

Combination of BlackRock Smaller Companies Trust plc and BlackRock Throgmorton Trust plc

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BlackRock Smaller Companies Trust plc (the "Company" or "BRSC")

Combination of BlackRock Smaller Companies Trust plc and BlackRock Throgmorton Trust plc

Publication of a circular in connection with recommended Proposals for (i) a Tender Offer for up to 28 per cent. of the issued share capital of the Company; (ii) the issue of New Shares pursuant to a scheme of reconstruction and members' voluntary winding up of BlackRock Throgmorton Trust plc under section 110 of the Insolvency Act 1986; (iii) the adoption of a New Investment Policy; and (iv) the Sub-division of the Existing Shares

(the "Proposals")

Introduction

The Board of BlackRock Smaller Companies Trust plc is pleased to announce that it has agreed a proposed combination with BlackRock Throgmorton Trust plc ("**THRG**") (the "**Combination**"). The Combination will bring together two similar investment companies with significant portfolio overlap to create a company with net assets of approximately £780 million (the "**Enlarged BRSC**"), delivering greater scale, liquidity and cost efficiencies. The Enlarged BRSC will consolidate its position as the largest growth-focused trust in the AIC's UK Smaller Companies sector.

The Combination, if approved by both sets of Shareholders, will be effected by way of a scheme of reconstruction and members' voluntary winding up of THRG under section 110 of the Insolvency Act (the "**Scheme**") and the issue of new ordinary shares in the Company (the "**New Shares**") (the "**Scheme Issue**") to THRG Shareholders who are deemed to have elected to roll over their investment into the Enlarged BRSC.

In connection with the Proposals, Eligible Shareholders will have 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 per cent. to NAV. The Company's cash exit will be implemented by way of a tender offer and will be limited to up to 28 per cent. of the Company's issued share capital (excluding Shares held in

treasury) (the "**Tender Offer**"). **The record date for participating in the Tender Offer is 6.00 p.m. on 23 February 2026. Any shareholding that is not recorded on the Register by 6.00 p.m. on 23 February 2026 will not be eligible to participate in the Tender Offer.**

As part of the Scheme, THRG will also offer a cash exit opportunity to THRG Shareholders for up to 38 per cent. of THRG's issued share capital, subject to a 1.0 per cent. discount to NAV.

As at the Latest Practicable Date, Saba Capital Management, L.P. ("**Saba**") (including the Saba Investment Vehicles) was interested in 10.4 per cent. of the voting rights in BRSC and 17.8 per cent. of the voting rights in THRG, and Saba has provided an irrevocable commitment to vote in favour of the Proposals and participate in both the BRSC Tender Offer and THRG cash exit, as set out in further detail below.

In addition, BRSC and THRG have received letters of intent to vote in favour of the Proposals from other shareholders representing, in aggregate, 23.9 per cent. of BRSC's issued share capital and 12.0 per cent. of THRG's issued share capital, in each case excluding shares held in treasury.

Following implementation of the Scheme, the Company will continue to be managed by BlackRock Fund Managers Limited (the "**AIFM**") and BlackRock Investment Management (UK) Limited (the "**Investment Manager**" and, together with the AIFM, "**BlackRock**"). Conditional on the Scheme Issue and Tender Offer being approved by Shareholders and the Scheme becoming unconditional in accordance with its terms, the Board is proposing certain amendments to the Company's investment policy (the "**Investment Policy Change**") which will also be subject to Shareholder approval. Under the New 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 flexibility to invest in small cap stocks outside of the Benchmark index and will be able to invest up to 15 per cent. of the Portfolio by value at the time of investment in global small cap stocks which are listed overseas and which do not have a primary or secondary UK listing.

Following completion of the Combination, Roland Arnold will continue as lead portfolio manager of the Enlarged BRSC and he will be joined by Dan Whitestone, THRG's current portfolio manager, as co-manager.

The Company has published a circular (the "**Circular**") to Shareholders in connection with the Proposals, which includes a notice of general meeting (the "**General Meeting**").

