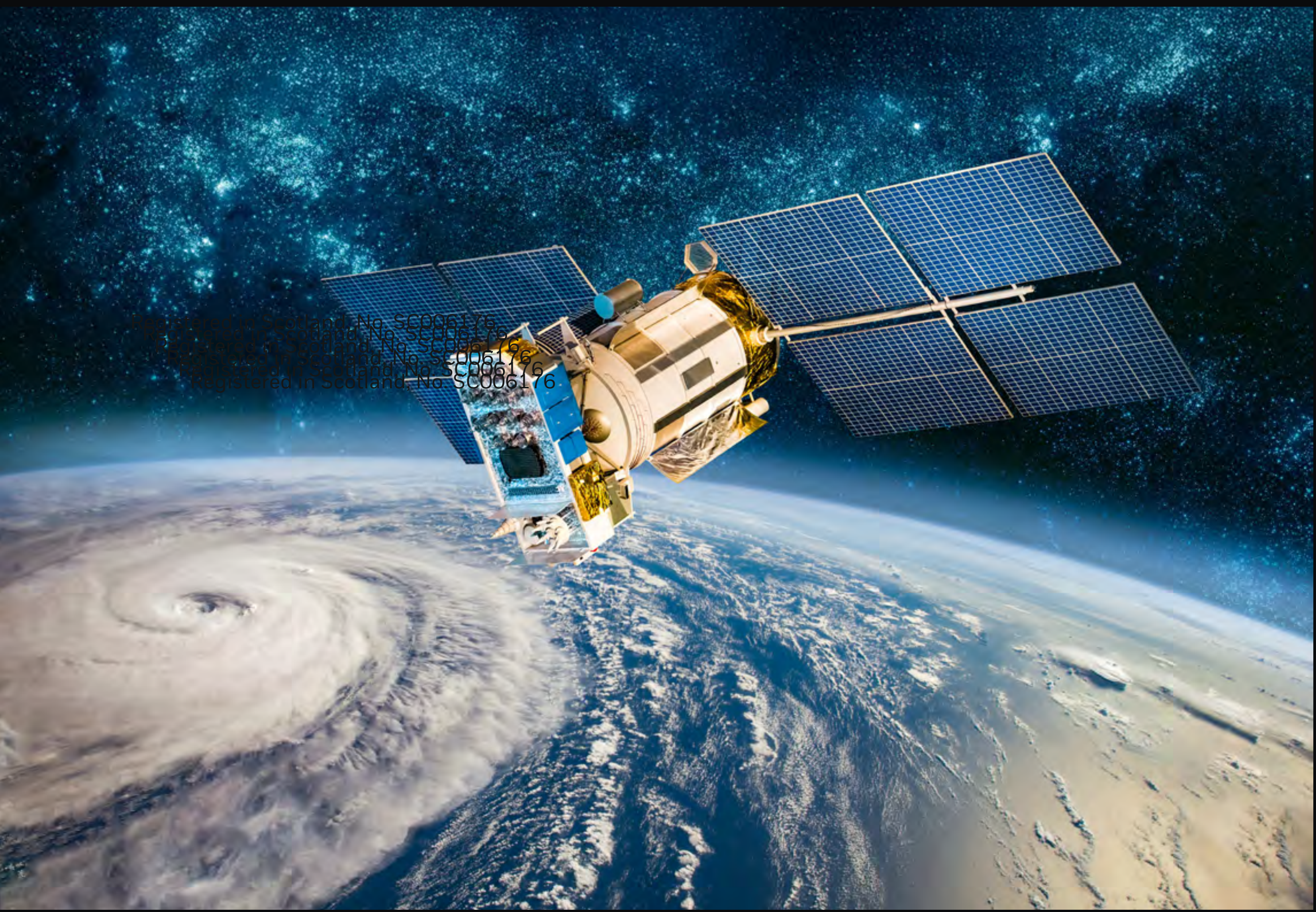
BlackRock

BlackRock Smaller Companies Trust plc

Annual Report and Financial Statements for the year ended 28 February 2026



Keeping in touch

We know how important it is to receive up-to-date information about the Company.

To ensure that you are kept abreast, please scan the QR code to the right of this page to visit our website. If you have a smartphone, you can activate the QR code by opening the camera on your device and pointing it at the QR code. This will then open a link to the relevant section on the Company's website. By visiting our website, you will have the opportunity to sign up to our monthly newsletter which includes our latest factsheets and market commentary, as well as upcoming events and webinars. Information about how we process personal data is contained in our privacy policy available on our website.

Use this QR code to take you to the Company's website where you can sign up to monthly insights and factsheets.

Further information about the Company can be found on our website at www.blackrock.com/uk/brsc.

General enquiries about the Company should be directed to the Company Secretary at: cosec@blackrock.com.

Register here to watch this year's Annual General Meeting

For the benefit of shareholders who are unable to attend this year's AGM in person, we have arranged for the proceedings to be viewed via a webinar. You can register to watch the AGM by scanning the QR code opposite or by visiting our website at www.blackrock.com/uk/brsc and clicking the registration banner.

Please note that it is not possible to speak or vote at the AGM via this medium and joining the webinar does not constitute attendance at the AGM. Shareholders wishing to exercise their right to attend, speak and vote at the AGM should either attend in person or exercise their right to appoint a proxy to do so on their behalf. For further details please see page 134 of the Annual Report.

Corporate summary

The Company	The Company is an investment trust, and its shares are listed on the London Stock Exchange. The Company aims to attract long-term private and institutional investors wanting to benefit from the growth prospects of smaller companies.	
Investment objective	To achieve long-term capital growth for shareholders through investment mainly in smaller UK quoted companies. Full details are given on page 36.	
Benchmark index	Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.	
Alternative Investment Fund Manager	BlackRock Fund Managers Limited (The Manager or AIFM).	
Investment Manager	BlackRock Investment Management (UK) Limited (BIM (UK)) – Portfolio Manager: Roland Arnold.	
Board	The Company has an independent Board of Directors which is responsible for the governance of the Company, monitors its performance and keeps the investment strategy under review.	
Website	Information about the Company can be found on the website www.blackrock.com/uk/brsc.	
AIC	The Company is a member of the Association of Investment Companies.	
Financial calendar	May 2026	Announcement of results for year ending 28 February 2026
	May 2026	Payment of second interim dividend in respect of the year to 28 February 2026
	June 2026	Annual General Meeting
	July 2026	Share split implemented (5 shares for every ordinary share held)
	September 2026	First quarterly dividend paid in respect of the year to 28 February 2027
	October/ November 2026	Announcement of results for six months ending 31 August 2026
	December 2026	Payment of second quarterly interim dividend on ordinary shares
	March 2027	Payment of third quarterly interim dividend on ordinary shares
	June 2027	Payment of fourth quarterly interim dividend on ordinary shares
Depositary, Custodian and Fund Accountant	The Bank of New York Mellon (International) Limited (BNY).	

During the year under review, RF and mmWave communications specialist Filtronic announced a £47.3m contract with SpaceX to provide Solid State Power Amplifiers for the Starlink high-speed internet service. The company also recently won notable space sector contracts with Viasat, European Space Agency and Airbus.

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Why BlackRock Smaller Companies Trust plc?

Further information

Further details about the Company, including the latest annual and interim reports, factsheets and stock exchange announcements, are available on the website at www.blackrock.com/uk/brsc.

Reasons to invest

Long-term outperforming asset class

The Company offers investors exposure to UK smaller companies, an asset class that has over the long term outperformed larger companies by circa 2.7%[1] per annum.

Strong performance record

The Company has a proven strategy with a consistent track record, outperforming its benchmark over the long term for 19 out of the last 23 financial years[3].

Differentiated source of income

Investing in high quality, cash generative businesses has enabled the Company to increase its total annual dividend every year for 23 years utilising its closed-end fund structure. Quarterly dividend payments provide a regular income stream.

Highly experienced Emerging Companies team[2] with a robust investment process

The BlackRock team has excellent access to company management teams and undertakes about 700 company meetings each year. The team looks to find hidden gems and invest in growth companies with the potential to become much larger. When selecting stocks the team looks for high quality, cash generative companies with strong management teams that are able to generate their own growth regardless of the wider economic environment.

Opportunities for active managers

There are at least 947 small and mid-cap companies listed on the UK stock market that are well diversified across a broad range of sectors and geographies. BlackRock believes that this area of the market represents an attractive hunting ground since these companies operate in an inefficient and under-researched area of the market thereby presenting attractive opportunities to generate good returns for investors over the long term.

IPO opportunities

Due to the high standards of governance, strong accounting standards and consistent rule of law, London is attractive for companies seeking an initial public offering (IPO). There are often significant IPO opportunities within the UK smaller companies' sector, and many companies purchased at IPO have been extremely strong contributors to performance.

Globally diversified portfolio

The UK small and mid-cap universe contains many industry leaders often operating and selling globally. This allows BlackRock to construct a portfolio of global businesses. Currently around 37%[3,4] of the portfolio's revenues are generated from overseas operations. In addition, the Company may invest up to 15% of the portfolio in global small cap companies.

Benefits of a closed-ended vehicle

Closed-end funds do not have to deal with daily liquidity requirements that come with open-ended funds. As a result, the Company can invest more freely in exciting smaller companies that might be further down the market cap scale or less liquid.

Additional exposure through leverage

The Company has the ability to borrow up to 15% of net assets, offering investors the ability to increase exposure to high quality businesses, potentially enhancing returns over the longer term.

Past performance is not a reliable indicator of current or future results and should not be the sole consideration when selecting a product or strategy. The value of investments and the income from them can fall as well as rise and is not guaranteed. The investor may not get back the amount originally invested.

[1] Source: LSEG Datastream. For the period 1955 to 2026. Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Total Return Index (previously known as Hoare Govett). Barclays Equity Total Return (December 1955 to December 2006). FTSE All-Share Total Return (January 2007 to February 2026).

[2] Previously referred to as UK small and mid-cap team.

[3] Sources: BlackRock and LSEG Datastream, for the year ended 28 February 2026.

[4] Based on total revenue earned during the year.

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The Association of Investment Companies

A member of the Association of Investment Companies

Details about the Company are available on the website at www.blackrock.com/uk/brsc.

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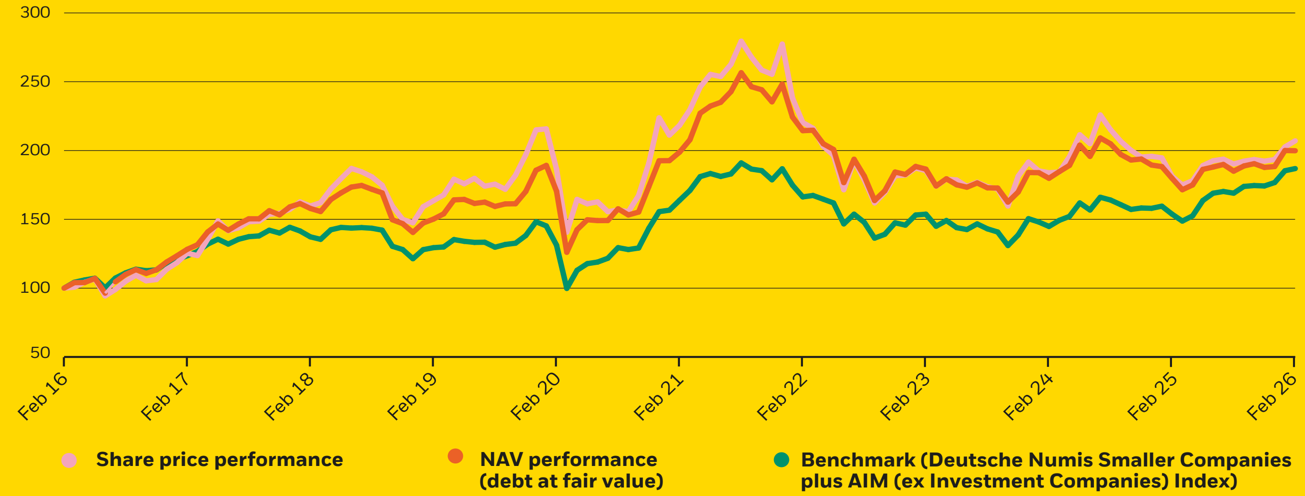
Performance record

	As at 28 February 2026	As at 28 February 2025
Net asset value per ordinary share (debt at par value) (pence)[1,4]	1,516.70	1,403.45
Net asset value per ordinary share (debt at fair value) (pence)[1,4]	1,579.08	1,463.44
Ordinary share price (pence)[1]	1,402.00	1,270.00
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index[2]	19,578.62	16,108.27
Assets		
Total assets less current liabilities (£'000)	673,413	684,322
Equity shareholders' funds (£'000)[3]	603,842	614,779
Ongoing charges ratio[4,5]	0.8%	0.8%
Dividend yield[4]	3.2%	3.5%
Gearing[4]	5.7%	13.3%

	For the year ended 28 February 2026	For the year ended 28 February 2025
Performance (with dividends reinvested)		
Net asset value per ordinary share (debt at par value)[2,4]	11.5%	-0.6%
Net asset value per ordinary share (debt at fair value)[2,4]	11.2%	0.0%
Ordinary share price[2,4]	14.2%	-1.4%
Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index[2,4]	21.5%	6.2%

	For the year ended 28 February 2026	For the year ended 28 February 2025	Change %
Revenue and dividends			
Revenue return per ordinary share	43.77p	42.53p	+2.9
First interim dividend per ordinary share	16.00p	15.50p	+3.2
Second interim dividend per ordinary share	28.50p	28.50p	–
Total dividends payable and paid	**44.50p**	**44.00p**	**+1.1**

Performance from 1 March 2016 to 28 February 2026



Sources: BlackRock and LSEG Datastream.
Share price, NAV and Benchmark performance is with dividends reinvested rebased to 100.

1 Without dividends reinvested.
2 Total return basis with dividends reinvested.
3 The change in equity shareholders' funds represents the portfolio movements, shares repurchased into treasury and dividends paid during the year.
4 Alternative Performance Measure, see Glossary on pages 124 to 128. Full details setting out how calculations with dividends reinvested are performed are set out in the Glossary on page 126.
5 Ongoing charges ratio calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items in accordance with AIC guidelines.

Chairman's Statement

Dear Shareholder

Ronald Gould
Chairman

Every year is unique in various ways but this past year seems to have stretched that art to new highs as we have confronted global and national geopolitical disarray with its inevitable impact on stock markets and underlying investor thinking. Economic cloudiness has added to this sense of confusion, enhanced by a Government wedged into a set of policy options that grow narrower with each day's new crisis. As our portfolio manager says in his report, this is not a very easy or comfortable place from which to make predictions for the future or even present a cogent analysis of the recent past. What I do have however, is the opportunity to usher in a new era of opportunity for investors and that is a far more positive place to start.

I want to welcome both past investors and new ones who have so recently joined us as a result of the combination of BlackRock Smaller Companies Trust plc (BRSC) with BlackRock Throgmorton Trust plc (THRG). This may not have the same impact as war in the Middle East but it does reflect the often dramatic changes that have been taking place in the investment trust sector over the past two years. Whilst not all of those changes are good, it is fair to say that this combination will help us deliver better shareholder value as well as the prospect of improving returns and lower management costs. We are delighted to take up the challenge to deliver on these enhanced opportunities and look forward to engaging with our enlarged shareholder group as we work our way toward achieving the benefits that our new combination can bring. This report will focus most on last year's results but it's important to take some time to discuss our merger, its rationale and benefits so that everyone can share a common starting point as we look ahead in these uncertain times.

Combination with BlackRock Throgmorton Trust plc

The combination with THRG effected by way of a scheme of reconstruction of THRG, was completed on 16 April 2026, following shareholders of both companies voting overwhelmingly in favour of the combination. This combination brings together two investment trust companies with similar objectives that have both been in existence for over sixty years. While each Trust has historically taken a somewhat different approach toward achieving those investment objectives, the Boards of both companies felt that a combination now would deliver better long-term results for all our shareholders. Key among these positive changes has been the chance to provide shareholders with the substantially increased economies of scale from our enlarged asset base. These benefits also include lower management charges from Blackrock along with an enhanced profile, greater liquidity in the Company's shares and operating cost efficiencies.

The transaction also brings together the best of BlackRock's Emerging Companies team, with Dan Whitestone joining Roland Arnold as co-manager on the portfolio, along with the resources of the entire team to identify exciting new investment ideas in the UK and abroad. This merger has been hard work, requiring a large and extended commitment of time and effort by the Blackrock team, our advisors and both Boards. On behalf of the BRSC Board, I would like to thank everyone involved for their energy, support and diligence in completing the Company's combination with THRG. Further details about the combination can be found in note 21 on page 111, which details all the post balance sheet date events.

The financial information in this annual report is for the year ending 28 February 2026 and therefore excludes any impact from the combination with THRG. At the time of writing (at 12 May 2026), the net asset value of your enlarged Company is £886 million.

Market overview

The global macroeconomic landscape continues to be marked by significant volatility, strong inflationary pressures, shifting monetary policies, and geopolitical tensions shaping economic outcomes. Navigating a clear pathway through these evolving global conditions remains challenging for your Company as it has for many others but it is worth noting that many of the UK smaller companies in our portfolio have continued to produce good results despite the challenging circumstances, underscoring their ability to manage through complicated periods and produce good financial results for shareholders. More information on individual stocks is given in the Investment Managers report on page 13 but it's important to underscore that our portfolio companies have shown resilience and management effectiveness despite an uncertain environment.

While starting only at the end of our financial year, events in the Middle East – especially disruptions at the Strait of Hormuz – have intensified and expanded uncertainty over a range of issues, especially energy pricing. The supply bottlenecks through the Strait of Hormuz have raised concerns around the world but most of all in Europe. Dramatic price fluctuations have been a daily challenge but availability of supply is an even more fundamental issue with airlines already cutting marginal flights to reduce fuel use. All of this is complicating the efforts of central banks to balance inflation and growth, contributing to instability in financial markets across the board. The UK has been no exception, with heightened risks of supply chain disruptions, inflationary spikes and also challenges in international trade and investment. This uncertainty has once again driven significant UK market outflows as investors take risk off the table, depressing share prices indiscriminately, regardless of stock fundamentals and leaving valuations at depressed levels. That has impacted our investment results as well.

Performance

In the year under review, your Company's net asset value (NAV) per share rose by 11.2% on a total return basis with dividends re-invested (debt at fair value), lagging well behind our benchmark index return of 21.5%. Over the same period, our share price rose by 10.4%. During the same period, the FTSE AIM All-Share Index rose by 27.3%, the FTSE 250 Index rose by 21.0% and the FTSE 100 Index rose by 28.1%. The disparity between different index returns, while not altogether surprising, also shows some relevant changes in investor sentiment toward large versus smaller cap companies during a period of ongoing market uncertainty over future prospects. Those changes in investor attitude reflect some important trends that we have explored extensively and which have influenced some of the tactical and strategic shifts in our portfolio for the future.

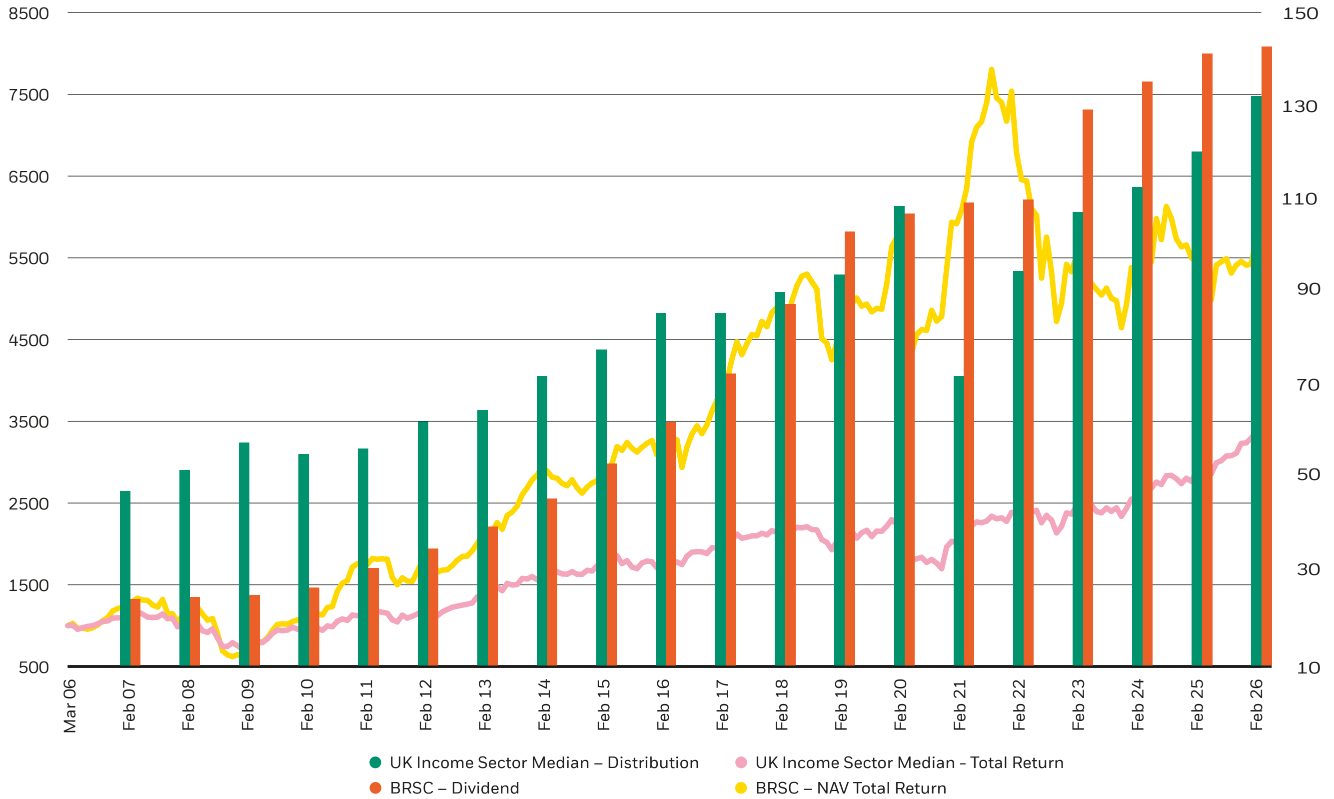
More detail on significant contributors to and detractors from performance during the year are given in the Investment Manager's Report on pages 13 to 16.

The Company's longer-term performance is set out in the table below. In addition, the chart below illustrates how long-term investors have had an opportunity to build up an attractive annual income from an investment in BRSC over time. Even if the initial dividend yield at the point of purchase may have been unremarkable, the strong underlying growth in dividends over the years has resulted in a competitive yield on cost when compared with equity income funds in general. To illustrate this investment and income success, the chart below shows that £1,000 invested in the Company on 28 February 2006 would have increased in value by 478% in NAV terms to 28 February 2026, whereas £1,000 invested in the UK open-ended income sector median would have increased by just 254%. The chart also demonstrates that while the yield on the Company's shares was much lower at the beginning of the period, over time the Company's dividend has grown at a much faster rate than open-ended UK income fund competitors.

Performance to 28 February 2026	1 Year change %	3 Years change %	5 Years change %	10 Years change %	15 Years change %
NAV per share[1,2,3]	11.2	7.2	0.5	99.9	242.7
Benchmark[1,3,4]	21.5	21.5	14.0	86.9	150.3
Share price[1,3]	14.2	11.7	-5.2	107.1	257.8

[1] Percentages in Sterling terms with dividends reinvested.
[2] NAV with debt at fair value.
[3] Alternative Performance Measure, see Glossary on pages 124 to 128.
[4] Benchmark Index (the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index).

Capital and income growth



The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. Smaller company investments are often associated with greater investment risk than those of larger company shares. This information does not constitute investment or any other advice and is for information purposes only and subject to change.

Source: BlackRock and Morningstar. BlackRock Smaller Companies Trust plc (BRSC) performance in the chart above is based on NAV total return net of fees.

For the purpose of comparing income growth versus funds which have income generation as a primary objective the figures are based on £1,000 invested at 31 March 2006 in BlackRock Smaller Companies Trust plc and the IA UK Income sector median. BRSC dividends do not include special dividends paid between 2007 and 2010 of 1.25p, 0.7p and 0.5p.

Returns and dividends

The Company's revenue return per share for the year increased by 2.9% to 43.77p per share (compared to 42.53p revenue return per share for the year to 28 February 2025). The increase was mainly attributable to an increase in special dividends, which amounted to 3.99p per share (28 February 2025: 1.71p per share). Regular dividend income from portfolio companies decreased by 18.0% compared to 2025 levels, reflective of the continuing trend in the UK equity market to prioritise share buybacks over dividends which is having an impact on overall dividend growth. Changing Government policies have often influenced these choices in the past and future trends are hard to predict. The fact that the Government wants to encourage individual investors may well lead to stronger dividend growth ahead and it is an area we monitor closely.

The Board is mindful of the importance of our dividend to shareholders. The Board is also cognisant of the benefits of the Company's investment trust structure which enables it to retain up to 15% of total revenue each year to build up reserves which may be carried forward and used to pay dividends during leaner times. The Company has substantial distributable reserves (£537.4 million as at 28 February 2026, including revenue reserves of £18.0 million). To put this into context, the current level of annual dividend distribution based on dividends declared in the last twelve months up to the date of this report amounted to £17.8 million.

In the ordinary course of events, the Company would pay a final dividend in respect of the financial year ending 28 February 2026, subject to approval by Shareholders at the Company's 2026 Annual General Meeting, to be paid in June 2026.

However, given that THRG paid a final dividend in respect of its financial year ended 30 November 2025 as well as a pre-liquidation dividend ahead of implementation of the Combination, it would have been inequitable if THRG Shareholders rolling over into BRSC had received the Company's final dividend in addition to this. Accordingly, rather than declaring a final dividend as part of these annual results, the Company has declared a second interim dividend on 31 March 2026 of 28.50p per share, representing the amount that would otherwise have been declared as a final dividend paid to those Shareholders who were on the Register as at 10 April 2026. Total dividends payable and paid for the year ended 28 February 2026 of 44.50p per share reflects a 1.1% increase over the total dividends paid for 2025 of 44.00p per share.

Dividend policy

In October 2025, the Company announced a revised dividend policy. This revised policy provides that, with effect from 1 March 2026, the Company will make quarterly dividend payments instead of our previous bi-annual dividend payments. In all other respects the Company's dividend policy will remain unchanged, and the Board will continue to focus on ensuring the sustainability of dividends and their future growth through investment in companies with strong balance sheets, solid management and sustainable business growth models. Under the revised policy, the Board's intention is to make three dividend payments in September, December and March each year, each equal to a quarter of the previous year's total dividend. We will then declare a final dividend for the full year (payable in June) reflecting the final amount required to ensure an appropriate level of full year dividend.

The first dividend to be paid to all shareholders following the Combination will be the first interim dividend for the current financial year (ending 28 February 2027), to be paid in September 2026. It is intended that this first interim dividend will be equal to 11.125p per share, equal to a quarter of the total dividends paid by BRSC in respect of the financial year ending 28 February 2026. While the Company's investment objective is centered around capital growth, the Board remains mindful of the importance of yield to shareholders and to potential investors. As a point of reference, the yield on the shares as at the end of the Company's last full financial year ended 28 February 2026 (based upon total dividends of 44.5 pence per share and a share price of 1,402 pence at the end of the financial year) was 3.2%. The Company has increased its annual dividend every year since 2003. The annualised increase in dividends paid across those 23 years equates to 10.7% and your Company has received the accolade of 'AIC Dividend Hero' for its consistent growth in dividends over that period.

Management of share rating

The Board monitors the BRSC share rating closely. We recognise the importance to shareholders that the price of the Company's shares do not trade at a significant discount to the underlying NAV over sustained periods. Therefore, where deemed to be in shareholders' long-term interests, the Board will exercise its powers to issue shares or buy back shares with the objective of ensuring that an excessive premium or discount does not arise. During the past financial year, we faced persistent market volatility with discounts across the closed end funds sector becoming persistently wide. As a result of this sector-wide pressure, BRSC shares traded at a discount to NAV ranging from 10% to 13.5% over the year.

To address the challenge of persistent discounts the Board undertook an active buyback programme during the year, with a total of 3,992,000 ordinary shares repurchased at a total cost of £52.1 million to be held in treasury. All shares were bought back at a significant discount to NAV, delivering an uplift to the NAV per share of 1.2% for continuing shareholders for the year under review. The Board believes that its actions helped to minimise discount volatility. The Company's shares traded at an average discount to NAV (with debt at fair value) over the full year of 12.3%, compared to an average discount of 11.0% for the year to 28 February 2025. To put this in context, the average discount for companies in the AIC UK Smaller Companies sector for the same period was 11.4%. Since our buyback programme began 3 years ago on 3 March 2023, we have acquired a total of 9,062,000 ordinary shares repurchased at a cost of £119.9 million. We are committed to an ongoing discount control process and as outlined below, together with improving performance, we look for a narrowing discount ahead. For context, companies in the UK closed-end fund sector bought back a record £10.2 billion of shares in 2025.

Tender and discount control mechanism

While the Board regards the Company's share rating at any particular time as primarily a reflection of sentiment towards the sector alongside portfolio performance, both in absolute terms and relative to the peer group, it recognises that there are a number of other factors which can have a material impact on driving demand for the Company's shares. Consequently as part of the Combination with THRG, the Board offered BRSC shareholders a tender opportunity for up to 28% of our issued share capital. The results of the tender were announced on 13 April 2026, with the tender oversubscribed and a total of 18,893,897 shares tendered (47.46% of the Company's issued share capital). Accordingly, the tender was scaled back, and 11,147,581 shares will be repurchased in due course representing 28% of the Company's issued share capital. It is currently envisaged that realisation of the assets held in the Tender Pool which has been established for the purposes of the Tender Offer will be completed in or around the week commencing 29 June 2026, with the final Tender Price and payment date to be announced by the Company shortly thereafter.

In addition to the tender offer, and as part of the Combination proposals, the Board has introduced a number of features which are designed to enhance the attraction of our Company in a number of important ways.

- We have refreshed our investment proposition with additional flexibility to diversify risk and enhance returns;

- Negotiated a new highly competitive management fee structure leading to a reduced estimated OCR for the ongoing vehicle;

- Created a formal discount control mechanism with the introduction of a triennial 100% performance-related conditional tender offer to be made available to all Shareholders. The Company will offer shareholders the ability to tender up to 100% of their shares at a 4% discount to NAV (less costs) if the Company's NAV per share underperforms its Benchmark, the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index, over the relevant performance period. It is expected that the first such tender offer, were it to be triggered, would be in 2029.

The Board believes that the introduction of these initiatives, coupled with a continuation of our proactive share buyback policy, will make a sustained single-digit discount achievable for the Company in normal market conditions.

Investment policy changes

As part of the Combination with THRG, the Board proposed a number of amendments to the Company's investment policy which were approved by shareholders at the General Meeting on 30 March 2026. Under the revised investment policy, the Investment Manager will continue to seek to achieve the Company's investment objective through investing predominantly in listed UK smaller companies, but will have additional latitude to invest in small cap stocks outside of the Benchmark Index and will be able to invest up to 15% of the Company's gross assets, at the time of acquisition, in global small cap stocks which are listed overseas and which do not have a primary or secondary UK listing.

The rationale for this change, as well as responding to shareholder feedback, was to provide additional flexibility for the Investment Manager to diversify risk and deliver alpha at times when the UK small cap market was under stress, while retaining a core UK small cap mandate. The additional exposure to global small cap also mirrored the limit previously adopted by THRG. More information on the revised policy is set out in the Strategic Report on pages 36 to 51.

Management fees

As part of the above Combination, the Board agreed revised management fee arrangements with BlackRock, moving to charge a fee on net assets instead of total assets less current liabilities and introducing a new tiered rate as follows:

- 0.5% per annum on the first £500 million of the Company's NAV;
- 0.475% per annum NAV between £500 million and £750 million; and
- 0.45% per annum on NAV in excess of £750 million.

The revised fee structure was implemented with effect from 16 April 2026. In addition to the revised fee, BlackRock has agreed to waive the management fee for six months with effect from 16 April 2026 as a contribution to the costs of the transaction.

The new fee arrangements combined with the larger asset base post Combination should result in a significant reduction in the Company's operating charges ratio, which is estimated to fall to 0.63% on an annualised basis (versus 0.8% last year). The fee also represents the lowest fee in the AIC UK Smaller Companies sector for trusts without a performance fee in place.

Board composition

Having just completed a long and complicated merger process it is important to retain and integrate the corporate memory available to us in merging with THRG. With that in mind I am delighted to welcome two new directors to the Board as part of the combination with THRG. Angela Lane and Louise Nash were appointed as non-executive Directors of the Company with effect from 16 April 2026, and will stand for election at the Company's Annual General Meeting on 17 June 2026. Both Angela and Louise bring with them considerable corporate knowledge and financial services expertise. Further details of their biographies can be found on pages 34 and 35.

Agreement with Saba

On 22 January 2025, the Company announced that it had entered into an agreement with Saba Capital Management L.P. (Saba), pursuant to which Saba has given a number of undertakings to the Company regarding its shareholding in the Company. The full announcement can be viewed at the following link: https://www.londonstockexchange.com/news-article/BRSC/agreement-with-Saba/16863463. The agreement was to last until the earlier of the day following the completion of the Company's 2027 AGM or 31 August 2027 and does not limit Saba's ability to acquire or dispose of shares in the Company. As announced on 20 February 2026, the Board has subsequently agreed an extension of the period of this standstill agreement to June 2030. No other terms have been amended.

Your Board believes that the extension of this agreement is in the long-term interest of shareholders as we continue to invest for their future benefit.

Gearing and sources of finance

Gearing can play an important role in portfolio performance over time although your Company continues to maintain a very conservative capital structure. The Company has current borrowing facilities of long-term fixed rate funding in the form of a £25 million senior unsecured fixed rate private placement notes issued in May 2017 at a coupon of 2.74% with a 20 year maturity, £20 million senior unsecured fixed rate private placement notes issued in December 2019 at a coupon of 2.41% with a 25 year maturity and £25 million senior unsecured fixed rate private placement notes issued in September 2021 at a coupon of 2.47% with a 25 year maturity. Shorter-term variable rate funding consists of an uncommitted overdraft facility of £60 million with The Bank of New York Mellon (International) Limited with interest charged at SONIA plus 100 basis points (of which £262,000 was utilised at year end – additional information is set out in note 13 on page 100).

It is the Board's intention that net gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets. At the year end, the Company's net gearing was 5.7% of net assets (2025: 13.3%), well within our target range.

Share sub-division

Since BlackRock was appointed as manager in December 2004, the market price of the Company's shares has increased from 204 pence to 1,402 pence (as at 28 February 2026). In order to assist the Company's growing base of individual investors, monthly savers and those who reinvest their dividends or are looking to invest smaller amounts, the Board will implement a sub-division of the Company's shares on a 5 for 1 basis, effective once the tender has completed (expected to be no later than July 2026). Following this sub-division, each shareholder will hold five sub-divided shares for each existing share. Whilst the sub-division will increase the number of ordinary shares the Company has in issue, the Net Asset Value per share and market price immediately after the sub-division will become one-fifth of their respective values immediately preceding the sub-division and hence there will be no impact on the overall value of a shareholder's holding in the Company. The sub-divided shares will carry the same rights as the existing shares, including the same rights to participate in dividends paid by the Company. The Board anticipates that this share sub-division will also improve the liquidity in and marketability of the Company's ordinary shares, to the benefit of all shareholders.

Annual General Meeting

The Company's AGM will be held in person at the offices of BlackRock at 12 Throgmorton Avenue, London EC2N 2DL on 17 June 2026 at 11.30 a.m. Details of the business of the meeting are set out in the Notice of Annual General Meeting contained within the Annual Report and Financial Statements. Shareholders are also invited to join Directors for a hot buffet lunch after the formal business of the meeting has concluded. Prior to the formal business of the meeting, our Investment Manager will make a presentation to shareholders. This will be followed by a question and answer session.

Shareholders who are unable to attend the meeting in person but who wish to view the portfolio manager's presentation can do so via a live webinar this year. Details on how to register, together with access details, will be available shortly on the Company's website at: www.blackrock.com/uk/brsc or by contacting the Company Secretary at cosec@blackrock.com. It is not possible to speak or vote via this medium and it is solely intended to provide shareholders with the ability to watch the portfolio manager's presentation. Additionally, if you are unable to attend you can exercise your right to vote by proxy or appoint a proxy to attend in your place. Details of how to do this are included on the AGM Proxy Card provided to shareholders with the Annual Report. If you hold your shares through a platform or a nominee company, you will need to contact them directly and ask them to appoint you as a proxy in respect of your shares in order to attend, speak and vote at the AGM. Further information on the business of this year's AGM can be found in the Notice of the AGM contained within the Annual Report and Financial Statements.

