BRITISH SMALLER COMPANIES VCT2 PLC (BSC2)

INVESTOR UPDATE

SUMMER 2026

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

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 Net Asset Value (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, 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.

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 £2.8 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.

Post-quarter end, the Company invested £2.6 million into new portfolio companies Inploi (£1.0 million) and StudentCrowd (£1.6 million), as well as £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.

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, 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 BSC2. This represents a 0.3x return on the original cost of £2.1 million.

Fundraising

In the 2025/26 tax year the Company, alongside British Smaller Companies VCT plc, raised gross proceeds of £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.

Budget

The changes to the investment limits and to income tax relief levels that were announced in the November 2025 Budget, and noted in our previous Investor Update, came into effect from 6 April 2026. We are supportive of the decision to increase investment limits and believe this will enable the Company to provide greater amounts of investment capital to successful investee companies over a longer period of time.

The impact of the reduction in income tax relief on the VCT fundraising market will take time to become clear. Nevertheless, following its latest successful fundraising, the Company has strong cash reserves and is well-placed to continue with its existing investment strategy.

Shareholder Workshop

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 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.

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 VCT2 plc may go down as well as up and you may not get back the full amount invested.

TFP

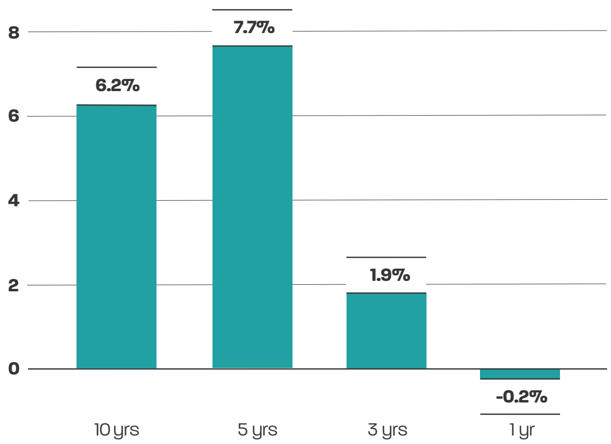
SECTOR: Application Software
LOCATION: Belfast
DEAL TYPE: Growth Capital
BSC2 INVESTMENT SIZE: £1.8 million
INVESTMENT DATE: 2025
WEBSITE : teamfeepay.com

"It is fantastic to have new investors coming on board to help us on our mission to transform the business end of grassroots football across the UK, Ireland and across Europe by offering a better way to reduce administration and increase club income. We've been recognised as one of Ireland's fastest growing companies in the Deloitte Fast 50 and, as we look forward to TeamFeePay's next phase of growth, I would like to thank our people, investors, shareholders and customers for supporting us in our continued development of unique software that is helping empower clubs to thrive on and off the pitch."

LIAM MCSTRAVICK, CEO AND CO-FOUNDER OF TEAMFEEPAY

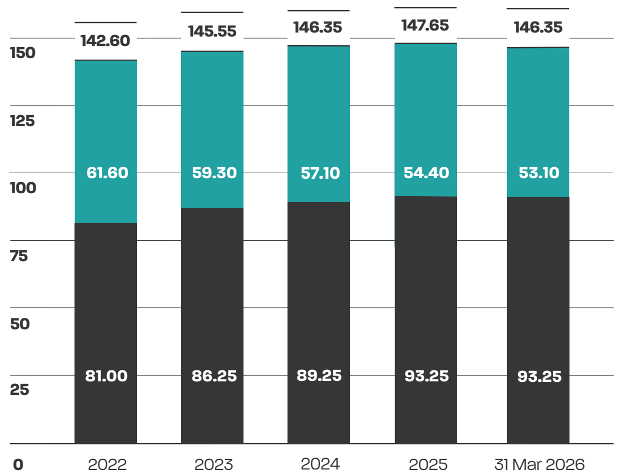
INVESTMENT RATE OF RETURN

Annualised rate of return* per annum over
10, 5, 3 and 1 year periods to 31 March 2026



*Excluding DRIS and benefits of all tax reliefs

TOTAL SHAREHOLDER RETURN



As at 31 December unless otherwise stated

DEDICATED ONLINE RESOURCES FOR INVESTORS

www.bscfunds.com
As part of our drive to enhance the online experience of investors, the Company's website provides quick and easy access to key information and shareholder documentation, including Company performance and details on underlying portfolio companies. 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.