The Board of BRSC strongly believes that the Proposals will deliver a number of significant benefits for its Shareholders, including:

- **Greater scale and improved liquidity** - providing exposure to a diverse range of high-quality UK smaller companies with excellent growth prospects
- **Cost savings** - through a revised management fee structure
- **Immediate value realisation opportunity** - through a tender offer to be made available to the Company's Shareholders prior to implementation of the Combination
- **Conditional exit opportunity** - introduction of a triennial 100 per cent. conditional tender offer, linked to performance against the Benchmark
- **Management expertise** - enlarged portfolio management team with Roland Arnold continuing as lead portfolio manager, joined by Dan Whitestone, the current portfolio manager of THRG, as co-manager.

Ronald Gould, Chairman of BRSC, said:

"This proposed combination represents an exciting opportunity for our Shareholders: they will maintain their exposure to this highly attractive sub-sector with an enhanced management team whilst gaining the added benefit of being part of a larger and more liquid vehicle with reduced fees which we believe will have the lowest ongoing charges of those companies in the AIC UK Smaller Companies sector without a performance fee.

The UK Smaller Companies sector is a diverse and exciting part of the domestic equity market, encompassing a broad range of established businesses with meaningful growth prospects, but which are often under-researched and overlooked by most investors and available at

discounted valuations compared to global comparators. With increased scale, lower costs and improved liquidity, the Enlarged BRSC will be well positioned to provide Shareholders with sustained and enhanced exposure to this compelling growth opportunity over the medium and long term.

Our proposal has been carefully constructed to deliver value to Shareholders. Those who wish to realise value immediately at a 1.0 per cent. discount to NAV will have an opportunity to do so, whilst those who stay invested will benefit from a triennial 100% conditional tender offer to keep the management team focused on driving performance. I have every confidence that the Enlarged BRSC will become the go-to vehicle for investment trust investors seeking exposure to a best-in-class growth portfolio of UK smaller companies.”

Benefits of the Proposals

The Proposals are expected to result in substantial benefits for both BRSC and THRG Shareholders, including the following:

- **Scale:** following completion of the Combination and the Tender Offer, the Enlarged BRSC is expected to have net assets of approximately £780 million (on the basis of the trusts' respective net asset values as at 16 February 2026 and assuming full take up of both the Tender Offer and the THRG cash option), consolidating its position as the largest growth-focused trust in the AIC's UK Smaller Companies sector. This increase in scale is expected to (i) improve secondary market liquidity for continuing shareholders; (ii) support the marketability of the Enlarged BRSC; and (iii) provide the Board with additional flexibility in pursuing discount control initiatives.
- **Continuity:** shareholders in the Enlarged BRSC will benefit from continuity of management, investment approach and dividend track-record, including in the following respects:
 - **Combined portfolio manager expertise:** the Combination will bring together two highly experienced and well-regarded UK Smaller Companies managers, Roland Arnold and Dan Whitestone, who will co-manage the Enlarged BRSC with a clear and distinctive investment strategy and process that has proven successful over the long term.
 - **Investment approach:** BRSC and THRG pursue comparable investment approaches and currently have a significant level of portfolio overlap with over 75 per cent. of BRSC's portfolio (by value) invested in companies that are also held by THRG (as at 31 January 2026). The Enlarged BRSC will create a single BlackRock-managed UK smaller companies trust which will continue to prioritise quality growth in its portfolio composition, consistent with BRSC's existing investment approach, and with the flexibility for a 15 per cent. allocation to global small cap, in line with THRG's current investment policy.
 - **Attractive dividend policy:** the Enlarged BRSC's dividend policy is expected to build on the track record achieved by the Company, which has delivered annual dividend growth for more than 20 years and is categorised as a “Dividend Hero” by the AIC.
- **Compelling long-term prospects:** the Board believes that UK smaller companies continue to offer attractive long-term investment opportunities, notwithstanding a challenging period for the sector in recent years. The Investment Manager believes that the prolonged de-rating of the sector has created a more compelling entry point, with valuations historically cheap, while a number of potential cyclical and structural tailwinds are beginning to emerge, including easing interest-rate expectations and sustained corporate and private-equity interest in the UK market, particularly among undervalued mid and smaller companies. While market conditions have not favoured the respective investment managers' quality growth investment style over the shorter term, both BRSC and THRG have demonstrated the ability to deliver strong long-term performance, having outperformed their respective benchmarks over the last 10 years, delivering a NAV total

return of approximately 97.2 per cent. and 128.9 per cent., respectively. The Board considers that the combination of resilient business fundamentals, attractive valuations and the increased scale and resources of the Enlarged BRSC provide a supportive backdrop for long-term investors.