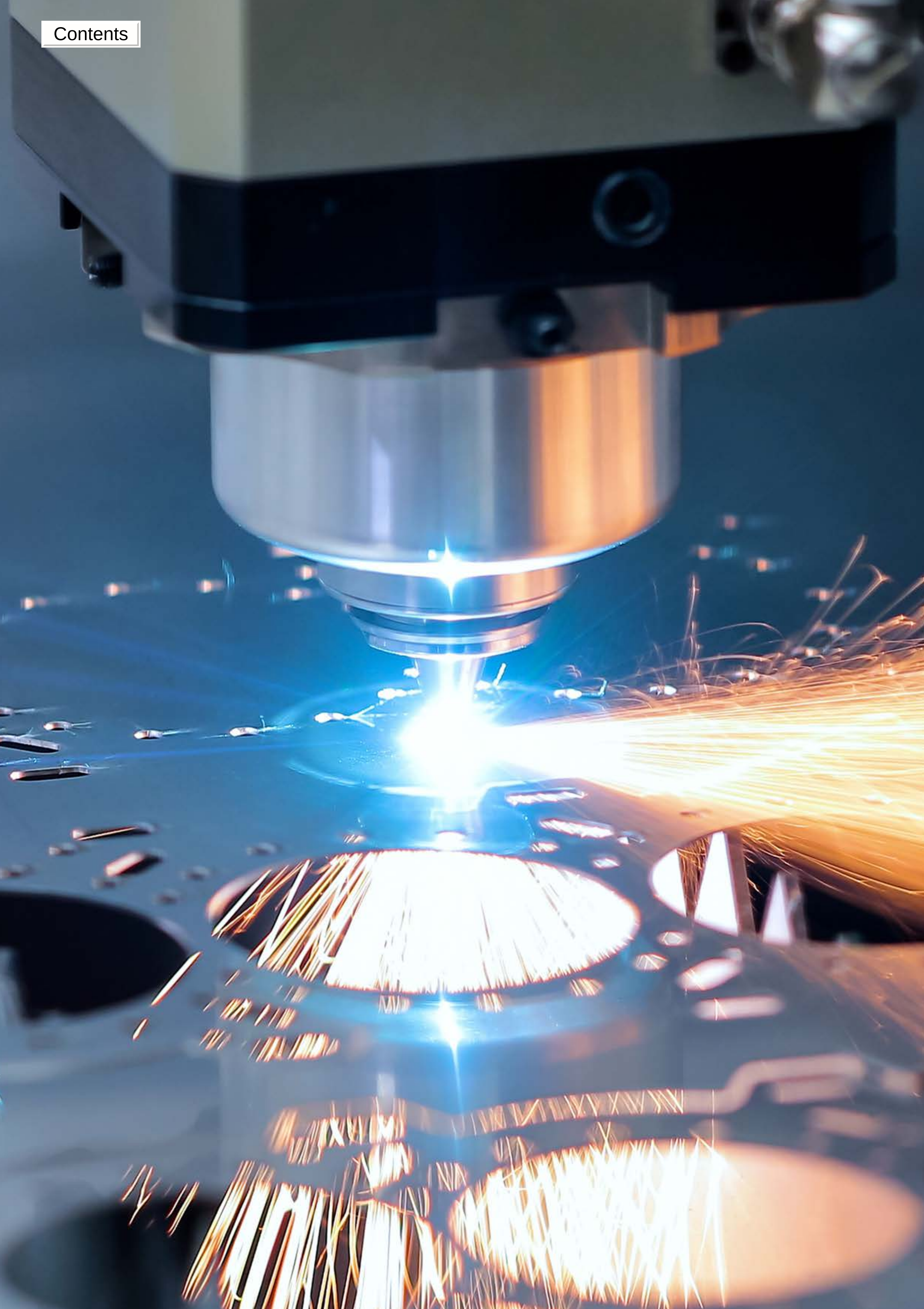
Outlook

Since the financial year end, market volatility has increased as investors grapple with the implications of a messy war in the Middle East and its unpredictable side effects. During this period, the Company's NAV (as at 12 May 2026) has decreased by 7.5%, against a decrease in the benchmark of 5.6%, and the share price has fallen by 8.7%.

Against this turbulent backdrop, your Board believes that through the combination with THRG it has positioned your Company well to weather the challenges across equity markets, with a larger asset base, lower fees and operating charges, an enhanced portfolio management team and with additional flexibility under a refreshed investment policy. The Company's portfolio remains weighted towards companies with well capitalised balance sheets and entrepreneurial management teams that are able to rapidly adapt their businesses to the shifting market dynamics and have been successfully demonstrating these skills through the challenging environment we have faced. UK assets are inexpensive by global standards and we have companies with real growth and exciting long-term prospects. As such we believe that the enlarged BRSC is well-positioned and prepared to take advantage of the investment opportunities that lie ahead despite the uncertain market conditions. If shareholders would like to contact me, please write to BlackRock Smaller Companies Trust plc, Dundas House, 20 Brandon Street, Edinburgh, EH3 5PP marked for the attention of the Chairman.

RONALD GOULD

Chairman
15 May 2026



Investment Manager's Report

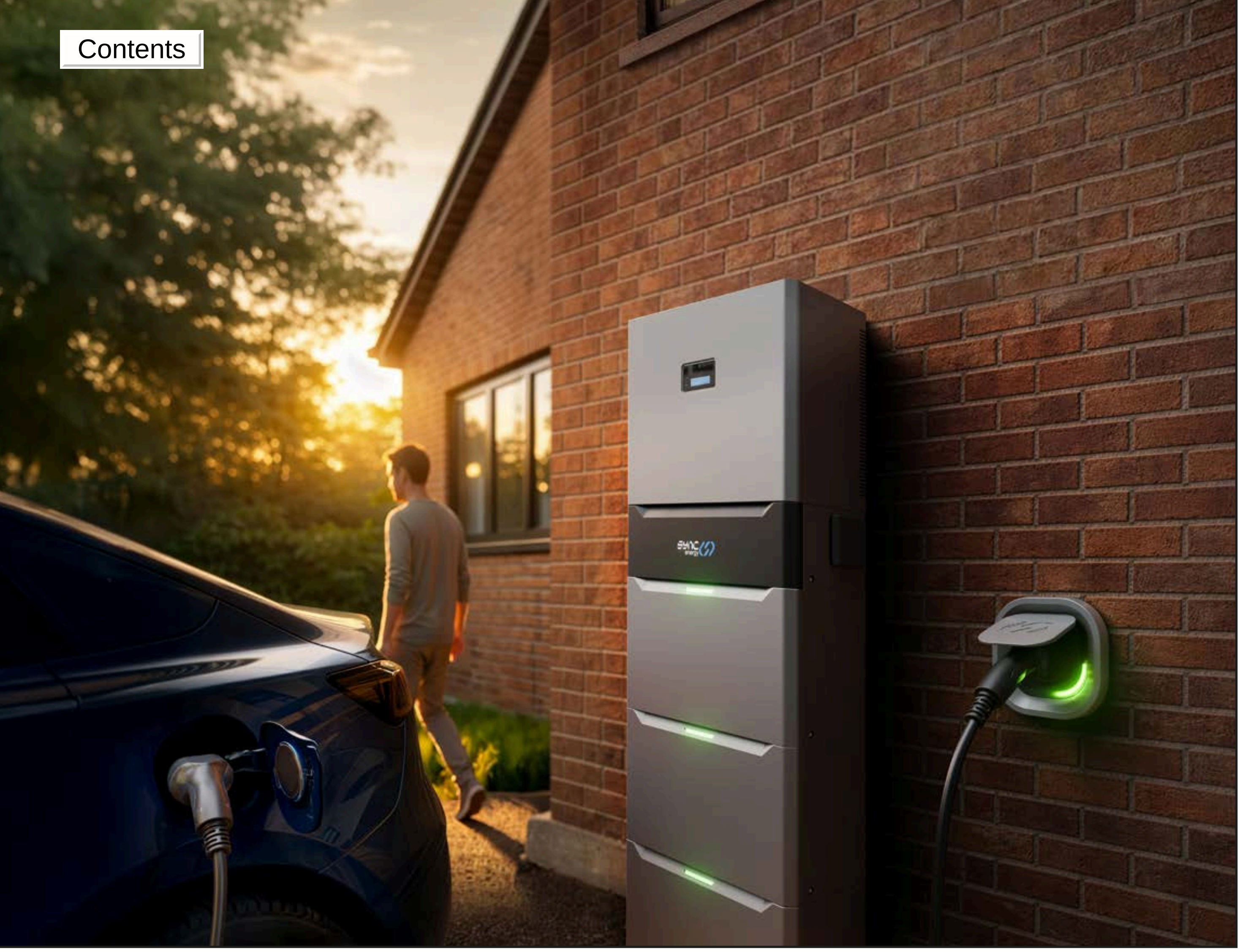
Roland Arnold

Market review

There has been a pattern over the last few years, a recurring theme, not related to one specific event or notion. I'm not referring to inflation or politics although these are contributing factors and recognisable symptoms. What I'm referring to is the unnerving cycle of destabilising events that happen almost every year just as I'm sitting down to write this report. Since the start of this decade, we have had COVID-19 (lockdown March 2020), Ukraine invasion (February 2022), the failure of Silicon Valley Bank (March 2023), Tariff "Liberation Day" (April 2025), and now the US strikes on Iran (February 2026). These events are inflationary, disruptive to supply chains, drive consumer and corporate behaviour, upset geopolitical relationships, and are often binary in nature with the potential conclusions requiring very different portfolios. They also make it very difficult to write an annual letter.

Outside of these specific events the last twelve months have proven frustratingly challenging. Underlying company fundamentals have remained resilient, and whilst the portfolio has seen some disappointments, for the most part management teams have delivered against expectations. Unfortunately, valuations and therefore share prices have struggled to reflect this progress. This disconnect has been driven by the on-going structural and cyclical headwinds; inflation, tight government finances, poor governmental signalling, the uncertain and to some extent unknowable impact of artificial intelligence (AI), all of which ultimately lead to the main culprit of outflows. The result is a market where returns have been driven by a narrow set of companies, and active management has struggled to keep pace with the market.

Industrials was the company's largest exposure at year end, representing more than a quarter of the portfolio.



Shares in LED lighting products and electrical wiring specialist Luceco responded well to a move into the EV charger market.
PHOTO COURTESY OF LUCECO

Performance review

The second half of the financial year saw the portfolio return 8.1% vs a benchmark of 10.6%. From a market perspective, the period has been characterised by a number of powerful and, at times, competing forces. Global equity markets have remained heavily influenced by the dominance of AI-related narratives, with capital concentrated in a relatively small group of perceived “winners”, whilst any stock that finds itself in the AI “loser” crosshairs has seen significant weakness. The “shoot first, ask questions later” mentality has been indiscriminate and painful, upending the narrative on business models that until recently were perceived as having significant structural economic moats. Meanwhile, the negative narrative has spread into other markets, most recently private credit where fears of large-scale defaults from exposed companies have catalysed investor redemption requests.

When I look at the list of stocks that have detracted from performance in the second half, there is a common thread that runs across the bulk of them. These are businesses that have not disappointed, in fact in many cases they have not only delivered on expectations but beaten them. The single biggest detractor in the period was payments business **Boku**, where the market reaction to a company that has delivered on targets, won significant new customers, and continues to demonstrate the validity of the business model has been a near 20% fall in the share price. Similarly, **Tatton Asset Management** was rewarded with a 12% share price fall in the period despite seeing some analysts upgrade earnings by high single digits. The list goes on; **XPS Pensions** has de-rated despite continued upgrades, **IntegraFin** has been rewarded for unblemished delivery in 2025 with the lowest rating since the 2018 IPO, as has insolvency firm **FRP Advisory**. I cannot remember a period where the underperformers felt so undeserving. That is not to say all has gone to plan. **Paypoint** revealed a period of soft trading that saw the shares fall by a third. **Hilton Food Group’s** organisational difficulties and poor handling of food inflation ultimately cost the Chief Executive his job.

In the spirit of fairness, I should acknowledge some of the positive performers where share prices have been driven by thematics rather than operational excellence, in particular amongst the resources sector. **Pan African Resources**, **Atalaya Mining**, **Sylvania Platinum** and **Hochschild Mining** have all seen outsized returns because of the extraordinary performance of the relevant commodity prices. Outside of the resources sector there have been several positive contributions this year.

Luceco shares have responded to a well-timed move into the EV charger market, as well as a return to growth in the core electrical products market. **Serco Group** has seen both earnings momentum in the core business and a re-rating as investors seek security in their multi-year contracted revenues. Relatively new holding **Helios Towers** responded positively to a capital markets day that laid out new medium-term targets and a capital return policy. Aerospace component supplier **Senior** disposed of their Aerostructures division and latterly have announced several parties are interested in acquiring the on-going operations. Finally, building materials producer **Sigmaroc** have rallied through a combination of sustained delivery on earnings coupled with an exposure into the potential German infrastructure spend.

Activity

The last year has seen higher portfolio turnover than in recent years as a result of adapting the portfolio to better reflect underlying trends in the investment universe. As the number of listed companies continues to fall, the average and upper market capitalisation of the universe continues to increase. As an illustration of the changes, the market cap of the largest company in the benchmark rose from £1.9 billion to £2.5 billion when the benchmark went through the annual rebalance. Adding larger holdings brings additional benefits. Typically, the greater the market capitalisation the greater the underlying liquidity of the shares, which allows us to be more tactical with positioning.

A new position has been added in housebuilder **Bellway**. To say the UK housing backdrop has been challenging doesn't quite do justice to the current market. New build volumes in the UK have fallen to levels not seen since the Global Financial Crisis, yet the Government has not yet walked away from the target of one and a half million new homes through this parliament. This frankly unreachable target requires volumes not seen in sixty years, but the valuation of the UK housebuilding sector is in our view suggesting several years of depressed volumes that flies in the face of demographic pressures. In times of economic uncertainty and volatility, companies that demonstrate lower revenue volatility backed by secure long-term order books become more attractive. We added positions in **Mitie Group** and **Mears Group**, both companies where we felt the negative press commentary centered around their UK asylum contracts had impacted on the valuation of the valuable non-asylum contracts. Sometimes the best opportunities come from companies where investors have failed to recognise a fundamental shift in an investment case. We believe **Helios Towers** is one such opportunity. Having listed in 2019 with a relatively levered balance sheet, investors shied away and the shares languished. Helios own and operate telecom towers in Africa and the Middle East, providing exposure to long-term inflation adjusted revenue streams derived from critical infrastructure. Over the last few years, the debt has been significantly reduced allowing management to announce a capital return strategy.

Given the amount of mergers and acquisitions ("M&A") in recent years it has been notable how little the Company has benefited. Whilst there is no identifiable reason for this, it is encouraging to see some activity in the last twelve months with bids for **Alpha Group**, **JTC** and **Empiric Student Property**. We sold our position in **Gamma Communications** following their move into Germany, a market where we feel management have a lot to prove, as well as concerns UK small and medium sized businesses ("SME") are struggling in the current economic and fiscal backdrop. These SME concerns were also the motivation for selling our position in **Workspace**, where deteriorating confidence has been translating into reduced occupancy and higher churn.

The impact of artificial intelligence

The world does not need another missive on the impact of AI. There are plenty of volumes out there better informed and written than I can produce here. Indeed some of those articles have led to significant market corrections. In January Dario Amodei, CEO of Anthropic, published his thoughts which were widely shared. Amodei's piece was followed by Matt Shumers post on X "Something Big is Coming" and Citrini Research's vision of the world in 2028. Every new release of Claude, or developmental anecdote has driven the next phase of the "SaaSpocalypse", as the market looked beyond the AI winners and focused on the tangential losers. There is no doubt that AI has the potential to upend business models, bring down competitive barriers, and drive significant disruption. But we shouldn't underestimate the potential for the disrupted to fight back, after all the same AI tools are available to everyone. Product development and research cycles are likely to fall dramatically, incumbent firms can respond to competitive threats by rapidly bringing out their own products and selling them into their existing customer base. Those of us with grey hair will remember how the internet was initially seen as a threat to existing business models, how legacy and lazy incumbents would struggle to compete and adapt to the new world. Yet often what happened was the upstarts failed to persuade consumers to switch, and the incumbents developed their own internet strategies. AI is different, of course it is, but human nature is the same. Management incentive structures prioritise growth, and whilst there will inevitably be cost savings in some areas, I fundamentally believe most management teams will re-invest those savings in growth rather than just pocket the enhanced margin. Cost savings are a form of profit investors ascribe with a low multiple, whereas investment that leads to sustainable profit growth draws higher multiples. All else being equal productivity should increase and inflation should fall, whilst product development timelines could vastly accelerate.

Outlook

The near term is impossible to call. Even as I write this piece I'm painfully aware that from the moment I press send to the time the words appear in print my conclusions may well be out of date. So rather than the inevitable embarrassment of making predictions, it is likely more instructive to illustrate how we are framing our current discussions. I have commented before on the growing disconnect between how the UK is portrayed and the reality of the situation. On the one hand there is no getting away from the tight fiscal position the country is in, with the recent surge in UK bond yields having a significant impact on Chancellor Rachel Reeves' headroom, raising the spectre of yet another tax grab budget. But the UK debt position isn't out of line to other major Western economies. In fact we can say the same for most economic indicators; inflation, growth, debt to gross domestic product (GDP), all are in the same ballpark. Yet the valuation of UK stocks relative to other developed markets is suggestive of a greater gulf, of something rotten at the heart of the UK.

Against this backdrop, the structural challenges facing UK smaller and medium sized equities remain largely unchanged. Despite several years of underperformance and increasingly compelling relative valuations, the asset class continues to experience sustained outflows. While the pace has moderated from peak levels, the ongoing withdrawal of capital remains significant for a relatively illiquid segment of the market and continues to exert downward pressure on valuations.

This raises the same fundamental question, one that I have pondered in previous reports: what is required to re-engage investors? As discussed in last year's review, a combination of attractive valuations, economic and political stability, a healthy pipeline of opportunities and, ultimately, a willing investor base are all important components. There is little doubt that valuations remain attractive, but the other items on my tick list are proving elusive. Depressingly Labour are continuing the pattern of policy followed by U-turn, and questions remain about a potential change in leadership that were it to come would most likely herald a shift to the left. The pipeline of new opportunities is still blocked, with little appetite for companies to test the market, despite the continued presence of both strategic and private buyers of listed assets. On the face of it the outlook is challenging.

However, while sentiment towards UK small and mid-cap equities remains subdued, we continue to see clear evidence of value, both in absolute terms and relative to other markets. The ongoing level of corporate activity reinforces this view, with strategic buyers taking advantage of depressed valuations. The "shoot first ask questions later" mentality with regards to AI disruption is presenting significant opportunity, and analogous to the dotcom disruption a quarter of a century ago, there are now a myriad of companies trading at record low valuations where we believe the AI threat has been fundamentally overplayed or mis-analysed.

In summary, the UK smaller companies market continues to experience a period of weak sentiment and structural outflows that have weighed on both absolute and relative performance. Regardless, the underlying fundamentals of many portfolio companies remain intact, and the valuation opportunity across the asset class is increasingly compelling. While the timing of a shift in investor sentiment remains uncertain, we believe the conditions for improved outcomes are gradually building, and we remain confident in the long-term opportunity set.

ROLAND ARNOLD
BlackRock Investment Management (UK) Limited
15 May 2026

Portfolio

Convenience foods manufacturer Greencore Group was the portfolio's largest investment at year end. The company prepares 263 million desserts, 378 million chilled meals and 977 million sandwiches, salads, sushi and other food to go items per year.

PHOTO COURTESY OF GREENCORE GROUP

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PHOTOS COURTESY OF GREENCORE GROUP, GREAT PORTLAND ESTATES, SERCO GROUP, XPS PENSIONS, MORGAN SINDALL, BOKU, HELIOS TOWERS, SIGMAROC.

Ten largest investments

as at 28 February 2026

Together, the Company's ten largest investments represented 25.6% of the Company's portfolio as at 28 February 2026 (2025: 22.8%).

1 ▲ Greencore Group (2025: 48th)

Food Producers

Portfolio value £18,015,000
Percentage of portfolio 2.8% (2025: 0.8%)

Leading manufacturer of convenience food in the UK. It supplies major supermarkets and other retailers with products like sandwiches, salads, sushi, chilled ready meals and sauces.

2 ▲ Great Portland Estates (2025: 15th)

Real Estate Investment Trusts

Portfolio value £17,924,000
Percentage of portfolio 2.8% (2025: 1.7%)

London-focused real estate company that develops and manages high-quality commercial property, primarily offices and mixed-use assets.

3 ▲ Serco Group (2025: 55th)

Industrial Support Services

Portfolio value £17,017,000
Percentage of portfolio 2.7% (2025: 0.8%)

A services company that delivers outsourced public services across health, transport, immigration, defence, justice and citizen services. It partners with governments to manage complex, mission-critical operations under long-term contracts.

4 ▼ IntegraFin (2025: 2nd)

Financial Services

Portfolio value £16,906,000
Percentage of portfolio 2.6% (2025: 2.6%)

Leading investment platform used by financial advisers to manage client portfolios efficiently. It generates revenues primarily from administration and custody services across tax-efficient wrappers.

5 ▼ XPS Pensions (2025: 3rd)

Financial Services

Portfolio value £16,826,000
Percentage of portfolio 2.6% (2025: 2.6%)

A UK-focused pensions consultancy providing actuarial, administration, investment advisory and covenant services, supporting both private and public sector pension schemes.

Ten largest investments

continued

6 ▲ Morgan Sindall (2025: 18th)

Construction & Materials

Portfolio value £16,696,000
Percentage of portfolio 2.6% (2025: 1.5%)

A UK construction and regeneration group operating across construction, infrastructure, fit-out, urban regeneration and housing partnerships. The group focuses on capital-light, partnership-based models with strong public-sector exposure.

7 ▲ Boku (2025: 9th)

Industrial Support Services

Portfolio value £16,341,000
Percentage of portfolio 2.6% (2025: 1.9%)

Global payments company, specialising in local payment methods, including direct carrier billing and digital wallets.

8 ▼ Tatton Asset Management (2025: 7th)

Financial Services

Portfolio value £15,127,000
Percentage of portfolio 2.4% (2025: 2.2%)

Leading UK financial services company that provides a range of investment management, compliance, and support services to independent financial advisers, with a focus on discretionary fund management and portfolio solutions.

9 ▲ Helios Towers (2025: n/a)

Mobile Telecommunications

Portfolio value £14,725,000
Percentage of portfolio 2.3% (2025: n/a)

Leading telecommunications tower company operating across Africa and the Middle East. It owns and manages passive mobile infrastructure.

10 ▲ Sigmaroc (2025: 80th)

Construction & Materials

Portfolio value £13,964,000
Percentage of portfolio 2.2% (2025: 0.5%)

A buy-and-build construction materials company focused on cementitious and lime products in the UK and Europe.

Fifty largest investments

as at 28 February 2026

Company	Business activity	Market value £'000	% of total portfolio
Greencore Group	A leading manufacturer of convenience food in the UK. It supplies major supermarkets and other retailers with products like sandwiches, salads, sushi, chilled ready meals and sauces	18,015	2.8
Great Portland Estates	London-focused real estate company that develops and manages high-quality commercial property, primarily offices and mixed-use assets	17,924	2.8
Serco Group	A services company that delivers outsourced public services across health, transport, immigration, defence, justice and citizen services. It partners with governments to manage complex, mission-critical operations under long-term contracts	17,017	2.7
IntegraFin	Leading investment platform used by financial advisers to manage client portfolios efficiently. It generates revenues primarily from administration and custody services across tax-efficient wrappers	16,906	2.6
XPS Pensions	A UK-focused pensions consultancy providing actuarial, administration, investment advisory and covenant services, supporting both private and public sector pension schemes	16,826	2.6
Morgan Sindall	A UK construction and regeneration group operating across construction, infrastructure, fit-out, urban regeneration and housing partnerships. The group focuses on capital-light, partnership-based models with strong public-sector exposure	16,696	2.6
Boku	Global payments company, specialising in local payment methods, including direct carrier billing and digital wallets	16,341	2.6
Tatton Asset Management	Leading UK financial services company that provides a range of investment management, compliance, and support services to independent financial advisers, with a focus on discretionary fund management and portfolio solutions	15,127	2.4
Helios Towers	Leading telecommunications tower company operating across Africa and the Middle East. It owns and manages passive mobile infrastructure	14,725	2.3
Sigmaroc	A buy-and-build construction materials company focused on cementitious and lime products in the UK and Europe	13,964	2.2
Young & Co's Brewery - A Shares	UK-based pub and hotel operator	13,467	2.1
Sirius Real Estate	Owner and operator of business parks, offices and industrial complexes in Germany	12,536	2.0
Rosebank Industries	Investment business that buys, improves and sells industrial and manufacturing businesses	11,428	1.8
Ithaca Energy	A UK-based oil and gas company operating in the North Sea	11,422	1.8
Genuit	Manufacturer of plastic piping systems	11,351	1.8
Grafton	Builders merchants in the UK, Ireland and Netherlands	11,028	1.7
DiscoverIE	Specialist components for electronics applications	10,970	1.7
Pollen Street Group	Alternatives asset manager with strategies across private equity and private credit	10,914	1.7
FRP Advisory	A business advisory firm providing services in corporate restructuring, insolvency, debt advisory and financial solutions to businesses	10,285	1.6
Alfa Financial Software	Provider of software for customers working in the asset finance industry	10,129	1.6
CVS Group	Operator of veterinary surgeries	10,070	1.6
Atalaya Mining	Copper miner	9,976	1.6
Polar Capital Holdings	Specialist asset management	9,758	1.5
Breedon	UK construction materials	9,506	1.5
Luceco	Designer, supplier and manufacturer of high-quality and efficient LED lighting products, as well as electrical wiring accessories	9,292	1.5
Safestore Holdings	Provider of self-storage units	9,201	1.4
Chemring Group	Advanced technology products and services for the aerospace, defence and security markets	9,006	1.4
Genus	Animal genetics company specializing in the production and sale of animal breeding products	8,972	1.4
Elementis	Speciality chemicals company	8,735	1.4
Pan African Resources	UK-listed African-focused gold mining business	8,487	1.3

Fifty largest investments

continued

Company	Business activity	Market value £'000	% of total portfolio
Bellway	Residential property developer and housebuilder	8,333	1.3
Bodycote	Provision of thermal processing services	8,239	1.3
Hill & Smith	Production of infrastructure products and supply of galvanizing services	8,045	1.3
Mitie Group	Leading facilities management and professional services provider	8,018	1.3
Senior	A designer and manufacturer of high-technology components and systems for the OEMs	7,983	1.3
OSB Group	Specialist lending business	7,942	1.2
Premier Foods	UK food manufacturer	7,895	1.2
Central Asia Metals	Mining operations in Kazakhstan and Macedonia	7,383	1.2
Watches of Switzerland	Retailer of luxury watches	7,210	1.1
Shaftesbury Capital	A REIT investing focusing on sites in London's West End	6,922	1.1
Mortgage Advice Bureau	Leading mortgage intermediary providing mortgage advice and protection insurance	6,882	1.1
MONY Group	Leading technology-led savings platform	6,854	1.1
Porvair	UK-based specialist filtration, laboratory and environmental technology group	6,767	1.1
Vesuvius	Provider of metal flow engineering services and solutions to the steel and foundry industries	6,639	1.0
Cranswick	Food producer and supplier of premium, fresh and added-value products	6,635	1.0
Oxford Instruments	Designer and manufacturer of tools and systems for industry and scientific research	6,615	1.0
Rotork	Manufacturer of industrial flow control equipment	6,533	1.0
Volution Group	Ventilation products for the residential and commercial construction markets	6,515	1.0
Ashmore Group	Emerging market focused investment manager	6,474	1.0
Essentra	Supplier of plastic and fibre products such as plastic caps, clamps, fasteners, etc.	6,295	1.0
50 largest investments		514,253	80.6
Remaining investments		123,831	19.4
Total		**638,084**	**100.0**

Details of the full portfolio are available on the Company's website at www.blackrock.com/uk/brsc.

Portfolio holdings in excess of 3% of issued share capital

At 28 February 2026, the Company did not hold any equity investments comprising more than 3% of any company's share capital other than as disclosed in the table below:

Company	% of issued share capital held
Tatton Asset Management	4.0
FRP Advisory	3.3
Luceco	3.3
Boku	3.0

Distribution of investments

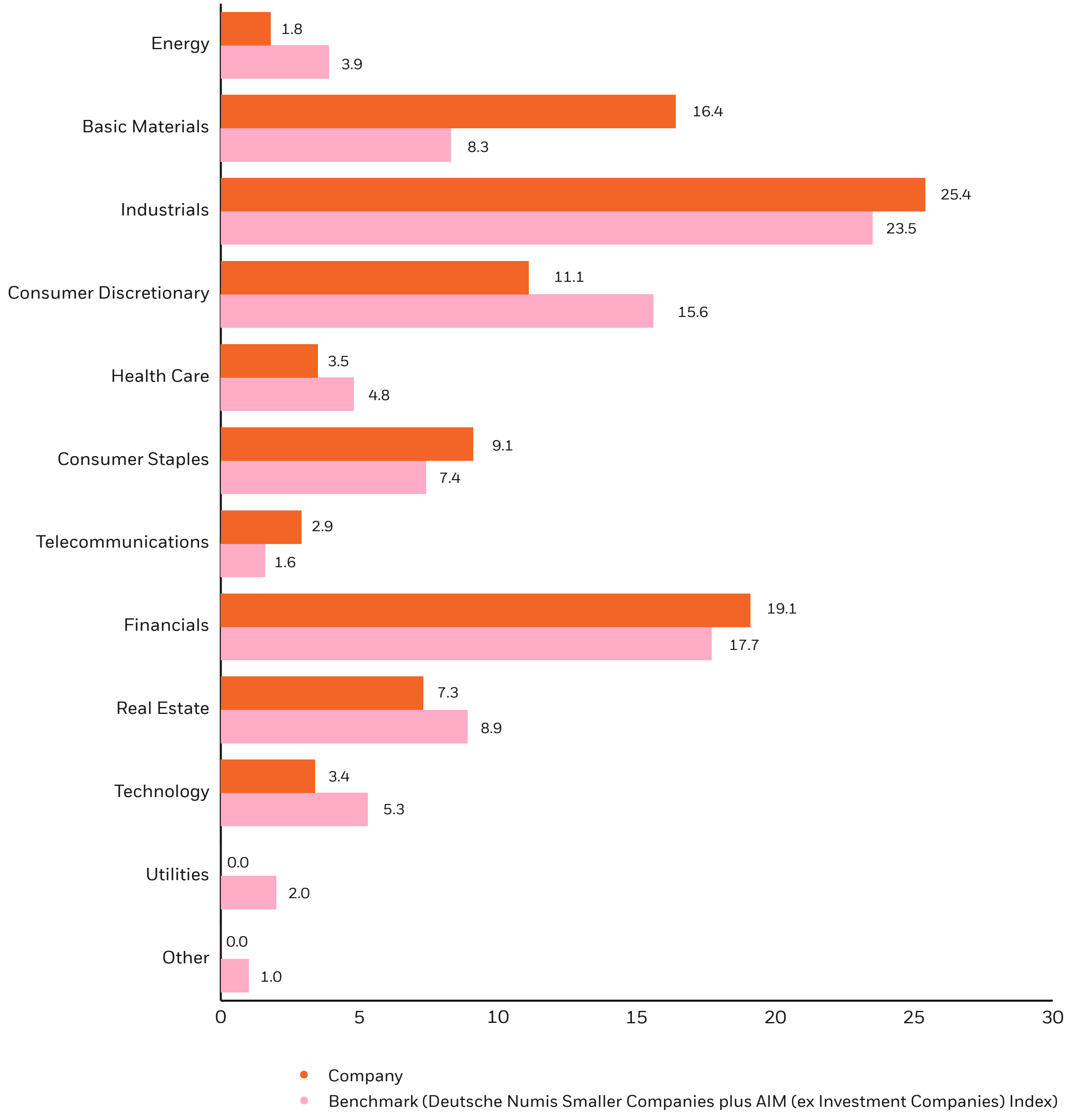
as at 28 February 2026

Sector	% of portfolio
Oil Equipment, Services & Distribution	1.8
Energy	**1.8**
Chemicals	1.4
Construction & Materials	10.0
Mining	3.7
Precious Metals & Mining	1.3
Basic Materials	**16.4**
Aerospace & Defence	3.9
Electronic & Electrical Equipment	5.4
General Industrials	1.0
Industrial Engineering	3.6
Industrial Support Services	11.5
Industrials	**25.4**
General Retailers	4.1
Leisure Goods	0.6
Media	1.8
Personal Goods	1.1
Travel & Leisure	3.5
Consumer Discretionary	**11.1**
Health Care Equipment & Services	1.0
Health Care Providers	0.5
Pharmaceuticals & Biotechnology	2.0
Health Care	**3.5**
Food Producers	6.0
Household Goods & Home Construction	2.1
Personal Care Drug & Grocery Stores	1.0
Consumer Staples	**9.1**
Mobile Telecommunications	2.3
Telecommunications Equipment	0.6
Telecommunications	**2.9**
Banks	0.7
Financial Services	18.4
Financials	**19.1**
Real Estate Investment & Services	2.0
Real Estate Investment Trusts	5.3
Real Estate	**7.3**
Software & Computer Services	3.4
Technology	**3.4**
Total	**100.0**

Portfolio analysis

as at 28 February 2026

Analysis of portfolio value by sector

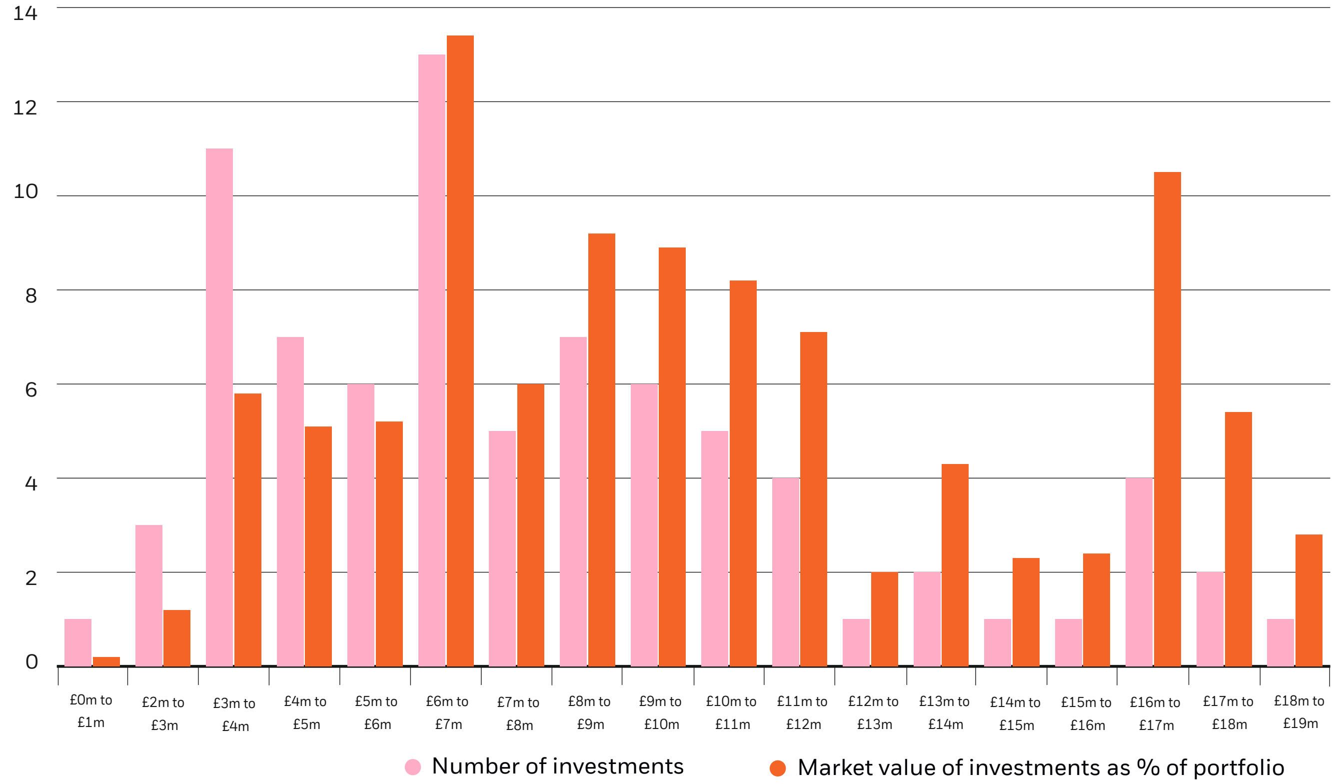


Sources: BlackRock and LSEG Datastream.

Portfolio analysis

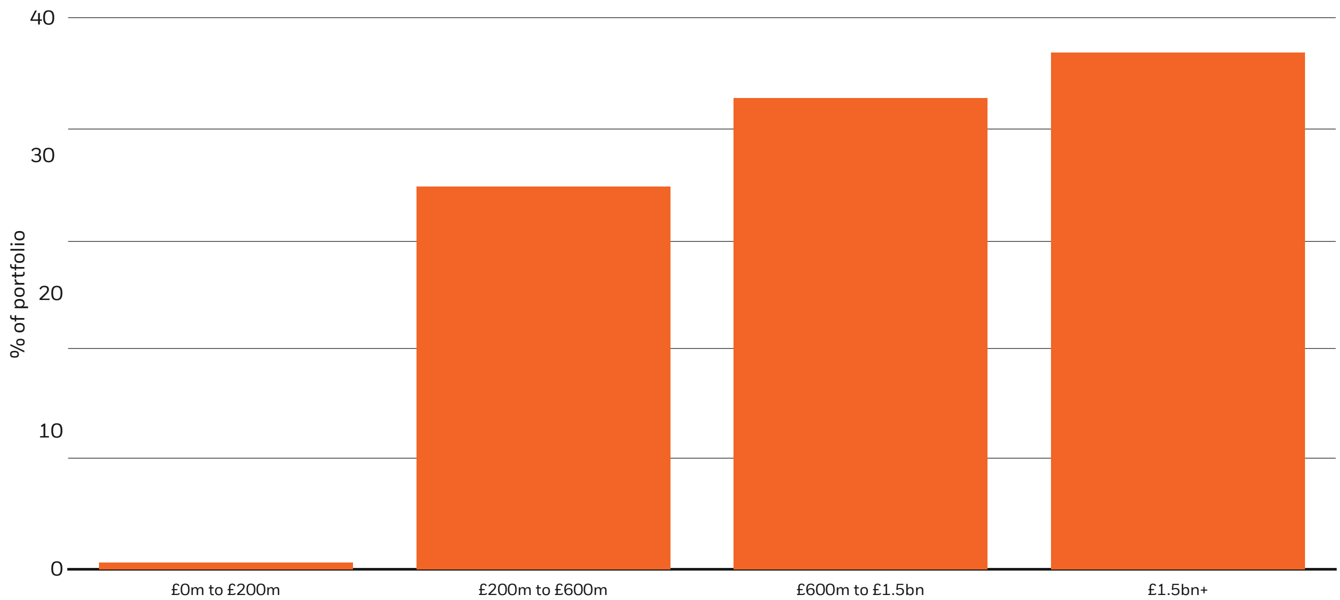
continued

Investment size



Source: BlackRock.

Market capitalisation of our portfolio companies



Source: BlackRock.


Defence Services Together
serco

Contents

Governance

Health, transport, immigration, defence, justice and citizen services contractor Serco Group was a notable contributor to performance during the year.

PHOTO COURTESY OF SERCO GROUP

Governance structure

Responsibility for good governance lies with the Board. The governance framework of the Company reflects that, as an investment company, the Company has no employees, the Directors are all non-executive and the investment management and administration functions are outsourced to the Manager and other service providers.

The Board

5 scheduled meetings per annum

Seven non-executive Directors (NEDs), all independent of the Manager

Chairman: Ronald Gould

Objectives:

- To determine the Company's strategy including investment policy and investment guidelines;
- To provide leadership within a framework of prudent and effective controls which enable risk to be assessed and managed and the Company's assets to be safeguarded;
- To challenge constructively and to scrutinise the performance of all outsourced activities; and
- To determine the Company's remuneration policy.

Audit Committee[1]

2 scheduled meetings per annum

Membership[2]: Mark Little, James Barnes, Helen Sinclair, Dunke Afe, Louise Nash and Angela Lane

Chairman: Mark Little

Key objectives:

- To oversee financial reporting;
- To consider the adequacy of the control environment and review the Company's risk register;
- To review the reporting of the auditors, review and form an opinion on the effectiveness of the external audit process; and
- To review the provisions relating to whistleblowing and fraud.

