the investment portfolio at 1 January 2026.

** Following the merger between the Company and British Smaller Technologies Company VCT plc a total of £975,000 of negative goodwill was recognised in the investment holding gains and losses reserve in respect of the investments acquired. The relevant amount per investment is realised at the point of disposal to the capital reserve. At 30 June 2026 a total of £27,000 (2025: £27,000) was held on investments yet to be realised in the investment holdings gains and losses reserve. In addition, a permanent diminution in value of investments totalling £5,866,000 (31 December 2025: £4,610,000) has been transferred to the capital reserve.

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 £4.5 million or 3.8 per cent lower (2025: £4.2 million or 3.7 per cent lower). Using the upside case, the value would be increased by £4.8 million or 4.0 per cent (2025: £4.3 million or 3.8 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 2025: none).

The following disposals took place during the period.

	Net proceeds from sale	Cost	Opening carrying value as at 1 January 2026	Profit over opening carrying value
	£000	£000	£000	£000
Unquoted investments				
Teraview Limited	1,847	249	1,226	621
Vuealta Group Limited	483	417	483	-
Hosted Network Solutions Limited*	417	98	98	319
Total from portfolio	2,747	764	1,807	940
ACC Aviation Group Limited	(582)	-	-	(582)
Elucidat Ltd	17	-	-	17
SharpCloud Software Limited	56	-	-	56
Traveltek Group Holdings Limited	408	-	-	408
Deferred consideration	(101)	-	-	(101)
Total from investment portfolio**	2,646	764	1,807	839

*The investment in Sipsynergy (via Hosted Network Solutions Limited) is still held within the portfolio at 30 June 2026, although its trading activities were realised during the period as detailed in the Chair's statement.

**The total from disposals in the table above is £2,646,000 whereas that shown in the Statement of Cash Flows is £2,770,000. This is due to the timing differences between the recognition of the deferred income arising on realisations and its receipt in cash.

7. 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 £199,638,000 (30 June 2025 and 31 December 2025: £182,127,000 and £178,399,000 respectively) and 382,154,944 (30 June 2025 and 31 December 2025: 330,808,564 and 327,977,427 respectively) ordinary shares in issue at 30 June 2026.

Treasury shares have been excluded in calculating the number of ordinary shares in issue at 30 June 2026.

The Company has no potentially dilutive shares and consequently, basic and diluted net asset values are equivalent at 30 June 2026, 31 December 2025 and 30 June 2025.

8. Total Return

Total Return per ordinary share is calculated on cumulative dividends paid of 94.75 pence per ordinary share (30 June 2025: 91.75 pence per ordinary share and 31 December 2025: 93.25 pence per ordinary share) plus the net asset value as calculated in note 7.

9. Post Balance Sheet Events

Subsequent to the period-end the Company has invested an aggregate £2.9 million into new investment NextWave and portfolio companies Xapien, Biorelate, Tonkotsu, Force24 and Integrum.

10. Directors

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

11. 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.

12. Interim Dividend for the year ending 31 December 2026

The directors are pleased to announce the payment of a second 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 23 October 2026 to those shareholders on the Company's register at the close of business on 25 September 2026. The ex-dividend date will be 24 September 2026.

13. 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 9 October 2026.

14. 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:

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