- **Immediate cash exit opportunity:** while the Board believes the benefits and strategic rationale of the Combination are compelling for continuing shareholders, a cash exit option has been included to accommodate shareholders wishing to realise part of their investment. Accordingly, Eligible Shareholders in BRSC and THRG will each have the option to elect for a cash exit in respect of a proportion of their shareholding as part of the Combination, at a discount of 1.0 per cent. to NAV. The BRSC cash exit will be implemented by way of the Tender Offer for up to 28 per cent. of the Company's Shares in issue as at the Tender Offer Record Date (excluding Shares held in treasury), while the THRG cash exit will be limited to up to 38 per cent. of THRG's issued share capital (excluding THRG Shares held in treasury).
- **Triennial 100 per cent. conditional tender offer:** subject to completion of the Combination, the Company will introduce a triennial performance-related tender offer for up to 100 per cent. of its issued share capital (excluding Shares held in treasury) at a 4 per cent. discount to net asset value (less costs), which will be triggered if the Enlarged BRSC 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.
- **Reduced management fees:** subject to completion of the Combination, BlackRock has agreed a revised management fee structure for the Enlarged BRSC. If implemented, with effect from Admission, the management fee payable by the Enlarged BRSC to BlackRock will be equal to (i) 0.5 per cent. per annum on the first £500 million of NAV; (ii) 0.475 per cent. per annum on the NAV between £500 million and £750 million; and (iii) 0.45 per cent. per annum on the NAV in excess of £750 million. This represents a material reduction in the current BRSC management fee and a removal of the performance fee for THRG shareholders who roll over their investment, while maintaining a competitive fee structure for the Enlarged BRSC. If adopted, the revised management fee will be the lowest in the AIC's UK Smaller Companies sector for an investment company without a performance fee.
- **Lower ongoing charges:** the Proposals are expected to deliver greater cost efficiencies through scale and, together with the revised management fee arrangements, result in an estimated ongoing charges ratio for the Enlarged BRSC of approximately 0.63 per cent. (excluding the benefit of the BlackRock Cost Contribution described below). This compares with BRSC's ongoing charges ratio of 0.8 per cent. (in respect of the year ended 28 February 2025) and THRG's average ongoing charges ratio of 0.82 per cent. (over the five years to 30 November 2025, including performance fees). On this basis, the Enlarged BRSC is expected to have the lowest ongoing charges ratio amongst investment companies in the AIC's UK Smaller Companies sector that do not charge a performance fee.
- **BlackRock Cost Contribution:** BlackRock has agreed to make a cost contribution in connection with the Combination by way of a fee waiver equivalent to six months of management fees on the Net Asset Value of the Enlarged BRSC immediately following completion of the Combination. This contribution is expected to be sufficient to ensure that all (or substantially all) costs of the Proposals are covered, so that continuing BRSC and THRG shareholders suffer no (or no material) NAV dilution (assuming that the Tender Offer and THRG Cash Option are taken up in full).

The Scheme

Overview of the Scheme

The Scheme will be effected by way of a scheme of reconstruction of THRG under section 110 of the Insolvency Act, resulting in the members' voluntary winding up of THRG and the transfer

of part of THRG's cash, assets and undertaking to the Company on a formula asset value ("FAV") for FAV basis.

Under the Scheme, Eligible THRG Shareholders will be entitled to elect to receive in respect of some or all of their THRG Shares:

- New Shares (the "**Rollover Option**"); and/or
- cash (the "**Cash Option**").

The Cash Option, which is limited to 38 per cent. of the THRG Shares in issue (excluding THRG Shares held in treasury), will be offered at a 1.0 per cent discount to the THRG NAV (after adding back any costs relating to the implementation of the Combination already incurred or accrued in the THRG NAV), with portfolio realisation costs to be borne by those THRG Shareholders electing for the Cash Option. Should total elections for the Cash Option exceed 38 per cent. of the THRG Shares in issue (excluding THRG Shares held in treasury), excess elections for the Cash Option will be scaled back into New Shares on a *pro rata* basis.