Nomination and Remuneration Committee[1]

1 scheduled meeting per annum

Membership: All NEDs

Chairman: James Barnes

Key objectives:

- To regularly review the Board's structure and composition;
- To be responsible for the Board succession planning;
- To make recommendations for any new appointments;
- To be responsible for Directors' remuneration; and
- To set the Company's remuneration policy.

Management Engagement Committee[1]

1 scheduled meeting per annum

Membership: All NEDs

Chairman: Ronald Gould

Key objectives:

- To ensure that the provisions of the investment management agreement follow industry practice, remain competitive and are in the best interest of shareholders;
- To review the performance of the Manager; and
- To review other service providers.

1 Terms of reference for each of the committees are available at www.blackrock.com/uk/brsc.

2 Ronald Gould is not a member of the Committee but may attend by invitation.

Contents

Directors' biographies

Ronald Gould
Chairman
Appointed on 1 April 2019

He was previously Managing Director and head of the Promontory Financial Group in China, CEO of Chi-X Asia Pacific, Senior Adviser to the UK Financial Services Authority, CEO of investment bank ABG Sundal Collier and Vice Chairman of Barclays Bank asset management activities. He is Chairman of Think Alliance Asia and Henderson Far East Income Limited and previously of Compliance Science Limited and Credo Capital Partners AB. He was previously a non-executive director of JPMorgan Asian Investment Trust plc. Mr Gould was appointed Chairman on 4 June 2019.

Attendance record:
Board: 5/5
Audit Committee: n/a[1]
Nomination and Remuneration Committee: 1/1
Management Engagement Committee: 1/1

Mark Little
Audit Committee Chairman
Appointed on 1 October 2020

He is the Chairman of the Audit Committee of Majedie Investments Plc, Abrdn Equity Income Trust plc and Fidelity Emerging Markets Limited. He was also previously Investment Director at Seven Investment Management and a non-executive director (and audit committee chairman) of Sanditon Investment Trust plc and of Securities Trust of Scotland Plc (having retired from this Board on 27 June 2024), as well as a non-executive director for the start-up business UWI Technology and the charity Winning Scotland Foundation. Mr Little has a wealth of experience in the financial services sector and began his career as a fund manager with Scottish Widows Investment Management after qualifying as a chartered accountant with Price Waterhouse in 1991. He subsequently worked as Global Head of Automotive Research for Deutsche Bank and joined Barclays Wealth in 2005, where he became Managing Director of Barclays Wealth (Scotland and Northern Ireland).

Attendance record:
Board: 5/5
Audit Committee: 2/2
Nomination and Remuneration Committee: 1/1
Management Engagement Committee: 1/1

James Barnes
Chairman of the Nomination and Remuneration Committee
Appointed on 31 July 2021

He began his career in broking and investment banking in 1983. He became CEO of Dobbies Garden Centres following an MBO in 1994 and was instrumental in growing the business through floatation in 1997 and leading its sale to Tesco in 2007. He continued to lead Dobbies within the Tesco stable until 2013. He was also a director of Dunedin Smaller Companies Investment Trust plc, becoming Chairman in 2017 before overseeing its merger with Abrdn UK Smaller Companies plc. He has held a number of non-executive and chair roles with UK SMEs, start ups and charitable organisations.

Attendance record:
Board: 5/5
Audit Committee: 2/2
Nomination and Remuneration Committee: 1/1
Management Engagement Committee: 1/1

[1] The Chairman is not a member of the Audit Committee but may attend the Committee meetings by invitation.

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

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Directors' biographies
continued

Helen Sinclair
Senior Independent Director
Appointed on 1 March 2022

She began her career in investment banking and spent nearly eight years at 3i plc focusing on management buy-outs and growth capital investments. She later co-founded Matrix Private Equity (which became Mobeus Equity Partners) in early 2000 and subsequently became Managing Director of Matrix Private Equity before moving to take on a number of non-executive director roles. She is currently Chairman of Octopus Future Generations VCT PLC and a non-executive director of Sherborne Investors (Guernsey) C Limited.

Attendance record:
Board: 5/5
Audit Committee: 2/2
Nomination and Remuneration Committee: 1/1
Management Engagement Committee: 1/1

Dunke Afe
Appointed on 1 January 2024

She is a senior marketing and strategy executive with extensive experience in driving brand, innovation, and commercial performance across global markets. She has held senior leadership roles at Unilever, Kimberly-Clark, and The Estée Lauder Companies, where she was responsible for developing and executing marketing, innovation, and go-to-market strategies that delivered sustainable business growth.
Her expertise includes strategic brand management, consumer insight, and digital transformation, with a strong focus on aligning marketing investment and corporate strategy to enhance long-term value creation.
Dunke also serves as a non-executive Director of CT UK Capital and Income Investment Trust PLC and Global Marketing Director with Fiskars UK (Vita) Limited.

Attendance record:
Board: 5/5
Audit Committee: 2/2
Nomination and Remuneration Committee: 1/1
Management Engagement Committee: 1/1

Louise Nash
Appointed on 17 April 2026

She was a UK Small and Mid-Cap fund manager, firstly at Cazenove Capital and latterly at M&G Investments which she left in 2015. She now works for family wine business Höpler and also acts as a consultant to JLC Investor Relations. Louise is a non-executive Director to Octopus AIM VCT plc and was previously a non-executive Director of Stockdale Securities.

Attendance record:
Board: n/a[2]
Audit Committee: n/a[2]
Nomination and Remuneration Committee: n/a[2]
Management Engagement Committee: n/a[2]

[2] Louise Nash and Angela Lane were appointed on 17 April 2026, therefore were not on the Board at the time of these meetings.

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

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Angela Lane
Appointed on 17 April 2026

She previously spent 18 years working in private equity at 3i, becoming a partner in 3i's Growth Capital business managing the UK portfolio. Since 2007, Angela has held several non-executive and advisory roles for small and medium capitalised companies across a range of industries including business services, healthcare, travel, media, consumer goods and infrastructure. She is currently a non-executive Director and Chairman of the Audit Committee of Pacific Horizon Investment Trust plc, and a non-executive Director and Chairman of the Audit Committee of Seraphim Space Investment Trust plc. She is also a non-executive Director of the Central and Eastern European law firm Kinstellar. She is a Fellow of the Institute of Chartered Accountants in England and Wales.

Attendance record:
Board: n/a[2]
Audit Committee: n/a[2]
Nomination and Remuneration Committee: n/a[2]
Management Engagement Committee: n/a[2]

[2] Louise Nash and Angela Lane were appointed on 17 April 2026, therefore were not on the Board at the time of these meetings.

None of the Directors has a service contract with the Company. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Strategic Report

The Directors present the Strategic Report of the Company for the year ended 28 February 2026. The aim of the Strategic Report is to provide shareholders with the information to assess how the Directors have performed their duty to promote the success of the Company for the collective benefit of shareholders.

The Chairman's Statement together with the Investment Manager's Report and the Directors' Statement setting out how they promote the success of the Company on pages 44 to 51 form part of the Strategic Report. The Strategic Report was approved by the Board at its meeting on 15 May 2026.

Principal activities

The Company is a public company limited by shares and carries on business as an investment trust and its principal activity is portfolio investment. Investment trusts, like unit trusts and OEICs, are pooled investment vehicles which allow exposure to a diversified range of assets through a single investment, thus spreading, although not eliminating investment risk. The closed-ended capital structure of an investment trust permits the company to invest in stocks with less liquidity and to gear its investments within a risk framework governed by the Board.

Investment objective

The Company's prime objective is to seek to achieve long-term capital growth for shareholders through investment mainly in smaller UK quoted companies.

No material change will be made to the Company's investment objective without shareholder approval.

To achieve its investment objective the Company invests predominantly in UK smaller companies with securities admitted to trading on the Main Market of the London Stock Exchange or on AIM (including securities which are listed overseas but which have a secondary UK quotation). Although investments are primarily in companies with securities admitted to trading on recognised stock exchanges or on AIM, the Investment Manager may also invest in less liquid unquoted securities with the prior approval of the Board. The Manager may also invest in global listed small-cap companies, provided that no more than 15% of the portfolio by value at the time of investment may be held in companies which are listed overseas and do not have a primary and secondary UK listing. The Manager has adopted a consistent investment process, focusing on good quality growth companies; stock selection is the primary focus, but consideration is also given to sector weightings and underlying themes.

Whilst there are no set limits on individual sector exposures against the Company's benchmark, a schedule of sector weightings is presented at each Board meeting for review. In applying the investment objective, the Investment Manager expects the Company to be substantially fully invested and to borrow as and when appropriate.

The Company seeks to achieve an appropriate spread of investment risk by investing in a number of holdings across a range of sectors. The Company may not hold more than 10% of the share capital of any company in which it has an investment. No single portfolio holding (excluding holdings in cash fund investments held for cash management purposes) will, on the date such holding is acquired by the Company, exceed 5% of the Company's net asset value. The Company may hold shares in other listed investment companies (including investment trusts), however the Board has agreed that the Company will not invest more than 15% of its total assets in other UK listed investment companies. The Investment Manager will not deal in derivatives without prior approval of the Board.

Benchmark

Performance is measured against an appropriate benchmark, the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index.

Gearing policy

It is intended that net gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets.

Business model

The Company's business model follows that of an externally managed investment trust. Therefore, the Company does not have any employees and outsources its activities to third-party service providers including the Manager, who is the principal service provider. The management of the investment portfolio and the administration of the Company have been contractually delegated to the Manager who in turn (with the permission of the Company) has delegated certain investment management and other ancillary services to the Investment Manager. The Manager, operating under guidelines determined by the Board, has direct responsibility for the decisions relating to the day-to-day running of the Company and is accountable to the Board for the investment, financial and operating performance of the Company. The Company delegates fund accounting services to

BlackRock Investment Management (UK) Limited (BIM (UK)), which in turn sub-delegates these services to The Bank of New York Mellon (International) Limited (BNY).

Other service providers include the Depositary (also BNY) and the Registrar, Computershare Investor Services PLC. The Depositary has sub-delegated the provision of custody services to the Asset Servicing division of BNY. Details of the contractual terms with the Manager and the Depositary and more details of the sub-delegation arrangements in place governing custody services are set out in the Directors' Report.

Investment philosophy

The Investment Manager seeks to identify companies which it believes have superior long-term growth prospects and the management in place to take advantage of these prospects. This is done through internal investment research, company visits and the careful monitoring of market newsflow and external broker analysis. Initially, if the Investment Manager is sufficiently impressed with a company's prospects, it will look to take a small position, usually 0.25% to 0.50% of the Company's net assets, in a new holding. These holdings will be closely monitored, and members of the portfolio management team will meet with management on a regular basis. If these companies continue to prosper and make the most of opportunities, the Investment Manager will gradually add to the portfolio holding. Where initial expectations are disappointing, the holding will be sold. The anticipation is that each holding will develop into a core holding over time; one that meets the Investment Manager's criteria for high quality growth companies.

Valuation is a key consideration; it is important not to overpay for new holdings. However, investment fundamentals are also important, and the Investment Manager may be prepared to pay what seems like a high price if it believes that long-term growth prospects are very strong. Generally, a company will be held within the portfolio if it meets the criteria for core holdings; in respect of recent investments, the Investment Manager will consider whether they have the potential to meet these criteria. Holdings will be sold if there are concerns that the investment case has changed in a negative way. Holdings will be reduced where the position size becomes too large and raises concerns about risk and diversification. The general aim is for portfolio holdings not to exceed 3% of the Company's net assets (excluding cash fund investments held for cash management purposes). As the investments within the portfolio become larger over time, the Portfolio Manager will continue to assess growth prospects in comparison to smaller businesses operating within similar markets. In accordance with the guidelines, the Portfolio Manager will sell any stock that enters the FTSE 100 Index within 180 days of entry.

The Investment Manager believes that consistent outperformance can be achieved by employing a combination of bottom-up and top-down analysis, based upon strong fundamental research as outlined above.

In building a robust portfolio the Investment Manager will also consider the macro-economic background, working with strategists, economists and other teams internally and externally to understand the broad environment. It also works closely with BlackRock's risk team to assess the risks in the structure of the portfolio. Any necessary adjustments will be made to the portfolio to ensure that it is structured in an appropriate way from a macro and risk point of view.

Portfolio analysis

A detailed analysis of the portfolio has been provided on pages 27 and 28.

Performance

Details of the Company's performance including the dividend are set out in the Chairman's Statement on pages 5 to 11. The Chairman's Statement and the Investment Manager's Report form part of this Strategic Report and includes a review of the main developments during the year, together with information on investment activity within the Company's portfolio.

Results and dividends

The results for the Company are set out in the Income Statement in the Financial Statements. The total net profit for the year, after taxation, was £60,205,000 (2025: loss of £4,268,000) of which the revenue return amounted to a profit of £18,172,000 (2025: £19,918,000) and the capital profit amounted to £42,033,000 (2025: loss of £24,186,000).

The Company's revenue return amounted to 43.77p per share (2025: 42.53p). The Directors have declared a second interim dividend of 28.50p per share as set out in the Chairman's Statement.

Future prospects

The Board's main focus is to achieve long-term capital growth. The future performance of the Company is dependent upon the success of the investment strategy and, to a large extent, on the performance of financial markets. The outlook for the Company in the next twelve months is discussed in the Chairman's Statement on page 11 and the Investment Manager's Report on page 16.

Strategic Report
continued

Social, community and human rights issues
As an investment trust, the Company has no direct social or community responsibilities or impact on the environment, and the Company has not adopted an ESG investment strategy or exclusionary screens. However, the Directors believe that it is in shareholders' interests to consider human rights issues, environmental, social and governance matters when selecting and retaining investments. Details of the Board's approach to ESG and socially responsible investment is set out on page 50. Details of the Manager's approach to ESG integration are set out on page 51.

Modern Slavery Act
As an investment vehicle the Company does not provide goods or services in the normal course of business and does not have customers. Accordingly, the Directors consider that the Company is not required to make any slavery or human trafficking statement under the Modern Slavery Act 2015. In any event, the Board considers the Company's supply chain, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

Directors, gender representation and employees
The Directors of the Company on 28 February 2026 are set out in the Directors' biographies on pages 33 to 35. With effect from 16 April 2026, with the completion of the combination with THRG, the Board consists of 3 male Directors and 4 female Directors. The Company does not have any executive employees.

Key performance indicators
At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company over time, and which are comparable to those reported by other investment trusts are set out below. As indicated in footnote 2 to the table, some of these KPIs fall within the definition of 'Alternative Performance Measures' (APMs) under guidance issued by the European Securities and Markets Authority (ESMA) and additional information explaining how these are calculated is set out in the Glossary on pages 124 to 128.

Key Performance Indicators	Year ended 28 February 2026	Year ended 28 February 2025
% change NAV per share (debt at par value)[1,2]	11.5%	-0.6%
% change NAV per share (debt at fair value)[1,2]	11.2%	0.0%
% change share price total return[1,2]	14.2%	-1.4%
% change Benchmark return[1]	21.5%	6.2%
Average discount to NAV with debt at fair value[2]	12.3%	11.0%
Revenue return per share	43.77p	42.53p
Ongoing charges ratio[2,3]	0.8%	0.8%
Retail ownership	61.7%	69.8%

1 Total return basis with dividends reinvested.
2 Alternative Performance Measure, see Glossary on pages 124 to 128.
3 Calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items in accordance with AIC guidelines.
Sources: BlackRock and LSEG Datastream.

Additionally, the Board regularly reviews many indices and ratios to understand the impact on the Company's relative performance of the various components such as asset allocation and stock selection. The Board also reviews the performance and ongoing charges of the Company against a peer group of UK smaller companies trusts and open-ended funds.

Principal risks
The Company is exposed to a variety of risks and uncertainties. As required by the UK Code, the Board has in place a robust ongoing process to identify, assess and monitor the principal risks and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A core element of this process is the Company's risk register which identifies the risks facing the Company and assesses the likelihood and potential impact of each risk and the quality of the controls operating to mitigate it. A residual risk rating is then calculated for each risk based on the outcome of the assessment.

The risk register, its method of preparation and the operation of key controls in BlackRock's and third-party service providers' systems of internal control are reviewed on a regular basis by the Audit Committee. In order to gain a more comprehensive understanding of BlackRock's and other third-party service providers' risk management processes and how these apply to the Company's business, BlackRock's internal audit department provides an annual presentation to the Audit Committee Chairman setting out the results of testing performed in relation to BlackRock's internal control processes. The Audit Committee also periodically receives presentations from BlackRock's Risk and Quantitative Analysis team and reviews Service Organisation Control (SOC 1) reports from the Company's service providers. The current risk register categorises the Company's main areas of risk as follows:

- Investment performance risk;
- Market risk;
- Income/dividend risk;
- Legal & compliance risk;
- Operational risk;
- Financial risk; and
- Marketing risk.

The Board has undertaken a robust assessment of both the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The risk that unforeseen or unprecedented events including (but not limited to) heightened geo-political tensions such as the war in Ukraine, high inflation and the current cost of living crisis has had a significant impact on global markets. The risks identified by the Board have been described in the table that follows, together with an explanation of how they are managed and mitigated. Emerging risks are considered by the Board as they come into view and are incorporated into the existing review of the Company's risk register. They were also considered as part of the annual evaluation process.

Additionally, the Manager considers emerging risks in numerous forums and the Risk and Quantitative Analysis team produces an annual risk survey. Any material risks of relevance to the Company identified through the annual risk survey will be communicated to the Board.

Emerging risks that have been considered by the Board over the year include the impact of climate change, escalating geo-political conflict and technological advances.

The key emerging risks identified are as follows:

Geo-political risk: Escalating geo-political tensions (including, but not limited to the potential for a prolonged global trade war over tariffs, tensions in the Middle East and the ongoing war in Ukraine, or deteriorating relations between China and the US/other countries) have a significant negative impact on global markets, with an increasing use of tariffs and domestic regulations making global trade more complex and driving economic fragmentation.

Artificial Intelligence ('AI'): Advances in computing power means that AI has become a powerful tool that will impact a huge range of areas and with a wide range of applications that have the potential to dislocate established business models and disrupt labour markets, creating uncertainty in corporate valuations. The significant energy required to power this technological revolution will create further pressure on environmental resources and carbon emissions.

The Board will continue to assess all identified risks on an ongoing basis. In relation to the UK Code, the Board is confident that the procedures that the Company has put in place are sufficient to ensure that the necessary monitoring of risks and controls has been carried out throughout the reporting period.

The principal risks and uncertainties faced by the Company during the financial year, together with the potential effects, controls and mitigating factors are set out in the following table.

Investment performance

Principal risk

The returns achieved are reliant primarily upon the performance of the portfolio.

The Board is responsible for:

Strategic Report
continued

- deciding the investment strategy to fulfil the Company's objective; and
- monitoring the performance of the Investment Manager and the implementation of the investment strategy.

An inappropriate investment strategy may lead to:

- poor performance compared to the Benchmark Index and the Company's peer group;
- a loss of capital; and
- dissatisfied shareholders.

The Board is also cognisant of the long-term risk to performance from inadequate attention to ESG issues, and in particular the impact of climate change. More detail in respect of these risks can be found in the AIFMD Fund Disclosures document available on the Company's website at www.blackrock.com/uk/individual/literature/policies/itc-disclosure-blackrock-smaller-companies-trust-plc.pdf.

Mitigation/Control
To manage this risk the Board:

- regularly reviews the Company's investment mandate and long-term strategy;
- has set investment restrictions and guidelines which the Investment Manager monitors and regularly reports on;
- receives from the Investment Manager a regular explanation of stock selection decisions, portfolio exposure, gearing and any changes in gearing and the rationale for the composition of the investment portfolio;
- monitors the maintenance of an adequate spread of investments in order to minimise the risks associated with factors specific to particular sectors, based on the diversification requirements inherent in the investment policy; and
- receives reports showing the Company's performance against the benchmark.

ESG analysis is integrated into the Manager's investment process, as set out on pages 50 to 51. This is monitored by the Board.

Market risk

Principal risk
Market risk arises from volatility in the prices of the Company's investments influenced by currency, interest rate or other price movements. It represents the potential loss the Company might suffer through holding market positions in financial instruments in the face of market movements.

Market risk includes the potential impact of events which are outside the Company's control, including (but not limited to) heightened geo-political tensions and military conflict, increased tariffs, a global pandemic and high inflation or stagflation (in particular through increased commodity price volatility driving inflation and impacting trade).

The impact of climate change and new legislation governing climate change and environmental issues have the potential to adversely impact markets and the valuation of companies within the portfolio.

There is the potential for the Company to suffer loss through holding investments in the face of negative market movements.

Mitigation/Control
The Board considers asset allocation, stock selection and levels of gearing on a regular basis and has set investment restrictions and guidelines which are monitored and reported on by the Investment Manager.

The Board monitors the implementation and results of the investment process with the Investment Manager.

The Board also recognises the benefits of a closed-end fund structure in extremely volatile markets such as those experienced during the Russia-Ukraine and Middle East conflicts as well as recent trade and tariff related disruptions. Unlike open-ended counterparts, closed-end funds are not obliged to sell down portfolio holdings at low valuations to meet liquidity requirements for redemptions. During times of elevated volatility and market stress, the ability of a closed-end fund structure to remain invested for the long term enables the portfolio manager to adhere to disciplined fundamental analysis from a bottom-up perspective and be ready to respond to dislocations in the market as opportunities present themselves.

The Manager takes into account climate risk within the investment process along with other ESG considerations as set out on page 50.

Income/dividend risk

Principal risk

The amount of dividends and future dividend growth will depend on the performance of the Company's underlying portfolio and may be impacted by events which are outside the Company's control, such as the Russia-Ukraine and Middle East conflicts. In addition, any change in the tax treatment of the dividends or interest received by the Company may reduce the level of dividends received by shareholders.

Mitigation/Control

The Board monitors this risk through the receipt of detailed income forecasts and considers the level of income at each Board meeting.

The Company has substantial revenue reserves which can be utilised and also has the ability to make distributions by way of dividends from capital reserves if required.

Legal & Compliance risk

Principal risk

The Company has been approved by HM Revenue & Customs as an investment trust, subject to continuing to meet the relevant eligibility conditions and operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010. As such, the Company is exempt from capital gains tax on the profits realised from the sale of its investments.

Any breach of the relevant eligibility conditions could lead to the Company losing investment trust status and being subject to corporation tax on capital gains realised within the Company's portfolio. In such event the investment returns of the Company may be adversely affected.

Any serious breach could result in the Company and/or the Directors being fined or the subject of criminal proceedings or the suspension of the Company's shares which would in turn lead to a breach of the Corporation Tax Act 2010.

Amongst other relevant laws and regulations, the Company is required to comply with the provisions of the Companies Act 2006, the Alternative Investment Fund Managers' Directive, the UK Listing Rules and Disclosure Guidance and Transparency Rules, the Sanctions and Anti-Money Laundering Act 2018 and the Market Abuse Regulation.

Mitigation/Control

The Investment Manager monitors investment movements and the amount of proposed dividends to ensure that the provisions of Chapter 4 of Part 24 of the Corporation Tax Act 2010 are not breached. The results are reported to the Board at each meeting.

Compliance with the accounting rules affecting investment trusts is also carefully and regularly monitored.

The Company Secretary and the Company's professional advisers provide regular reports to the Board in respect of compliance with all applicable rules and regulations.

The Company's Investment Manager, BlackRock, at all times complies with sanctions administered by the UK Office of Financial Sanctions Implementation, the United States Treasury's Office of Foreign Assets Control, the United Nations, European Union member states and any other applicable regimes. The Company does not invest in companies domiciled in Russia.

Operational risk

Principal risk

In common with most other investment trust companies, the Company has no employees. The Company therefore relies on the services provided by third parties. Accordingly, it is dependent on the control systems of the Manager, the Depositary and the Fund Accountant who maintain the Company's assets, dealing procedures and accounting records.

The security of the Company's assets, dealing procedures, accounting records and adherence to regulatory and legal requirements and the prevention of fraud depend on the effective operation of the systems of these other third-party service providers. There is a risk that a major disaster, such as floods, fire, a global pandemic, or terrorist activity, renders the Company's service providers unable to conduct business at normal operating capacity and effectiveness.

Strategic Report
continued

Failure by any service provider to carry out its obligations to the Company could have a material adverse effect on the Company's performance. Disruption to the accounting, payment systems or custody records could prevent the accurate reporting and monitoring of the Company's financial position.

Inadequate succession planning arrangements, particularly of the Manager, could disrupt the level of service provided.

Mitigation/Control
Due diligence is undertaken before contracts are entered into with third-party service providers. Thereafter, the performance of the provider is subject to regular review and reported to the Board.

The Board reviews on a regular basis an assessment of the fraud risks that the Company could potentially be exposed to, and also a summary of the controls put in place by the Manager, the Depositary, the Custodian, the Fund Accountant and the Registrar designed specifically to mitigate these risks.

Most third-party service providers produce Service Organisation Control (SOC 1) reports to provide assurance regarding the effective operation of internal controls as reported on by their reporting accountants. These reports are provided to the Audit Committee.

The Company's financial instruments held in custody are subject to a strict liability regime and in the event of a loss of such financial instruments held in custody, the Depositary must return assets of an identical type or the corresponding amount, unless able to demonstrate the loss was a result of an event beyond its reasonable control.

The Board reviews the overall performance of the Manager, Investment Manager and all other third-party service providers and compliance with the Investment Management Agreement on a regular basis.

The Board also considers the business continuity arrangements of the Company's key service providers on an ongoing basis and reviews these as part of their review of the Company's risk register. The Board considers the Manager's succession plans in so far as they affect the services provided to the Company.

Financial risk

Principal risk
The Company's investment activities expose it to a variety of financial risks that include interest rate, credit and liquidity risk.

Mitigation/Control
Details of these risks are disclosed in note 17 to the financial statements, together with a summary of the policies for managing these risks.

Marketing risk

Principal risk
Marketing efforts are inadequate, do not comply with relevant regulatory requirements, and fail to communicate adequately with shareholders or reach out to potential new shareholders resulting in reduced demand for the Company's shares and a widening discount.

Mitigation/Control
The Board focuses significant time on communications with shareholders and reviewing marketing strategy and initiatives. All investment trust marketing documents are subject to appropriate review and authorisation.

Viability statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the prospects of the Company over a longer period than the 12 months referred to by the 'Going Concern' guidelines.

The Board is cognisant of the uncertainty surrounding the potential duration of the conflicts in Russia-Ukraine and the Middle East, their impact on the global economy and the prospects for some of the Company's portfolio holdings. The Board is also cognisant of the disruptive impact on world trade as a result of US tariff initiatives and the effect these might have on the Company's portfolio. Notwithstanding these crises, and given the factors stated below, the Board expects the Company to continue for the foreseeable future and has therefore conducted this review for the period up to the AGM in 2031 being a five-year period from the date that this Annual Report will be approved by shareholders. This assessment term has been chosen as it represents a medium-term performance period over which investors in the smaller companies' sector generally refer to when making investment decisions.

In making this assessment the Board has considered the following factors:

- The Company's principal risks as set out on pages 38 to 42;
- The risk that the challenging geo-political backdrop, rising inflation and a sustained high interest rate environment will impact on the ability of portfolio companies to pay dividends, and consequently impact the Company's portfolio yield and ability to pay dividends;
- The ongoing relevance of the Company's investment objective in the current environment; and
- The level of demand for the Company's ordinary shares.

The Board has also considered a number of financial metrics and other factors, including:

- The Board has reviewed portfolio liquidity as at 28 February 2026;
- The Board has reviewed the Company's revenue and expense forecasts in light of the current economic back drop both in the UK and globally and the anticipated impact on dividend income and market valuations. The Board is confident that the Company's business model remains viable and that the Company has sufficient resources to meet all liabilities as they fall due for the period under review;
- The Board has reviewed the Company's borrowing and debt facilities and considers that the Company continues to meet its financial covenants in respect of these facilities and has a wide margin before any relevant thresholds are reached;
- The Board keeps the Company's principal risks and uncertainties as set out above under review, and is confident that the Company has appropriate controls and processes in place to manage these and to maintain its operating model, even given the global economic challenges posed by the impact of climate change on portfolio companies and the current climate of heightened geo-political risk (notably the invasion of Ukraine and the conflict in the Middle East);
- The operational resilience of the Company and its key service providers (the Manager, Depositary, Custodian, Fund Administrator, Registrar and Broker) and their ability to continue to provide a good level of service for the foreseeable future;
- The level of current and historic ongoing charges incurred by the Company;
- The discount to NAV;
- The level of income generated by the Company; and
- Future income forecasts.

The Company is an investment company with a relatively liquid portfolio. As at 28 February 2026, the Company held one illiquid unquoted investment and 79.9% of the Company's portfolio investments were readily realisable and listed on the London Stock Exchange. The remaining 20.1% that were listed on the Alternative Investment Market are also considered to be readily realisable. The Company has largely fixed overheads which comprise a very small percentage of net assets. Therefore, the Board has concluded that the Company would comfortably be able to meet its ongoing operating costs as they fall due.

Based on the results of their analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment.

Strategic Report
continued

Section 172 Statement: promoting the success of the Company

The Companies (Miscellaneous Reporting) Regulations 2018 require directors to explain in greater detail how they have discharged their duties under Section 172(1) of the Companies Act 2006 in promoting the success of their companies for the benefit of members as a whole. This enhanced disclosure is required under the Companies Act 2006 and the AIC Code of Corporate Governance and covers how the Board has engaged with and understands the views of stakeholders and how stakeholders' needs have been taken into account, the outcome of this engagement and the impact that it has had on the Board's decisions.

As the Company is an externally managed investment company and does not have any employees or customers, the Board considers the main stakeholders in the Company to be the shareholders, key service providers (being the Manager and Investment Manager, the Custodian, Depositary, Registrar and Broker) and investee companies. The reasons for this determination, and the Board's overarching approach to engagement, are set out in the table below.

Stakeholders

Shareholders

Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy. The Board is focused on fostering good working relationships with shareholders and on understanding the views of shareholders in order to incorporate them into the Board's strategy and objectives in delivering long-term growth and income. The Board makes a regular effort to discuss ongoing Company developments with shareholders.

Manager and Investment Manager

The Board's main working relationship is with the Manager, who is responsible for the Company's portfolio management (including asset allocation, stock and sector selection) and risk management, as well as ancillary functions such as administration, secretarial, accounting and marketing services. The Manager has sub-delegated portfolio management to the Investment Manager. Successful management of shareholders' assets by the Investment Manager is critical for the Company to successfully deliver its investment strategy and meet its objective. The Company is also reliant on the Manager as AIFM to provide support in meeting relevant regulatory obligations under the AIFMD and other relevant legislation.

Other key service providers

In order for the Company to function as an investment trust with a listing on the premium segment of the official list of the FCA and trade on the London Stock Exchange's (LSE) main market for listed securities, the Board relies on a diverse range of advisors for support in meeting relevant obligations and safeguarding the Company's assets. For this reason, the Board considers the Company's Custodian, Depositary, Registrar and Broker to be stakeholders. The Board maintains regular contact with its key external service providers and receives regular reporting from them through the Board and committee meetings, as well as outside of the regular meeting cycle.

Investee companies

Portfolio holdings are ultimately shareholders' assets, and the Board recognises the importance of good stewardship and communication with investee companies in meeting the Company's investment objective and strategy. The Board monitors the Manager's stewardship activities and receives regular feedback from the Manager in respect of meetings with the management of portfolio companies.

Management of share rating

Issue

The Board recognises that it is in the long-term interests of shareholders that shares do not trade at a significant discount or premium to their prevailing net asset value. Therefore, where deemed to be in shareholders' long-term interests, it may exercise its powers to issue shares or buy back shares with the objective of ensuring that an excessive premium or discount does not arise.

Engagement

The Board monitors the Company's share rating on an ongoing basis and receives regular updates from the Company's Broker and Manager regarding the level of discount and the drivers behind this. The Manager provides regular performance updates and detailed performance attribution.

The Board believes that the best way of maintaining the share rating at an optimal level over the long term is to create demand for the shares in the secondary market. To this end the Investment Manager is devoting considerable effort to broadening the awareness of the Company, particularly to wealth managers and to the wider retail shareholder market. The Company contributes to a focused investment trust sales and marketing initiative operated by BlackRock on behalf of the investment trusts under its management.

In addition to this, during the year, the Board engaged regularly with the Investment Manager and welcomed the increased level of marketing support provided to promote BlackRock Investment Trusts in the UK market. The Board was pleased to see additional marketing resources committed to the development of a new advertising campaign designed to raise awareness of the BlackRock Investment Trust range.

Alongside this, the Board initiated a broader review which included examining the retail consumer landscape, expanding retail investor target audience and widening the marketing channels options – including PR – to reach them more effectively. Building on this foundation, the Board engaged an independent marketing agency to sharpen the Company's positioning, messaging, tone and communication plan. This work is being incorporated into the ongoing marketing activity for the Company, and the Board believes it will help strengthen engagement and resonate more effectively with existing and prospective investors.

The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company to improve liquidity in the Company's shares and to sustain the stock market rating of the Company.

The Board is also cognisant of the need to ensure that the Company's mandate and structure remains relevant in the current market environment to attract demand. In the year under review it spent a significant amount of time reviewing strategic options for the Company, agreeing heads of terms for a Scheme of Combination with THRG ('the Scheme') and drafting the requisite documentation to give shareholders the option to vote on the creation of a larger combined vehicle that would offer a number of important benefit for investors, including increased scale, lower operating charges, lower management fees, and offered a substantial cash exit to allow investors to realise up to 28% of the Company's issued share capital for cash. In addition, the transaction offered a co-manager structure that brought together Roland Arnold and Dan Whitestone, two well regarded managers in BlackRock's emerging companies team with a strong long-term track record.

The Board recognises the importance of income to its shareholders and, following discussions with its advisers, concluded that an increased frequency of dividend payments would be welcomed by shareholders. The Board also notes the importance of the Company's dividend approach being attractive to new investors, which will help to support demand for its shares and to narrow the discount. With effect from 1 March 2026, the Company moved to making quarterly dividend payments in place of the previous bi-annual dividend payments. These will be made as three dividend payments in September, December and March each year equal to a quarter of the previous year's total dividend, with the Board declaring a final dividend for the full year (payable in June) reflecting the final amount required to ensure an appropriate level of full year dividend.

In addition to focusing on driving increased demand through the initiatives above, the Board was also active in buying back the Company's shares over the period under review. For the year ended 28 February 2026, the Company has repurchased 3,992,000 ordinary shares into treasury at a total cost of £52,107,000 and at an average discount of 12.4%.

Since the year end and as at the date of this report, the Company has repurchased 45,000 shares for costs of £585,000 at an average discount of 13.3%.

Impact

Shareholders approved the Combination proposals by an overwhelming majority at the General Meeting held on 30 March 2026.

The tender offer for 28% of issued share capital was oversubscribed, with holders of 47.5% of the Company's share capital electing to take cash.

The combination of the Company with THRG took effect on the 16 April 2026, pursuant to which the Company acquired net assets of approximately £303.2 million from THRG in consideration for the issue of 20,892,579 new ordinary shares to THRG shareholders in accordance with the Scheme. These new ordinary shares were admitted to trading on the main market for listed securities of the London Stock Exchange with effect from 17 April 2026.

Over the last five years, the Company's discount has widened steadily, from an average discount of 5.5% for the year to 28 February 2021 to 12.3% for the year ended 28 February 2026.

Strategic Report
continued

As at 12 May 2026 the Company's shares were trading at a discount of 12.4% to the cum income NAV (with debt at fair value). This compares to an average discount for the Company's sector of 11.6% (based on the Association of Investment Companies sector average for the UK Smaller Companies peer group).

Over the last twelve years, the number of shares held by retail shareholders has increased from 46.2% (as at 28 February 2014) to 61.7% at 28 February 2026.

Investment mandate and objective

Issue
The Board is committed to promoting the role and success of the Company in delivering on its investment mandate to shareholders over the long term. The Board also has responsibility to shareholders to ensure that the Company's portfolio of assets is invested in line with the stated investment objective and in a way that ensures an appropriate balance between spread of risk and portfolio returns.

Engagement
The Board works closely with the Investment Manager throughout the year in further developing our investment strategy and underlying policies, not simply for the purpose of achieving the Company's investment objective but in the interests of shareholders and future investors.

A significant amount of time was expended this year reviewing strategic options for the Company, agreeing heads of terms for a Scheme of Combination with THRG ('the Scheme') and drafting the requisite documentation. As part of this process, the Board proposed changes to the Company's investment policy which were set out in a Circular to shareholders dated 20 February 2026. Conditional on shareholder approval for the Scheme, the Board proposed to give the investment manager additional latitude to invest in small cap stocks outside of the Benchmark index and to invest up to 15% of the Company's gross assets, at the time of acquisition, in global small cap stocks which are listed overseas and which do not have a primary or secondary UK listing. The Board believes that this provides the Manager with additional flexibility to diversify risk and generate alpha from a wider investment universe in times when the UK small cap market is particularly challenged and under stress.

Impact
Shareholders approved the changes to the Company's investment policy at the General Meeting held on 30 March 2026, and these were implemented on completion of the Scheme on 16 April 2026.

Additional information on the portfolio activities undertaken by the Investment Manager can be found in the Investment Manager's Report on pages 13 to 16.

Details regarding the Company's NAV and share price performance can be found in the Chairman's Statement on pages 6 and 7 and in the Strategic Report on page 37.

Responsible investing

Issue
More than ever, good governance and consideration of sustainable investment is a key factor in making investment decisions. Climate change is becoming a defining factor in companies' long-term prospects across the investment spectrum, with significant and lasting implications for economic growth and prosperity.

Engagement
The Board believes that responsible investment and sustainability are important to the longer-term delivery of the Company's success. The Board works closely with the Investment Manager to regularly review the Company's performance, investment strategy and underlying policies to ensure that the Company's investment objective continues to be met in an effective and responsible way in the interests of shareholders and future investors.

The Investment Manager's approach to the consideration of Environmental, Social and Governance (ESG) factors in respect of the Company's portfolio, as well as the Investment Manager's engagement with investee companies, are kept under review by the Board. The Investment Manager reports to the Board in respect of how consideration of material ESG risks and opportunities is integrated into the investment process; a summary of BlackRock's approach to ESG integration is set out on pages 50 to 51. The Investment Manager's engagement and voting policy is detailed on pages 50 to 51 and page 54 and on the BlackRock website.

Impact

The Board and the Investment Manager believe there is a positive correlation between ESG practices and investment performance. Details of the Company's performance in the year are given in the Chairman's Statement on pages 6 and 7 and the Performance Record on page 4.

