

British Smaller Companies VCT2 plc

Interim Management Statement

For the quarter ended 30 September 2024

British Smaller Companies VCT2 plc (the "Company") presents its interim management statement for the quarter ended 30 September 2024. 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 2024, the Company saw a 0.3 per cent reduction in its Net Asset Value per share to 57.35 pence.

The Company's Total Return at 30 September 2024 was down 0.15 pence at 145.10 pence per ordinary share.

During the quarter, the Company invested £6.4 million into five existing portfolio companies: Xapien, Quality Clouds, AutomatePro, SharpCloud and Biorelate; and £1.2 million into new investment Integrum ESG. Subsequent to the period-end, a further £0.3 million has been invested, taking the total amount invested so far this year to £15.1 million.

In October 2024 the Company sold its investment in Traveltek for £1.9 million. Total proceeds over the life of the investment are £2.6 million, a 2.3x return on the Company's cost. There is the potential for further deferred proceeds in due course.

Performance

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

	30 June 2024	Decrease in value	Buy-back of shares	Movement in period	30 September 2024
Net Assets (£m)	162.9	(0.4)	(0.8)	(1.2)	161.7
NAV per share (PPS)	57.50p	(0.15p)	-	(0.15p)	57.35p
Cumulative dividends paid (PPS)	87.75p	-	-	-	87.75p
Total Return (PPS)	145.25p	(0.15p)	-	(0.15p)	145.10p
Shares in issue	283,400,383	-	(1,422,727)	(1,422,727)	281,977,656

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

	£m	Pence per ordinary share
NAV at 30 June 2024	162.9	57.50
Increase in portfolio value	0.1	0.05
Net operating costs	(0.5)	(0.20)
	(0.4)	(0.15)
Buy-back of shares	(0.8)	-
Total Return in the period	(1.2)	(0.15)
NAV at 30 September 2024	161.7	57.35

Buy-backs and shares in issue

On 26 September 2024, the Company purchased 1,422,727 ordinary shares of 10 pence each at a price of 55.13 pence per ordinary share. These shares were placed in treasury.

The number of ordinary shares in issue at 30 September 2024 was 281,977,656 (30 June 2024: 283,400,383), with a further 26,573,146 ordinary shares held in treasury (30 June 2024: 25,150,419).

Subsequent to the quarter end, on 1 November 2024 the Company issued 1,251,293 shares arising from the Company's Dividend Re-Investment Scheme (DRIS) following the payment of the interim dividend, taking the number of shares in issue at that date to 283,228,949, with a further 26,573,146 in treasury.

Net assets

Net assets at 30 September 2024 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	104,164	64.4
Cash and cash equivalents	55,922	34.6
Other net current assets	1,625	1.0
Net assets	161,711	100.0

Investments

The investment portfolio at 30 September 2024 comprised:

	Valuation £000	Cumulative valuation as a % of net assets
Matillion	18,972	11.7%
Unbiased	9,149	17.4%
Outpost	5,035	20.5%
Xapien	4,598	23.3%
SharpCloud	4,441	26.1%
ACC Aviation	4,282	28.7%
Elucidat	4,040	31.2%
Vypr	4,013	33.7%
Force24	3,964	36.2%
Quality Clouds	3,894	38.6%
	62,388	38.6%
Other investments	41,776	64.4%
Total investments	104,164	64.4%

Fundraising

Having assessed its expected cash requirements, the Company announced a new share offer on 17 October 2024, alongside British Smaller Companies VCT plc, with the intention of raising up to £75 million (in aggregate), which includes an over-allotment facility of £25 million. Applications exceeding £52 million have been received as of the date of this report, of which £20.5 million relate to the Company. The allotment of the first £25 million of gross proceeds will take place between 27 and 31 January 2025. The second and final allotment will take place between 1 and 4 April 2025. Funds awaiting allotment will receive additional shares equivalent to a 3.35 per cent per annum return (rate subject to change by the receiving agent's banking provider).

General Meeting

The Company held a general meeting on 12 November 2024 at which special resolutions were passed relating to the cancellation of the Company's share premium account and capital redemption reserve, and the reduction in the nominal value of the Company's issued share capital. Once the relevant cancellations have been approved by the High Court, which is expected by the end of the year, this will create c.£85 million of additional distributable reserves over the next three years. There is no dilution to shareholders' interests.

Outlook

The Company registered a small 0.3 per cent decrease in its net asset value per share in the period, reflecting a small number of specific investee company circumstances that have reduced valuations in these investments. In contrast, several companies in the portfolio are showing strong levels of underlying growth, and we have been pleased to have the opportunity to invest further in a number of these businesses in the year to date, to help them accelerate this progress.

The Company has invested in four new companies in the first nine months of the year and continues to have an active pipeline of opportunities. The current 2024/25 fundraise continues to progress well and will ensure that the Company is well placed to continue to invest in innovative, growing UK companies.

The information contained within this announcement is deemed by the Company to constitute inside information as defined in Article 17(1) of the EU Market Abuse Regulation (MAR) and Article 72(2) of the UK Financial Services and Markets Act 2000 (FSMA).

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.

29 November 2024

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