New Shares in BRSC will be issued to THRG Shareholders as the default option under the Scheme in the event that they do not make a valid election for the Cash Option under the Scheme or only elect for the Cash Option in respect of a proportion of their Shares, or to the extent elections for the Cash Option are scaled back as a result of the Cash Option being oversubscribed.

Conditions of the Scheme

Implementation of the Scheme is subject to a number of conditions, including:

- the Directors and the THRG Directors resolving to proceed with the Scheme;
- the passing of the THRG Resolutions to approve the Scheme and the winding up of THRG at the THRG General Meetings and the Scheme becoming unconditional in all respects (including the Transfer Agreement becoming unconditional in all respects);
- the passing of Resolution 1 (approval of the Scheme Issue) and such Resolution becoming unconditional in all respects;
- the passing of Resolution 4 (approval of the Tender Offer) and the Tender Offer not having been terminated, and the Saba Tender Condition being satisfied (at the Board's sole discretion);
- an election for the Cash Option being made in respect of all (or substantially all, to be determined by the THRG Board and the Board, in their sole discretion) of the THRG Shares beneficially owned by the Saba Investment Vehicles, or in respect of which the Saba Investment Vehicles have an economic interest, or such lesser number as may be agreed between the THRG Board and the Board; and
- the London Stock Exchange agreeing to admit the New Shares to trading on the Main Market, subject only to allotment.

Unless the conditions referred to above have been satisfied or, to the extent permitted, waived by both the Company and THRG on or before 30 April 2026, the Combination will not become effective and the New Shares will not be issued.

New Management Fee

As part of the Combination, and conditional upon the Scheme being implemented, the Company and BlackRock have agreed a new management fee structure pursuant to which BlackRock will be paid an annual fee for its management services to the Enlarged BRSC, charged on NAV and calculated as follows:

- i. 0.50 per cent. on the first £500 million;
- ii. 0.475 per cent. on the value between £500 million and £750 million; and

iii. 0.45 per cent. on the value in excess of £750 million,

the "**New Management Fee**".

The New Management Fee will apply with effect from Admission of the New Shares under the Scheme.

The New Management Fee represents a reduction in the current BRSC management fee (a tiered fee of 0.60 per cent. per annum on the first £750 million of the Company's NAV, reducing to 0.50 per cent. thereafter) and a removal of the performance fee for THRG Shareholders who roll over their investment, while maintaining a competitive fee structure for the Enlarged BRSC. If adopted, the New Management Fee will be the lowest in the AIC's UK Smaller Companies sector for an investment company without a performance fee.

The BlackRock Cost Contribution

BlackRock has agreed to make a contribution to the costs of the Combination by means of a temporary waiver of the management fee that would otherwise be payable by the Enlarged BRSC. The fee waiver will be for an amount equal to six months of the New Management Fee charged on the NAV of the Enlarged BRSC immediately following completion of the Combination (the "**BlackRock Cost Contribution**"). Based on the respective NAVs of BRSC and THRG as at 16 February 2026 and assuming full take up of both the Tender Offer and the Cash Option, the value of the BlackRock Cost Contribution would be approximately £1.9 million.

The benefit of the BlackRock Cost Contribution will be apportioned between BRSC and THRG as further described in Part 3 of the Circular.

In the event that the Scheme does not proceed, each of the Company and THRG will bear its own costs.

Investment Management Arrangements

The Enlarged BRSC will largely follow the Company's current investment strategy, seeking to achieve long-term capital growth through investing predominantly in UK small and mid-cap companies. The portfolio managers will be permitted to use gearing, in the form of debt, up to 20 per cent. of net assets to enhance returns and will have the ability to invest up to 15 per cent. of the portfolio by value in non-UK listed smaller companies. The BlackRock Emerging Companies team has extensive experience investing both within the UK and internationally and believes that accessing opportunities not available in the UK (for example, in technology), can enhance returns in the portfolio, without increasing the overall portfolio volatility.