The Company does not meet the criteria for Article 8 or 9 products under the EU Sustainable Finance Disclosure Regulation (SFDR) and the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The Investment Manager has access to a range of data sources, including principal adverse indicator (PAI) data, when making decisions on the selection of investments. However, whilst BlackRock considers ESG risks for all portfolios and these risks may coincide with environmental or social themes associated with the PAIs, unless stated otherwise in the AIFMD Disclosure Document, the Company does not commit to considering PAIs in driving the selection of its investments.

Gearing and sources of finance

Issue

The Board believes that it is important for the Company to have an appropriate range of borrowings and facilities in place to provide a balance between longer-term and short-term maturities and between fixed and floating rates of interest.

Engagement

Gearing levels and sources of funding are reviewed regularly by the Board with a view to ensuring that the Company has a suitable mix of financing at competitive market rates.

As at 28 February 2026, the Company had the following borrowing facilities in place: long-term fixed rate funding in the form of a £25 million senior unsecured fixed rate private placement note issued in May 2017 at a coupon of 2.74% with a 20 year maturity, a £20 million senior unsecured fixed rate private placement note issued in December 2019 at a coupon of 2.41% with a 25 year maturity and a £25 million senior unsecured fixed rate private placement note issued in September 2021 at a coupon of 2.47% with a 25 year maturity. Shorter-term variable rate funding consisted of an uncommitted overdraft facility of £60 million with The Bank of New York Mellon (International) Limited (BNY) with interest charged at SONIA plus 100 basis points (bps).

It is the Board's intention that gearing will not exceed 15% of the net assets of the Company at the time of the drawdown of the relevant borrowings. Under normal operating conditions it is envisaged that gearing will be within a range of 0%-15% of net assets.

Impact

The Board has been proactive over the last few years in putting in place structural fixed gearing with the issue of £70 million of private placement notes issued between May 2017 and September 2021 to lock in fixed rate, long dated, Sterling denominated financing at a highly competitive pricing level. The Board also has in place a bank overdraft with BNY at a competitive interest rate (SONIA plus 100 bps) and a lower non-utilisation fee (4 bps).

For the year to 28 February 2026, it is estimated that gearing contributed 0.3% to the NAV per share performance.

At the year end, the Company's gearing was 5.7% of net assets.

Service levels of third-party providers

Issue

The Board acknowledges the importance of ensuring that the Company's principal suppliers are providing a suitable level of service at a competitive price: including the Manager in respect of investment performance and delivering on the Company's investment mandate; the Custodian and Depositary in respect of their duties towards safeguarding the Company's assets; the Registrar in its maintenance of the Company's share register and dealing with investor queries and the Company's Broker in respect of the provision of advice and acting as a market maker for the Company's shares.

Strategic Report
continued

Engagement
The Manager reports to the Board on the Company's performance on a regular basis. The Board carries out a robust annual evaluation of the Manager's performance, their commitment and available resources. The Board performs an annual review of the service levels of all third-party service providers and concludes on their suitability to continue in their role. The Board receives regular updates from the AIFM, Depositary, Registrar and Broker on an ongoing basis. The Board works closely with the Manager to gain comfort that relevant business continuity plans are in place and are operating effectively for all of the Company's service providers.

As part of the ongoing review and oversight of service provider costs, and subject to the approval of the Scheme of Combination with THRG, the Board negotiated a revised management fee equal to: (i) 0.5% per annum on the first £500 million of the Company's NAV; (ii) 0.475% per annum on the Company's NAV between £500 million and £750 million; and (iii) 0.45% per annum on the Company's NAV in excess of £750 million. As well as a lower rate, the new fee is applied to net assets (previously the fee was applied to total assets less current liabilities). As the Company has £70 million of fixed debt, the change in the basis of the fee represented a significant reduction.

Impact
All performance evaluations were performed on a timely basis and the Board concluded that all third-party service providers, including the Manager were operating effectively and providing a good level of service. The Board has received updates in respect of business continuity planning from the Company's Manager, Custodian, Depositary, Fund Administrator, Broker, Registrar and printers, and is confident that the arrangements in place are appropriate.

The revised management fee was implemented with effect from 16 April 2026, and has resulted in a significantly reduced projected operating charges ratio of c.0.63%, the lowest in the AIC UK Small Cap sector for a trust without a performance fee, which the Board believes represents excellent value for investors.

In addition to the revised fee, the Board negotiated a six month fee waiver as a contribution from BlackRock to the costs of the Scheme transaction.

Board composition

Issue
The Board is committed to ensuring that its own composition brings an appropriate balance of knowledge, experience and skills, and that it is compliant with best corporate governance practice under the UK Code, including guidance on tenure and the composition of the Board's committees.

Engagement
The Board engaged an external firm (Linstock) to carry out an independent external evaluation of the Board in 2025.

All Directors are subject to a formal evaluation process on an annual basis and it was concluded that the Board, its Committees and the Chairman were all performing in an effective manner. More details are given on page 55.

All Directors stand for re-election/election by shareholders annually.

Shareholders may attend the AGM and raise any queries in respect of Board composition or individual Directors in person or may contact the Company Secretary or the Chairman using the details provided on page 119 with any issues.

The Board has implemented a policy of limiting directors' tenure to nine years. Subject to the constraints of effective succession planning, it is the Board's aim that no Director will serve on the Board for more than nine years (or twelve years in the case of the Chairman). The longer time limit for the Chairman's tenure is to allow for continuity of leadership in circumstances where a Chairman is appointed from the ranks of existing Board members after having already served on the Board for a period of time.

Impact
As at 15 May 2026, the Board had a 43:57 male to female gender ratio, in accordance with relevant regulation and best practice, and will continue to consider other diversity characteristics, such as age, ethnicity, gender, disability, educational or professional background when appraising Board composition.

The Parker Review in respect of board diversity and the recent changes to the FCA's Listing Rules set diversity targets and associated disclosure requirements for UK companies listed on the premium and standard segment of the London Stock Exchange. Listing Rule 9.8.6R (9) requires listed companies to include a statement in their annual reports and accounts in respect of certain targets on board diversity, or if those new targets have not been met to disclose the reasons for this. This new requirement applies to accounting periods commencing on or after 1 April 2022 and therefore the Company has reported against these diversity targets for the current year ending 28 February 2026.

Further information on the composition and diversity of the Board can be found in the Corporate Governance Statement on page 67.

At the start of the year under review, no Board Director had tenure in excess of nine years.

Details of each Director's contribution to the success and promotion of the Company are set out in the Directors' Report on pages 57 to 59 and details of Directors' biographies can be found on pages 33 to 35.

The Directors are not aware of any issues that have been raised directly by shareholders in respect of Board composition in the year under review. Details for the proxy voting results in favour and against individual Directors' re-election at the 2025 AGM are given on the Company's website at www.blackrock.com/uk/brsc.

On 5 May 2023, the Directors established a combined Nomination and Remuneration Committee to perform these duties on an ongoing basis. This combined Committee meets annually in February/March each year, or more frequently as required on an ad hoc basis.

Shareholders

Issue

Continued shareholder support and engagement are critical to the continued existence of the Company and the successful delivery of its long-term strategy.

Engagement

For the year under review, and as described above, the Board has been active in pursuing strategic opportunities to enhance the attractiveness of the Company to investors and deliver value to shareholders, resulting in the publication of the circular on 20 February 2026 proposing the Scheme of Combination with THRG. This process was driven in part by feedback from shareholders indicating a preference for increased scale and liquidity. As part of this process the Board engaged with shareholders representing a significant proportion of the Company's share register and obtained feedback which was incorporated into the proposals.

The Board is committed to maintaining open channels of communication and to engage with shareholders and welcomes and encourages attendance and participation from shareholders at its Annual General Meetings. If shareholders wish to raise issues or concerns with the Board outside of the AGM, they are welcome to do so at any time. The Chairman is available to meet directly with shareholders periodically to understand their views on governance and the Company's performance where they wish to do so. He may be contacted via the Company Secretary whose details are given on page 119.

The Annual Report and Half Yearly Financial Report are available on the Company's website and are also circulated to shareholders either in printed copy or via electronic communications. In addition, regular updates on performance, monthly factsheets, the daily NAV and other information are also published on the website at www.blackrock.com/uk/brsc.

The Board also works closely with the Manager to develop the Company's marketing strategy, with Ms Afe being actively involved in all aspects including utilising external marketing consultants where appropriate, with the aim of ensuring effective communication with shareholders in respect of the investment mandate and objective. Unlike trading companies, one-to-one shareholder meetings usually take the form of a meeting with the Portfolio Manager as opposed to members of the Board. As well as attending regular investor meetings, the portfolio managers hold regular discussions with wealth management desks and offices to build on the case for, and understanding of, long-term investment opportunities in the UK smaller companies' sector.

The Manager also coordinates public relations activity, including meetings between the portfolio managers and shareholders and potential investors to set out their vision for the portfolio strategy and outlook for the region and in the year under review, the Company held a number of webcasts and virtual conferences as well as meeting with investors by videoconference.

Strategic Report
continued

The Manager releases monthly portfolio updates to the market to ensure that investors are kept up to date in respect of performance and other portfolio developments and maintains a website on behalf of the Company that contains relevant information in respect of the Company's investment mandate and objective.

Impact
Shareholders approved the Scheme of Combination with THRG plc by an overwhelming majority at the General Meeting on 30 March 2026.

The Board signed an extension to its existing standstill agreement with Saba Capital to June 2030. Other than the change in date, the terms of this agreement remain unchanged. More detail can be found at the following link: https://www.londonstockexchange.com/news-article/BRSC/agreement-with-saba/16863463.

The Board values any feedback and questions from shareholders ahead of and during Annual General Meetings in order to gain an understanding of their views and will take action when and as appropriate. Feedback and questions will also help the Company evolve its reporting, aiming to make reports more transparent and understandable. Feedback from all substantive meetings between the Investment Manager and shareholders will be shared with the Board. The Directors will also receive updates from the Company's broker on any feedback from shareholders, as well as share trading activity, share price performance and an update from the Investment Manager.

The portfolio management team attended a number of professional investor meetings (mainly by videoconference) and held discussions with many different wealth management desks and offices in respect of the Company during the year under review. The portfolio manager also participated in a panel discussion at the Association of Investment Companies annual conference, focused on UK equities being undervalued by historical standards. In addition, the portfolio manager met with a number of investors throughout the year. Investors gave positive feedback in respect of the portfolio manager, the good long-term track record, clear investment strategy and low fee.

Some investors commented that they liked the fact that (in common with many closed-ended funds across the sector) the Company's discount had widened, making the shares excellent value. Investors expressed concerns over the outlook for UK consumers and the potential for economic data to deteriorate.

Environmental, Social and Governance Issues and Approach

The Board's approach
Environmental, social and governance (ESG) issues can present both opportunities and risks to long-term investment performance. Whilst the Company does not exclude investment in stocks purely on ESG criteria, material ESG analytics are integrated into the investment process when weighing up the risk and reward benefits of investment decisions and the Board believes that communication and engagement with portfolio companies is important and can lead to better outcomes for shareholders and the environment than merely excluding investment in certain areas.

More information on BlackRock's global approach to ESG integration, as well as activity specific to the BlackRock Smaller Companies Trust plc portfolio, is set out below. BlackRock has defined ESG integration as the practice of incorporating financially material E, S and/or G data and information and consideration of sustainability risks into investment decisions with the objective of enhancing risk-adjusted returns. ESG integration does not change the Company's investment objective. More information on sustainability risks may be found in the AIFMD Fund Disclosures document of the Company available on the Company's website at www.blackrock.com/uk/individual/literature/policies/itc-disclosure-blackrock-smaller-companies-trust-plc.pdf.

BlackRock's approach to material ESG integration
BlackRock's clients have a wide range of perspectives on a variety of issues and investment themes, including sustainable and low-carbon transition investing. Given the wide range of unique and varied investment objectives sought by our clients, BlackRock's investment teams have a range of approaches to considering financially material E, S, and/or G factors. As with other investment risks and opportunities, the financial materiality of E, S and/or G considerations may vary by issuer, sector, product, mandate, and time horizon. Depending on the investment approach, this financially material E, S and/or G data or information may help inform due diligence, portfolio or index construction, and/or monitoring processes of our portfolios, as well as our approach to risk management.

BlackRock's ESG integration framework is built upon our history as a firm founded on the principle of thorough and thoughtful risk management. Aladdin, our core risk management and investment technology platform, allows investors to leverage financially material E, S and/or G data or information as well as the combined experience of our investment teams to effectively identify investment opportunities and investment risks. Our heritage in risk management combined with the strength of the Aladdin platform enables BlackRock's approach to ESG integration.

BlackRock's ESG Integration Statement can be found at https://www.blackrock.com/corporate/literature/publication/blk-esg-investment-statement-web.pdf.

BlackRock's reporting and disclosures

In terms of its own reporting, BlackRock believes that the Sustainability Accounting Standards Board provides a clear set of standards for reporting sustainability information across a wide range of issues, from labour practices to data privacy to business ethics. For evaluating and reporting climate-related risks, as well as the related governance issues that are essential to managing them, the Task Force on Climate-related Financial Disclosures (TCFD) provides a valuable framework. BlackRock recognises that reporting to these standards requires significant time, analysis, and effort. BlackRock's 2025 TCFD report can be found at https://www.blackrock.com/corporate/literature/continuous-disclosure-and-important-information/climate-report-blkinc.pdf.

BlackRock Smaller Companies Trust plc – BlackRock Active Investment Stewardship's activity in the year ended 28 February 2026

Given the Board's belief in the importance of engagement and communication with portfolio companies, they receive regular updates from the Manager in respect of activity undertaken for the year under review. The Investment Manager voted at 99 general meetings on behalf of the Company in the year under review, on a total of 1,620 proposals. At these meetings, the Investment Manager voted in favour of most resolutions, as should be expected when investing in well-run companies, but voted against 44 management resolutions (representing 2.7% of total votes) and abstained from voting on one resolution. Most of the votes against were in respect of resolutions relating to the election or re-election of directors, changes to board structure and governance and directors' remuneration, which were deemed by the Investment Manager as not being in the best interests of shareholders.

BlackRock Active Investment Stewardship (BAIS)

Engagement with public companies is the foundation of our approach to stewardship[1]. Through direct dialogue with company leadership, the Investment Manager and BAIS seek to understand their businesses and how they manage risks and opportunities to deliver durable, risk-adjusted financial returns. Portfolio managers and stewardship specialists may engage jointly or independently on material corporate governance matters. The discussions focus on topics relevant to a company's success over time, including governance and leadership, corporate strategy, capital structure and financial performance, operations and material sustainability-related risks, as well as macro-economic, geopolitical and sector dynamics. The Investment Manager and BAIS aim to be constructive investors and are generally supportive of management teams that have a track record of financial value creation. The Investment Manager and BAIS aim to build and maintain strong relationships with company leadership based on open dialogue and mutual respect.

Investment stewardship policies

The BAIS Engagement and Voting Guidelines can be found at the following link: https://www.blackrock.com/corporate/literature/publication/blackrock-active-investment-stewardship-engagement-and-voting-guidelines.pdf.

The Guidelines outline for clients and companies factors BAIS consider when voting on matters that are commonly on shareholder meeting agendas. They are not prescriptive and are applied in the context of a company's operating environment and an active equity portfolio manager's investment strategy, anchored in our fiduciary duty to clients. BAIS undertakes the analysis related to the items on the agenda of the annual or special shareholder meeting and makes voting recommendations to the active portfolios managers with holdings. Active portfolio managers may override the BAIS recommendation if they determine that voting their holding differently is more aligned with the investment objectives of their fund.

For and on behalf of the Board

RONALD GOULD
Chairman
15 May 2026

[1] On 11 February 2025, the U.S. Securities and Exchange Commission (SEC) staff issued updated guidance for shareholders to maintain their eligibility to report their beneficial ownership under Schedule 13G of the Exchange Act. We comply fully with these requirements and do not engage with portfolio companies for the purpose, or with the effect, of changing or influencing control of the company.

Directors' Report

The Directors present the Annual Report and audited Financial Statements of the Company for the year ended 28 February 2026.

Status of the Company

The Company was incorporated in Scotland on 2 May 1906 under the registered number SC006176 and is domiciled in the United Kingdom. The Company is a public company limited by shares and is also an investment company under Section 833 of the Companies Act 2006 and operates as such.

The Company has been approved by HM Revenue & Customs as an investment trust in accordance with Sections 1158 and 1159 of the Corporation Tax Act 2010, subject to the Company continuing to meet eligibility conditions. The Directors are of the opinion that the Company has conducted its affairs in a manner which will satisfy the conditions for continued approval.

As an investment company that is managed and marketed in the United Kingdom, the Company is an Alternative Investment Fund (AIF) falling within the scope of, and subject to the requirements of, the Alternative Investment Fund Managers' Directive (AIFMD) as implemented, retained and onshored in the UK. The Company is governed by the provisions of the UK Alternative Investment Fund Managers' Regulations 2013 (the Regulations). The Company must also comply with the Regulations in respect of leverage, outsourcing, conflicts of interest, risk management, valuation, remuneration and capital requirements and must also make additional disclosures to both shareholders and the Financial Conduct Authority (FCA). Further details are set out in the AIFMD disclosures and in the Notes to the Financial Statements.

The Company's shares are eligible for inclusion in the stocks and shares component of an Individual Savings Account ('ISA').

Information to be disclosed in accordance with Listing Rule 6.6.1 (information to be included in annual report and financial statements)

Disclosures in respect of how the Company has complied with Listing Rule 6.6.1 are set out on page 122.

Facilitating retail investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by independent financial advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments and intends to continue to do so for the foreseeable future.

In the context of the implementation of RDR (Retail Distribution Review) and the growing popularity of investment trusts on platforms, it is worth noting that the Company's shares are designed for private investors in the UK, including retail investors and professionally advised private clients. It is also attractive to institutional investors who seek long-term capital growth and an attractive total return from quoted securities through investing in smaller UK quoted companies and who understand and are willing to accept the risks of exposure to equities. When assessing the suitability of the shares, private investors should consider consulting an independent financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Naturally, investors should also be capable of evaluating the risks and merits of an investment in the Company and should always have sufficient resources to bear any loss that may result.

The common reporting standard

Tax legislation under the Organisation for Economic Cooperation and Development (OECD) Common Reporting Standard for Automatic Exchange of Financial Account Information (the Common Reporting Standard) was introduced on 1 January 2016.

The legislation requires investment trust companies to provide personal information to HMRC about investors who purchase shares in investment trusts. The Company has to provide information annually to the local tax authority on the tax residencies of a number of non-UK based certificated shareholders, and corporate entities. The local tax authority to which the information is initially passed may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information.

All new shareholders, excluding those whose shares are held in CREST, entered onto the share register, will be sent a certification form for the purposes of collecting this information.

Shareholder Rights Directive II

The Shareholder Rights Directive II took effect from 10 July 2019 with some transitional provisions. It encourages long-term shareholder engagement and transparency between companies and shareholders. In substantive terms the changes were small for investment companies and the majority of requirements apply to the Company's remuneration policy and disclosure of processes, as well as related party transactions. There are also additional rules for Alternative Investment Fund Managers and proxy advisers.

Dividends

Details of the dividends paid and payable in respect of the year are set out in the Chairman's Statement.

Future prospects

Commentary on future prospects for the Company is set out in both the Chairman's Statement and the Investment Manager's Report.

Investment management and administration

BlackRock Fund Managers Limited (BFM, AIFM or Manager) was appointed as the Company's AIFM with effect from 2 July 2014.

BlackRock Investment Management (UK) Limited (BIM (UK) or Investment Manager) acts as the Company's Investment Manager under a delegation agreement with BFM. BIM (UK) also acted as the Secretary of the Company throughout the year.

The management contract is terminable by either party on six months' notice. The Board continues to be independent from the AIFM. The agreement provides the appropriate balance between the Board's control over the Company, its investment policies and compliance with regulatory obligations. The AIFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services, to the Investment Manager. The Investment Manager also acted as the Secretary of the Company throughout the year.

No penalty on termination of the investment management contract would be payable by the Company in the event that six months' written notice is given to the Manager. There are no provisions relating to payment of fees in lieu of notice.

The Company contributes to a focused investment trust sales and marketing initiative operated by BlackRock on behalf of the investment trusts under its management. The Company's contribution to the consortium element of the initiative, which enables the trusts to achieve efficiencies by combining certain sales and marketing activities was a fixed amount of £65,000 (excluding VAT) and this contribution was matched by the Investment Manager for the year ended 31 December 2025. In addition, a budget of £92,596 (excluding VAT) was allocated for Company specific sales and marketing activity also for the year to 31 December 2025. For the financial year ended 28 February 2026, £269,000 (including VAT) has been charged in respect of these initiatives. The purpose of the programme overall is to ensure effective communication with existing shareholders and to attract new shareholders to the Company. This has the benefit of improving liquidity in the Company's shares and helps sustain the stock market rating of the Company.

The Manager and the Investment Manager are subsidiaries of BlackRock, Inc., which is a publicly traded corporation on the New York Stock Exchange, operating as an independent firm.

Up to 16 April 2026, the AIFM received an investment management fee based on a rate of 0.6% of the first £750 million of the Company's assets, reducing to 0.5% above this level. The fee rate was applied to an asset amount calculated as total assets (excluding current year income) less the current liabilities of the Company (the "Fee Asset Amount"). With effect from 16 April 2026, the AIFM receives a revised management fee equal to: (i) 0.5% per annum on the first £500 million of the Company's Net Asset Value (NAV); (ii) 0.475% per annum on the Company's NAV between £500 million and £750 million; and (iii) 0.45% per annum on the Company's NAV in excess of £750 million.

In addition to the revised fee, BlackRock has agreed to waive the management fee for six months with effect from 16 April 2026 as a contribution to the costs of the Scheme transaction.

The investment management fee is allocated 75% to the capital column and 25% to the revenue column of the Income Statement. The Company has no performance fee arrangements in place.

Directors' Report

continued

Appointment of the manager

The Board considers the arrangements for the provision of investment management services to the Company on an ongoing basis and a formal review is conducted annually. The Board believes that the continuing appointment of the Manager as AIFM, with investment management services delegated to the Investment Manager, on the terms as previously disclosed, is in the interests of shareholders as a whole. As part of the annual review the Board considered the quality and continuity of the personnel assigned to handle the Company's affairs, the investment process and the results achieved to date. In the Board's view, the investment remit is best served by the BlackRock Emerging Companies Team, as manager of some of the best performing UK equity funds specialising in small- and mid-cap investments.

Depositary and custodian

The Company appointed BNY Mellon Trust & Depositary (UK) Limited (BNYTD) in this role with effect from 2 July 2014. However, with effect from 1 November 2017, the role of Depositary was transferred, by operation of a novation agreement, from BNYTD to its parent company, The Bank of New York Mellon (International) Limited (BNY or the Depositary). The Depositary's duties and responsibilities are outlined in the investment fund legislation (as set out in the FCA AIF Rulebook). The main role of the Depositary under AIFMD is to monitor the operations of the Company, including monitoring cash flows and ensuring that the value of the Company's shares is valued appropriately in accordance with the relevant regulations and guidance. The Depositary is also responsible for enquiring into the conduct of the AIFM in each annual accounting period. The Company has appointed the Depositary in a tripartite agreement, to which the Manager as AIFM is also a signatory. The Depositary is also liable for the loss of financial instruments held in custody.

Under the depositary agreement, custody services in respect of the Company's assets have been delegated to the Asset Servicing division of BNY. BNY receives a custody fee payable by the Company at rates depending on the number of trades effected and the location of securities held. The depositary agreement is subject to 90 days' notice of termination by any party.

Registrar

The Company has appointed Computershare Investor Services PLC as its Registrar (the Registrar). The principal duty of the Registrar is the maintenance of the register of shareholders (including registering transfers). It also provides services in relation to corporate actions (including tender offers and the exercise of subscription shares), dividend administration and shareholder documentation. The Registrar receives a fixed fee plus disbursements and VAT per annum. Fees in respect of corporate actions and other services are negotiated on an arising basis.

Change of control

There are no agreements to which the Company is party that might be affected by a change of control of the Company.

Exercise of voting rights in investee companies

The exercise of voting rights attached to the Company's portfolio has been delegated to the Investment Manager, whose voting policy is set out below. BlackRock's approach to voting at shareholder meetings, engagement with companies and corporate governance is framed within an investment context. In BlackRock's view sound corporate governance practices by companies contribute to their long-term financial performance and thus to better risk-adjusted returns.

BlackRock's proxy voting process for BlackRock Smaller Companies Trust plc is led by the BlackRock Active Investment Stewardship (BAIS) team.

For the year under review, the Investment Manager voted on 1,620 proposals at 99 general meetings on behalf of the Company. At these meetings the Investment Manager voted in favour of most resolutions, as should be expected when investing in well run companies, but voted against 44 management resolutions and abstained from voting on one resolution. Most of the votes against were in respect of resolutions relating to the election or re-election of directors, changes to board structure and governance and directors' remuneration, which were deemed by the Investment Manager as not being in the best interests of shareholders.

Principal risks

The key risks faced by the Company are set out in the Strategic Report.

Going concern

The Financial Statements of the Company have been prepared on a going concern basis. The forecast projections and actual performance are reviewed on a regular basis throughout the year and the Directors believe that this is the appropriate basis, and the Company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date these Financial Statements were approved, and is financially sound. The Company is able to meet all of its liabilities from its assets and the 2026 ongoing charges are approximately 0.8% (2025: 0.8%) of the net assets.

Directors

The Directors of the Company as at 28 February 2026 and their biographies are set out on pages 33 to 35. Details of Directors' interests in the ordinary shares of the Company are set out in the Directors' Remuneration Report. All of the Directors held office throughout the year under review.

All Directors will retire and being eligible, offer themselves for re-election or election at the forthcoming Annual General Meeting (AGM) to be held on 17 June 2026.

Board policy on tenure

The Board's policy on tenure is that length of service does not necessarily compromise the independence or contribution of directors of an investment trust company, where continuity and experience can add significantly to the strength of the Board.

However, mindful of the desirability of a combination of continuity and renewal, the Board has adopted a policy of limiting Directors' tenure to nine years. Subject to the constraints of effective succession planning, it is the Board's aim that no Director will serve on the Board for more than nine years (or twelve years in the case of the Chairman). The longer time limit for the Chairman's tenure is to allow for continuity of leadership in circumstances where a Chairman is appointed from the ranks of existing Board members after having already served on the Board for a period of time.

After due consideration and further to the annual evaluation process, the Board has concluded that all the Directors continue to be independent in both character and judgement and that there are no relationships or circumstances which are likely to affect the judgement of any Director. The Board has considered the position of the Directors, as part of the evaluation process, and believes that it would be in the Company's best interests for all the Directors to be proposed for re-election or election, given their material level of contribution. Details of the evaluation process are set out in the Corporate Governance Statement.

There were no contracts subsisting during or at the end of the year in which a Director of the Company is or was materially interested and which is or was significant in relation to the Company's business. None of the Directors is entitled to compensation for loss of office on the takeover of the Company. None of the Directors has a service contract with the Company. The Directors' attendance record is shown in the table on page 58.

Directors' indemnity and Directors' liability insurance

The Company has maintained appropriate Directors' Liability Insurance cover throughout the year. In addition to Directors' and Officers' Liability Insurance cover, the Company's Articles provide, subject to the provisions of applicable UK legislation, an indemnity for Directors in respect of costs incurred in the defence of any proceedings brought against them by third parties arising out of their positions as Directors, in which they are acquitted, or judgement is given in their favour. The Company has entered into Deeds of Indemnity with Directors individually which are available for inspection at the registered office of the Company and will be available at the Annual General Meeting.

Conflicts of interest

The Board has put in place a framework for Directors to report conflicts of interest or potential conflicts of interest which it believes has worked effectively during the year. All Directors notified the Company Secretary of any situations where they considered that they had a direct or indirect interest, or duty that conflicted or possibly conflicted, with the interests of the Company. All such situations were reviewed by the Board and duly authorised. Directors were also made aware that there remains a continuing obligation to notify the Company Secretary of any new situation that may arise, or any change to a situation previously notified. It is the Board's intention to continue to review all notified situations on an annual basis.

Streamlined Energy and Carbon Reporting (SECR) statement: greenhouse gas (GHG) emissions and energy consumption disclosure

As an externally managed investment company, the Company has no greenhouse gas emissions to report from its operations, nor does it have any responsibility for any other emissions producing sources under the Companies Act (Strategic Report and Directors' Reports) Regulations 2013. For the same reason the Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

Articles of association

Any amendments to the Company's Articles of Association must be made by special resolution.

Directors' Report
continued

Remuneration report
The Directors' Remuneration Report is set out on pages 60 to 63. An ordinary resolution to approve this report will be put to shareholders at the forthcoming Annual General Meeting.

Remuneration policy
The Remuneration policy is set out on pages 64 and 65. An ordinary resolution to approve this policy will be put to shareholders at the Annual General Meeting in 2026.

Notifiable interest in the Company's voting rights
As at 28 February 2026, the following investors had declared a notifiable interest in the Company's voting rights:

	Holding	%
Rathbone Bros	6,364,071	15.9
Saba Capital Management	4,035,550	10.0
City of London	2,134,497	5.0
BlackRock, Inc.[1]	1,853,074	4.7

[1] Including 362,585 shares held by BlackRock Institutional Jersey Funds (The Dynamic Diversified Growth Fund) representing 0.9% of the Company's issued share capital. The remainder of BlackRock Inc.'s holding represents shareholdings of investment vehicles managed by members of the BlackRock Group and discretionary managed money, none of which exceeds 3% of the Company's issued share capital on an individual fund basis.

As at 12 May 2026, the following investors had declared a notifiable interest in the Company's voting rights:

	Holding	%
Rathbone Bros	7,774,776	12.8
Saba Capital Management	7,327,114	12.1
City of London	2,754,850	4.5
BlackRock, Inc.[1]	2,177,643	3.6

[1] Including 362,584 shares held by BlackRock Institutional Jersey Funds (The Dynamic Diversified Growth Fund) representing 0.6% of the Company's issued share capital. The remainder of BlackRock Inc.'s holding represents shareholdings of investment vehicles managed by members of the BlackRock Group and discretionary managed money, none of which exceeds 3% of the Company's issued share capital on an individual fund basis.

Share capital
Full details of the Company's share capital are given in note 15 of the Financial Statements. Details of the voting rights in the Company's shares as at the date of this report are given in note 17 to the Notice of Annual General Meeting. There are no restrictions on the voting rights of the shares or on the transfer of shares, and there are no shares that carry specific rights with regard to the control of the Company. At 28 February 2026, the Company's issued share capital was 39,812,792 ordinary shares, excluding 10,180,731 shares held in treasury.

Share issues and repurchases
The Company has the authority to purchase ordinary shares in the market to be held in treasury or for cancellation and to issue new ordinary shares for cash. 3,992,000 ordinary shares were repurchased into treasury for costs of £52,107,000 at an average discount of 12.4% during the year. Since the year end and as at the date of this report, the Company has repurchased 45,000 shares for costs of £585,000 at an average discount of 13.3%. No ordinary shares were issued under the authority during the year. The current authority to repurchase ordinary shares was granted to Directors on 19 June 2025 and expires at the conclusion of the Annual General Meeting in 2026. The Directors are proposing that their authority to buy back shares to be held in treasury, or for cancellation, and to issue new ordinary shares or sell shares from treasury, be renewed at the forthcoming Annual General Meeting.

Treasury shares
As described above, the Company is authorised to purchase its own ordinary shares which may be held in treasury and may be subsequently cancelled or sold for cash in the market. This would give the Company the ability to reissue shares quickly and cost effectively, thereby improving liquidity and providing the Company with additional flexibility in the management of its capital base. The Board currently intends only to authorise the sale of shares from treasury at or above the prevailing net asset

value per share (plus costs of the relevant sale). This should result in a positive overall effect on shareholders if shares are repurchased at a discount and then sold at a price at or above the net asset value per share (plus costs of the relevant sale). In the interests of all shareholders, the Board will continue to keep the matter of treasury shares under review.

Annual General Meeting

The following information to be discussed at the forthcoming Annual General Meeting is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your ordinary shares in the Company, you should pass this document, together with any other accompanying documents, including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Resolutions for the election and re-election of Directors

The biographies of the Directors are set out on pages 33 to 35 and are incorporated into this report by reference. The skills and experience each Director brings to the Board for the long-term sustainable success of the Company are set out below. All of the Directors held office throughout the year under review, apart from Louise Nash and Angela Lane who were appointed to the Board on the 17 April 2026, all of the Directors will stand for re-election/election by shareholders at the meeting in accordance with the requirements of the UK Code.

Resolution 5

Relates to the re-election of Mr Ronald Gould who was appointed on 1 April 2019. Mr Gould has current and detailed knowledge of the financial services industry and investment management and investment trusts. He brings leadership skills and much in-depth knowledge, expertise and experience of the sector to the Board, having served as Managing Director of the Promontory Financial Group and acted as Senior Adviser to the UK Financial Services Authority, as well as serving as a non-executive director on another investment trust board.

Resolution 6

Relates to the re-election of Mr Mark Little who was appointed on 1 October 2020. Mr Little has a wealth of experience in the financial services sector which he brings to his role on the Board, having begun his career as a fund manager with Scottish Widows Investment Management after qualifying as a chartered accountant with Price Waterhouse in 1991. He subsequently worked as Global Head of Automotive Research for Deutsche Bank and joined Barclays Wealth in 2005, where he became Managing Director of Barclays Wealth (Scotland and Northern Ireland). Mr Little also has audit committee experience, chairing the audit committees of Majedie Investments plc, Abrdn Equity Income Trust plc and Fidelity Emerging Markets Limited; he also previously acted as audit committee chairman of Sanditon Investment Trust plc and Securities Trust of Scotland plc.

Resolution 7

Relates to the re-election of Mr James Barnes who was appointed on 31 July 2021. Mr Barnes brings to the Board a wealth of experience, especially in the UK smaller companies' sector. He began his career in broking and investment banking. He became CEO of Dobbies Garden Centres following an MBO in 1994 and was instrumental in growing the business through floatation and leading to its sale to Tesco in 2007. He continued to lead Dobbies within the Tesco stable until 2013. He was also director of Dunedin Smaller Companies Investment Trust plc overseeing its merger with Abrdn UK Smaller Companies plc. He has held a number of non-executive roles with UK businesses and is currently Chair of the Horticultural Trades Association.

Resolution 8

Relates to the re-election of Ms Helen Sinclair who was appointed on 1 March 2022. Ms Sinclair began her career in investment banking and spent nearly eight years at 3i plc focusing on management buy-outs and growth capital investments. She later co-founded Matrix Private Equity (which became Mobeus Equity Partners) in early 2000 and subsequently became Managing Director of Matrix Private Equity before moving to take on a number of non-executive director roles.

Resolution 9

Relates to the re-election of Ms Dunke Afe who was appointed on 1 January 2024. Ms Dunke Afe is an accomplished global marketing executive with extensive experience in raising brand awareness, delivering high-impact portfolio strategies and omni-channel marketing campaigns to drive business growth. She has previously worked with top blue chip multinationals including Unilever, Kimberly-Clark and Estee Lauder. Ms Dunke Afe is also serving as a non-executive director (and chair of the nominations and remunerations committee) on another investment trust board.

Directors' Report
continued

Resolution 10
Relates to the election of Mrs Louise Nash who was appointed on 17 April 2026, as set out in the Combination of the Company and THRG Circular dated 20 February 2026. Mrs Nash was a UK Small and Mid-Cap fund manager, firstly at Cazenove Capital and latterly at M&G Investments which she left in 2015. She now works for family wine business Höpler and also acts as a consultant to JLC Investor Relations. Louise is a non-executive Director to Octopus AIM VCT plc and was previously a non-executive Director of Stockdale Securities.

Resolution 11
Relates to the election of Mrs Angela Lane who was appointed on 17 April 2026, as set out in the Combination of the Company and THRG Circular dated 20 February 2026. Mrs Lane previously spent 18 years working in private equity at 3i, becoming a partner in 3i's Growth Capital business managing the UK portfolio. Since 2007, Angela has held several non-executive and advisory roles for small and medium capitalised companies across a range of industries including business services, healthcare, travel, media, consumer goods and infrastructure. She is currently a non-executive Director and Chairman of the Audit Committee of Pacific Horizon Investment Trust plc, and a non-executive Director and Chairman of the Audit Committee of Seraphim Space Investment Trust plc. She is a Fellow of the Institute of Chartered Accountants in England and Wales.

Attendance Record	Total scheduled meetings	Ronald Gould[1]	Mark Little	James Barnes	Helen Sinclair	Dunke Afe	Louise Nash[2]	Angela Lane[2]
Board	5	5	5	5	5	5	n/a	n/a
Audit Committee	2	n/a	2	2	2	2	n/a	n/a
Management Engagement Committee	1	1	1	1	1	1	n/a	n/a
Remuneration and Nomination Committee	1	1	1	1	1	1	n/a	n/a

[1] Mr Gould is not a member of the Audit Committee but may attend by invitation. He was in attendance at both Audit Committee meetings held for the year ended 28 February 2026.
[2] Louise Nash and Angela Lane were appointed to the Board on 17 April 2026.

Special business
Ordinary resolutions
Resolutions relating to the following items of special business will be proposed at the forthcoming Annual General Meeting.

Resolution 14 Directors' Remuneration
At present, Article 90 of the Company's Articles of Association, which deals with Directors' remuneration, sets an aggregate limit of £250,000 per annum on Directors' fees. The Board is proposing as an ordinary resolution that the aggregate limit on Directors' fees be increased to £375,000 per annum. This will provide for an increase in the number of directors to seven following the combination of the Company and THRG as set out in the circular dated 20 February 2026. The increase in the aggregate limit would also facilitate any future increase in Directors' fees to reflect market trends and to ensure that the remuneration of the Directors is sufficient to attract and retain Directors with suitable knowledge and experience. The Board notes that demands on Directors' time and involvement has materially increased over the last few years, not least in response to a significant increase in the legislative and regulatory requirements that the Company must comply with. Full details of the fees paid to Directors are set out in the Directors' Remuneration Report on pages 60 to 63.

Resolution 15 Authority to allot shares
The Directors may only allot shares for cash if authorised to do so by shareholders in general meeting. This resolution seeks authority for the Directors to allot shares for cash up to an aggregate nominal amount of £1,516,509.25 which is equivalent to 6,066,037 ordinary shares of 25p each and represents 10% of the current issued share capital excluding treasury shares. The Directors will use this authority when it is in the best interests of the Company to issue shares for cash. This authority will expire at the conclusion of the Annual General Meeting to be held in 2027, unless renewed prior to that date at an earlier general meeting.

