

British Smaller Companies VCT plc
Interim Management Statement
For the quarter ended 31 December 2020

British Smaller Companies VCT plc (the “Company”) presents its interim management statement for the quarter ended 31 December 2020. 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

As announced on 28 January 2021, Total Return increased by 5.3 pence per ordinary share in the quarter to 231.0 pence per ordinary share, representing an increase of 7.8 per cent over the opening Net Asset Value per ordinary share (“NAV”), adjusted for the interim dividend of 2.0 pence per ordinary share paid on 5 October 2020.

During the quarter to 31 December 2020 the Company made two new investments of £4.7 million into Force24 Ltd and Arraco Global Markets Limited and two follow-on investments of £0.7 million into Elucidat Ltd and Ncam Technologies Limited.

Subsequent to the quarter end the Company made two new investments totalling £3.0 million into Vypr Validation Technologies Limited and Outpost VFX Limited.

	31 December 2020	Movement	30 September 2020
Net Assets (£m)	101.6	4.6	97.0
NAV per share (PPS)	73.6p	3.3p	70.3p
Cumulative dividends paid (PPS)	157.4p	2.0p	155.4p
Total Return (PPS)	231.0p	5.3p	225.7p
Shares in issue	138,108,258	174,014	137,934,244

Performance

The Total Return at 31 December 2020, calculated by reference to the NAV per ordinary share and the cumulative dividends paid per ordinary share, was 231.0 pence per ordinary share compared to 225.7 pence per ordinary share at 30 September 2020. Following the payment of the interim dividend of 2.0 pence per ordinary share on 5 October 2020 cumulative dividends paid increased by 2.0 pence to 157.4 pence per ordinary share (30 September 2020: 155.4 pence per ordinary share).

In the nine months to 31 December 2020 Total Return has increased by 13.1 pence per ordinary share, which is an increase of 20.3 per cent over the NAV per ordinary share of 64.5 pence at 31 March 2020.

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

	Pence per ordinary share
Cumulative dividends to 30 September 2020	155.4
Net Asset Value at 30 September 2020	<u>70.3</u>
Total Return at 30 September 2020	225.7
Net underlying increase in portfolio	5.5
Net income after expenses	<u>(0.2)</u>
Change in Total Return	5.3
Total Return at 31 December 2020	231.0

The unaudited NAV per ordinary share as at 31 December 2020 increased by 3.3 pence per ordinary share to 73.6 pence per ordinary share (30 September 2020: 70.3 pence per ordinary share).

The movement in **NAV** is set out in the table below:

	£m	Pence per ordinary share
NAV at 30 September 2020	97.0	70.3
Net underlying increase in portfolio	7.6	5.5
Net income after expenses	(0.2)	(0.2)
Increase in NAV prior to payment of dividends	<u>7.4</u>	<u>5.3</u>
NAV before dividends	104.4	75.6
Dividends paid	(2.8)	(2.0)
NAV at 31 December 2020	101.6	73.6

Shares in issue

Following the payment of the interim dividend of 2.0 pence per ordinary share on 5 October 2020 the Company issued 1,265,695 ordinary shares under the Company's dividend re-investment scheme.

On 14 December 2020 the Company purchased 1,091,681 ordinary shares of 10 pence each at a price of 65.39 pence per ordinary share. These shares were placed in treasury.

The number of ordinary shares in issue at 31 December 2020 was 138,108,258 (30 September 2020: 137,934,244). In addition, at 31 December 2020 the Company held 13,911,498 ordinary shares in treasury (30 September 2020: 12,819,817).

Net assets

Net assets at 31 December 2020 comprised the following:

	£000	% of net assets
Unquoted investments at fair value	67,377	66.3
Listed investment funds	4,997	4.9
Cash and cash equivalents	28,035	27.6
Other net current assets	1,183	1.2
Net assets	101,592	100.0

The investment portfolio at 31 December 2020 was comprised as follows:

	Valuation £000	Valuation as a % of net assets
Matillion Limited	14,144	13.9
Intelligent Office UK	4,733	4.7
ACC Aviation Group Limited	4,483	4.4
Springboard Research Holdings Limited	4,017	3.9
Deep-Secure Ltd	3,929	3.8
Unbiased EC1 Limited	3,768	3.7
Arcus Global Limited	3,212	3.2
Elucidat Ltd	3,048	3.0
KeTech Enterprises Limited	2,601	2.6
Force24 Ltd	2,400	2.4
	46,335	45.6
Other investments	21,042	20.7
Total investments	67,377	66.3

Portfolio Performance

The quarter saw a continuing recovery in valuations, reflecting the underlying trading performances of the investment portfolio and a recovery in equity market benchmark multiples. Investments made since the VCT rule changes in November 2015 now make up 62 per cent of the portfolio by value.

Dividends paid

On 5 October 2020 the Company paid an interim dividend for the year ending 31 March 2021 of 2.0 pence per ordinary share to shareholders on the register as at 21 August 2020, taking cumulative dividends to 157.4 pence per ordinary share.

Fundraising

On 22 February 2021 the Company announced that its offer for subscription to raise up to £7.05 million, pursuant to an offer document issued on 2 February 2021 was fully subscribed and was closed to further applications. On 8 March 2021 the Company announced that its offer had raised net proceeds of £6.84 million and that it had allotted 9,291,092 shares at prices between 75.487 and 75.590 pence per ordinary share.

Outlook

Throughout 2020 many portfolio companies have delivered trading growth despite the challenges of Covid-19. The recent announcements of a roadmap out of lockdown and a sustained vaccination programme are very welcome and it is to be hoped that these positive developments continue. There do remain some frictions around trading with the EU and it is to be hoped that these are short-term in nature and that working practices and protocols emerge that reduce some of these trading frictions. Nonetheless investment demand from UK small businesses seeking to grow has remained strong and it is pleasing that a number of the existing portfolio continue to operate in innovative ways and in many cases are looking to accelerate their expansion plans.

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.

12 March 2021

For further information please contact:

David Hall	YFM Private Equity Limited	Tel: 0113 244 1000
Alex Collins	Panmure Gordon (UK) Limited	Tel: 0207 886 2767