The Enlarged BRSC's portfolio will be managed by Roland Arnold, the Company's existing lead portfolio manager, who has over 20 years' experience investing in UK small and mid-cap companies. Dan Whitestone, the current lead portfolio manager of THRG, will be a named co-manager of the Enlarged BRSC. Dan is an experienced fund manager with an extensive track record and knowledge of investing in UK listed small and mid-cap companies as well as emerging companies across international developed markets. Dan will support Roland through ongoing stock and industry level research and debate, and will also focus on the global small cap element of the portfolio. Roland will have the final decision over positioning in the portfolio of the Enlarged BRSC.

Dan and Roland have worked closely with each other as members of BlackRock's Emerging Companies team for over a decade. Dan is currently head of this team which comprises four portfolio managers, all of whom collaborate with research and sharing investment ideas. The Emerging Companies team operates as a separate unit within BlackRock's Fundamental Equity division, and benefits from the considerable resources of this wider platform. The portfolio managers are responsible for portfolio management and research, while account management responsibilities are covered by product strategists, client relationship managers and fund administrators. In addition, the team has a core portfolio manager, who provides support to portfolio managers in the portfolio implementation process.

Investment Objective and Policy

If the Combination is approved and implemented, the investment objective of the Enlarged BRSC will replicate the Company's current investment objective, seeking to achieve long-term capital growth for Shareholders through investment mainly in smaller UK quoted companies. The Enlarged BRSC will also continue to use the Deutsche Numis Smaller Companies plus AIM (excluding Investment Companies) Index as its benchmark.

However, as part of the Combination, the Board is proposing certain amendments to the Company's investment policy which will be subject to Shareholder approval. Under the proposed revised investment policy (the "**New 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 per cent. of the Company's Portfolio by value at the time of investment in listed small cap companies outside of the UK, in line with THRG's current investment policy. The Company's proposed New Investment Policy is set out in full in Part 4 of the Circular.

The UK Listing Rules require any proposed material changes to the Company's published investment policy to be submitted to the FCA for prior approval; and the FCA has approved the New Investment Policy. The UK Listing Rules also require Shareholder approval prior to any material changes being made to the Company's published investment policy; this approval will be sought at the General Meeting by way of Resolution 2.

Tender Offer

Background to and reasons for the Tender Offer

The Board is proposing the Tender Offer in order to allow a realisation opportunity for the Company's Shareholders who may wish to receive some cash prior to implementation of the Combination. The Tender Offer is for up to 28 per cent. of the Company's Shares in issue as at the Tender Offer Record Date (excluding Shares held in treasury), and will provide Eligible Shareholders who wish to exit with the opportunity to do so, subject to the overall limits of the Tender Offer.

While offering Shareholders this exit opportunity, the Board remains of the belief that UK Smaller Companies continue to offer attractive long-term investment opportunities for investors. Although market conditions have not favoured the Investment Manager's quality growth investment style over the shorter term, BRSC has demonstrated the ability to deliver strong long-term performance, having outperformed its Benchmark over the last 10 years, delivering a NAV total return (with dividends reinvested and debt at fair value) of 97.2 per cent (for the ten years to 31 January 2026).

Summary of the Tender Offer

- Eligible Shareholders will be able to tender up to 28 per cent. of their holding of Shares in the Company.
- Eligible Shareholders may also tender additional Shares, but any such excess tenders above the Tender Offer Basic Entitlement will only be satisfied, on a *pro rata* basis, to the extent that other Eligible Shareholders tender less than their aggregate Tender Offer Basic Entitlement.
- Following receipt of all valid elections for the Tender Offer (and if the Resolutions to approve the Tender Offer and the Scheme Issue are passed at the General Meeting and the Tender Offer is not otherwise terminated), the Company will notionally allocate its assets and liabilities between two pools as follows:
 - a pool of investments, cash, other assets and liabilities attributable to the Shares that are validly tendered pursuant to the Tender Offer (the "**Tender Pool**"); and