Special resolutions
Resolution 16 Authority to disapply pre-emption rights
By law, directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 16 empowers the Directors to allot new shares for cash or to sell shares which are held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £1,516,509.25 which is equivalent to 6,066,037 ordinary shares of 25p each and 10% of the Company's issued ordinary share capital excluding treasury shares. This authority will expire at the conclusion of the Annual General Meeting to be held in 2027, unless renewed prior to that date at an earlier general meeting.

Resolution 17 Authority to buy back shares

The resolution to be proposed will seek to renew the authority granted to the Directors enabling the Company to purchase its own shares. The Directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares. Under the Listing Rules of the FCA, the maximum price which can be paid is the higher of (i) 5% above the average market value of the ordinary shares for the five business days immediately preceding the date on which the purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out. In making purchases, the Company will deal only with member firms of the London Stock Exchange. The Directors are seeking authority to purchase up to 9,092,989 ordinary shares (being 14.99% of the issued share capital excluding treasury shares). This authority will expire at the conclusion of the Annual General Meeting to be held in 2027, unless renewed prior to that date at an earlier general meeting.

Recommendation

The Board considers that each of the resolutions is likely to promote the success of the Company and is in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

As mentioned in the Chairman's Statement, if you are unable to attend the meeting in person you can cast your vote by proxy, either by appointing the Chairman as your proxy or alternatively a third party. Details on how to do so are included on the Proxy Card provided. If you hold your shares through a Nominee or Platform you will need to contact them directly to instruct them on how you wish to vote or to request that they appoint you as a proxy in respect of your shareholding should you wish to attend the meeting. It may also be possible to vote electronically via the platform. If you are able to do so we would encourage shareholders to exercise your vote.

Corporate governance

Full details are given in the Corporate Governance Statement. The Corporate Governance Statement forms part of this Directors' Report.

Audit information

As required by Section 418 of the Companies Act 2006 the Directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and resolutions proposing their reappointment and authorising the Audit Committee to determine their remuneration for the ensuing year will be submitted at the Annual General Meeting.

The Directors' Report was approved by the Board at its meeting on 15 May 2026.

For and on behalf of the Board

RONALD GOULD
Chairman
15 May 2026

Directors’ Remuneration Report

Introduction

On behalf of the Board, the Nomination and Remuneration Committee presents the Directors’ Remuneration Report for the year ended 28 February 2026 which has been prepared in accordance with the requirements of Sections 420-422 of the Companies Act 2006.

The Remuneration Report comprises a remuneration policy report and a remuneration policy implementation report. The remuneration policy report is subject to a triennial binding shareholder vote and will be put to shareholders for approval at the AGM in 2026. The remuneration policy implementation report is subject to an annual advisory vote. The law requires the Company’s independent auditors to audit certain parts of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditors’ opinion is included in their report on pages 82 to 87.

Nomination and Remuneration Committee

At its meeting on 5 May 2023, the Board expanded the responsibilities of the Company’s Nomination Committee and put in place a new combined Nomination and Remuneration Committee. As well as responsibility for succession planning and Board composition, this Committee has delegated responsibility for determining the policy for directors’ remuneration and setting remuneration for the Company’s Chair, Audit Committee Chair, Senior Independent Director and independent non-executive Directors in accordance with the principles and provisions of the UK Code. The Committee’s responsibilities include reporting and making recommendations to the Board on all matters of remuneration.

Statement by the Chairman of the Nomination and Remuneration Committee

The Company’s policy on remuneration is set out on pages 64 and 65. A key element is that fees payable to Directors should be sufficient to attract and retain individuals with suitable knowledge and experience, and that consideration is given to the value and amount of time committed. The Committee’s focus is on setting the strategy for the successful progression of the Company and monitoring performance against the strategic objectives set. In order to do this effectively, Directors spend a substantial amount of time preparing for the five scheduled Board meetings and two Audit Committee meetings held each year. At these meetings, the Directors review the Company’s portfolio, monitor investment performance and review compliance with investment guidelines. The Board also reviews and monitors the Company’s ongoing operating costs to ensure that these represent optimal value and are in line with agreed budgets. In addition, the Board sets the marketing strategy of the Company and contributes to a sales and marketing initiative operated by BlackRock; the Board has set key performance indicators to monitor progress and reviews these on a regular basis to monitor and assess the effectiveness of this initiative. In addition to this, the Directors have held a significant number of additional ad hoc meetings this year to address a range of issues and challenges facing the sector, notably increased shareholder activism and new governance requirements.

The Chairman makes himself available to meet directly with shareholders and the Board monitors the Company’s share rating closely and is responsible for determining the appropriate action to be taken to manage this where necessary. Directors are also responsible for establishing and maintaining the Company’s control systems to manage risk effectively, and a register of these controls and the risks facing the Company are reviewed at each Audit Committee meeting, along with control reports from external auditors. Directors also receive an annual update from BlackRock’s internal audit department. As well as this usual business, Directors also spend additional time as and when required in ad hoc meetings to address other issues as they arise, including the Board’s response to emerging risks. Investment trusts are subject to a large number of regulatory and disclosure requirements, including the requirements of the UK Code, UKLA Listing Rules, and Investment Trust Company tax regulations. The regulatory burden has increased significantly in recent years, with the implementation of AIFMD, GDPR, FATCA and the Common Reporting Standard requiring considerable additional time to be spent by the Board to ensure that depositary and management agreements comply with best industry practice. There will be yet more new regulatory obligations that will become applicable to the Company over the next few years, all of which are expected to generate an increased workload for Directors, and the Board will continue to be mindful of this in setting remuneration levels. In particular, updates to the UK Corporate Governance Code coming into effect for accounting periods commencing on 1 January 2026 place a stronger emphasis on a company’s risk management and internal controls reporting, requiring Boards to give a “material controls declaration” under Provision 29, requiring additional work by boards around governance frameworks and processes around risk management and internal controls. The revised provision means boards must make an annual declaration as to the effectiveness of all material controls as at the balance sheet date, including those related to financial and non-financial reporting, operational activities, and compliance.

In addition to the increased regulatory burden, the past few years have seen enhanced activity from activist investors across the sector which has required significant additional time commitment from many boards to address. It is critical that the Company’s fee structure remains competitive and at a level that can attract and retain the strongest candidates with the skills and experience to navigate these challenges that the sector is facing. For this reason, as well as implementing an increase to base fees in line with inflation this year, the Board will also implement a phased increase in fees for those Directors with additional responsibilities (the Chair, the Audit Chair, and the Senior Independent Director) and for Directors with roles on key Committees where the workload is significantly enhanced. These Committees include the Audit Committee, the Marketing Committee and the Nomination and Remuneration Committee.

For the year ended 28 February 2026, the Chairman received an annual fee of £52,000, the Audit Committee Chairman received £41,000 per annum and the other Directors received £35,000 per annum as a base fee. The Senior Independent Director received an additional fee of £2,000 on a pro-rata basis and the Chair of the Nomination and Remuneration Committee received an additional fee of £1,000 on a pro-rata basis. Following a review on 16 April 2026, and with effect from 1 March 2026, Directors' fees will be increased in line with inflation (broadly based on CPI at 28 February 2026 of 3.2%). From this date the Chairman will receive an annual fee of £53,664, the Audit Committee Chairman will receive £42,312 and the Senior Independent Director (SID) and the Chair of the Nomination and Remuneration Committee will receive £38,184. Other Directors will receive £36,120.

An additional increase for the Chair and the SID and for Directors with key Committee responsibilities will then be introduced with effect from 1 September 2026. With effect from this date, the Chair will receive an annual fee of £60,000, the Audit Committee Chairman will receive £50,000, the Senior Independent Director will receive £40,000, the Chair of the Nomination and Remuneration Committee will receive £40,000 and the Chair of the Marketing Committee will receive £40,000.

No discretionary fees have been paid to the Directors during the year or previous year and the payment of such fees is expected to be a rare occurrence, only necessary in exceptional circumstances, for example a major corporate restructuring of the Company, which would require significant additional time to be spent. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken and any it was deemed necessary to pay such additional remuneration.

Remuneration limits contained within Articles of Association

The maximum remuneration of the Directors is determined within the limits of the Company's Articles and currently amounts in aggregate to £250,000 per annum. No element of the Directors' remuneration is performance related. Approval is being sought at the 2026 AGM for an increase in the aggregate annual limit on Directors' fees. Full details of the proposed increase are provided on page 65 of the Directors' Report.

Remuneration implementation report (audited)

A single figure for the total remuneration of each Director is set out in the table below for the years ended 28 February 2026 and 28 February 2025:

Directors	28 February 2026			28 February 2025		
	Fees	Taxable benefits[1]	Total	Fees	Taxable benefits[1]	Total
	£	£	£	£	£	£
Ronald Gould[2] (Chairman)	52,000	1,065	53,065	50,000	493	50,493
Mark Little[3]	41,000	5,485	46,485	38,000	5,692	43,692
Helen Sinclair[4]	36,397	1,238	37,635	33,000	627	33,627
James Barnes[5]	35,699	4,375	40,074	33,000	6,272	39,272
Dunke Afe[6]	35,000	2,787	37,787	33,000	2,298	35,298
Susan Platts-Martin[7]	11,151	344	11,495	35,000	2,477	37,477
Total	**211,247**	**15,294**	**226,541**	**222,000**	**17,859**	**239,859**

1 Taxable benefits relate to travel and subsistence costs which have been grossed up to include PAYE and NI contributions.
2 Mr Gould joined the Board on 1 April 2019 and became Chairman on 4 June 2019.
3 Mr Little joined the Board on 1 October 2020 and was appointed Audit Committee Chairman on 11 June 2021.
4 Mrs Sinclair joined the Board on 1 March 2022 and was appointed as Senior Independent Director on 19 June 2025.
5 Mr Barnes joined the Board on 31 July 2021 and was appointed as Chairman of the Nomination and Remuneration Committee on 19 June 2025.
6 Ms Afe joined the Board on 1 January 2024.
7 Ms Platts-Martin retired from the Board on 19 June 2025.

The information in the above table has been audited. The amounts paid by the Company to the Directors were for services as non-executive Directors. As at 28 February 2026, an amount of £17,000 was outstanding to Directors in respect of their annual fees (28 February 2025: £19,000).

As the Company has no employees, the table above also comprises the total remuneration costs and benefits paid by the Company.

Directors' Remuneration Report
continued

Relative importance of spend on remuneration

To enable shareholders to assess the relative importance of spend on remuneration, this has been shown in the table below compared with the Company's total income, total profit/(loss) and dividend distributions.

	2026 £'000	2025 £'000	Change £'000
Directors' total remuneration	211	222	-11
Total dividends paid and payable	17,797	19,586	-1,789
Income from investments	19,609	22,684	-3,075
Net profit/(loss) on ordinary activities after taxation	60,205	(4,268)	+64,473
Buyback of ordinary shares	52,107	47,141	+4,966

No payments were made in the period to any past Directors (2025: nil).

Annual percentage change in Directors' remuneration

The following table sets out the annual percentage changes in Directors' fees over the past five years.

	28 February 2026	28 February 2025	29 February 2024	28 February 2023	28 February 2022
Ronald Gould	4.0%	7.0%	5.0%	4.1%	0.6%
Mark Little[1]	7.9%	6.4%	5.0%	7.5%	10.9%
James Barnes[2]	8.2%	4.8%	5.0%	4.3%	0.0%
Helen Sinclair[3]	10.3%	4.8%	5.0%	0.0%	N/a
Dunke Afe[4]	6.1%	4.8%	0.0%	N/a	N/a

1 Mr Little was appointed as Audit Committee Chairman on 11 June 2021 which accounted for the percentage increase in 2022.
2 Mr Barnes was appointed on 31 July 2021 and the percentage change in his annual fixed fee has been annualised for 2022. Mr Barnes was appointed as Chair of the Nomination and Remuneration Committee on 19 June 2025 which accounted for the percentage increase in 2026.
3 Mrs Sinclair was appointed on 1 March 2022 and was appointed as Senior Independent Director on 19 June 2025 which accounted for the percentage increase in 2026.
4 Ms Dunke Afe was appointed on 1 January 2024 and the percentage change in her annual fixed fee has been annualised for 2024.

As previously noted, the Company does not have any employees and hence no comparisons are given in respect of the comparison between Directors' and employees' pay increases.

Shareholdings (audited)

The Board has not adopted a policy that Directors are required to own shares in the Company.

The interests of the Directors in the ordinary shares of the Company are set out in the table below. The Company does not have a share option scheme therefore none of the Directors has an interest in share options. All of the Directors held office throughout the year under review.

	28 February 2026	28 February 2025
Ronald Gould	3,544	3,544
Mark Little	548	531
James Barnes	2,500	2,500
Helen Sinclair	988	988
Dunke Afe	–	–
Susan Platts-Martin[1]	n/a	2,800

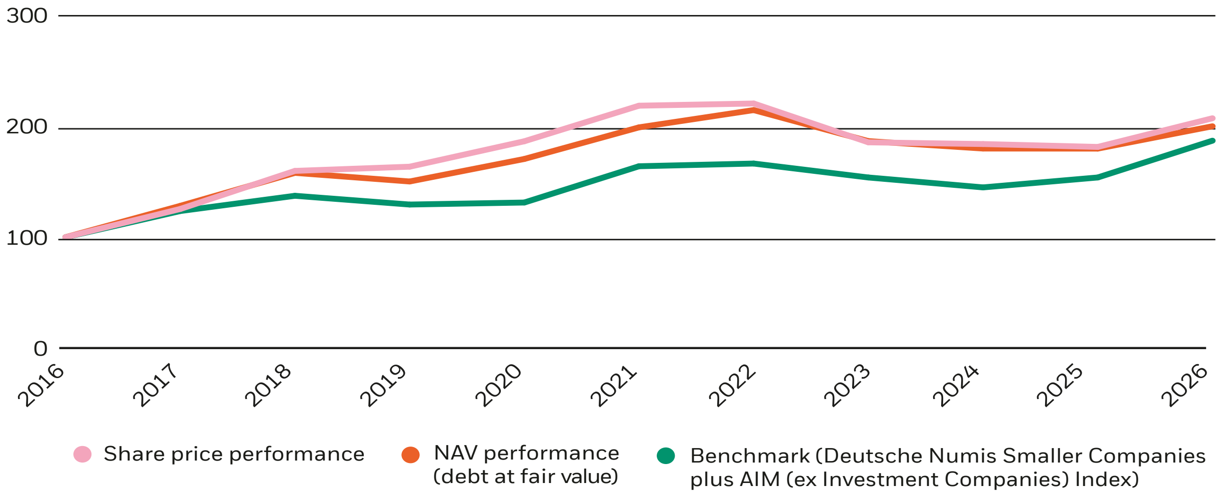
1 Ms Platts-Martin retired from the Board on 19 June 2025.

All of the holdings of the Directors are beneficial. No changes to these holdings had been notified up to the date of this report.

Performance

The line graph which follows compares the Company's net asset value (with dividends reinvested) and share price total return with the total return on an equivalent investment in the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index. This composite index was selected for comparison purposes, as it was the Company's benchmark used for investment performance measurement purposes.

Total Shareholder Return from 1 March 2016 to 28 February 2026



All graph data rebased to 100, with dividends reinvested.
Sources: BlackRock and LSEG Datastream.

Implementation of the Remuneration Policy in the 2025 financial year

The Directors intend that the Remuneration Policy, which forms part of this report, will be implemented as set out on pages 64 and 65. The Directors do not receive any performance related remuneration or incentives. Discretionary payments are permitted under the policy; however, such discretionary payments would only be considered in exceptional circumstances.

Retirement of Directors

Details are given in the Directors' Report on page 55.

For and on behalf of the Board

JAMES BARNES
Chairman
Nomination and Remuneration Committee
15 May 2026

Directors' Remuneration Policy

Directors' Remuneration Policy

In determining Directors' fees, a number of factors are considered, including the time commitment required, the level of skills and appropriate experience required, and the need for Directors to maintain on an ongoing basis an appropriate level of knowledge of regulatory and compliance requirements in an industry environment of increasing complexity. More details of the work carried out by the Board, the regulatory framework that it must ensure the Company complies with and the time commitments of Directors are set out in the Statement of the Chairman on pages 60 and 61. The Board also considers the average rate of inflation during the period since the last fee increase and reviews the level of remuneration in comparison with other investment trusts of a similar size and/or mandate as well as taking account of any data published by the AIC to ensure that fees are in line with industry practice. This comparison, together with consideration of any alteration in non-executive Directors' responsibilities, is used to review whether any change in remuneration is necessary. The review is performed on an annual basis. The Company has no executive employees and consequently no consideration is required to be given to employment conditions elsewhere in setting Directors' fees. No element of the Directors' remuneration is performance related. The Company has not awarded any share options or long-term performance incentives to any of the Directors. None of the Directors has a service contract with the Company or receives any non-cash benefits or pension entitlements. The terms of their appointment are detailed in a letter sent to them when they join the Board. These letters are available for inspection at BlackRock's offices at 12 Throgmorton Avenue, London EC2N 2DL. The remuneration policy would be applied when agreeing the remuneration package of any new Director. Directors' appointments do not have a fixed duration, but they can be terminated by the Company in writing at any time without obligation to pay compensation. On termination of the appointment, Directors shall only be entitled to accrued fees as at the date of termination together with reimbursement of any expenses properly incurred prior to that date. No payments for loss of office are made. Directors are subject to annual re-election.

Consideration of shareholders' views

An ordinary resolution to approve the remuneration report is put to members at each Annual General Meeting, and shareholders have the opportunity to express their views and raise any queries in respect of remuneration policy at this meeting. To date, no shareholders have commented in respect of the remuneration policy. In the event that there was a substantial vote against any resolution proposed at the Company's AGM, the reasons for any such vote would be sought and appropriate action taken. Should the votes be against resolutions in relation to the Directors' remuneration, further details will be provided in future Directors' Remuneration Reports. In accordance with the Companies Act 2006, the Company is required to seek shareholder approval of its remuneration policy on a triennial basis. An ordinary resolution for the approval of the remuneration policy was approved by shareholders at the Annual General Meeting in 2023. 99.78% of the votes cast were in favour of the resolution to approve the Directors' remuneration policy and 0.22% of votes were cast against. The remuneration policy will next be put to shareholders for approval at the AGM in 2026.

At the Company's Annual General Meeting held on 19 June 2025, the resolution to approve the Directors' Remuneration Report was approved by 99.46% of votes cast in favour of the resolution and 0.54% votes cast against. Any discretionary fees paid to the Directors will be clearly disclosed in the Directors' Remuneration Report accompanied by an explanation of the work undertaken.

Policy table

Purpose and link to strategy		Fees payable to Directors should be sufficient to attract and retain individuals of high calibre with suitable knowledge and experience. Those chairing the Board and key Committees should be paid higher fees than other Directors in recognition of their more demanding roles. Fees should reflect the time spent by Directors on the Company's affairs and the level of complexity of responsibilities borne by the Directors.
Description		Levels of fixed annual fee with effect from 1 March 2026 (bracketed figures denotes what the fixed annual fees will be with effect from 1 September 2026): Chairman – £53,664 (£60,000) Audit Committee Chairman – £42,312 (£50,000) Senior Independent Director – £38,184 (£40,000) Chair of the Nomination and Remuneration Committee – £38,184 (£40,000) Chair of the Marketing Committee – £38,184 (£40,000) Directors – £36,120 (£36,120) All reasonable expenses to be reimbursed.
Maximum levels		Remuneration consists of a fixed fee each year, set in accordance with the stated policies and as such there is no set maximum threshold; however, any increase granted must be in line with the stated policies. The Company's Articles set a limit of £250,000 per annum in respect of the total fees that may be paid to Directors in any financial year. Approval is being sought at the 2026 AGM by way of an ordinary resolution for an increase in the aggregate annual limit on Directors' fees from £250,000 to £375,000. Full details of the proposed increase are provided on page 58 of the Directors' Report. In addition, the Directors propose a limit of £50,000 per annum in relation to the maximum that may be paid in respect of taxable benefits. These ceilings have been set at a level to provide flexibility in respect of the recruitment of additional Board members and inflation.
Policy on share ownership		Directors are not required to own shares in the Company.
Operation	**Fixed fee element**	The Board reviews the quantum of Directors' pay each year to ensure that this is in line with the level of Directors' remuneration for other investment trusts of a similar size. When making recommendations for any changes in pay, the Board will consider wider factors such as the average rate of inflation over the period since the previous review, and the level and any change in complexity of the Directors' responsibilities (including additional time commitments as a result of increased regulatory or corporate governance requirements). Directors are not eligible to be compensated for loss of office, nor are they eligible for bonuses, pension benefits, share options or other incentives or benefits. Directors do not have service contracts but are appointed under letters of appointment.
	Discretionary Payments	The Company's Articles authorise the payment of discretionary fees to Directors for any additional work undertaken on behalf of the Company which is outside of their normal duties. Any such extra work undertaken is subject to the prior approval of the Chairman or, in the case of the Chairman undertaking the extra work, subject to the prior approval of the Chairman of the Audit Committee. The level of discretionary fees shall be determined by the Directors and will be subject to a maximum of £25,000 per annum per Director. Any discretionary fees paid will be disclosed in the Directors' Remuneration Implementation Report within the Annual Report.
	Taxable benefits	Some expenses incurred by Directors are required to be treated as taxable benefits. Taxable benefits include (but are not limited to) travel expenses incurred by the Directors in the course of travel to attend Board and Committee meetings which are held at the Manager's registered office in London, and which are reimbursed by the Company and therefore treated as a benefit in kind and are subject to tax and national insurance. The Company's policy in respect of this element of remuneration is that all reasonable costs of this nature will be reimbursed as they are incurred, including the tax and national insurance costs incurred by the Director on such expenses.

Corporate Governance Statement

Chairman's introduction

Corporate Governance is the process by which the Board seeks to look after shareholders' interests and protect and enhance shareholder value. Shareholders hold the Directors responsible for the stewardship of the Company, delegating authority and responsibility to the Directors to manage the Company on their behalf and holding them accountable for its performance.

The Board is ultimately responsible for framing and executing the Company's strategy and for closely monitoring risks. We aim to run the Company in a manner which is responsible and consistent with our belief in honesty, transparency and accountability. In our view, good governance means managing our business well and engaging effectively with investors. We consider the practice of good governance to be an integral part of the way we manage the Company, and we are committed to maintaining high standards of financial reporting, transparency and business integrity.

As a UK-listed investment trust company our principal reporting obligation is driven by the UK Corporate Governance Code (the UK Code) issued by the Financial Reporting Council. However, as listed investment trust companies differ in many ways from other listed companies, the Association of Investment Companies has drawn up its own set of guidelines, the AIC Code of Corporate Governance (the AIC Code), which addresses the governance issues relevant to investment companies and meets the approval of the Financial Reporting Council.

The Board has determined that it has complied with the recommendations of the AIC Code. This in most material respects is the same as the UK Code, save that there is greater flexibility regarding the tenure of office of the Chairman and membership of the Audit Committee.

This report, which forms part of the Directors' Report, explains how the Board deals with its responsibility, authority and accountability.

Compliance

The Board has made the appropriate disclosures in this report to ensure that the Company meets its continuing obligations. It should be noted that, as an investment trust, most of the Company's day-to-day responsibilities are delegated to third party service providers, the Company has no executive employees and the Directors are all non-executives, therefore not all the provisions are directly applicable to the Company. The Board considers that the Company has complied with the recommendations of the AIC Code and the provisions contained within the UK Code that are relevant to the Company throughout this accounting period, except for the provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Code, and as explained in the UK Code, the Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company with no executive employees and, in relation to the internal audit function, in view of BlackRock having an internal audit function. Further explanation is provided below.

Information on how the Company has applied the principles of the AIC Code and the UK Code is set out below. The UK Code is available from the Financial Reporting Council's website at frc.org.uk. The AIC Code is available from the Association of Investment Companies at theaic.co.uk.

The Board

The Board currently consists of seven non-executive Directors, all of whom are considered to be independent of the Manager. Provision 9 of the UK Code which relates to the combination of the roles of the chairman and chief executive does not apply as the Company has no executive directors.

The Board's primary purpose is to direct the Company to maximise shareholder value within a framework of proper controls and in accordance with the Company's investment objective.

Board structure and management

Details of the Board's structure, roles and responsibilities and management are set out in the summary of governance structure on page 32. The Directors' biographies on pages 33 and 35 demonstrate a breadth of investment, commercial accounting, financial and professional experience which enables them to provide effective strategic leadership and proper governance of the Company. Details of the Chairman's other significant time commitments can be found on page 32.

The Company does not have a chief executive as day-to-day management of the Company's affairs is delegated to the Manager as AIFM, with investment management and other ancillary services delegated to the Investment Manager. Representatives of the Manager and the Company Secretary attend each Board meeting. The Board, the AIFM, the Investment Manager and the Company Secretary operate in a supportive and co-operative manner.

Board independence and tenure

The Board's individual independence, including that of the Chairman, has been considered and confirmed, and this independence allows all of the Directors to sit on the Company's various Committees. In accordance with changes to the UK Code, the Chairman of the Board does not act as a member of the Audit Committee. None of the Directors has a service contract with the Company. The terms of their appointment are detailed to them when they join the Board. Copies of these letters are available on request from the Company's registered office and will be available at the Annual General Meeting.

Board Diversity

While the Board does not have a formal policy on diversity, it recognises the benefits at Board level and believes that Directors should have a mix of different skills, experience, backgrounds, ethnicity, gender and other characteristics. All of these are taken into account in establishing our selection criteria. The services of an external search consultant may be used to identify suitable candidates and assist with the selection process. The Committee meets at least once a year and more regularly if required.

As at 28 February 2026, the Board had a 60:40 male to female gender ratio, in accordance with relevant regulation and best practice, and will continue to consider other diversity characteristics, such as age, ethnicity, gender, disability, educational or professional background when appraising Board composition.

The Board has complied with the recommendations of the Parker Review in respect of board diversity and the recent changes to the FCA's Listing Rules set diversity targets and associated disclosure requirements for UK companies listed on the premium and standard segment of the London Stock Exchange. Listing Rule 9.8.6R (9) requires listed companies to include a statement in their annual reports and accounts in respect of certain targets on board diversity, or if those targets have not been met to disclose the reasons for this. This requirement applies to accounting periods commencing on or after 1 April 2022 and therefore the Company has reported against these diversity targets for the year ending 28 February 2026.

Further information on the composition and diversity of the Board can be found in the disclosure table which follows below:

Gender	**Number of Board Members**	**Percentage of Board**	**Number of senior roles held**[1]
Men	3	60%	2
Women	2	40%	1
Ethnicity[2]			
White British (or any other white background)	4	80%	3
Black/African/Caribbean/Black British	1	20%	0

[1] A senior position is defined as the role of Chairman, Audit Committee Chairman or Senior Independent Director.
[2] Categorisation of ethnicity is stated in accordance with the Office of National Statistics classification.

Directors' appointment, retirement and rotation

The rules concerning the appointment, retirement and rotation of Directors are set out in the Directors' Report on page 55.

Directors' induction, training and development

When a new Director is appointed to the Board, he or she is provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend some time with representatives of the Investment Manager whereby he or she will become familiar with the various processes which the Investment Manager considers necessary for the performance of its duties and responsibilities to the Company.

Corporate Governance Statement

continued

The Company's policy is to encourage Directors to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company. The Directors also receive regular briefings from, amongst others, the auditors, representatives of the Manager and the Company Secretary regarding any proposed developments or changes in laws or regulations that could affect the Company and/or the Directors. Directors' training and development needs are reviewed by the Chairman on an annual basis.

Directors' liability insurance

The Company has maintained appropriate Directors' Liability Insurance cover throughout the year.

Board's responsibilities

The Board is responsible to shareholders for the overall management of the Company. It decides upon matters relating to the Company's investment objective, policy and strategy and monitors the Company's performance towards achieving that objective through its agreed policy and strategy. The Board has also adopted a schedule of matters reserved for its decision. The Board is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.

Strategic issues and all operational matters of a material nature are determined by the Board. The Board has responsibility for ensuring that the Company keeps adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with the Companies Act 2006. It is the Board's responsibility to present a balanced and understandable assessment, which extends to interim and other price-sensitive public reports. The Board is also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board has established a procedure whereby Directors wishing to do so in the furtherance of their duties, may take independent advice at the Company's expense.

Meetings

The Board meets at least five times each year to review investment performance, financial reports and other reports of a strategic nature. Board or Board committee meetings are also held on an ad hoc basis to consider particular issues as they arise. The attendance record for each meeting is set out on page 58.

Key representatives of the Investment Manager attend each meeting. Details of the Directors' other significant time commitments can also be found on pages 33 to 35. In addition to regular scheduled Board meetings, the Directors met additionally in the year ended 28 February 2026 to receive performance updates from the portfolio manager and to review and monitor income forecasts in periods of market volatility.

Performance evaluation

In order to review the effectiveness of the Board, its Committees and the individual Directors, the Board carries out an annual appraisal process. The annual evaluation for the year ended 28 February 2026 has been carried out with the assistance of an independent third party (Linstock). The independent evaluation process involved the external consultant using detailed evaluation questionnaires that were completed by all Directors and key representatives of the Manager. The results (including an evaluation of the Chairman) were then compiled and sent to the Chair and to the Senior Independent Director for review and discussion prior to the final report along with conclusions and any action points circulated to the full Board.

The evaluation focused on several key areas, including the performance of the Board and its Committees, the effectiveness of the Board's oversight of the Investment Manager, investment strategy and performance, risk management, external relations and succession planning.

There were no significant issues arising from the external evaluation process and it was agreed that the Board and its Committees were functioning effectively. The independent external consultant concluded the Board were very well qualified directors, which operated effectively. The directors' complementary professional credentials are enhanced by a good balance of personality types with strong interpersonal skills.

The appraisal process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and its Committees and the contribution of individual Directors, as well as building on and developing individual and collective strengths. There were no significant actions arising from the external evaluation process.

Following the conclusion of the external evaluation, the Chairman is pleased to confirm that each of the Directors continues to be effective and to demonstrate commitment to the role (including time for Board and Committee meetings and any other duties). Helen Sinclair, as Senior Independent Director, is pleased to confirm that, following the evaluation, the Chairman also continues to be effective and to demonstrate commitment to the role (including time for Board and Committee meetings and any other duties).

Delegation of responsibilities

Management and administration

Details on the arrangements for the management of the investment portfolio and the administration of the Company are given on page 53 of the Directors' Report.

Details of the Manager's approach to voting at shareholder meetings are set out on page 54.

The review of the Manager's performance is an ongoing duty and responsibility of the Board which is carried out at every Board meeting. In addition, a formal review is undertaken annually, details of which are set out in the Directors' Report on page 53.

The Company Secretary

The Board has direct access to company secretarial advice and services of the Manager which, through its nominated representative, is responsible for ensuring that Board and Committee procedures are followed, and that applicable regulations are complied with. The appointment and removal of the Company Secretary is a matter for the whole Board.

Committees of the Board

The Board has appointed a number of Committees as set out below.

Audit Committee

Details of the Committee's membership and responsibilities are set out on page 32. Further details are provided in the Report of the Audit Committee on pages 73 to 77.

Nomination and Remuneration Committee

Details of the Committee's membership and responsibilities are set out on page 32, along with details of the number of scheduled meetings each year.

Management Engagement Committee

Details of the Committee's membership and responsibilities are set out on page 32.

Internal controls

The Board is responsible for establishing and maintaining the Company's internal control systems and for reviewing their effectiveness, for ensuring that financial information published or used within the business is reliable, and for regularly monitoring compliance with regulations governing the operation of investment trusts.

The Board, through the Audit Committee, regularly reviews the effectiveness of the internal control systems to identify, evaluate and manage the Company's significant risks. If any significant failings or weaknesses are identified, the Manager and the Board ensure that necessary action is taken to remedy the failings. The Board is not aware of any significant failings or weaknesses arising in the year under review.

Control of the risks identified, covering financial, operational, compliance and risk management, is embedded in the operations of the Company. There is a monitoring and reporting process to review these controls which has been in place throughout the year under review and up to the date of this report. This accords with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting".

The Company's Risk Register sets out risks relevant to the Company and describes, where relevant, the internal controls that are in place at the AIFM, the Investment Manager and other third-party service providers to mitigate these risks. The Audit Committee formally reviews this register on a semi-annual basis and the Manager as the Company's AIFM reports on any significant issues that have been identified in the period. In addition, BlackRock's internal audit department reports on a semi-annual basis on the results of testing performed in relation to BlackRock's internal control processes. The Depositary also reviews the control processes in place at the Custodian, the Fund Accountant and the AIFM and reports formally to the Audit Committee twice yearly. Both the AIFM and the Depositary will escalate issues and report to the Audit Committee outside of these meetings on an ad hoc basis to the extent that this is required. The Audit Committee also receives periodic SOC 1 reports respectively, from BlackRock and BNY as Custodian and Fund Accountant on the internal controls of their respective operations, together with the opinion of their reporting accountants.

Corporate Governance Statement
continued

The Company does not have its own internal audit function as all the administration is delegated to BlackRock and other third-party service providers. This matter is kept under review.

The Board has overall responsibility for the control systems in respect of the Company; as part of that responsibility the Board reviews those controls as set out above, although it relies on the controls at the third-party service providers. The Board recognises that these control systems can only be designed to manage rather than to eliminate the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss, and relies on the operating controls established by BlackRock and BNY in its capacity as Depositary, Custodian and Fund Accountant.

The Manager prepares revenue forecasts and management accounts which allow the Board to assess the Company's activities and review its performance. The Board and the Investment Manager acting under delegation from the Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are submitted to the Board at each meeting.

Financial reporting
The Statement of Directors' Responsibilities is set out on pages 78 and 79, the Independent Auditors' Report on pages 82 to 87, and the Statement of Going Concern on pages 54 to 55.

Socially responsible investment
The Company invests mainly in smaller UK quoted companies. The Board aims to be a socially responsible investor and believes that it is important to invest in companies whose boards act responsibly in respect of environmental, ethical and social issues. BlackRock's evaluation procedure and financial analysis of the companies within the portfolio includes research and appraisal of such matters, and also takes into account environmental policies and other business issues.

BlackRock's policies on socially responsible investment and Corporate Governance are detailed on the website www.blackrock.com/corporate/en-gb/about-us/responsible-investment/responsible-investment-reports. The Manager is supportive of the UK Stewardship Code, which is voluntary and operates on a "comply or explain basis".

Bribery prevention policy
The provision of bribes of any nature to third parties in order to gain a commercial advantage is prohibited and is a criminal offence. The Board has a zero-tolerance policy towards bribery and a commitment to carry out business fairly, honestly and openly. The Board takes its responsibility to prevent bribery by the Company's Manager and Investment Manager very seriously and BlackRock has anti-bribery policies and procedures in place which are high level, proportionate and risk based. The Company's service providers have been contacted in respect of their anti-bribery policies and, where necessary, contractual changes are made to existing agreements in respect of anti-bribery provisions.

Criminal Finances Act 2017
The Company has a commitment to zero-tolerance towards the criminal facilitation of tax evasion.

GDPR
Data protection rights were harmonised across the European Union following the implementation of the General Data Protection Regulation (GDPR) on 25 May 2018, since retained in the UK by the European Union (Withdrawal) Act 2018. The Board has sought and received assurances from its third-party service providers that they have taken appropriate steps to ensure compliance with the regulation.

Communication with shareholders
Under normal operating conditions, all shareholders have the opportunity to attend and vote at the Annual General Meeting. The Notice of Annual General Meeting, which is sent out at least 20 working days in advance of the meeting, sets out the business of the meeting and any item not of an entirely routine nature is explained in the Directors' Report. Separate resolutions are proposed for substantive issues. Shareholders are updated on performance through the publication of the interim and annual reports and the Portfolio Manager reviews the Company's activities at the Annual General Meeting, where the Chairman of the Board and the Chairman of the Audit Committee and representatives of the Manager are available to answer shareholders' queries. Proxy voting figures are announced to shareholders at the Annual General Meeting and will be made available on the Manager's website shortly after the meeting. The Investment Manager on behalf of the Company also normally carries out programmes of institutional presentations in conjunction with BlackRock, following the release of each set of Company results.

The Manager and the Investment Manager provide both Investment Management and Company Secretarial services; however, the Board is confident that there are comprehensive controls and procedures in place to ensure that conflicts of interest do not arise and that the Company Secretarial function is independently maintained. The Board discusses with BlackRock at each Board meeting any feedback from meetings with shareholders, and it also receives reports from its corporate broker, and has the opportunity to meet independently with the broker without the Manager or Secretary present. The Company's broker interacts with investors on a regular basis with regard to all investor issues and will conduct shareholder meetings with the Company when requested by investors and brief the Board on shareholder views. The Broker also attends the Annual General Meeting (alongside investors) and will alert investors to the results (final and interim) as well as other newsflow that they believe to be relevant to investors in the Company. If shareholders want to contact the Chairman, they may either speak to the Company Secretary or the corporate broker. As such, investors have an entirely alternative route to the Manager or Investment Manager to contact the Chairman if required. The Chairman is also available to meet directly with shareholders from time to time, as and when required, and on a regular basis will write directly to the Company's largest shareholders to offer the opportunity to meet at their convenience.

There is a section within the Annual Report and Financial Statements entitled "Shareholder Information", which provides an overview of useful information available to shareholders. The Company's Annual Report and Financial Statements, the Half Yearly Report, regular factsheets and other information are also published on www.blackrock.com/uk/brsc which is the website maintained by the Manager. The work undertaken by the auditors does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Packaged Retail & Insurance-Based Investment Products (PRIIPs) Regulation ('the Regulation')

The Regulation (as onshored in the UK and amended) requires that anyone manufacturing, advising on, or selling a PRIIP to a retail investor in the UK must comply with the Regulation. Shares issued by investment trusts fall into scope of the Regulation and under the PRIIPs framework they must disclose costs in the same way as open-ended funds.

However, on 19 September 2024, the Government announced that it would lay legislation to exempt listed investment trusts from the current PRIIPs Regulation, as well as making other necessary amendments to other EU assimilated law, in response to concerns raised by industry representatives regarding the suitability of the current regime. It further clarified that investment trusts would be included within the scope of the future UK retail disclosure framework (the Consumer Composite Investment (CCI) regime) which is intended to better cater for a variety of products, including investment trusts, while still ensuring consumers receive appropriate information to allow them to make meaningful choices between investment opportunities.

The FCA have conducted a consultation on its proposed CCI Regulation and it is anticipated that the earliest this could be enacted is Q2 2025.

Following on from this announcement, the FCA confirmed that it would not take supervisory or enforcement action if an investment trust chose not to follow the requirements of the PRIIPs Regulation and associated technical standards, and/or the requirements of Article 50(2)(b) and Article 51 of the MiFID Org Regulation.

