British Smaller Companies VCT2 plc

Interim Management Statement

For the quarter ended 30 September 2026

British Smaller Companies VCT2 plc (the "Company") presents its interim management statement for the quarter ended 30 September 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.bscfunds.com.

Overview

In the quarter to 30 September 2026 the Company saw a 0.7 per cent increase in its Net Asset Value ("NAV") per share. The NAV at 30 September 2026 was 52.60 pence per share.

Following the payment of a 1.50 pence per share dividend in October, there was a corresponding reduction in the Company's NAV per ordinary share, adjusting the last reported NAV to 51.10 pence per ordinary share.

The Company's Total Return was up 0.35 pence in the period, totalling 147.35 pence per ordinary share at 30 September 2026.

During the quarter, the Company invested £1.7 million into five existing portfolio companies: Xapien, Biorelate, Tonkotsu, Force24 and Integrum ESG; and £1.2 million into new investment NextWave. Subsequent to the period-end, a further £0.9 million has been invested into existing portfolio companies AutomatePro and Quality Clouds, taking the total amount invested so far this year to £15.5 million.

Performance

The movement in **Total Return** in pence per ordinary share is set out in the table below:

	30 June 2026	*Increase in value*	*Buy-back of shares*	**Movement in period**	**30 September 2026**
Net Assets (£m)	**199.6**	*1.4*	*(0.8)*	**0.6**	**200.2**
NAV per share (PPS)	**52.25p**	*0.35p*	-	**0.35p**	**52.60p**
Cumulative dividends paid (PPS)	**94.75p**	-	-	**-**	**94.75p**
Total Return (PPS)	**147.00p**	*0.35p*	-	**0.35p**	**147.35p**
Shares in issue	**382,154,944**	-	*(1,723,873)*	**(1,723,873)**	**380,431,071**

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

	£m		**Pence per ordinary share**	
NAV at 30 June 2026		199.6		52.25
Increase in portfolio value	1.8		0.45	
Net operating costs	(0.4)		(0.10)	
	1.4		0.35	
Buy-back of shares	(0.8)		-	
Total Return in the period		0.6		0.35
NAV at 30 September 2026		**200.2**		**52.60**

Net assets

Net assets at 30 September 2026 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	**124,176**	62.0
Cash and cash equivalents	**73,201**	36.6
Other net assets	**2,794**	1.4
Net assets	**200,171**	100.0

Investments

The investment portfolio at 30 September 2026 comprised:

	Valuation £000	Valuation as a % of net assets
Matillion	**14,178**	7.1
Xapien	**12,074**	6.0
Summize	**11,983**	6.0
Unbiased	**11,079**	5.5
Vypr	**8,098**	4.0
Spotless Water	**4,955**	2.5
AutomatePro	**4,560**	2.3
DrDoctor	**4,476**	2.2
Plandek	**4,242**	2.1
Outpost	**3,864**	2.0
	79,509	39.7
Other investments	**44,667**	22.3
Total investments	**124,176**	62.0

Portfolio performance

In the quarter to 30 September 2026, the aggregate unquoted portfolio valuation increased by £1.8 million, reflecting good levels of underlying revenue growth in portfolio companies.

Dividends, buy-backs and shares in issue

Under its standing buyback authority, on 14 September 2026 the Company purchased 1,723,873 shares at 50.13 pence per share, at a cost of £0.8 million. These shares are held in treasury.

Post-period end, on 23 October 2026, a dividend of 1.50 pence per ordinary share for the year ending 31 December 2026 was paid, resulting in a corresponding reduction in the Company's NAV per ordinary share, adjusting the last reported NAV to 51.10 pence per ordinary share. Cumulative dividends paid are now 96.25 pence per ordinary share.

On 23 October 2026 the Company also issued 1,476,711 shares under the Company's Dividend Re-investment Scheme (DRIS), following which the Company's issued share capital consists of 381,907,782 ordinary shares with voting rights and 42,152,249 shares held in treasury.

Fundraising

Having assessed its expected cash requirements, the Company launched a new share offer on 23 September 2026, alongside British Smaller Companies VCT plc, with the intention of raising £40 million (in aggregate), with an over-allotment facility of up to £20 million (in aggregate).

As had been anticipated, the reduction in the income tax relief available to VCT investors is impacting fundraising in the 2026/27 tax year. Whilst fundraising has been slower across the VCT market, the BSC VCTs have attracted a large proportion of the funds that have been raised to date.

The allotment of the first gross proceeds of up to £25 million will take place in January 2027. The balance raised will be allotted between 1 and 5 April 2027. Funds awaiting allotment will receive additional shares equivalent to a 2.26 per cent per annum return (increased from 2.06 per cent per annum from 19 November 2026, rate subject to change by the receiving agent's banking provider).

Outlook

The Company's portfolio continues to make encouraging progress. Despite challenging ongoing macroeconomic conditions, characterised by geopolitical tensions, inflationary pressures and market volatility, there continues to be positive momentum for the Company.

There has been a recovery in the valuation multiples for software focused technology businesses, following the market's reaction to fears over the impact of AI on technology companies earlier this year. There has also been the positive step of an increase in VCT annual and lifetime investment limits, which came into effect from this tax year, that will allow the Company to back its winners for longer.

A number of portfolio businesses are showing strong rates of growth; Xapien and Summize, who have respectively closed $56m and $50m Series B funding rounds in 2026, are the latest examples of how VCT funding can accelerate the growth of high potential UK business and support their international expansion.

26 November 2026

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (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.

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