- a pool of investments, cash, other assets and liabilities attributable to the Shares that are not so tendered (the “**Continuation Pool**”).
- A *pro rata* portion of the Company’s assets and liabilities will be allocated to the Tender Pool corresponding to the proportion of Shares validly tendered, but adjusted to: (i) take account of the BRSC Second Interim Dividend that is attributable to the Tendered Shares (to the extent that such dividend has not already been accrued in the Company’s NAV); (ii) add back the value of any costs relating to the implementation of the Combination already incurred by the Company or accrued in the Company’s NAV; and (iii) deduct a 1.0 per cent. discount. The balance of the Company’s assets and liabilities will be allocated to the Continuation Pool. As far as practicable, all holdings within the Company’s Portfolio will be split between the Tender Pool and the Continuation Pool in proportion to the Shares validly tendered or not tendered respectively (being the “**Relevant Proportion**”).
- The Tender Pool will be realised for cash in a disciplined manner in order to maximise value for Exiting Shareholders.
- The Tender Price at which Tendered Shares will be sold by Eligible Shareholders under the Tender Offer will be based on the pro rata realised value of the Tender Pool.

Further information on the Tender Offer is set out in Part 2 and Part 5 of the Circular and the terms and conditions of the Tender Offer are set out in Part 6 of the Circular.

Conditions of the Tender Offer

Implementation of the Tender Offer is subject to a number of conditions which are set out in Part 6 of the Circular. The Tender Offer Conditions include (without limitation):

- **The passing of a special resolution by Shareholders to approve the Tender Offer (Resolution 4):** In accordance with usual market practice, the Tender Offer will be subject to the passing of a special resolution (which requires not less than 75 per cent. of the votes cast by Shareholders present, in person or by proxy, at the General Meeting to be voted in favour of the resolution in order to proceed).
- **The passing of an ordinary resolution by Shareholders to approve the Scheme Issue (Resolution 1):** Implementation of the Tender Offer is conditional on Shareholders approving the Scheme Issue. If this resolution is not passed by Shareholders, the Board will terminate the Tender Offer with immediate effect.
- **The Saba Tender Condition:** The Tender Offer is also conditional on Saba (including the Saba Investment Vehicles) validly electing to tender all (or substantially all, to be determined by the BRSC Board, in its sole discretion) the Shares in which Saba or the Saba Investment Vehicles have an interest as at the Tender Offer Closing Date (the “**Saba Tender Condition**”).

Saba Standstill Agreements and Irrevocables

As more fully detailed in the Company’s announcement of 22 January 2025, the Company and Saba are currently party to a Standstill Agreement whereby Saba has given the Company a number of undertakings, including that Saba will not put forward proposals to Shareholders or requisition a general meeting of the Company, such undertakings to expire on the earlier of the day following the Company’s annual general meeting in 2027 or 31 August 2027.

In connection with the Proposals, and following constructive discussions, Saba and the Company have agreed to amend the terms of the existing Standstill Agreement to extend the term of the agreement to 30 June 2030, subject to completion of the Tender Offer and the Scheme. In addition, Saba has undertaken, among other things, to use best endeavours to: (i) procure that all the votes attaching to the Shares in respect of which the Saba Investment Vehicles have beneficial interests or are otherwise able to control the right to exercise voting rights at the record date for voting are cast in favour of the Resolutions; and (ii) tender or

procure the tender under the Tender Offer of all Shares which are beneficially owned by Saba (including the Saba Investment Vehicles) or in which Saba (including the Saba Investment Vehicles) has an economic interest, as at the Tender Offer Closing Date.

THRG has received an irrevocable undertaking from Saba pursuant to which Saba has undertaken, among other things, to use best endeavours to: (i) procure that all the votes attaching to the THRG Shares in respect of which the Saba Investment Vehicles have beneficial interests or are otherwise able to control the right to exercise voting rights at the relevant record dates for voting are cast in favour of the THRG Resolutions; and (ii) procure that an election for the Cash Option is made in respect of all of the THRG Shares which are beneficially owned by the Saba Investment Vehicles (including beneficial interests held through any financial instruments) as at the latest date for electing for the Cash Option under the Scheme.