Notwithstanding the above, investors should be aware that the Company's AIFM, as PRIIPs manufacturer, continues to prepare a key information document (KID) in respect of the Company. This KID is available, free of charge, to UK retail investors prior to them making any investment decision and is published on BlackRock's website.

The Company is not responsible for the information contained in the KID and investors should note that the procedures for calculating the risks, costs and potential returns are prescribed by the Regulation. The figures in the KID may not reflect the expected returns for the Company and anticipated performance returns cannot be guaranteed. BlackRock Fund Managers Limited as the Company's AIFM has elected to continue to publish KIDs for the Alternative Investment Funds that it manages at the present time, pending further consensus across the industry for a cohesive approach to providing appropriate information to consumers and the development of the CCI regime.

The PRIIPs KID in respect of the Company can be found at www.blackrock.com/uk/brsc.

Corporate Governance Statement
continued

Consumer Duty
The FCA's Consumer Duty rules were published in July 2022. The rules comprise a fundamental component of the FCA's consumer protection strategy and aim to improve outcomes for retail customers across the entire financial services industry through the assessment of various outcomes, one of which is an assessment of whether a product provides value. Under the Consumer Duty, the Manager is the product 'manufacturer' of the Company and therefore the Manager was required to publish its assessment of value from April 2023.

The Manager has developed an assessment methodology that considered a wide range of factors, including the quality of services delivered, the performance of the Company (against both benchmark and peers) and total costs associated with the product (including management fees and entry and exit fees as applicable to the Company). The Manager also considered whether all consumers, including vulnerable consumers, were able to receive fair value from the product. The Manager has concluded that the Company is providing value based on the above assessment.

Disclosure guidance and transparency rules
Information required to be disclosed pursuant to the Disclosure Guidance and Transparency Rules has been placed in the Directors' Report on pages 52 to 59 because it is information which refers to events that have taken place during the course of the year.

For and on behalf of the Board

RONALD GOULD
Chairman
15 May 2026

Report of the Audit Committee

Role and responsibilities

The Company has a separately chaired Audit Committee whose duties include considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and providing an opinion as to whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee also reviews the external auditors' report on the annual financial statements and is responsible for reviewing and forming an opinion on the effectiveness of the external audit process and audit quality. Other duties include reviewing the appropriateness of the Company's accounting policies and the adequacy of the internal control systems and standards. The Audit Committee operates within written terms of reference detailing its scope and duties and these are available on the website at www.blackrock.com/uk/brsc.

The Audit Committee met three times in the year under review. Two of the planned meetings were held prior to the Board meetings to approve the half yearly and annual results. The third meeting focused on the audit plan, internal controls and assessment of fraud. The Audit Committee receives information from BlackRock's internal audit and compliance departments on a regular basis.

Composition

The Audit Committee comprises all the Directors excluding the Chairman of the Company, who attends by invitation. All Committee members, including the Chairman of the Committee, have recent and relevant financial experience from their senior management roles. The biographies of the Directors may be found on pages 33 to 35.

Responsibilities and review of the external audit

During the year the principal activities of the Audit Committee included:

- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditors' report thereon;
- reviewing the scope, execution, results, cost effectiveness, independence and objectivity of the external auditors;
- reviewing and recommending to the Board for approval the audit and non-audit fees payable to the external auditors and the terms of their engagement;
- reviewing and approving the external auditors' plan for the financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing the role of the Board, the Manager and third-party service providers in an effective audit process;
- reviewing the efficiency of the external audit process and the quality of the audit engagement partner and the audit team, and making a recommendation to the Board with respect to the reappointment of the auditors;
- considering the quality of the formal audit report to shareholders;
- reviewing the appropriateness of the Company's accounting policies; and
- reviewing the Company's internal control systems and standards and evaluating the need for an internal audit function as set out in the Corporate Governance Statement on pages 69 and 70.

The fees paid to the external auditors are set out in note 5 of the Financial Statements.

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by BlackRock under which its staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, in so far as they affect the Company.

Report of the Audit Committee continued

Significant issues considered regarding the annual report and financial statements

During the year, the Audit Committee considered the significant issues and areas of key audit risk in respect of the Annual Report and Financial Statements. The Audit Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements. The table on page 74 sets out the key areas of risk identified and also explains how these were addressed.

Significant issue

The accuracy of the valuation of the investment portfolio

How the issue was addressed

Listed investments are valued using stock exchange prices provided by third party pricing vendors. Unquoted or illiquid investments, if any, are valued by the Directors based on recommendations from BlackRock's Pricing Committee. The Board reviews detailed portfolio valuations at each of its Board meetings and receives confirmation from the Manager that the pricing basis is appropriate, in line with relevant accounting standards as adopted by the Company and that the carrying values are materially correct. The Board also relies on the Manager's and Fund Accountant's controls which are documented in a semi-annual internal controls report which is reviewed by the Audit Committee.

Significant issue

The risk of misappropriation of assets and unsecured ownership of investments.

How the issue was addressed

The Audit Committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported by the Manager to the Audit Committee. The Manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets.

Significant issue

The accuracy of the calculation of the management fee.

How the issue was addressed

The management fee is calculated in accordance with the contractual terms in the investment management agreement by the Fund Accountant and is reviewed in detail by the Manager and is also subject to an analytical review by the Board and auditors.

Significant issue

The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income

How the issue was addressed

The Board reviews income forecasts, including special dividends, and receives explanations from the Manager for any variations or significant movements from previous forecasts and prior year figures.

As the provision of portfolio valuation, fund accounting and administration services is delegated to the Investment Manager, which sub-delegates fund accounting to The Bank of New York Mellon (International) Limited (BNY) and the provision of depositary services and custody services are contracted to BNY, the Audit Committee has also reviewed the Service Organisation Control (SOC 1) reports prepared by BlackRock and BNY to ensure that the relevant control procedures are in place to cover these areas of risk as identified in the table above are adequate and appropriate and have been designated as operating effectively by the reporting auditors.

External audit and tender process

The Committee is mindful of the regulations on mandatory auditor rotation which require the appointment of a new auditor or perform an audit tender every ten years. As a result, the Company carried out a formal tender process in December 2024 and PricewaterhouseCoopers LLP was selected to continue as the Company's independent auditors for the year ended 28 February 2026. The Committee will continue to review the auditors' appointment each year to ensure that the Company is receiving an optimal level of service. There are no contractual obligations that restrict the Company's choice of auditors.

The Committee is responsible for overseeing the relationship with the external auditors and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee reviews annually the audit requirements of the Company, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

Planning and preparation

As part of planning the tender process, the Committee has taken due regard of the current FRC guidance on audit tenders and has considered the relevant sections of the 'Audit Committees and the External Audit: Minimum Standard' published by the FRC in May 2023.

The steps that were undertaken as part of the tender process are set out below:

The Company issued a formal Request for Proposal (RFP) to the three firms (Deloitte LLP, Mazars LLP and PricewaterhouseCoopers LLP) which had confirmed a willingness to participate in the tender process detailing the evaluation criteria which would be used by the Committee in informing its decision, which included but were not limited to:

- independence criteria;
- quality and clarity of audit approach and audit quality review record of the firm;
- the quality of understanding of the audit risk areas;
- audit transition and implementation plan;
- depth of understanding of the business, its industry and the risks in the industry; and
- overall quality of the response and adherence to RFP instructions.

Written proposal

The Company received a written proposal from each of the firms.

Presentations and Q&A session

At the final stage, the participating firms delivered presentations and their proposed audit plan, followed by a question and answer session. The meetings were attended by all of the Committee members.

Evaluation, assessment and Committee recommendation

The Committee's unanimous view was that each firm participated with energy, enthusiasm and integrity and that each could perform a quality audit of the Company. However, based on the evaluation criteria above, the Panel discussed and unanimously agreed to recommend PricewaterhouseCoopers LLP, Mazars LLP and Deloitte LLP to the Board for consideration.

Board decision

The Committee recommended the three firms to the Board, with a preference for the tender to be awarded to PricewaterhouseCoopers LLP. The Board endorsed the Committee's recommendation.

The Committee is satisfied that the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Processes and Audit Committee Responsibilities) Order 2014, published by the Competition and Markets Authority on 26 September 2014.

Report of the Audit Committee continued

Assessment of the effectiveness of the external audit process

To assess the effectiveness of the external audit, members of the Audit Committee work closely with the Manager to obtain a good understanding of the progress and efficiency of the audit. The Audit Committee has adopted a framework in its review of the effectiveness of the external audit process and audit quality. This includes a review of the following areas:

- The quality of the audit engagement partner and the audit team;
- The expertise of the audit firm and the resources available to it;
- Identification of areas of audit risk;
- Planning, scope and execution of the audit;
- Consideration of the appropriateness of the level of audit materiality adopted;
- The role of the Audit Committee, the Manager and third party service providers in an effective audit process;
- Communications by the auditors with the Audit Committee;
- How the auditors support the work of the Audit Committee and how the audit continues to add value;
- A review of independence and objectivity of the audit firm; and
- The quality of the formal audit report to shareholders.

Feedback in relation to the audit process and the effectiveness of the Manager in performing its role is also sought from relevant involved parties, notably the audit partner and team. The external auditors attend the Audit Committee meeting at which the annual financial statements are considered and at which they have the opportunity to meet with the Audit Committee without representatives of the Manager being present.

The effectiveness of the Board and the Manager in the external audit process is assessed principally in relation to the timely identification and resolution of any process errors or control breaches that might impact the Company's net asset values and accounting records. It is also assessed by reference to how successfully any issues in respect of areas of accounting judgement are identified and resolved, the quality and timeliness of papers analysing these judgements, the Board and the Manager's approach to the value of independent audit and the booking of any audit adjustments arising, and the timely provision of draft public documents for review by the auditors and the Audit Committee.

To form a conclusion with regard to the independence of the external auditors, the Audit Committee considers whether the skills and experience of the auditors make them a suitable supplier of any non-audit services and whether there are safeguards in place to ensure that there is no threat to their objectivity and independence in the conduct of the audit resulting from the provision of any such services. No non-audit service work was carried out during the year ended 28 February 2026. On an annual basis, PricewaterhouseCoopers LLP reviews the independence of its relationship with the Company and reports to the Audit Committee, providing details of any other relationship with the Manager. As part of this review, the Audit Committee also receives information about policies and processes for maintaining independence and monitoring compliance with relevant requirements from the Company's auditors, including information on the rotation of audit partners and staff, the level of fees that the Company pays in proportion to the overall fee income of the firm, the level of related fees, and details of any relationships between the audit firm and its staff and the Company, as well as an overall confirmation from the auditors of their independence and objectivity.

As a result of their review, the Audit Committee has concluded that the external audit has been conducted effectively and also that PricewaterhouseCoopers LLP is independent of the Company.

Conclusions in respect of the annual report and financial statements

The production and the audit of the Company's Annual Report and Financial Statements is a comprehensive process requiring input from a number of different contributors. In order to reach a conclusion that the Annual Report and Financial Statements are fair, balanced and understandable, the Board has requested that the Audit Committee advise on whether it considers that these criteria are satisfied. In so doing, the Audit Committee has given consideration to the following:

- the comprehensive control framework over the production of the Annual Report and Financial Statements, including the verification processes in place to deal with the factual content;

- the extensive levels of review that are undertaken in the production process by the Manager, the Depositary and the Audit Committee;
- the controls that are in place at the Manager and third-party service providers to ensure the completeness and accuracy of the Company's financial records and the security of the Company's assets; and
- the existence of satisfactory Service Organisation Control reports that have been reviewed and reported on by external auditors in respect of the effectiveness of the internal controls of BlackRock and BNY.

In addition to the work outlined above, the Audit Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable. In reaching this conclusion, the Audit Committee has assumed that the reader of the Annual Report and Financial Statements would have a reasonable level of knowledge of the investment trust industry. The Audit Committee has reported on these findings to the Board who affirm the Committee's conclusions in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements.

MARK LITTLE
Chairman
Audit Committee
15 May 2026

Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company as at the end of each financial year and of the profit or loss of the Company for that year.

In preparing those financial statements, the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and that enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Directors' Report, the Directors' Remuneration Report, the Corporate Governance Statement and the Report of the Audit Committee in accordance with the Companies Act 2006 and applicable regulations, including the requirements of the Listing Rules and the Disclosure Guidance and Transparency Rules. The Directors have delegated responsibility to the Manager for the maintenance and integrity of the Company's corporate and financial information included on BlackRock's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors, whose names are listed on pages 33 to 35, confirms that, to the best of their knowledge:

- the Financial Statements, prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Strategic Report contained in the Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

The UK Code also requires Directors to ensure that the Annual Report and Financial Statements are fair, balanced and understandable. In order to reach a conclusion on this matter, the Board has requested that the Audit Committee advise on whether it considers that the Annual Report and Financial Statements fulfil these requirements. The process by which the Committee has reached these conclusions is set out in the Audit Committee's report on pages 73 to 77. As a result, the Board has concluded that the Annual Report and Financial Statements for the year ended 28 February 2026, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

For and on behalf of the Board

RONALD GOULD
Chairman
15 May 2026

Financial statements

Specialist chemicals company Elementis focuses on coatings and personal care. The latter business manufactures natural and synthetic rheology modifiers for applications in skin care and cosmetics, as well as active ingredients for antiperspirants.

Independent Auditors' Report

to the members of BlackRock Smaller Companies Trust plc

Report on the audit of the financial statements

Opinion

In our opinion, BlackRock Smaller Companies Trust plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2026 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Balance Sheet as at 28 February 2026;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

Our audit approach

Context

The Company is a standalone Investment Trust Company and engages BlackRock Fund Managers Limited (the 'Manager') to manage its assets. The Manager engages Bank of New York Mellon (International) Limited (the "Fund Accountant") to provide administrative functions to the Company.

Overview

Audit scope	• We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of the third parties, the accounting processes and controls, and the industry in which the Company operates. • We obtained an understanding of the control environment in place at both the Manager and the Fund Accountant and adopted a fully substantive testing approach using reports obtained from the Fund Accountant.
Key audit matters	• Valuation and existence of investments • Accuracy, occurrence and completeness of investment income
Materiality	• Overall materiality: £6.04 million (2025: £6.15 million) based on 1% of Net assets. • Performance materiality: £4.53 million (2025: £4.61 million).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments Refer to the Report of the Audit Committee, Accounting policies and Notes to the Financial Statements. The investment portfolio at the year end comprised of listed equity investments valued at £638.08 million. We focused on the valuation and existence of investments because investments represent the principal element of the net asset value (NAV) as disclosed on the Balance Sheet in the Financial Statements.	Our audit work on the valuation and existence of the investments included the following: • We tested the valuation of all investments by agreeing the valuation to independent third party sources. • We tested the existence of all of the investments by agreeing the Company's holdings to an independent depositary confirmation as at 28 February 2026.
Accuracy, occurrence and completeness of investment income Refer to the Report of the Audit Committee, Accounting policies and Notes to the Financial Statements. Income from investments consists primarily of dividend income. Within dividend income there is a risk of incomplete or inaccurate recognition of revenue through the failure to recognise proper income entitlements or to apply an inappropriate accounting treatment. In addition, the directors are required to exercise judgement in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital' in the Income Statement in the Financial Statements.	We responded to this risk by performing the following audit procedures: • We obtained an understanding of the processes and controls around revenue recognition and classification of special dividends by reviewing the internal controls reports of the Bank of New York Mellon ('BNYM'), the Fund Accountant, against the accounting policies and the Association of Investment Companies Statement of Recommended Practice (the "AIC SORP"). • We assessed the appropriateness of the classification of special dividends as revenue or capital by the directors with reference to publicly available information. • We considered period end manual journals relating to the classification of income between revenue and capital. For all dividends recorded by the Company, we performed our audit procedures through the use of our proprietary testing tool Halo: • We tested the accuracy of their receipts by agreeing the dividend rates from investments to independent market data. • We tested occurrence by examining for each investment holding, that all dividends recorded in the year had been declared in the market. • To test for completeness, we investigated that the appropriate dividends had been received in the year by reference to independent data of dividends declared for all investment holdings held within the year. As stipulated by the requirements set out in the AIC SORP, we tested the allocation and presentation of dividend income between the revenue and capital return columns of the Income Statement by determining reasons behind dividend distributions.

Independent Auditors' Report

to the members of BlackRock Smaller Companies Trust plc

continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates. All audit procedures were conducted by a UK audit team. We tested and examined information using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to form our own judgements.

The impact of climate risk on our audit

In planning our audit, we made enquiries of the directors and Manager to understand the extent of the potential impact of climate change on the Company's financial statements. The directors and Manager concluded that the impact on the measurement and disclosures within the financial statements is not material because the Company's investment portfolio is made up of a majority of level 1 quoted securities which are valued at fair value based on market prices. We found this to be consistent with our understanding of the Company's investment activities. We also considered the consistency of the climate change disclosures included in the Strategic Report and Manager Report with the financial statements and our knowledge from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Company materiality	£6.04 million (2025: £6.15 million).
How we determined it	1% of Net assets
Rationale for benchmark applied	We believe that net assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark. This benchmark provides an appropriate and consistent year on year basis for our audit.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2025: 75%) of overall materiality, amounting to £4.53 million (2025: £4.61 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £301,921 (2025: £307,390) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the directors' updated risk assessment and considering whether it addressed relevant threats, including wider macroeconomic uncertainty;
- evaluating the directors' assessment of potential operational impacts, considering their consistency with other available information and our understanding of the business and assessing the potential impact on the financial statements;
- reviewing the directors' assessment of the Company's financial position in the context of its ability to meet future expected operating expenses, their assessment of liquidity as well as their review of the operational resilience of the Company and oversight of key third-party service providers; and
- assessing the implication of significant reductions in NAV as a result of a severe downside but plausible scenario in the market's performance on the ongoing ability of the Company to operate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 28 February 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditors' Report

to the members of BlackRock Smaller Companies Trust plc

continued

Our review of the directors' statement regarding the longer-term viability of the Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Company and its environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Company's position, performance, business model and strategy;

- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of Section 1158 of the Corporation Tax Act 2010, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate revenue or to increase net asset value. Audit procedures performed by the engagement team included:

- Discussions with the Manager and the Audit Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

- Understand the controls implemented by the Company and the Fund Accountant designed to prevent and detect irregularities;

- assessing the Company's compliance with the requirements of Section 1158 of the Corporation Tax Act 2010, including recalculation of numerical aspects of the eligibility conditions;

- identifying and testing journal entries, in particular year-end journal entries posted by the Fund Accountant during the preparation of the financial statements;

- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing for example, targeting transactions that otherwise would be immaterial; and

- reviewing relevant meeting minutes, including those of the Audit Committee.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the Company for the financial year ended 29 February 2016. Our uninterrupted engagement covers 11 financial years.

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Lauren Cooper (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15 May 2026

Income Statement

for the year ended 28 February 2026

			2026			2025	
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss	10	–	45,554	45,554	–	(19,794)	(19,794)
Gains/(losses) on foreign exchange		–	39	39	–	(3)	(3)
Income from investments held at fair value through profit or loss	3	19,609	797	20,406	22,684	875	23,559
Other income	3	1,194	–	1,194	1	–	1
Total income/(loss)		**20,803**	**46,390**	**67,193**	**22,685**	**(18,922)**	**3,763**
Expenses							
Investment management fee	4	(977)	(2,931)	(3,908)	(1,153)	(3,458)	(4,611)
Other operating expenses	5	(1,127)	(27)	(1,154)	(940)	(25)	(965)
Total operating expenses		**(2,104)**	**(2,958)**	**(5,062)**	**(2,093)**	**(3,483)**	**(5,576)**
Net profit/(loss) before finance costs and taxation		**18,699**	**43,432**	**62,131**	**20,592**	**(22,405)**	**(1,813)**
Finance costs	6	(468)	(1,399)	(1,867)	(627)	(1,781)	(2,408)
Net profit/(loss) before taxation		**18,231**	**42,033**	**60,264**	**19,965**	**(24,186)**	**(4,221)**
Taxation	7	(59)	–	(59)	(47)	–	(47)
Net profit/(loss) after taxation		**18,172**	**42,033**	**60,205**	**19,918**	**(24,186)**	**(4,268)**
Earnings/(loss) per ordinary share (pence) – basic and diluted	**9**	**43.77**	**101.24**	**145.01**	**42.53**	**(51.64)**	**(9.11)**

The total columns of this statement represent the Company's profit and loss account. The supplementary revenue and capital accounts are both prepared under guidance published by the Association of Investment Companies (AIC). All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the year. All income is attributable to the equity holders of the Company.

The net profit/(loss) for the year disclosed above represents the Company's total comprehensive income/(loss).

The notes on pages 92 to 111 form part of these financial statements.

Statement of Changes in Equity

for the year ended 28 February 2026

	Notes	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
For the year ended 28 February 2026							
At 28 February 2025		12,498	51,980	1,982	529,771	18,548	614,779
Total comprehensive income:							
Net profit for the year		–	–	–	42,033	18,172	60,205
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury	15, 16	–	–	–	(51,753)	–	(51,753)
Share repurchase costs	15, 16	–	–	–	(354)	–	(354)
Tender offer costs		–	–	–	(300)	–	(300)
Dividends paid[1]	8	–	–	–	–	(18,735)	(18,735)
At 28 February 2026		**12,498**	**51,980**	**1,982**	**519,397**	**17,985**	**603,842**
For the year ended 28 February 2025							
At 29 February 2024		12,498	51,980	1,982	601,098	18,648	686,206
Total comprehensive (loss)/income:							
Net (loss)/profit for the year		–	–	–	(24,186)	19,918	(4,268)
Transactions with owners, recorded directly to equity:							
Ordinary shares repurchased into treasury	15, 16	–	–	–	(46,838)	–	(46,838)
Share repurchase costs	15, 16	–	–	–	(303)	–	(303)
Dividends paid[2]	8	–	–	–	–	(20,018)	(20,018)
At 28 February 2025		**12,498**	**51,980**	**1,982**	**529,771**	**18,548**	**614,779**

[1] Interim dividend paid in respect of the year ended 28 February 2026 of 16.00p was declared on 24 October 2025 and paid on 10 December 2025. Final dividend paid in respect of the year ended 28 February 2025 of 28.50p was declared on 7 May 2025 and paid on 26 June 2025.

[2] Interim dividend paid in respect of the year ended 28 February 2025 of 15.50p was declared on 24 October 2024 and paid on 4 December 2024. Final dividend paid in respect of the year ended 29 February 2024 of 27.00p was declared on 14 May 2024 and paid on 27 June 2024.

For information on the Company's distributable reserves, please refer to note 16 on page 102.

Balance Sheet

as at 28 February 2026

	Notes	2026 £'000	2025 £'000
Non current assets			
Investments held at fair value through profit or loss	10	638,084	696,573
Current assets			
Current taxation asset		76	84
Debtors	11	7,014	9,738
Cash and cash equivalents – Cash Fund		36,146	–
Total current assets		**43,236**	**9,822**
Current liabilities			
Cash and cash equivalents – bank overdraft	17	(262)	(9,230)
Creditors – amounts falling due within one year	12	(7,645)	(12,843)
Net current assets/(liabilities)		**35,329**	**(12,251)**
Total assets less current liabilities		**673,413**	**684,322**
Creditors – amounts falling due after more than one year	13	(69,571)	(69,543)
Net assets		**603,842**	**614,779**
Total equity			
Called up share capital	15	12,498	12,498
Share premium account	16	51,980	51,980
Capital redemption reserve	16	1,982	1,982
Capital reserves	16	519,397	529,771
Revenue reserve	16	17,985	18,548
Total shareholders' funds	**9**	**603,842**	**614,779**
Net asset value per ordinary share (debt at par value) (pence)		**1,516.70**	**1,403.45**
Net asset value per ordinary share (debt at fair value) (pence)		**1,579.08**	**1,463.44**

The financial statements on pages 88 to 111 were approved and authorised for issue by the Board of Directors on 15 May 2026 and signed on its behalf by Ronald Gould, Chairman and Mark Little, Director and Audit Committee Chairman.

BlackRock Smaller Companies Trust plc

Registered in Scotland, No. SC006176

The notes on pages 92 to 111 form part of these financial statements.

Statement of Cash Flows

for the year ended 28 February 2026

	2026 £'000	2025 £'000
Operating activities		
Net profit/(loss) before taxation[1]	60,264	(4,221)
Changes in working capital items:		
Decrease in debtors	407	348
(Decrease)/increase in other creditors	(2,033)	1,065
Decrease/(increase) in amounts due from brokers	2,317	(5,293)
(Decrease)/increase in amounts due to brokers	(926)	3,143
Other adjustments:		
Finance costs	1,867	2,408
(Gains)/losses on investments held at fair value through profit or loss	(45,554)	19,794
Net (gains)/losses on foreign exchange	(39)	3
Special dividends allocated to capital	(797)	(875)
Sale of investments held at fair value through profit or loss	545,696	546,719
Purchase of investments held at fair value through profit or loss	(440,856)	(497,033)
Net cash inflow from operating activities before taxation	**120,346**	**66,058**
Taxation paid	(51)	(47)
Net cash inflow from operating activities	**120,295**	**66,011**
Financing activities		
Ordinary shares repurchased into treasury	(53,994)	(44,663)
Share repurchase costs	(354)	(303)
Tender offer costs	(300)	–
Interest paid	(1,837)	(2,383)
Dividends paid	(18,735)	(20,018)
Net cash outflow from financing activities	**(75,220)**	**(67,367)**
Increase/(decrease) in cash and cash equivalents	**45,075**	**(1,356)**
Effect of foreign exchange rate changes	39	(3)
Cash and cash equivalents at beginning of year	(9,230)	(7,871)
Cash and cash equivalents at end of year	**35,884**	**(9,230)**
Comprised of:		
Cash Fund[2]	36,146	–
Bank overdraft	(262)	(9,230)
	35,884	**(9,230)**

1 Dividends and interest received in cash during the year amounted to £19,988,000 and £1,071,000 (2025: £22,774,000 and £1,000).

2 Cash Fund represents funds held on deposit with the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund.

The notes on pages 92 to 111 form part of these financial statements.

Notes to the Financial Statements

for the year ended 28 February 2026

1. Principal activity

The principal activity of the Company is that of an investment trust company within the meaning of Section 1158 of the Corporation Tax Act 2010.

2. Accounting policies

The principal accounting policies adopted by the Company are set out below.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the revised Statement of Recommended Practice – Financial Statements of Investment Trust Companies and Venture Capital Trusts (SORP), issued by the Association of Investment Companies (AIC) in October 2019 and updated in July 2022, and the provisions of the Companies Act 2006.

Substantially, all of the assets of the Company consist of securities that are readily realisable and, accordingly, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the period to 28 February 2028, being a period of at least 12 months from the date of approval of the financial statements, and therefore consider the going concern assumption to be appropriate. The Directors have reviewed compliance with the covenants associated with the loan notes and revolving credit facility, income and expense projections and the liquidity of the investment portfolio in making their assessment.

The Directors have considered the impact of climate change on the value of the investments included in the Financial Statements and have concluded that there was no further impact of climate change to be considered as the investments are valued based on market pricing as required by FRS 102.

None of the Company's other assets and liabilities were considered to be potentially impacted by climate change.

The principal accounting policies adopted by the Company are set out below. Unless specified otherwise, the policies have been applied consistently throughout the year and are consistent with those applied in the preceding year. All of the Company's operations are of a continuing nature.

The Company's financial statements are presented in Sterling, which is the functional currency of the Company and the primary economic environment in which the Company operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise stated.

(b) Presentation of Income Statement

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and a capital nature has been presented alongside the Income Statement.

(c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business being investment business.

(d) Income

Dividends receivable on equity shares are treated as revenue for the year on an ex-dividend basis. Where no ex-dividend date is available, dividends receivable on or before the year end are treated as revenue for the year. Provisions are made for dividends not expected to be received. The return on a debt security is recognised on a time apportionment basis.

Special dividends are recognised on an ex-dividend basis and are treated as capital or revenue depending on the facts or circumstances of each particular dividend.

Dividends are accounted for in accordance with Section 29 of FRS 102 on the basis of income actually receivable, without adjustment for tax credits attaching to the dividend. Dividends from overseas companies continue to be shown gross of withholding tax.

Deposit interest receivable is accounted for using the effective interest rate method in accordance with Section 11 of FRS 102.

Where the Company has elected to receive its dividends in the form of additional shares rather than in cash, the cash equivalent of the dividend foregone is recognised in the revenue account of the Income Statement. Any excess in the value of the shares over the amount of the cash dividend is recognised in capital reserves.

(e) Expenses

All expenses, including finance costs, are accounted for on an accruals basis. Expenses have been charged wholly to the revenue account of the Income Statement, except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital. Details of transaction costs on the purchases and sales of investments are shown in note 10 on page 99;

- expenses are treated as capital where a connection with the maintenance of enhancement of the value of the investments can be demonstrated; and

- the investment management fee and finance costs have been allocated 75% to the capital account and 25% to the revenue account of the Income Statement in line with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the balance sheet date.

The current tax effect of different items of expenditure is allocated between capital and revenue on the marginal basis using the Company's effective rate of corporation tax for the accounting period.

Deferred taxation is recognised in respect of all timing differences at the financial reporting date, where transactions or events that result in an obligation to pay more taxation in the future or right to less taxation in the future have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. This is subject to deferred taxation assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the timing differences can be deducted.

(g) Investments held at fair value through profit or loss

The Company's investments are classified as held at fair value through profit or loss in accordance with Sections 11 and 12 of FRS 102 and are managed and evaluated on a fair value basis in accordance with its investment strategy.

All investments are classified upon initial recognition as held at fair value through profit or loss. Purchases of investments are recognised on a trade date basis. Sales of assets are recognised at the trade date of the disposal and the proceeds will be measured at fair value, which will be regarded as the proceeds of the sale less any transaction costs.

The fair value of the financial investments is based on their quoted bid price at the balance sheet date on the exchange on which the investment is quoted, without deduction for the estimated future selling costs.

Unquoted investments are valued by the Directors at fair value using International Private Equity and Venture Capital Valuation Guidelines. This policy applies to all current and non-current asset investments of the Company.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Income Statement as 'Gains or losses on investments held at fair value through profit or loss'. Also included within this heading are transaction costs in relation to the purchase or sale of investments.

The fair value hierarchy consists of the following three levels:

Level 1 – Quoted market price for identical instruments in active markets.

Level 2 – Valuation techniques using observable inputs.

Level 3 – Valuation techniques using significant unobservable inputs.

Notes to the Financial Statements
continued

2. Accounting policies continued
(h) Dividends payable
Under Section 32 of FRS 102, final dividends should not be accrued in the financial statements unless they have been approved by shareholders before the balance sheet date. Dividends payable to equity shareholders are recognised in the Statement of Changes in Equity when they have been approved by shareholders and have become a liability of the Company. Interim dividends are recognised in the financial statements in the period in which they are paid.

(i) Foreign currency translation
In accordance with Section 30 of FRS 102, the Company is required to nominate a functional currency, being the currency in which the Company predominately operates. The functional and reporting currency is Sterling, reflecting the primary economic environment in which the Company operates. Transactions in foreign currencies are translated into Sterling at the rates of exchange ruling on the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rates of exchange ruling at the balance sheet date. Profits and losses thereon are recognised in the capital account of the Income Statement and taken to the capital reserve.

(j) Share repurchases, share re-issues and new share issues
Shares repurchased and subsequently cancelled – share capital is reduced by the nominal value of the shares repurchased, and the capital redemption reserve is correspondingly increased in accordance with Section 733 of the Companies Act 2006. The full cost of the repurchase is charged to the capital reserves.

Shares repurchased and held in treasury – the full cost of the repurchase is charged to the capital reserves.

Where treasury shares are subsequently re-issued:

- amounts received to the extent of the repurchase price are credited to the capital reserves; and
- any surplus received in excess of the repurchase price is taken to the share premium account.

Where new shares are issued, the par value is taken to called up share capital and amounts received to the extent of any surplus received in excess of the par value are taken to the share premium account.

Share issue costs are charged to the share premium account. Costs on share re-issues are charged to the capital reserves.

(k) Debtors
Debtors include sales for future settlement, other debtors and prepayments and accrued income in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(l) Creditors
Creditors include purchases for future settlement, interest payable, share buyback costs and accruals in the ordinary course of business. Creditors, loans and debentures are classified as creditors – amounts due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors – amounts falling due after more than one year. Debentures are held at par less amortised cost, whilst all other creditors are held at fair value.

(m) Cash and cash equivalents
Cash comprises cash in hand and on demand deposits and bank overdrafts repayable on demand. Cash equivalents include short-term, highly liquid investments, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

The investment in the BlackRock Institutional Cash Series plc - Sterling Liquid Environmentally Aware Fund has been presented in the financial statements as a cash equivalent as it is held for short-term cash management purposes.

(n) Critical accounting estimates and judgements
The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events and that are believed to be reasonable under the circumstances. The Directors do not believe that any accounting judgements or estimates have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

3. Income

	2026 £'000	2025 £'000
Investment income[1]:		
UK dividends	14,966	18,567
UK special dividends	691	801
UK property income distributions	649	1,007
Dividends from UK REITs[2]	514	493
Overseas dividends	1,424	1,514
Overseas special dividends	966	–
Dividends from overseas REITs[2]	399	302
Total investment income	**19,609**	**22,684**
Other income:		
Bank interest	18	1
Interest from Cash Fund	1,176	–
Total other income	**1,194**	**1**
Total	**20,803**	**22,685**

1 UK and overseas dividends are disclosed based on the country of domicile of the underlying portfolio company.
2 REITs - real estate investment trusts.

Special dividends of £797,000 have been recognised in capital during the year (2025: £875,000).

Dividends and interest received in cash during the year amounted to £19,988,000 and £1,071,000 (2025: £22,774,000 and £1,000).

4. Investment management fee

	2026			2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	977	2,931	3,908	1,153	3,458	4,611
Total	**977**	**2,931**	**3,908**	**1,153**	**3,458**	**4,611**

Up to 16 April 2026, the investment management fee was based on a rate of 0.6% of the first £750 million of total assets (excluding current year income) less the current liabilities of the Company (the "Fee Asset Amount"), reducing to 0.5% above this level. The fee was calculated at the rate of one quarter of 0.6% of the Fee Asset Amount up to the initial threshold of £750 million, and one quarter of 0.5% of the Fee Asset Amount in excess thereof, at the end of each quarter. With effect from 16 April 2026, the AIFM receives a revised management fee equal to: (i) 0.5% per annum on the first £500 million of the Company's Net Asset Value (NAV); (ii) 0.475% per annum on the Company's NAV between £500 million and £750 million; and (iii) 0.45% per annum on the Company's NAV in excess of £750 million.

In addition to the revised fee, BlackRock has agreed to waive the management fee for six months with effect from 16 April 2026 as a contribution to the costs of the combination with THRG. The investment management fee is allocated 25% to the revenue account and 75% to the capital account of the Income Statement.

Notes to the Financial Statements
continued

5. Other operating expenses

	2026 £'000	2025 £'000
Allocated to revenue:		
Custody fees	6	9
Depositary fees	68	83
Auditors' remuneration[1]	61	52
Registrar's fee	55	46
Directors' emoluments[2]	205	240
Marketing fees	269	195
AIC fees	26	22
Bank charges	24	24
Broker fees	35	23
Stock exchange listings	45	41
Printing and postage fees	60	39
Legal fees	44	43
Prior year expenses written back[3]	–	(11)
Other administrative costs	229	134
Total revenue expenses	**1,127**	**940**
Allocated to capital:		
Custody transaction charges[4]	27	25
Total capital expenses	**27**	**25**
Total	**1,154**	**965**

	2026	2025
Ongoing charges[5]	0.8%	0.8%

1 No non-audit services were provided by the Company's auditors (2025: none).
2 Further information on Directors' emoluments can be found in the Directors' Remuneration Report on page 61.
3 No prior year expenses were written back during the year ended 28 February 2026 (2025: bank charges, printing and postage fees and miscellaneous fees).
4 For the year ended 28 February 2026, expenses of £27,000 (2025: £25,000) were charged to the capital account of the Income Statement. These relate to transaction costs charged by the Custodian on sale and purchase trades.
5 The Company's ongoing charges are calculated as a percentage of average daily net assets and using the management fee and all other operating expenses, excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items. Alternative Performance Measure, see Glossary on pages 124 to 128.

6. Finance costs

	2026			2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Interest on 2.74% loan note 2037	173	518	691	173	518	691
Interest on 2.41% loan note 2044	121	362	483	121	362	483
Interest on 2.47% loan note 2046	152	456	608	152	456	608
Interest on bank overdraft	14	43	57	173	425	598
2.74% Amortised loan note issue expenses	4	10	14	4	10	14
2.41% Amortised loan note issue expenses	2	5	7	2	5	7
2.47% Amortised loan note issue expenses	2	5	7	2	5	7
Total	**468**	**1,399**	**1,867**	**627**	**1,781**	**2,408**

Finance costs have been allocated 25% to the revenue account and 75% to the capital account of the Income Statement.

7. Taxation

(a) Analysis of charge for the year

	2026			2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Current taxation:						
Overseas taxation	59	–	59	47	–	47
Total taxation charge (note 7(b))	**59**	**–**	**59**	**47**	**–**	**47**

(b) Factors affecting taxation charge for the year

The taxation assessed for the year is lower (2025: higher) than the standard rate of corporation tax used of 25.00% (2025: 25.00%). The differences are explained below.

	2026			2025		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net profit/(loss) before taxation	18,231	42,033	60,264	19,965	(24,186)	(4,221)
Net profit/(loss) multiplied by standard rate of 25.00% (2025: 25.00%)	4,558	10,508	15,066	4,991	(6,046)	(1,055)
Effects of:						
Income not subject to corporation tax	(4,740)	(199)	(4,939)	(5,419)	(219)	(5,638)
(Gains)/losses on investments held at fair value through profit or loss	–	(11,388)	(11,388)	–	4,949	4,949
Foreign exchange loss not taxable	–	(10)	(10)	–	1	1
Disallowed expenses	–	7	7	–	6	6
Management expenses not utilised	182	908	1,090	265	864	1,129
Overseas taxation charge	59	–	59	47	–	47
Non-trade loan relationship deficit not utilised	–	174	174	163	337	500
Interest expense disallowed under the corporate interest restriction rules	–	–	–	–	108	108
	(4,499)	(10,508)	(15,007)	(4,944)	6,046	1,102
Total taxation charge (note 7(a))	**59**	**–**	**59**	**47**	**–**	**47**

Notes to the Financial Statements
continued

7. Taxation continued

(c) Factors that may affect future taxation changes

At 28 February 2026, the Company had net surplus management expenses of £86,849,000 (2025: £82,486,000), a non-trade loan relationship deficit (relating to interest on the Company's loan notes, revolving credit facility and bank overdraft) of £37,896,000 (2025: £37,199,000) and carried forward disallowed interest expenses of £2,247,000 (2025: £2,247,000).