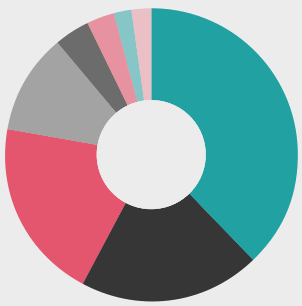
PORTFOLIO UPDATE

Over the quarter to 31 March 2026, the Company's portfolio delivered a fall of £3.8 million (after adjusting for additions and disposals). The decrease 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, resulting in some company level portfolio valuations remaining flat or reducing. Ongoing positive valuation movements from the Company's fastest growing holdings provided some counterbalance.

Company	Website	Unaudited investment valuation at 31 Dec 2025 £000	Proceeds £000	Additions £000		Valuation gains (losses) including profits on disposal £000	Unaudited investment valuation at 31 Mar 2026 £000	Cumulative % of net asset value of £181.9m
Matillion	matillion.com	16,572	–	–	↓	(186)	16,386	9.0%
Unbiased	unbiased.co.uk	11,057	–	–	↓	(296)	10,761	14.9%
Xapien	xapien.com	9,503	–	–	↑	723	10,226	20.6%
Summize	summize.com	6,649	–	2,001	↑	371	9,021	25.5%
Vypr	vyprclients.com	7,543	–	–	↑	290	7,833	29.8%
AutomatePro	automatepro.com	6,507	–	–	↓	(1,059)	5,448	32.8%
DrDoctor	drdoctor.co.uk	4,184	–	–	↑	50	4,234	35.1%
Plandek	plandek.com	3,935	–	–	↓	(82)	3,853	37.3%
Workbuzz	workbuzz.com	3,974	–	–	↓	(433)	3,541	39.2%
Outpost VFX	outpost-vfx.com	3,398	–	–	↓	(23)	3,375	41.1%
TOP 10 TOTAL		**73,322**	**–**	**2,001**	↓	**(645)**	**74,678**	**41.1%**
Remainder of portfolio		38,928	(2,329)	2,800	↓	(3,122)	36,277	61.0%
TOTAL PORTFOLIO		**112,250**	**(2,329)**	**4,801**	↓	**(3,767)**	**110,955**	**61.0%**

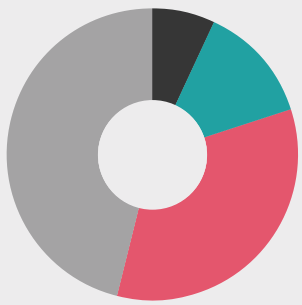
PORTFOLIO AT A GLANCE

INDUSTRY SECTOR (%)



Application Software	**38%**
Data	**20%**
Tech-enabled Services	**20%**
Cloud & DevOps	**11%**
Retail & Brands	**4%**
New Media	**3%**
Business Services	**2%**
Other	**2%**

AGE OF INVESTMENT (%)

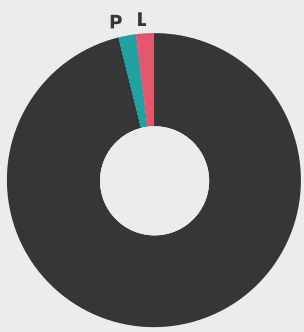


Less than 1 year	**7%**
1 – 3 years	**13%**
3 – 5 years	**34%**
5+ years	**46%**

VALUE COMPARED TO COST (%)

Value above cost	**85%**
At cost	**5%**
Value below cost	**10%**

INVESTMENT INSTRUMENT (%)



Ordinary shares	**96%**
P Preference shares	**4%**
L Loan	

Data source: Based on BSC2 Valuations at 31 March 2026

KEY DATES

HALF YEAR END
30 JUN 2026

September 2026
Half year results announced

END OF THIRD QUARTER
30 SEP 2026

November 2026
Third quarter results announced

YEAR END
31 DEC 2026

March 2027
Year end results announced

END OF FIRST QUARTER
31 MAR 2027

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
31 October 2025	1.50
Cumulative to 31 March 2026	**93.25**
22 June 2026	1.50

IMPORTANT NOTICE

This Investor Update is for information only. It has been provided to help you understand how the Company 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.

- Dividends
- Registrar
- General

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