As at 16 February 2026, Saba (including the Saba Investment Vehicles) was interested in 10.4 per cent. of the voting Share capital of the Company and 17.8 per cent. of the voting share capital in THRG. As at 16 February 2026, Saba (including the Saba Investment Vehicles) beneficially owned 2.4 per cent. of the Shares and 1.7 per cent. of the THRG Shares.

In addition, the Company and THRG have received letters of intent to vote in favour of the Proposals from other shareholders representing, in aggregate, 23.9 per cent. of the Company's issued Share capital and 12.0 per cent. of THRG's issued share capital, in each case excluding shares held in treasury.

Gearing

The portfolio managers will continue to make tactical use of gearing dependent on prevailing market conditions and the use of which is subject to a maximum level of 20 per cent. of net assets at the time of investment. Under normal operating conditions it is envisaged that gearing will be within a range of 0 per cent. to 15 per cent. of net assets.

Share Rating

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 in the context of driving demand for the Company's shares. The Proposals include a number of features which are designed with that in mind: the refreshed investment proposition; the new highly competitive management fee structure; the attractive estimated ongoing charges ratio of the Enlarged BRSC; and the triennial 100 per cent. performance-related conditional tender offer to be made available to shareholders. The Board is also introducing quarterly dividend payments in place of the current bi-annual dividend payments from March 2026 which (combined with the Company's progressive dividend approach and AIC dividend hero status) should in the Board's view help to enhance demand for the Company's shares. The Board believes that the introduction of these initiatives, coupled with a continuation of the proactive approach to share buybacks which it has pursued over the past twelve months (the Company repurchased 14.6 per cent. of its issued share capital during 2025), make a sustained single-digit discount achievable for the Company in normal market conditions.

Proposed Changes to the Board

It is intended that, following completion of the Scheme, Angela Lane and Louise Nash (both THRG Directors) will be appointed as non-executive Directors of the Company.

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 1,366 pence as at 16 February 2026. In order to assist monthly savers and those who reinvest their dividends or are looking to invest smaller amounts, the Directors believe that it is appropriate to propose the sub-division of each

of the Existing Shares of 25 pence each into five new ordinary shares of 5 pence each (the “**Sub-divided Shares**”) (the “**Sub-division**”), thereby resulting in a lower market price per ordinary share. The Directors believe the Sub-division may also improve the liquidity in and marketability of the Company’s ordinary shares, which would benefit all continuing Shareholders.

Following the Sub-division, each Shareholder will hold five Sub-divided Shares for each Existing Share they held immediately prior to the Sub-division. 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 are expected to become one-fifth of their respective values immediately preceding the Sub-division. The Sub-division will therefore not itself affect the overall value of a Shareholder’s holding in the Company. The Sub-divided Shares will rank equally with each other and will carry the same rights and be subject to the same restrictions (save as to nominal value) as the Existing Shares, including the same rights to participate in dividends paid by the Company.

The Sub-division requires the approval of Shareholders and, accordingly, Resolution 3 in the Notice of General Meeting seeks this approval. If Resolution 3 is passed and becomes unconditional, the Sub-division will become effective on admission of the Sub-divided Shares, which is expected to be at 8.00 a.m. on 1 July 2026 or such later date as the Directors may in their absolute discretion determine. The Sub-divided Shares will have a new ISIN and SEDOL which will be announced by the Company in due course.

General Meeting

The Proposals are conditional, among other things, upon Shareholders’ approval of the Resolutions to be proposed at the General Meeting. A notice convening the General Meeting, which will be held at 3.30 p.m. on 30 March 2026 at the offices of BlackRock, 12 Throgmorton Avenue London, EC2N 2DL, is set out at the end of the Circular.

For the avoidance of doubt:

- the Scheme Issue is conditional on Shareholders approving the Tender Offer;
- the Tender Offer is conditional on Shareholders approving the Scheme Issue;
- the Investment Policy Change is conditional on Shareholders approving both the Scheme Issue and the Tender Offer; and
- the Sub-division is not conditional on the passing of any other Resolution and as such stands alone.

The full terms of each Resolution are set out in the Notice of General Meeting.

Recommendation

The Board, which has been so advised by Investec, considers that the Proposals and the Resolutions are in the best interests of the Company and its Shareholders as a whole. In advising the Board, Investec has taken into account the Board’s commercial assessment of the Proposals.