A deferred tax asset has not been recognised in respect of these losses as the Company is not expected to generate taxable income in the future in excess of the deductible expenses of that future period and, accordingly, it is unlikely the Company will be able to reduce future tax liabilities through the use of the existing excess expenses and loan relationship deficits.

8. Dividends

Dividends paid on equity shares:	Record date	Payment date	2026 £'000	2025 £'000
2024 Final of 27.00p	24 May 2024	27 June 2024	–	12,717
2025 Interim of 15.50p	1 November 2024	4 December 2024	–	7,301
2025 Final of 28.50p	16 May 2025	26 June 2025	12,285	–
2026 First Interim of 16.00p	7 November 2025	10 December 2025	6,450	–
Accounted for in the financial statements			**18,735**	**20,018**

The Directors have proposed a second and final interim dividend of 28.50p per share in respect of the year ended 28 February 2026. The second and final interim dividend will be paid, subject to shareholders' approval, on 8 May 2026 to shareholders on the Company's register on 10 April 2026. The proposed second and final interim dividend has not been included as a liability in these financial statements, as dividends are only recognised in the financial statements when they have been approved by shareholders.

The total dividends payable in respect of the year which form the basis of determining retained income for the purposes of Section 1158 of the Corporation Tax Act 2010 and Section 833 of the Companies Act 2006, and the amount proposed for the year ended 28 February 2026 meet the relevant requirements as set out in this legislation.

Dividends paid or proposed on equity shares:	2026 £'000	2025 £'000
First interim dividend paid of 16.00p (2025: 15.50p)	6,450	7,301
Second and final interim dividend proposed of 28.50p per share[1] (2025: 28.50p)	11,347	12,285
Total	**17,797**	**19,586**

[1] Based upon 39,812,792 ordinary shares (excluding treasury shares) in issue on 10 April 2026.

All dividends paid or payable are distributed from the Company's distributable reserves.

9. Returns and net asset value per share

Revenue earnings, capital earnings/(loss) and net asset value per ordinary share are shown below and have been calculated using the following:

	2026	2025
Revenue return attributable to ordinary shareholders (£'000)	18,172	19,918
Capital profit/(loss) attributable to ordinary shareholders (£'000)	42,033	(24,186)
Total profit/(loss) attributable to ordinary shareholders (£'000)	**60,205**	**(4,268)**
Total shareholders' funds (£'000)	**603,842**	**614,779**
The weighted average number of ordinary shares in issue during the year on which the earnings per ordinary share was calculated was:	41,517,247	46,833,380
The actual number of ordinary shares in issue at the end of each year on which the undiluted net asset value was calculated was:	39,812,792	43,804,792
Earnings per share		
Revenue earnings per share (pence) – basic and diluted	43.77	42.53
Capital earnings/(loss) per share (pence) – basic and diluted	101.24	(51.64)
Total earnings/(loss) per share (pence) – basic and diluted	**145.01**	**(9.11)**

	As at 28 February 2026	As at 28 February 2025
Net asset value per ordinary share (debt at par value) (pence)	1,516.70	1,403.45
Net asset value per ordinary share (debt at fair value) (pence)	1,579.08	1,463.44
Ordinary share price (pence)	1,402.00	1,270.00

10. Investments held at fair value through profit or loss

	2026 £'000	2025 £'000
UK investments held at fair value	489,402	523,516
UK AIM investments held at fair value	148,682	173,057
Valuation of investments at end of the year	**638,084**	**696,573**
Opening book cost of equity investments	677,313	729,573
Investment holding gains	19,260	35,605
Opening fair value	**696,573**	**765,178**
Analysis of transactions made during the year:		
Purchases at cost	440,856	497,033
Sales proceeds received	(544,899)	(545,844)
Gains/(losses) on investments	45,554	(19,794)
Closing fair value	**638,084**	**696,573**
Closing book cost of equity investments	540,488	677,313
Closing investment holding gains	97,596	19,260
Closing fair value	**638,084**	**696,573**

The Company received £544,899,000 (2025: £545,844,000) from investments sold in the year. The book cost of these investments when they were purchased was £577,714,000 (2025: £549,293,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Transaction costs of £2,019,000 were incurred on the acquisition of investments (2025: £2,136,000). Costs relating to the disposal of investments during the year amounted to £436,000 (2025: £406,000). All transaction costs have been included within capital reserves.

Notes to the Financial Statements
continued

11. Debtors

	2026 £'000	2025 £'000
Sales for future settlement	6,553	8,870
Prepayments and accrued income	461	868
Total	**7,014**	**9,738**

12. Creditors – amounts falling due within one year

	2026 £'000	2025 £'000
Purchases for future settlement	4,140	5,066
Interest payable	583	581
Share buybacks awaiting settlement	–	2,241
Accruals	2,922	4,955
Total	**7,645**	**12,843**

13. Creditors – amounts falling due after more than one year

	2026 £'000	2025 £'000
2.74% loan note 2037	25,000	25,000
Unamortised loan note issue expenses	(154)	(168)
	24,846	24,832
2.41% loan note 2044	20,000	20,000
Unamortised loan note issue expenses	(120)	(127)
	19,880	19,873
2.47% loan note 2046	25,000	25,000
Unamortised loan note issue expenses	(155)	(162)
	24,845	24,838
Total	**69,571**	**69,543**

The fair value of the 2.74% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 28 February 2026 equated to a valuation of 76.33p per note (2025: 73.47p), a total of £19,083,000 (2025: £18,368,000). The fair value of the 2.41% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 28 February 2026 equated to a valuation of 59.41p per note (2025: 57.61p), a total of £11,882,000 (2025: £11,522,000). The fair value of the 2.47% loan note has been determined based on a comparative yield for UK Gilts for similar duration maturity and spreads, and as at 28 February 2026 equated to a valuation of 55.09p per note (2025: 53.50p), a total of £13,772,000 (2025: £13,375,000).

The first £25 million loan note was issued on 24 May 2017. Interest on the note is payable in equal half yearly instalments on 24 May and 24 November in each year. The loan note is unsecured and is redeemable at par on 24 May 2037.

The £20 million loan note was issued on 3 December 2019. Interest on the note is payable in equal half yearly instalments on 3 December and 3 June in each year. The loan note is unsecured and is redeemable at par on 3 December 2044.

The second £25 million loan note was issued on 16 September 2021. Interest on the note is payable in equal half yearly instalments on 24 May and 16 September each year. The loan note is unsecured and is redeemable at par on 16 September 2046.

The Company also has available an uncommitted overdraft facility of £60 million with The Bank of New York Mellon (International) Limited, of which £262,000 had been utilised at 28 February 2026 (2025: £9,230,000).

14. Reconciliation of liabilities arising from financing activities

	2026 £'000	2025 £'000
Debt arising from financing activities at beginning of year		
Cash at bank – bank overdraft	9,230	7,899
Loan notes	69,543	69,515
Loan note interest payable	581	584
Total	**79,354**	**77,998**
Cash flows:		
Movement in bank overdraft[1]	(8,911)	1,929
Bank overdraft interest paid[1]	(57)	(598)
Loan notes interest paid[1]	(1,780)	(1,785)
Non cash flows:		
Amortisation of loan note issue expenses	28	28
Debt arising from financing activities at end of year		
Cash at bank – bank overdraft	262	9,230
Loan notes	69,571	69,543
Loan note interest payable	583	581
Total	**70,416**	**79,354**

1 Movement on interest and finance costs expense and payments on borrowings have now been included in the reconciliation above to reflect movements in financing activities.

15. Called up share capital

	Ordinary shares number	Treasury shares number	Total shares number	Nominal value £'000
Allotted, called up and fully paid share capital comprised:				
Ordinary shares of 25 pence each				
At 29 February 2024	47,319,792	2,673,731	49,993,523	12,498
Ordinary shares repurchased into treasury	(3,515,000)	3,515,000	–	–
At 28 February 2025	43,804,792	6,188,731	49,993,523	12,498
Ordinary shares repurchased into treasury	(3,992,000)	3,992,000	–	–
At 28 February 2026	**39,812,792**	**10,180,731**	**49,993,523**	**12,498**

During the year ended 28 February 2026, the Company repurchased 3,992,000 shares (2025: 3,515,000) into treasury for a total consideration of £52,107,000 (2025: £47,141,000).

Since 28 February 2026 and up to the latest practicable date of 12 May 2026, 45,000 ordinary shares have been repurchased into treasury for a total consideration of £585,000.

The ordinary shares (excluding any shares held in treasury) carry the right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares or on the transfer of ordinary shares.

Notes to the Financial Statements

continued

16. Reserves

	Share premium account	Capital redemption reserve	Distributable reserves[1] Capital reserve (arising on investments sold)	Distributable reserves[1] Capital reserve (arising on revaluation of investments held)	Distributable reserves[1] Revenue reserve
	£'000	£'000	£'000	£'000	£'000
At 29 February 2024	51,980	1,982	565,497	35,601	18,648
Movement during the year:					
Losses on realisation of investments	–	–	(2,573)	–	–
Change in investment holding gains	–	–	–	(16,346)	–
Losses on foreign currency transactions	–	–	(3)	–	–
Finance costs and expenses charged to capital	–	–	(5,264)	–	–
Net profit for the year	–	–	–	–	19,918
Ordinary shares repurchased into treasury	–	–	(46,838)	–	–
Share buyback costs	–	–	(303)	–	–
Dividends paid during the year	–	–	–	–	(20,018)
At 28 February 2025	**51,980**	**1,982**	**510,516**	**19,255**	**18,548**
Movement during the year:					
Losses on realisation of investments	–	–	(31,988)	–	–
Change in investment holding gains	–	–	–	78,339	–
Gains on foreign currency transactions	–	–	39	–	–
Finance costs and expenses charged to capital	–	–	(4,357)	–	–
Net profit for the year	–	–	–	–	18,172
Ordinary shares repurchased into treasury	–	–	(51,753)	–	–
Share repurchase costs	–	–	(354)	–	–
Tender offer cost	–	–	(300)	–	–
Dividends paid during the year	–	–	–	–	(18,735)
At 28 February 2026	**51,980**	**1,982**	**421,803**	**97,594**	**17,985**

1 The share premium account and capital redemption reserve of £51,980,000 and £1,982,000 (2025: £51,980,000 and £1,982,000) are not distributable reserves under the Companies Act 2006. In accordance with ICAEW Technical Release 02/17BL on Guidance on Realised and Distributable Profits under the Companies Act 2006, the capital reserve may be used as distributable reserves for all purposes and, in particular, the repurchase by the Company of its ordinary shares and for payments such as dividends. In accordance with the Company's Articles of Association, the capital reserve of £519,397,000 (2025: £529,771,000) and the revenue reserve of £17,985,000 (2025: £18,548,000) may be distributed by way of dividend. The gain on the capital reserve arising on the revaluation of investments of £97,594,000 (2025: gain of £19,255,000) is subject to fair value movements and may not be readily realisable at short notice. The distributability of this portion of the reserve has not been analysed as it is complex to determine. This complexity is explained further in ICAEW Technical Release 02/17BL, which offers guidance on the realised and distributable profits under the Companies Act 2006, as such it may not be entirely distributable. The investments are subject to financial risks, as such capital reserves (arising on investments sold) and the revenue reserve may not be entirely distributable if a loss occurred during the realisation of these investments.

As at 28 February 2026, the Company's distributable reserves (excluding capital reserves on the revaluation of investments) amounted to £439,788,000 (2025: £529,064,000).

17. Risk management policies and procedures

The Company's investment activities expose it to various types of risks which are associated with the financial instruments and markets in which it invests. The following information is not intended to be a comprehensive summary of all risks and shareholders should refer to the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at www.blackrock.com/uk/brsc for a more detailed discussion of the risks inherent in investing in the Company.

Risk management framework

The following information refers to the risk management framework of the Alternative Investment Fund Manager (AIFM). However, as disclosed in the Corporate Governance Statement on pages 66 to 72 and in the Statement of Directors' Responsibilities on pages 78 and 79, it is the ultimate responsibility of the Board to ensure that the Company's risks are appropriately monitored, and to the extent that elements of this are delegated to third party service providers, the Board is responsible for ensuring that the relevant parties are discharging their duties in accordance with the terms of relevant agreements and taking appropriate action to the extent issues are identified.

The Directors of the AIFM review quarterly investment performance reports and receive semi-annual presentations in person from the Investment Manager covering the Company's performance and risk profile during the year. The AIFM has delegated the day-to-day administration of the investment programme to the Investment Manager. The Investment Manager is also responsible for ensuring that the Company is managed within the terms of its investment guidelines and limits set out in the Alternative Investment Fund Managers' Directive FUND 3.2.2R Disclosures which can be found at www.blackrock.com/uk/brsc.

The AIFM is responsible for monitoring investment performance, product risk monitoring and oversight and has the responsibility for the monitoring and oversight of regulatory and operational risk for the Company. The Directors of the AIFM have appointed a Risk Manager who has responsibility for the daily risk management process with assistance from key risk management personnel of the Investment Manager, including members of the Risk and Quantitative Analysis Group (RQA) which is a centralised group which performs an independent risk management function. RQA independently identifies, measures and monitors investment risk, including climate-related risk, and tracks the actual risk management practices being deployed across the Company. By breaking down the components of the process, RQA has the ability to determine if the appropriate risk management processes are in place. This captures the risk management tools employed, how the levels of risk are controlled, ensuring risk/return is considered in portfolio construction and reviewing outcomes.

The AIFM reports to the Audit Committee twice yearly on key risk metrics and risk management processes; in addition, the Depositary monitors the performance of the AIFM and reports to the Audit Committee twice yearly. Any significant issues are reported to the Board as they arise.

Risk exposures

The risk exposures of the Company are set out as follows:

(a) Market risk

Market risk arises mainly from uncertainty about future values of financial instruments influenced by currency, interest rate and other price movements. It represents the potential loss the Company may suffer through holding market positions in financial instruments in the face of market movements.

A key metric RQA uses to measure market risk is Value-at-Risk (VaR) which encompasses price, currency and interest rate risk. VaR is a statistical risk measure that estimates the potential portfolio loss from adverse market moves in an ordinary market environment. VaR analysis reflects the interdependencies between risk variables (including other price risk, foreign currency risk and interest rate risk) unlike a traditional sensitivity analysis.

The VaR calculations are based on a confidence level of 99% with a holding period of not greater than one day and a historical observation period of not less than one year (250 days). A VaR number is defined at a specified probability and a specified time horizon. A 99% one day VaR means that the expectation is that 99% of the time over a one day period the Company will lose less than this number in percentage terms. Therefore, higher VaR numbers indicate higher risk. It is noted that the use of the VaR methodology has limitations, namely assumptions that risk factor returns are normally distributed and that the use of historical market data as a basis for estimating future events does not encompass all possible scenarios, particularly those that are of an extreme nature and that the use of a specified confidence level (e.g. 99%) does not take into account losses that occur beyond this level. There is some probability that the loss could be greater than the VaR percentage amounts. These limitations and the nature of the VaR measure mean that the Company can neither guarantee that losses will not exceed the VaR amounts indicated, nor that losses in excess of the VaR amounts will not occur more frequently.

The one-day VaR as of 28 February 2026 and 28 February 2025 (based on a 99% confidence level) was 1.78% and 1.74%, respectively.

Notes to the Financial Statements
continued

17. Risk management policies and procedures continued

(i) Market risk arising from foreign currency risk

Exposure to foreign currency risk

As the Company's objective is to achieve capital growth for shareholders through investment mainly in smaller UK quoted companies, substantially all of the Company's assets are Sterling denominated. From time to time, the Company may hold an overseas line of stock to the extent that the underlying investment has exposure to the UK market and, consequently, at any time a very small proportion of the Company's assets, liabilities and income may be denominated in currencies other than Sterling (the Company's functional currency and that in which it reports its results).

As at 28 February 2026, there were no non-Sterling denominated investments (2025: none).

(ii) Market risk arising from interest rate risk

Exposure to interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk specifically through its cash holdings and variable rate borrowings. Interest rate movements may affect the level of income receivable from any cash at bank and on deposits and the level of interest payable on variable rate borrowings. The effect of interest rate changes on the earnings of the companies held within the portfolio may have a significant impact on the valuation of the Company's investments. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

Interest rate exposure

The Company's exposure to interest rates at year end was:

- floating interest rates – when the interest rate is due to be re-set; and
- fixed interest rates – when the financial instrument is due for repayment.

	2026			2025		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash and cash equivalents – bank overdraft	(262)	–	(262)	(9,230)	–	(9,230)
Exposure to fixed interest rates:						
2.74% loan note 2037	–	(24,846)	(24,846)	–	(24,832)	(24,832)
2.41% loan note 2044	–	(19,880)	(19,880)	–	(19,873)	(19,873)
2.47% loan note 2046	–	(24,845)	(24,845)	–	(24,838)	(24,838)
Total exposure to interest rates	**(262)**	**(69,571)**	**(69,833)**	**(9,230)**	**(69,543)**	**(78,773)**

The above year-end amounts are not representative of the exposure to interest rates during the year, as the level of exposure changes as investments are made, borrowings are drawn down and repaid, and the mix of borrowings between floating and fixed interest rates change. During the year, the Company was exposed to interest rate risk through its cash investments, its overdraft facility and cash deposits with The Bank of New York Mellon (International) Limited (BNY) and its loan notes. Borrowing is varied throughout the year as part of a Board endorsed policy. As set out in the table above, as at 28 February 2026, the Company had an uncommitted overdraft facility of £60 million with BNY of which £262,000 had been utilised and loan notes of £69,571,000 respectively (2025: £9,230,000 and £69,543,000 respectively).

Management of interest rate risk
The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions and borrowing. Derivative contracts are not used to hedge against the exposure to interest rate risk. Interest rate sensitivity risk has been covered by the VaR analysis under the market risk section.

The Company's loan notes accrue interest at a fixed rate of 2.74%, 2.41% and 2.47% per annum respectively. The Company expects to hold these stocks to maturity, therefore it is not exposed to variations in interest rates.

Interest received on cash balances, or paid on the bank overdraft respectively, is approximately 3.86% and 6.73% per annum (2025: 4.70% and 5.96%).

(iii) Market risk arising from other price risk
Exposure to other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, climate change, or other events could have a significant impact on the Company and market prices of its investments and could result in increased premiums or discounts to the Company's net asset value.

The Company is exposed to market price risk arising from its equity investments. The movements in the prices of these equity investments result in movements in the performance of the Company. Other price risk sensitivity has been covered by VaR analysis under the market risk section above.

The Company's exposure to other changes in market prices at 28 February 2026 on its equity investments was £638,084,000 (2025: £696,573,000).

Management of other price risk
Exposures to individual stocks are monitored by the Portfolio Managers, who take into account the strategy of the Company and the need to hold a diversified portfolio. No more than 15% of the Company's assets may be invested in any one stock, but in practice positions are much smaller. Limits on individual holdings are coded on BlackRock's trading systems and are monitored daily.

Regular review by RQA of sector allocations and various concentration of risk metrics identifies areas of concern. Portfolio concentrations are reviewed by RQA on a regular basis and areas of concern are highlighted to and discussed with the Portfolio Manager.

Concentration of exposure to market price risks
An analysis of the Company's fifty largest investments and sector analysis, is shown in the Portfolio section of this Annual Report. At 28 February 2026, this shows the majority of the investment value is in UK companies. Accordingly, there is a concentration of exposure to the UK, although it is recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

(b) Counterparty credit risk
Counterparty credit risk is the risk that the issuer of a financial instrument will fail to fulfil an obligation or commitment that it has entered into with the Company.

The Company is exposed to counterparty credit risk from the parties with which it trades and will bear the risk of settlement default. Counterparty credit risk to the Company arises from transactions to purchase or sell equity investments.

The major counterparties engaged with the Company are all widely recognised and regulated entities.

There were no past due or impaired assets as of 28 February 2026 (2025: nil).

Notes to the Financial Statements
continued

17. Risk management policies and procedures continued

Depositary

The Company's Depositary is The Bank of New York Mellon (International) Limited (BNY or the Depositary) (S&P long-term credit rating as at 28 February 2026: AA- (2025: AA-)). The Company's listed investments are held on its behalf by The Bank of New York Mellon (International) Limited (BNY) as the Company's Custodian (as sub-delegated by the Depositary). All of the equity assets and cash of the Company are held within the custodial network of the global custodian appointed by the Depositary. Bankruptcy or insolvency of the Depositary/Custodian may cause the Company's rights with respect to its investments held by the Depositary/Custodian to be delayed or limited. The maximum exposure to this risk at 28 February 2026 is the total value of equity investments held with the Depositary/Custodian and cash and cash equivalents in the Balance Sheet.

In accordance with the requirements of the depositary agreement, the Depositary will ensure that any agents it appoints to assist in safekeeping the assets of the Company will segregate the assets of the Company. Thus, in the event of insolvency or bankruptcy of the Depositary, the Company's non-cash assets are segregated and this reduces counterparty credit risk. The Company will, however, be exposed to the counterparty credit risk of the Depositary in relation to the Company's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the Company will be treated as a general creditor of the Depositary in relation to cash holdings of the Company.

Counterparties/Brokers

All transactions in listed securities are settled/paid for upon delivery using an approved broker. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has made payment. Payment is made on a purchase once the securities have been delivered by the broker. The trade will fail if either party fails to meet its obligation.

Counterparty credit risk also arises on transactions with the broker in relation to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the credit quality of the broker used. The Company monitors the credit rating and financial position of the broker used to further mitigate this risk.

Cash held by a counterparty is subject to the credit risk of the counterparty as the Company's access to its cash could be delayed should the counterparty become insolvent or bankrupt.

The following table details the total number of counterparties to which the Company is exposed, the maximum exposure to any one counterparty, any collateral held by the Company against this exposure, the total exposure to all other counterparties and the lowest long-term credit rating of any one counterparty (or its ultimate parent if unrated).

	Total number of counterparties	Maximum exposure to any one counterparty[1] £'000	Collateral held £'000	Total exposure to all other counterparties[1] £'000	Lowest credit rating of any one counterparty[2]
2026	8	2,608	–	3,945	BBB
2025	13	1,883	–	6,987	BBB

[1] Calculated on a net exposure basis.
[2] Standard & Poor's Ratings.

Debtors

Amounts due from debtors are disclosed on the Balance Sheet as Debtors.

The counterparties included in debtors are the same counterparties discussed previously under counterparty credit risk and subject to the same scrutiny by the BlackRock RQA Counterparty & Concentration Risk (RQA CCR) team. The Company monitors the ageing of debtors to mitigate the risk of debtor balances becoming overdue.

In summary, the exposure to credit risk at 28 February 2026 and 28 February 2025 was as follows:

	2026 3 months or less £'000	2025 3 months or less £'000
Sales for future settlement	6,553	8,870
Other debtors	461	868
Total	**7,014**	**9,738**

Management of counterparty credit risk
Credit risk is monitored and managed by RQA CCR. The team is headed by BlackRock's Chief Credit Officer who reports to the Global Head of RQA. Credit authority resides with the Chief Credit Officer and selected team members to whom specific credit authority has been delegated. As such, counterparty approvals may be granted by the Chief Credit Officer, or by identified RQA Credit Risk Officers who have been formally delegated authority by the Chief Credit Officer.

The counterparty credit risk is managed as follows:

- transactions are only entered into with those counterparties approved by RQA CCR, with a formal review carried out for each new counterparty and counterparties selected by RQA CCR on the basis of a number of risk mitigation criteria designed to reduce the risk to the Company of default;

- the creditworthiness of financial institutions with whom cash is held is reviewed regularly by RQA CCR; and

- RQA CCR review the credit standard of the Company's brokers on a periodic basis and set limits on the amount that may be due from any one broker.

The Board monitors the Company's counterparty risk by reviewing:

- the semi-annual report from the Depositary, which includes the results of periodic site visits to the Company's Custodian where controls are reviewed and tested;

- the Custodian's Service Organisation Control (SOC 1) reports which include a report by the Custodian's auditors. This report sets out any exceptions or issues noted as a result of the auditors' review of the custodian's control processes;

- the Manager's internal control reports which includes a report by the Manager's auditors. This report sets out any exceptions or issues noted as a result of the auditors' review of the Manager's control processes; and

- in addition, the Depositary and the Manager report any significant breaches or issues arising to the Board as soon as these are identified.

(c) Liquidity risk
This is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. At the year end, the Company has an overdraft facility of £60 million (2025: overdraft of £60 million). The Company also has a £25 million loan note (2025: £25 million), a second £25 million loan note (2025: £25 million) and a £20 million loan note (2025: £20 million). These loan notes are unsecured and are redeemable at par on 24 May 2037, 16 September 2046 and 3 December 2044 respectively.

Notes to the Financial Statements
continued

17. Risk management policies and procedures continued

Liquidity risk exposure

The remaining undiscounted gross cash outflows of the financial liabilities as at 28 February 2026 and 28 February 2025, based on the earliest date on which payment can be required, were as follows:

	2026			2025		
	Within 1 year	Between 1 and 5 years	More than 5 years	Within 1 year	Between 1 and 5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
2.74% loan note 2037	685	2,740	29,270	685	2,740	29,955
2.41% loan note 2044	482	1,928	26,633	482	1,928	27,115
2.47% loan note 2046	618	2,472	34,608	618	2,472	35,226
Purchases for future settlement	4,140	–	–	5,066	–	–
Other creditors	2,922	–	–	7,196	–	–
Total	**8,847**	**7,140**	**90,511**	**14,047**	**7,140**	**92,296**

Management of liquidity risk

Liquidity risk is minimised by holding sufficient liquid investments which can be readily realised to meet liquidity demands. Asset disposals may also be required to meet liquidity needs. Liquidity risk is not significant as the majority of the Company's assets are investments in listed securities that are readily realisable.

The Company's liquidity risk is managed on a daily basis by the Investment Manager in accordance with established policies and procedures in place. The Portfolio Manager reviews daily forward-looking cash reports which project cash obligations. These reports allow him to manage his obligations.

The Board of Directors gives guidance to the Investment Manager as to the maximum amount of the Company's resources that should be invested in any one company. The policy is that the Company should remain fully invested in normal market conditions and that short-term borrowings be used to manage short-term cash requirements.

For the avoidance of doubt, none of the assets of the Company are subject to special liquidity arrangements.

(d) Valuation of financial instruments

Financial assets and financial liabilities are either carried in the Balance Sheet at their fair value (investments) or at an amount which is a reasonable approximation of fair value (due from brokers, dividends and interest receivable, due to brokers, accruals, cash at bank and bank overdrafts). Section 34 of FRS 102 requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The valuation techniques used by the Company are explained in the accounting policies note 2 of the Financial Statements.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

The fair value hierarchy has the following levels:

Level 1 – Quoted market price for identical instruments in active markets

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company does not adjust the quoted price for these instruments.

Level 2 – Valuation techniques using observable inputs

This category includes instruments valued using quoted prices for similar instruments in markets that are considered less active; or other valuation techniques where significant inputs are directly or indirectly observable from market data.

Level 3 – Valuation techniques using significant unobservable inputs

This category includes all instruments where the valuation technique includes inputs not based on market data and these inputs could have a significant impact on the instrument's valuation.

This category also includes instruments that are valued based on quoted prices for similar instruments where significant entity determined adjustments or assumptions are required to reflect differences between the instruments and instruments for which there is no active market. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability including an assessment of the relevant risks including but not limited to credit risk, market risk, liquidity risk, business risk and sustainability risk. The determination of what constitutes ‘observable’ inputs requires significant judgement by the Investment Manager, and these risks are adequately captured in the assumptions and inputs used in measurement of Level 3 assets or liabilities.

Fair values of financial assets and financial liabilities
The table below is an analysis of the Company’s financial instruments measured at fair value at the balance sheet date.

Financial assets at fair value through profit or loss	Level 1 £’000	Level 2 £’000	Level 3 £’000	Total £’000
Equity investments at 28 February 2026	626,656	–	11,428	638,084
Equity investments at 28 February 2025	694,356	–	2,217	696,573

The Company held one Level 3 security as at 28 February 2026 (2025: one).

A reconciliation of fair value measurement of Level 3 is set out below.

Level 3 financial assets at fair value through profit or loss	2026 £’000	2025 £’000
Opening fair value	2,217	–
Additions at cost	11,303	770
Sale of investments	(2,009)	–
Total profit or loss included in net profit/(loss) on investments in the Income Statement		
– realised gain on investments sold	280	–
– unrealised (losses)/gains on assets held at the end of the year	(363)	1,447
Closing balance	**11,428**	**2,217**

As at 28 February 2026, the investment in Rosebank Industries was a Level 3 investment due to there being a temporary suspension of trading in the ordinary shares of the company and the price used to value the investment is the last available market price. Due to the temporary suspension and use of last available market price, a table of unobservable inputs is not applicable.

For exchange listed equity investments, the quoted price is the bid price. Substantially all investments are valued based on unadjusted quoted market prices. Where such quoted prices are readily available in an active market, such prices are not required to be assessed or adjusted for any price related risks, including climate risk, in accordance with the fair value related requirements of the Company’s Financial Reporting Framework.

(e) Capital management policies and procedures
The Company’s capital management objectives are:

- to ensure it will be able to continue as a going concern; and
- to secure long-term capital growth primarily through investing in smaller UK quoted companies.

Notes to the Financial Statements
continued

17. Risk management policies and procedures continued
This is to be achieved through an appropriate balance of equity capital and gearing. It is the Board's intention that gearing should not exceed 15% of net assets. The Company's objectives, policies and processes for managing capital remain unchanged from the preceding accounting period.

The Company's total capital at 28 February 2026 was £673,413,000 (2025: £684,322,000) comprising £24,846,000 (2025: £24,832,000) of 2.74% unsecured loan note, £19,880,000 (2025: £19,873,000) of 2.41% unsecured loan note, £24,845,000 (2025: £24,838,000) of 2.47% unsecured loan note and £603,842,000 (2025: £614,779,000) of equity share capital and other reserves.

The Board with the assistance of the Investment Manager monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Investment Manager's view on the market; and
- the need to buyback equity shares, either for cancellation or to be held in treasury, which takes account of the difference between the NAV per share and the share price (i.e. the level of share price discount or premium).

The Company is subject to externally imposed capital requirements:

- as a public company, the Company has a minimum share capital of £50,000; and
- in order to be able to pay dividends out of profits available for distribution, the Company has to be able to meet one of the two capital restrictions tests imposed on investment companies by law.

During the year the Company complied with the externally imposed capital requirements to which it was subject including those imposed in respect of loan covenants.

18. Transactions with the Investment Manager and AIFM
BlackRock Fund Managers Limited (BFM) provides management and administration services to the Company under a contract which is terminable on six months' notice. BFM has (with the Company's consent) delegated certain portfolio and risk management services, and other ancillary services to BlackRock Investment Management (UK) Limited (BIM (UK)). Further details of the investment management contract are disclosed in the Directors' Report on page 53.

The investment management fee for the year ended 28 February 2026 amounted to £3,908,000 (2025: £4,611,000) as disclosed in note 4 to the Financial Statements. At the year end, £1,915,000 was outstanding in respect of the management fee (2025: £4,488,000).

In addition to the above services, BIM (UK) provided the Company with marketing services. The total fees paid or payable for these services for the year ended 28 February 2026 amounted to £269,000 including VAT (2025: £195,000). Marketing fees of £240,000 (2025: £137,000) were outstanding at the year end.

During the year, the Manager pays the amounts due to the Directors. These fees are then reimbursed by the Company for the amounts paid on its behalf. As at 28 February 2026, an amount of £240,000 (2025: £129,000) was payable to the Manager in respect of Directors' fees.

The Company holds an investment in the BlackRock Institutional Cash Series plc – Sterling Liquid Environmentally Aware Fund of £36,146,000 (2025: £nil) which has been presented in the financial statements as a cash equivalent. This is a fund managed by a company within the BlackRock Group. The Company's investment in the Cash Fund is held in a share class on which no management fees are paid to BlackRock to avoid double dipping.

The ultimate holding company of the Manager and the Investment Manager is BlackRock, Inc., a company incorporated in Delaware, USA.

19. Related parties disclosures

Directors' emoluments

At the date of this report, the Board consists of non-executive Directors, all of whom are considered to be independent of the Manager by the Board. Disclosures of the Directors' interests in the ordinary shares of the Company and fees and expenses payable to the Directors are set out in the Directors' Remuneration Report. At 28 February 2026, an amount of £17,000 (2025: £19,000) was outstanding in respect of Directors' fees.

Significant holdings

The following investors are:

a. funds managed by the BlackRock Group or are affiliates of BlackRock, Inc. (Related BlackRock Funds) or

b. investors (other than those listed in (a) above) who held more than 20% of the voting shares in issue in the Company and are as a result, considered to be related parties to the Company (Significant Investors).

	Total % of shares held by Related BlackRock Funds	Total % of shares held by Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.	Number of Significant Investors who are not affiliates of BlackRock Group or BlackRock, Inc.
As at 28 February 2026	4.7	n/a	n/a
As at 28 February 2025	6.1	n/a	n/a

20. Contingent liabilities

There were no contingent liabilities at 28 February 2026 (2025: none).

21. Subsequent events

On 20 February 2026, the Board announced a proposed Scheme of Combination with THRG ('the Combination'), which was approved by the Company's shareholders at a General Meeting held on 30 March 2026. The Combination was effected by way of a scheme of reconstruction and members' voluntary winding up of THRG under Section 110 of the Insolvency Act, and the issue of new ordinary shares in the Company to THRG's shareholders who are deemed to have elected to roll over their investment into the enlarged Company.

The Combination of the Company with THRG took effect on 16 April 2026, pursuant to which the Company acquired net assets of approximately £303.2 million from THRG in consideration for the issue of 20,892,579 new ordinary shares which were admitted to trading on the main market for listed securities of the London Stock Exchange with effect from 17 April 2026. Following this issue of new shares, the Company's share capital consisted of 60,705,371 ordinary shares (excluding treasury shares), and the existing 10,180,731 ordinary shares held in treasury.

In connection with the Combination, eligible shareholders were given the option to elect for a cash exit in respect of a proportion of their shareholding in the Company at a discount of 1.0% to NAV. The Company's cash exit was implemented by way of a tender offer and was limited up to 28% of the Company's issued share capital (excluding Shares held in treasury). The tender offer for 28% of issued share capital was oversubscribed, and accordingly, 11,147,581 shares will be repurchased in due course representing 28% of the Company's issued share capital. It is currently envisaged that realisation of the assets held in the Tender Pool which has been established for the purposes of the Tender Offer will be completed in or around the week commencing 29 June 2026, with the final Tender Price and payment date to be announced by the Company shortly thereafter.

As part of the Combination process, the Board proposed changes to the Company's investment policy giving the Investment Manager additional latitude to invest in small cap stocks outside of the Benchmark Index and to invest up to 15% of the Company's gross assets, at the time of acquisition, in global small cap stocks which are listed overseas and which do not have a primary or secondary UK listing. Shareholders approved the changes to the Company's investment policy at the General Meeting held on 30 March 2026, and this new policy was implemented on completion of the Combination on 16 April 2026.

Louise Nash and Angela Lane were appointed as non-executive Directors to the Company on 17 April 2026.

Contents

Additional information

Gene and cell therapy company Oxford Biomedica's 860+ employees specialise in the development of gene-based medicines from facilities in the UK, Europe and the United States.

PHOTO COURTESY OF OXFORD BIOMEDICA

Shareholder information

Financial calendar

The timing of the announcement and publication of the Company's results may normally be expected in the months shown below:

May	Annual results and second interim dividend for year announced.
May	Annual Report and Financial Statements published.
May	Second and final interim dividend paid.
June	Annual General Meeting.
July	Share split implemented (5 shares for every ordinary share held).
September	First quarterly dividend paid.
October/November	Half yearly figures to 31 August announced and Half-Yearly Financial Report published.
December	Second quarterly dividend paid.

Dividend – 2026

The declared second and final interim dividend in respect of the year ended 28 February 2026 is 28.50p per share.

Ex-dividend date (shares transferred without the dividend)	9 April 2026
Record date (last date for registering transfers to receive the dividend)	10 April 2026
Last date for registering DRIP instructions	16 April 2026
Dividend payment date	8 May 2026

Payment of dividends

Cash dividends will be sent by cheque to the first-named shareholder at their registered address. Dividends may also be paid direct into a shareholder's bank account via BACSTEL-IP (Bankers' Automated Clearing Service – Telecom Internet Protocol). This may be arranged by contacting the Company's registrar, Computershare Investor Services PLC, through their secure website investorcentre.co.uk, or by telephone on 0370 707 1649, or by completing the Mandate Instructions section on the reverse of your dividend counterfoil. Confirmation of dividends paid will be sent to shareholders at their registered address, unless other instructions have been given, to arrive on the payment date.

Dividend reinvestment scheme (DRIP)

Shareholders may request that their dividends be used to purchase further shares in the Company. Dividend reinvestment forms may be obtained from Computershare Investor Services PLC through their secure website investorcentre.co.uk, or on 0370 707 1649. Shareholders who have already opted to have their dividends reinvested do not need to reapply. The last date for registering for this service for the forthcoming dividend is 16 April 2026.

Share price

The Company's mid-market ordinary share price is quoted daily in The Financial Times under "Investment Companies" and in The Daily Telegraph and The Times under "Investment Trusts". The share price is also available on the BlackRock website at www.blackrock.com/uk/brsc.

ISIN/SEDOL numbers

The ISIN/SEDOL numbers and mnemonic codes for the Company's shares are:

	Ordinary shares
ISIN	GB0006436108
SEDOL	0643610
Reuters Code	BRSC
Bloomberg Code	BRSC LN

Share dealing

Investors wishing to purchase more shares in the Company or sell all or part of their existing holding may do so through a stockbroker. Most banks also offer this service. Alternatively, please go to www.computershare.com/dealing/uk for a range of Dealing services made available by Computershare.

CREST

The Company's shares may be held in CREST, an electronic system for uncertificated securities trading.

Private investors can continue to retain their share certificates and remain outside the CREST system. Private investors are able to buy and sell their holdings in the same way as they did prior to the introduction of CREST, although there may be differences in dealing charges.

Electronic communications

We encourage you to play your part in reducing our impact on the environment and elect to be notified by email when your shareholder communications become available online.

This means you will receive timely, cost-effective and greener online annual reports, half yearly financial reports and other relevant documentation. Shareholders who opt for this service will receive an email from Computershare with a link to the relevant section of the BlackRock website where the documents can be viewed and downloaded. Please submit your email address by visiting investorcentre.co.uk/ecomms. You will need your shareholder reference number which you will find on your share certificate or tax voucher.

You will continue to receive a printed copy of these reports if you have elected to do so. Alternatively, if you have not submitted your email address nor have elected to receive printed reports, we will write and let you know where you can view these reports online.

Electronic proxy voting

Shareholders are able to submit their proxy votes electronically via Computershare's internet site at eproxyappointment.com using their shareholder reference number, control number and a unique identification PIN which will be provided with voting instructions and the Notice of Annual General Meeting.

CREST members who wish to appoint one or more proxies or give an instruction through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. More details are set out in the notes on the Form of Proxy and the Notice of Annual General Meeting.

Risk factors

- Past performance is not necessarily a guide to future performance.
- The value of your investment in the Company and the income from it can fluctuate as the value of the underlying investments fluctuate.
- The price at which the Company's shares trade on the London Stock Exchange is not the same as their net asset value (NAV) (although they are related) and therefore you may realise returns which are lower or higher than NAV performance.

Nominee code

Where shares are held in a nominee company name, the Company undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance; and
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available.

Publication of net asset value/portfolio analysis

The net asset value (NAV) per share of the Company is calculated daily, with details of the Company's investments and performance being published monthly. The daily NAV per share and monthly information are released through the London Stock Exchange's Regulatory News Service and are available on the website at www.blackrock.com/uk/brsc and through the Reuters News Service under the code 'BLRKINDEX', on page 8800 on Topic 3 (ICV terminals) and under 'BLRK' on Bloomberg (monthly information only).

Online access

Other details about the Company are also available on the website at www.blackrock.com/uk/brsc. The financial statements and other literature are published on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

Shareholder information
continued

Shareholders can also manage their shareholding online by using Investor Centre, Computershare's secure website at investorcentre.co.uk. To access Computershare's website, you will need your shareholder reference number which can be found on paper or electronic communications you have previously received from Computershare. Listed below are the most frequently used features of the website.

- **Holding enquiry** – view balances, values, history, payments and reinvestments.
- **Payments enquiry** – view your dividends and other payment types.
- **Address change** – change your registered address.
- **Bank details update** – choose to receive your dividend payment directly into your bank account instead of by cheque.
- **Outstanding payments** – reissue payments using the online replacement service.
- **Downloadable forms** – including dividend mandates, stock transfer, dividend reinvestment and change of address forms.

Dividend tax allowance
The annual tax-free allowance on dividend income across an individual's entire share portfolio is £500. Above this amount, individuals pay tax on their dividend income at a rate dependent on their income tax bracket and personal circumstances.

The Company continues to provide registered shareholders with a confirmation of the dividends paid and this should be included with any other dividend income received when calculating and reporting total dividend income received. It is the shareholder's responsibility to include all dividend income when calculating any tax liability.

If you have any tax queries, please contact a Financial Adviser.

Individual savings accounts (ISA)
ISAs are a tax-efficient method of investment and the Company's shares are eligible investments for inclusion in an ISA. In the 2025/2026 and 2026/2027 tax years, investors will be able to invest up to £20,000 in ISAs either as cash or shares.

Shareholder enquiries
The Company's registrar is Computershare Investor Services PLC. Certain details relating to your holding can be checked through the Computershare Investor Centre website. As a security check, specific information needs to be input accurately to gain access to an individual's account. This includes your shareholder reference number, available from either your share certificate, tax voucher or other communications you have previously received from Computershare. The address of the Computershare website is investorcentre.co.uk. Alternatively, please contact the registrar on 0370 707 1649.

Changes of name or address must be notified in writing either through Computershare's website, or to the registrar at:

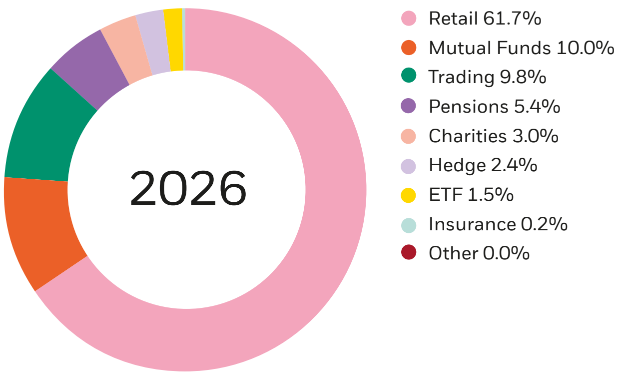
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

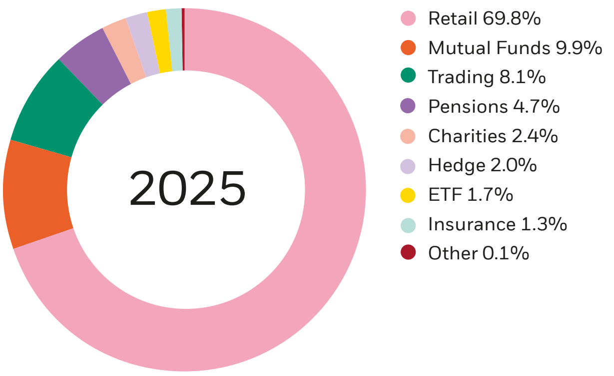
General enquiries
Enquiries about the Company should be directed to:

The Secretary
BlackRock Smaller Companies Trust plc
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000
Email: cosec@blackrock.com

Analysis of ordinary shareholders

as at 28 February 2026





Historical record

Year ended 28 February	Shareholders' funds	Net Asset Value per Share[4]	Share Price	Revenue return per share	Dividends per share	Net asset value per share with dividends reinvested[5]	Cumulative return per share with dividends reinvested[5]
	£'000	p	p	p	p	p	
2003	80,070	141.1	109.8	4.32	4.33	141.1	N/A
2004	125,891	234.7	183.0	4.32	4.42	240.7	70.4%
2005	145,500	284.4	229.0	4.59	4.52	297.3	110.7%
2006	182,621	361.2	312.0	4.46	4.62	383.7	172.0%
2007	226,860	453.8	392.8	5.61	4.76	487.9	245.9%
2008	201,052	414.5	340.0	7.16	4.90[1]	450.2	219.1%
2009	110,265	227.4	177.0	7.21	5.05[2]	251.3	78.1%
2010	182,267	380.7	293.8	7.41	5.60[3]	428.6	203.8%
2011	297,202	620.7	542.0	8.55	7.00	708.5	402.2%
2012	296,733	619.8	503.0	10.16	8.40	716.1	407.6%
2013	344,934	720.4	626.5	11.53	10.00	845.9	499.6%
2014	471,843	985.5	908.0	14.59	12.00	1,173.2	731.6%
2015	456,936	954.3	812.0	16.93	14.50	1,152.4	716.9%
2016	475,055	992.2	863.0	20.57	17.50	1,216.7	762.4%
2017	597,073	1,247.0	1,060.0	22.47	21.00	1,556.3	1,003.1%
2018	721,442	1,506.8	1,325.0	29.30	26.00	1,910.9	1,254.5%
2019	674,089	1,407.9	1,330.0	33.67	31.20	1,819.7	1,189.6%
2020	767,873	1,572.6	1,484.0	37.13	32.50	2,075.6	1,371.0%
2021	871,296	1,784.4	1,698.0	13.36	33.30	2,409.4	1,607.6%
2022	917,078	1,878.1	1,684.0	35.29	35.00	3,049.0	2,060.9%
2023	758,529	1,553.4	1,380.0	40.92	40.00	2,579.9	1,728.4%
2024	686,206	1,450.2	1,326.0	40.70	42.00	2,477.9	1,656.1%
2025	614,779	1,403.5	1,270.0	42.53	44.00	2,463.1	1,645.6%
2026	**603,842**	**1,516.7**	**1,402.0**	**43.77**	**44.50**	**2,746.5**	**1,846.5%**

1 Excludes a special dividend of 1.25p.
2 Excludes a special dividend of 0.70p.
3 Excludes a special dividend of 0.50p.
4 Debt at par value.
5 This is a theoretical net asset value per share calculated based on the assumption that dividends paid to shareholders between 28 February 2003 and 28 February 2026 were reinvested in the Company's shares at the first opportunity. It is used to calculate the total return that has been generated for shareholders from dividends paid out as well as from capital growth.

Management and other service providers

Registered Office
(Registered in Scotland, No. SC006176)
Dundas House
20 Brandon Street
Edinburgh EH3 5PP

Investment Manager and Company Secretary
BlackRock Investment Management (UK) Limited[1]
12 Throgmorton Avenue
London EC2N 2DL
Email: cosec@blackrock.com

Alternative Investment Fund Manager
BlackRock Fund Managers Limited[1,2]
12 Throgmorton Avenue
London EC2N 2DL
Telephone: 020 7743 3000

Depositary
The Bank of New York Mellon (International) Limited[1]
160 Queen Victoria Street
London EC4V 4LA

Registrar
Computershare Investor Services PLC[1]
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
Telephone: 0370 707 1649

Stockbroker
Investec Bank plc[1]
30 Gresham Street
London EC2V 7QP

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
More London
7 More London Riverside
London
SE1 2RT

1 Authorised and regulated by the Financial Conduct Authority.
2 BlackRock Fund Managers (BFM) was appointed as the Alternative Investment Fund Manager on 2 July 2014. BlackRock Investment Management (UK) Limited continues to act as the Investment Manager of the Company under a delegation agreement with BFM.

AIFMD report on remuneration (unaudited)

Remuneration related disclosures in accordance with Article 22(2) of the AIFMD, Article 107 of the AIFMD Regulations and Section XIII of the ESMA Guidelines on sound remuneration policies under the AIFMD

The below disclosures are made in respect of the remuneration policies of the BlackRock group ("BlackRock"), as they apply to BlackRock Fund Managers Limited (the "Manager"). The disclosures are made in accordance with the provisions in the UK implementing the Alternative Investment Fund Managers Directive (the "AIFMD"), the European Commission Delegated Regulation supplementing the AIFMD (the "Delegated Regulation") and the "Guidelines on sound remuneration policies under the AIFMD" issued by the European Securities and Markets Authority.

Quantitative Remuneration Disclosure

The Manager is required under the AIFMD to make quantitative disclosures of remuneration. These disclosures are made in line with BlackRock's interpretation of currently available regulatory guidance on quantitative remuneration disclosures. As market or regulatory practice develops BlackRock may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated. Where such changes are made, this may result in disclosures in relation to a fund not being comparable to the disclosures made in the prior year, or in relation to other BlackRock fund disclosures in that same year.

Remuneration information at an individual AIF level is not readily available. Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; (c) staff who have the ability to materially affect the risk profile of the Company; and (d) staff of companies to which portfolio management and risk management has been formally delegated.

All individuals included in the aggregated figures disclosed are rewarded in line with BlackRock's remuneration policy for their responsibilities across the relevant BlackRock business area. As all individuals have a number of areas of responsibilities, only the portion of remuneration for those individuals' services attributable to the Manager is included in the aggregate figures disclosed.

Members of staff and senior management of the Manager typically provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the Manager and across the broader BlackRock group. Conversely, members of staff and senior management of the broader BlackRock group may provide both AIFMD and non-AIFMD related services in respect of multiple funds, clients and functions of the broader BlackRock group and of the Manager. Therefore, the figures disclosed are a sum of individuals' portion of remuneration attributable to the Manager according to an objective apportionment methodology which acknowledges the multiple-service nature of the Manager and the broader BlackRock group. Accordingly, the figures are not representative of any individual's actual remuneration or their remuneration structure.

The amount of the total remuneration awarded to the Manager's staff in respect of the Manager's financial year ending 31 December 2025 is US$219.96 million. This figure is comprised of fixed remuneration of US$104.72 million and variable remuneration of US$115.24 million. There were a total of 4,182 beneficiaries of the remuneration described above.

The amount of the aggregate remuneration awarded by the Manager in respect of the Manager's financial year ending 31 December 2025, to its senior management was US$13.21 million, and to other members of its staff whose actions potentially have a material impact on the risk profile of the Manager or its funds was US$7.50 million.

Other AIFMD disclosures (unaudited)

Leverage

The Company may employ leverage and borrow cash in accordance with its stated investment policy or investment strategy. Consistent with its investment objectives and policy, the Company may with the prior approval from the Board utilise derivative instruments as part of its investment policy.

The use of derivatives may expose the Company to a higher degree of risk. In particular, derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard underlying bonds or equities. Leveraged derivative positions can therefore increase the Company's volatility. The use of borrowings and leverage has attendant risks and can, in certain circumstances, substantially increase the adverse impact to which the Company's investment portfolio may be subject.

For the purposes of this disclosure, leverage is any method by which the Company's exposure is increased, whether through borrowing cash or securities, or leverage embedded in contracts for difference or by any other means. The AIFMD requires that each leverage ratio be expressed as the ratio between a Company's exposure and its NAV, and prescribes two required methodologies, the gross methodology and the commitment methodology (as set out in AIFMD Level 2 Implementation Guidance), for calculating such exposure.

Using the methodologies prescribed under the AIFMD, the leverage of the Company is disclosed in the table below:

	Commitment leverage as at 28 February 2026	Gross leverage as at 28 February 2026	Commitment leverage as at 28 February 2025	Gross leverage as at 28 February 2025
Leverage ratio[1]	1.07	1.02	1.09	1.08

[1] Leverage arises from the 2.74% £25 million long dated note 2037, 2.41% £20 million long dated note 2044 and the 2.47% £25 million long dated note 2046. The Company did not hold any derivatives during the year ended 28 February 2026 (2025: none).

Other risk disclosures

The financial risk disclosures relating to risk framework and liquidity risk are set out in note 17 of the Notes to the Financial Statements.

Pre investment disclosures

The AIFMD requires certain information to be made available to investors in Alternative Investment Fund ("AIF") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information is available on the website at www.blackrock.com/uk/brsc.

There have been no material changes (other than those reflected in these financial statements) to this information requiring disclosure. Any information requiring immediate disclosure pursuant to the AIFMD will be disclosed to the London Stock Exchange through a primary information provider.

By order of the Board

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
15 May 2026

Information to be disclosed in accordance with Listing Rule 6.6.1

The disclosures below are made in compliance with the requirements of Listing Rule 6.6.1.

6.6.1 (1) The Company has not capitalised any interest in the period under review.

6.6.1 (2) The Company has not published any unaudited financial information in a class 1 circular or prospectus or any profit forecast or profit estimate.

6.6.1 (3) The Company does not have any long-term incentive schemes in operation.

6.6.1 (4) and (5) No Director of the Company has waived or agreed to waive any current or future emoluments from the Company.

6.6.1 (6), (7) and (8) The Company has not allotted any equity securities for cash in the period under review.

The Company is a stand-alone entity therefore Listing Rules 6.6.1 (7) and 6.6.1 (8) are not applicable.

6.6.1 (9) There were no contracts of significance subsisting during the period under review to which the Company is a party and in which a Director of the Company is or was materially interested, or between the Company and a controlling shareholder.

6.6.1 (10) This provision is not applicable to the Company.

6.6.1 (11) and (12) There were no arrangements under which an ordinary shareholder has waived or agreed to waive any dividends or future dividends.

6.6.1 (13) This provision is not applicable to the Company.

By order of the Board

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
15 May 2026

Depositary report

The Bank of New York Mellon (International) Limited
160 Queen Victoria Street
London EC4V 4LA

T +44 (0)20 7570 1784

24 March 2026

To the Board of Directors
BlackRock Smaller Companies Trust Plc
12 Throgmorton Avenue,
London
EC2N 2DL

Dear Sir / Madam,

Re: BlackRock Smaller Companies Trust Plc

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the BlackRock Smaller Companies Trust Plc ("the Company") for the Period Ended 28 February 2026.

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") (together "the Regulations") and the Company's Articles of Association.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of the assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

• the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;

• the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;

• the assets under management and the net asset value per share of the Company are calculated in accordance with the Regulations;

• any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;

• that the Company's income is applied in accordance with the Regulations; and

• the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Articles of Association in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Articles of Association of the Company and as required by the AIFMD.

Yours sincerely

Colin Campbell
Senior Manager
The Bank of New York Mellon (International) Limited – UK Trustee & Depositary

Glossary

Alternative Performance Measure (APM)

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements.

The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Report.

Closed-end company

An investment trust works along the same lines as a unit trust, in that it pools money from investors which is then managed on a collective basis. The main difference is that an investment trust is a company listed on the Stock Exchange and, in most cases, trading takes place in shares which have already been issued, rather than through the creation or redemption of units. As the number of shares which can be issued or cancelled at any one time is limited, and requires the approval of existing shareholders, investment trusts are known as closed-end funds or companies. This means that investment trusts are not subject to the same liquidity constraints as open-ended funds and can therefore invest in less liquid investments.

Discount and premium*

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV (debt at fair value) and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV.

Discount calculation	Page	As at 28 February 2026 pence	As at 28 February 2025 pence	
Ordinary share price	99	1,402.00	1,270.00	(a)
Net asset value per ordinary share (debt at fair value)	99	1,579.08	1,463.44	(b)
Discount (c = ((a-b) / b)) (%)		**(11.2)**	**(13.2)**	**(c)**

The approach to calculate the discount at the year end shown above is used on a daily basis to calculate the daily discount. This daily discount is then averaged over the year (being the number of days that the Company's share price and NAV (with debt at fair value) are available).

The average share price, NAV (debt at fair value) and discount for the year are shown in the table below.

Average share price	Average NAV (debt at fair value)	Average discount
1,301.38p	1,483.80p	12.3%

A premium occurs when the share price (based on the mid-market share price) is more than the NAV and investors would therefore be paying more than the value attributable to the shares by reference to the underlying assets. For example, if the share price was 100p and the NAV 90p, the premium would be 11.1%.

Discounts and premiums are mainly the consequence of supply and demand for the shares on the stock market.

Gearing*

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments.

Gearing has the effect of magnifying a company's performance. If a company 'gears up' and then the value of the Company's investments rises and the returns on those investments outstrip the costs of borrowing, the overall returns to investors will be greater. But if the value of the Company's investments falls then losses suffered by the investor will also be magnified.

The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital and borrowings.

* Alternative Performance Measure.

Gearing is calculated in line with AIC guidelines and represents net gearing. This is defined as total assets of the Company less current liabilities (excluding bank overdrafts), less any cash or cash equivalents held minus total shareholders' funds, divided by total shareholders' funds. Cash and cash equivalents are defined by the AIC as net current assets or net current liabilities (as relevant). To the extent that the Company has net current liabilities, the net current liabilities total is added back to the total assets of the Company to calculate the numerator in this equation. The calculation and the various inputs are set out in the following table.

Net gearing calculation	**Page**	**As at 28 February 2026 £'000**	**As at 28 February 2025 £'000**	
Net assets	90	603,842	614,779	(a)
Borrowings[1]	100	69,833	78,773	(b)
Total assets (a + b)		**673,675**	**693,552**	**(c)**
Current assets[2]	90	43,236	9,822	(d)
Current liabilities (excluding borrowings)	90	(7,645)	(12,843)	(e)
Cash and cash equivalents (d + e)		35,591	(3,021)	(f)
Net gearing figure (g = (c – f – a)/a) (%)		**5.7**	**13.3**	**(g)**

1 Includes bank overdraft of £262,000 (2025: £9,230,000).
2 Includes funds held on deposit with the BlackRock Institutional Cash Series plc - Sterling Liquid Environmentally Aware Fund of £36,146,000 (2025: £nil).

Leverage

Leverage is defined in the AIFM Directive as "any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means".

Leverage is measured in terms of 'exposure' and is expressed as a ratio of net asset value:

$$\text{Leverage ratio} = \frac{\text{Total assets}}{\text{Net assets}}$$

The Directive sets out two methodologies for calculating exposure. These are the Gross Method and the Commitment Method. The process for calculating exposure under each methodology is largely the same, except that, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity's exposure is effectively reduced.

Net asset value per share (NAV)

This is the value of the Company's assets attributable to one ordinary share. It is calculated by dividing total shareholders' funds by the total number of ordinary shares in issue (excluding treasury shares). Shareholders' funds are calculated by deducting the Company's current and long-term liabilities and any provision for liabilities and charges from its total assets.

NAV (debt at par value) calculation	**Page**	**As at 28 February 2026**	**As at 28 February 2025**	
Equity shareholders' funds (£'000)	90	603,842	614,779	(a)
Ordinary shares in issue	99	39,812,792	43,804,792	(b)
NAV (c = a/b) (pence)		**1,516.70**	**1,403.45**	**(c)**

NAV (debt at fair value) calculation	**Page**	**As at 28 February 2026**	**As at 28 February 2025**	
Equity shareholders' funds (£'000)	127	628,676	641,057	(a)
Ordinary shares in issue	99	39,812,792	43,804,792	(b)
NAV (c = a/b) (pence)		**1,579.08**	**1,463.44**	**(c)**

* Alternative Performance Measure.

Glossary
continued

Net asset value per share – debt at fair value (debt at fair value NAV)

The Company has in issue a number of tranches of long-term debt as described in detail on note 13 on pages 100 and 101. For accounting purposes and in accordance with UK GAAP, this debt is valued at par less amortised costs on the Company's balance sheet. However, the fair value of this debt reflects instead the market price that investors would be willing to buy it for, which differs from the book value on the balance sheet.

To the extent that a company's debt is publicly traded, the most recently available quoted offer price is typically used to value it. For private placement debt, the fair value is typically calculated using a discounted cash flow technique utilising inputs including interest rates obtained from comparable loans on the market.

The calculation of the Company's NAV per share with debt at fair value is set out in the table on page 125.

Net asset value and share price return (with dividends reinvested)*

Performance statistics enable the investor to make performance comparisons between investment trusts with different dividend policies. The performance measures the combined effect of any dividends paid together with the rise or fall in the share price or NAV. This is calculated by the movement in the share price or NAV plus the dividends paid by the Company assuming these are reinvested in the Company at the prevailing NAV/share price (please see the performance record on page 4 for the inputs to the calculations which are set out in the tables below).

NAV total return (debt at par value)	**Page**	**For the year ended 28 February 2026 pence**	**For the year ended 28 February 2025 pence**	
Closing NAV per share	4	1,516.70	1,403.45	
Add back interim and final dividends	4	44.50	42.50	
Effect of dividend reinvestment		3.70	(4.48)	
Adjusted closing NAV		1,564.90	1,441.47	(a)
Opening NAV per share	4	1,403.45	1,450.15	(b)
NAV total return (c = ((a – b)/b)) (%)		**11.5**	**(0.6)**	**(c)**

NAV total return (debt at fair value)	**Page**	**For the year ended 28 February 2026 pence**	**For the year ended 28 February 2025 pence**	
Closing NAV per share	4	1,579.08	1,463.44	
Add back interim and final dividends	4	44.50	42.50	
Effect of dividend reinvestment		3.49	(4.18)	
Adjusted closing NAV		1,627.07	1,501.76	(a)
Opening NAV per share	4	1,463.44	1,502.25	(b)
NAV total return (c = ((a – b)/b)) (%)		**11.2**	**0.0**	**(c)**

Share price total return	**Page**	**For the year ended 28 February 2026 pence**	**For the year ended 28 February 2025 pence**	
Closing share price	4	1,402.00	1,270.00	
Add back interim and final dividends	4	44.50	42.50	
Effect of dividend reinvestment		4.14	(5.19)	
Adjusted closing share price		1,450.64	1,307.31	(a)
Opening share price	4	1,270.00	1,326.00	(b)
Share price total return (c = ((a – b)/b)) (%)		**14.2**	**(1.4)**	**(c)**

* Alternative Performance Measure.

Net asset value per share with debt at fair value

The net asset value per share adjusted to include the debt at fair value rather than at par value is as follows:

	As at 28 February 2026		As at 28 February 2025	
	NAV[1] per share pence	Shareholders' funds £'000	NAV[1] per share pence	Shareholders' funds £'000
Net asset value (debt at par value)	1,516.70	603,842	1,403.45	614,779
Add back: 2.74% loan note 2037 – debt at par	62.41	24,846	56.69	24,832
Add back: 2.41% loan note 2044 – debt at par	49.93	19,880	45.37	19,873
Add back: 2.47% loan note 2046 – debt at par	62.40	24,845	56.70	24,838
Less: 2.74% loan note 2037 – debt at fair value	(47.93)	(19,083)	(41.93)	(18,368)
Less: 2.41% loan note 2044 – debt at fair value	(29.84)	(11,882)	(26.30)	(11,522)
Less: 2.47% loan note 2046 – debt at fair value	(34.59)	(13,772)	(30.54)	(13,375)
Net asset value (debt at fair value)	**1,579.08**	**628,676**	**1,463.44**	**641,057**

[1] Based on 39,812,792 ordinary shares in issue as at 28 February 2026 (2025: 43,804,792).

Ongoing charges ratio*

$$\text{Ongoing charges (\%)} = \frac{\text{Annualised ongoing charges for the year}}{\text{Average net asset value (debt at par) in the period}}$$

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

As recommended by the AIC in its guidance, ongoing charges are the Company's annualised revenue and capital expenses (excluding finance costs, direct transaction costs, custody transaction charges, VAT recovered, taxation, prior year expenses written back and certain non-recurring items) expressed as a percentage of the average daily net assets (debt at par value) of the Company during the year.

The inputs that have been used to calculate the ongoing charges percentage are set out in the following table:

Ongoing charges calculation	Page	For the year ended 28 February 2026 £'000	For the year ended 28 February 2025 £'000	
Management fee	95	3,908	4,611	
Other operating expenses[1]	96	1,060	890	
Total management fee and other operating expenses		4,968	5,501	(a)
Average daily net assets in the year		588,913	719,731	(b)
Ongoing charges (c = a/b) (%)		**0.8**	**0.8**	**(c)**

[1] Excludes prior year expenses written back in the year of £nil and non-recurring expenses of £67,000 (2025: prior year expenses written back of £11,000 and non-recurring expenses of £61,000).

Quoted and unquoted securities

Quoted securities are securities that trade on an exchange and therefore there is a publicly quoted price. Unquoted securities are securities that do not trade on an exchange and therefore there is not a publicly quoted price.

Revenue return and revenue reserves

Revenue return represents the net revenue income earned after deduction of fees and expenses allocated to the revenue account and taxation suffered by the Company. Revenue reserves is the undistributed income that the Company keeps as reserves. Investment trusts do not have to distribute all the income they generate, after expenses. They may retain up to 15%

* Alternative Performance Measure.

Glossary
continued

of revenue generated each year which will be held in a revenue reserve. This reserve can be used at a later date to supplement dividend payments to shareholders.

Treasury shares
Treasury shares are shares that a company keeps in its own treasury which are not currently issued to the public. These shares do not pay dividends, have no voting rights and are not included in a company's total issued share capital amount for calculating percentage ownership. Treasury shares may have come from a repurchase or buy back from shareholders, or it may never have been issued to the public in the first place. Treasury shares may be reissued from treasury to the public to meet demand for a company's shares in certain circumstances.

Total dividends and yield*
Total dividends represent total quarterly and final dividends declared by the Company for a particular year. The yield is the amount of cash (in percentage terms that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include the price variations, distinguishing it from the total return).

Yield	Page	As at 28 February 2026 pence	As at 28 February 2025 pence	
Interim and final dividends paid/payable[1]	98	44.50	44.00	(a)
Ordinary share price		1,402.00	1,270.00	(b)
Yield (c = a/b) (%)		**3.2**	**3.5**	**(c)**

[1] Comprising dividends declared/paid for the twelve months to 28 February 2026 and 28 February 2025.

* Alternative Performance Measure.

Contents

Notice of annual general meeting

Africa and the Middle East mobile tower specialist Helios Towers provides coverage to more than 158m people via nearly 15,000 sites across Tanzania, Senegal, Malawi, Democratic Republic of Congo, Ghana, Congo Brazzaville, South Africa, Madagascar and Oman.

PHOTO COURTESY OF HELIOS TOWERS

Notice of annual general meeting

Notice is hereby given that the Annual General Meeting of BlackRock Smaller Companies Trust plc will be held at the offices of BlackRock, 12 Throgmorton Avenue, London EC2N 2DL on 17 June 2026 at 11.30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed, in the case of resolutions 1 to 15 as ordinary resolutions, and in the case of resolutions 16 and 17 as special resolutions).

Resolution 2 is an advisory vote on the Directors' Remuneration Report, excluding any content relating to the remuneration policy as set out on pages 64 and 65. Resolution 3 is a resolution subject to a binding vote, as a result of the remuneration disclosure regulations published by the Department for Business, Innovation and Skills (now replaced by the Department for Business, Energy and Industrial Strategy) which were effective from 1 October 2013. As required under the regulations, the Company is seeking approval in this resolution for its remuneration policy as set out on pages 64 and 65 of the Directors' Remuneration Report.

Ordinary business

1. To receive the report of the Directors and the financial statements for the year ended 28 February 2026, together with the report of the auditors thereon.

2. To approve the Directors' Remuneration Report for the year ended 28 February 2026 (excluding any content relating to the remuneration policy).

3. To approve the Directors' Remuneration Policy as set out in the Directors' Remuneration Report on pages 64 and 65.

4. To approve the Company's dividend policy for the year to 28 February 2026 as set out on page 8 to pay a first interim dividend of 16.00p per share and a second interim dividend of 28.50p per share.

5. To re-elect Ronald Gould as a Director.

6. To re-elect Mark Little as a Director.

7. To re-elect James Barnes as a Director.

8. To re-elect Helen Sinclair as a Director.

9. To re-elect Dunke Afe as a Director.

10. To elect Louise Nash as a Director.

11. To elect Angela Lane as a Director.

12. To re-appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors to the Company until the conclusion of the next Annual General Meeting of the Company.

13. To authorise the Audit Committee to determine the auditors' remuneration.

Special business

Ordinary resolutions

14. That pursuant to Article 90 of the Company's Articles of Association, the aggregate maximum fees payable to the Directors (other than alternate Directors) for their service in the office of Director per annum (excluding amounts payable under any other provision of the Articles) shall be increased to £375,000 per annum.

15. That, in substitution for all existing authorities, the Directors of the Company be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the Act), to exercise all the powers of the Company to allot relevant securities in the Company (as defined in that section) up to an aggregate nominal amount of £1,516,509.25 (being 10% of the aggregate nominal amount of the issued share capital, excluding treasury shares, of the Company at the date of this notice) provided this authority shall expire at the conclusion of the next Annual General Meeting to be held in 2027 but so that the Company may, before such expiry, make any offer or agreement which would or might require relevant securities to be allotted pursuant to any such offer or agreement as if the authority hereby conferred had not expired.

Special resolutions

16. That, in substitution for all existing authorities and subject to the passing of resolution 15, the Directors of the Company be and are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the Act) to allot equity securities (as defined in Section 560 of the Act), and to sell equity securities held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority granted by the resolution numbered 15, as if Section 561(1) of the Act did not apply to any such allotments and sales of equity securities, provided that this power:

    (a) shall expire at the conclusion of the next Annual General Meeting of the Company in 2027, except that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted or sold after such expiry and notwithstanding such expiry the Directors may allot and sell equity securities in pursuance of such offers or agreements;

    (b) shall be limited to the allotment of equity securities and/or the sale of equity securities held in treasury for cash up to an aggregate nominal amount of £1,516,509.25 (representing 10% of the aggregate nominal amount of the issued share capital, excluding treasury shares, of the Company at the date of this notice); and

    (c) shall be limited to the allotment of equity securities at a price of not less than the cum-income net asset value per share (debt at fair value).

17. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 25p each in the Company (Shares), the Company be and is hereby authorised in accordance with Section 701 of the Companies Act 2006 (the Act) to make market purchases of Shares (within the meaning of Section 693 of the Act) provided that:

    (a) the maximum number of Shares hereby authorised to be purchased is 9,092,989 (being the equivalent of 14.99% of the Company's issued share capital, excluding treasury shares, at the date of this notice);

    (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 25p, being the nominal value per ordinary share;

    (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of (i) 5% above the average of the market values of the Shares for the five business days immediately preceding the date of the purchase as derived from the Daily Official List of the London Stock Exchange and (ii) the higher of the price quoted for (a) the last independent trade of, and (b) the highest current independent bid for, any number of Shares on the trading venue where the purchase is carried out; and

    (d) unless renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company in 2027, save that the Company may, before such expiry, enter into a contract to purchase Shares which will or may be completed or executed wholly or partly after such expiry.

    All Shares purchased pursuant to the above authority shall be either:

    (i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or

    (ii) cancelled immediately upon completion of the purchase.

By order of the Board

GRAHAM VENABLES
For and on behalf of
BlackRock Investment Management (UK) Limited
Company Secretary
15 May 2026

Notice of annual general meeting

continued

Notes:

1. A member entitled to attend and vote at the meeting convened by the above Notice is also entitled to appoint one or more proxies to exercise all or any of the rights of the member to attend, speak and vote instead of him/her. A proxy need not be a member of the Company. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
2. To appoint a proxy you may use the form of proxy enclosed with this annual report. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be completed and returned to the office of the Company's registrar in accordance with the instructions printed thereon as soon as possible and in any event by not later than 11.30 a.m. on 15 June 2026. Alternatively, you can vote or appoint a proxy electronically by visiting eproxyappointment.com. You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 11.30 a.m. on 15 June 2026.
3. Proxymity Voting – if you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.30 a.m. on 15 June 2026 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
4. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
5. Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a Nominated Person) should note that the provisions in notes 1 and 2 above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such agreement to give instructions to the member as to the exercise of voting rights at the meeting.
6. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy the information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from the Nominated Person.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company by not later than close of business two business days prior to the date fixed for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at such time. If the meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is close of business two business days prior to the date of adjournment. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
9. Shareholders who hold their shares electronically may submit their votes through CREST, by submitting the appropriate and authenticated CREST message so as to be received by the Company's registrar not later than 48 hours before the start of the meeting. Instructions on how to vote through CREST can be found by accessing the following website: www.euroclear.com/CREST. Shareholders are advised that CREST and the internet are the only methods by which completed proxies can be submitted electronically.
10. If you are a CREST system user (including a CREST personal member) you can appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Computershare (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Computershare is able to retrieve the message. CREST personal members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes subject of those proxies are cast and voting rights in respect of those discretionary proxies, when added to the interest in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any member holding 3 per cent or more of the voting rights in the Company, who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the Financial Conduct Authority.

12. Any question relevant to the business of the meeting may be asked at the meeting by anyone permitted to speak at the meeting. A shareholder may alternatively submit a question in advance by a letter addressed to the Company Secretary at the Company's registered office. Under Section 319A of the Companies Act 2006, the Company must answer any question a shareholder asks relating to the business being dealt with at the meeting, unless (i) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer had already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that, if it is appointing more than one corporate representative, it does not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
14. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to:

    (i) the audit of the Company's financial statements (including the auditors' report and the conduct of the audit) that are laid before the meeting; or

    (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006.

    The Company may not require the members requesting such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
15. Under Sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

    (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or

    (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business.

    A resolution may properly be moved, or a matter may properly be included in the business unless:

    (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

    (b) it is defamatory of any person; or

    (c) it is frivolous or vexatious.

    Such a request may be in hard copy form or in electronic form and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
16. Further information regarding the meeting which the Company is required by Section 311A of the Companies Act 2006 to publish on a website in advance of the meeting (including this Notice), can be accessed at www.blackrock.com/uk/brsc.
17. As at the date of this report, the Company's issued share capital comprised 60,660,371 ordinary shares of 25 pence each, excluding shares held in treasury. Each ordinary share carries the right to one vote and therefore the total number of voting rights in the Company on 12 May 2026 is 60,660,371.
18. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Articles of Association.

Share fraud warning

Be ScamSmart

Investment scams are designed to look like genuine investments

Spot the warning signs

Have you been:

- **contacted out of the blue**
- **promised tempting returns and told the investment is safe**
- **called repeatedly, or**
- **told the offer is only available for a limited time?**

If so, you might have been contacted by fraudsters.

Avoid investment fraud

1. **Reject cold calls**
If you've received unsolicited contact about an investment opportunity, chances are it's a high risk investment or a scam. You should treat the call with extreme caution. The safest thing to do is to hang up.

2. **Check the FCA Warning List**
The FCA Warning List is a list of firms and individuals we know are operating without our authorisation.

3. **Get impartial advice**
Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

Report a scam

If you suspect that you have been approached by fraudsters please tell the FCA using the reporting form at **www.fca.org.uk/consumers**. You can also call the FCA Consumer Helpline on **0800 111 6768**

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or online at www.actionfraud.police.uk

Find out more at **www.fca.org.uk/scamsmart**

Remember: if it sounds too good to be true, it probably is!

SGN001

Contents

How to Invest

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to nonmainstream investment products because they are shares in an investment trust.

Computershare – Share Dealing Service

An internet and telephone dealing service is available through the Company's registrar, Computershare. This provides a simple way for UK shareholders of BlackRock Smaller Companies Trust plc to buy or sell the Company's shares. For online share purchases, you will need to register for the Walker Crips Dealing Service www.wcgplc.co.uk/ShareDealing. For full details and terms and conditions simply log onto www.computershare.com/dealing/uk or call 0370 703 0084 between 8.30am and 5.30pm Monday to Friday. This service is only available to shareholders of BlackRock Smaller Companies Trust plc who hold shares in their own name, with a UK registered address and who are aged 18 and over. Computershare Investor Services PLC, The Pavillions, Bridgwater Road, Bristol BS13 8AE is registered in England and Wales with number 03498808. Computershare Investor Services PLC is authorised and regulated by the Financial Conduct Authority.

Investment Platforms

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. The following is a list of some of them, which is not comprehensive and does not constitute any form of recommendation:

AJ Bell Youinvest www.youinvest.co.uk/

Barclays Stockbrokers www.smartinvestor.barclays.co.uk/

Bestinvest www.bestinvest.co.uk/

Charles Stanley Direct www.charles-stanley-direct.co.uk/

Halifax Share Dealing www.halifaxsharedealing-online.co.uk

Hargreaves Lansdown www.hl.co.uk/

HSBC www.hsbc.co.uk/investments/products-and-services/invest-direct/

iDealing www.idealing.com/

Interactive Investor www.ii.co.uk/

IWEB www.iweb-sharedealing.co.uk/

Saxo Capital Markets www.home.saxo

Tillit www.tillitinvest.com/

WealthClub www.wealthclub.co.uk

Risk warnings

Past performance is no guarantee of future performance. The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined by the changing conditions in the relevant stock markets in which the Company invests and by the supply and demand for the Company's shares. As the shares in an investment trust are traded on a stock market, the share price will fluctuate in accordance with the supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons investors may not get back the original amount invested. Although the Company's shares are denominated in sterling, it may invest in stocks and shares which are denominated in currencies other than sterling and to the extent they do so, they may be affected by movements in exchange rates. As a result the value of your investment may rise or fall with movements in exchange rates. Investors should note that tax rates and reliefs may change at any time in the future. The value of ISA tax advantages will depend on personal circumstances. The favourable tax treatments of ISAs may not be maintained.

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