Accordingly, for the reasons set out above, the Board recommends unanimously that all Shareholders VOTE IN FAVOUR of each of the Resolutions to be proposed at the General Meeting, as the Directors intend to do in respect of their own beneficial holdings in the Company which, in aggregate, amount to 7,580 Shares (representing approximately 0.02 per cent. of the Company’s issued share capital (excluding Shares held in treasury) as at 16 February 2026).

The Board makes no recommendation to Shareholders as to whether or not they should tender all or any of their Shares under the Tender Offer. Whether, and the extent to which, Eligible Shareholders participate in the Tender Offer is a matter for each Eligible Shareholder to decide and will be influenced by their own individual financial and tax circumstances and investment priorities.

None of the Directors intend to tender their Shares under the Tender Offer.

Expected Timetable of Principal Events

General Meeting timetable

Publication of the Circular	20 February 2026
Latest time and date for receipt of Forms of Proxy and electronic proxy appointment instructions (including through CREST and Proxymity) for the General Meeting	3.30 p.m. on 26 March 2026
Record time and date for entitlement to vote at the General Meeting	6.00 p.m. on 26 March 2026

General Meeting

3.30 p.m. on 30 March 2026

Results of General Meeting announced	30 March 2026
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Tender Offer timetable

Tender Offer Record Date	6.00 p.m. on 23 February 2026
Tender Offer opens	24 February 2026
Tender Offer Closing Date: latest time and date for receipt of PINK Tender Forms and submission of TTE Instructions in respect of the Tender Offer	1.00 p.m. on 25 March 2026

Tender Offer Calculation Date	close of business on 25 March 2026
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Results of the Tender Offer elections announced and confirmation that the Tender Offer will proceed	30 March 2026
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Establishment of Tender Pool and Continuation Pool for the Tender Offer and realisation of the Tender Pool assets commences	31 March 2026
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Tender Price and payment date announced

as soon as reasonably practicable but currently expected to be in or around week commencing 29 June 2026

Acquisition by Investec, and repurchase by the Company from Investec, of the Tendered Shares	within 10 Business Days from the announcement of the Tender Price
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CREST settlement date: payments through CREST made in respect of the Tendered Shares held in uncertificated form	within 10 Business Days from the announcement of the Tender Price
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CREST accounts credited for revised uncertificated holdings of Shares	within 10 Business Days from the announcement of the Tender Price
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Cheques despatched in respect of the Tendered Shares held in certificated form	within 10 Business Days from the announcement of the Tender Price
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Despatch of balancing share certificates in respect of unsold certificated Shares	within 10 Business Days from the announcement of the Tender Price
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Scheme timetable

Scheme Entitlements Record Date	6.00 p.m. on 9 April 2026
Scheme Calculation Date	close of business on 9 April 2026
Scheme Effective Date	16 April 2026
Announcement of the results of the Scheme and respective FAVs per share	16 April 2026

CREST accounts credited with, and dealings commence in, New Shares	8.00 a.m. on 17 April 2026
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Share certificates in respect of New Shares despatched	not later than 10 Business Days from the Scheme Effective Date
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BRSC Second Interim Dividend timetable

Announcement	expected to be by no later than 31 March 2026
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Ex-dividend date for BRSC Second Interim Dividend

9 April 2026

Record date for BRSC Second Interim Dividend	6.00 p.m. on 10 April 2026
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Payment date for BRSC Second Interim Dividend	8 May 2026
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Sub-division timetable

Last day of dealings in Existing Shares	30 June 2026
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Record date for Sub-division and Existing Shares disabled in CREST	6.00 p.m. on 30 June 2026
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Announcement of Sub-division becoming effective	1 July 2026
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Admission of Sub-divided Shares effective and dealings commence in Sub-divided Shares	8.00 a.m. on 1 July 2026
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CREST accounts credited with, and dealings commence in, Sub-divided Shares	8.00 a.m. on 1 July 2026
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Issue of new share certificates in respect of the new Sub-divided Shares to be issued to those Shareholders who hold their Existing Shares in certificated form	not later than 10 Business Days from the Sub-division Effective Date
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