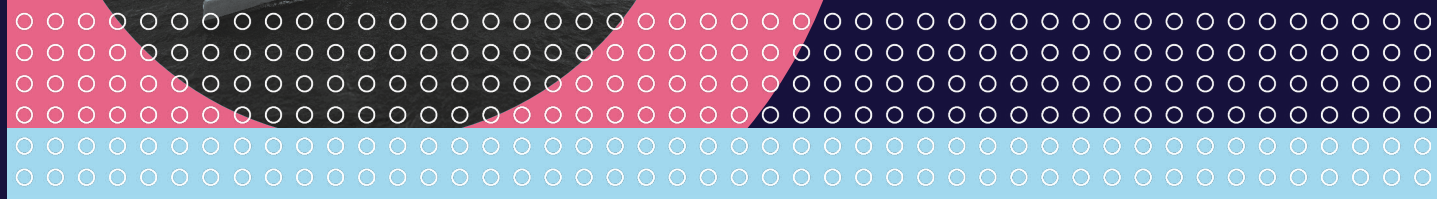


Octopus Future  
Generations VCT plc

# Annual Report 2024



**octopus** investments  
A brighter way



**Octopus Future Generations VCT plc ('Future Generations VCT' or the 'Company')** is backing businesses that aim to address some of society's biggest challenges, providing an opportunity for investors to share in the growth of ambitious, purpose-driven companies.

The Company is managed by Octopus AIF Management Limited (the 'Manager'), which has delegated investment management to Octopus Investments Limited ('Octopus' or 'Portfolio Manager') via its investment team Octopus Ventures.

### **Octopus Investments' awards**



# Find it fast

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## Key dates

Annual General Meeting	4 June 2025
Half-year results to 30 June 2025 published	September 2025



**How Future Generations works**  
p.5



**Portfolio Manager's review**  
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**Financials**  
p.62

# Chair's statement

## I am pleased to present the financial report and audited accounts for the Company for the 18 months to 31 December 2024.

I would like to welcome all of our new shareholders to the Company. Future Generations VCT invests in exciting early-stage companies which aspire to address current environmental and societal issues. In 2023, the Board reviewed and approved a proposal to move the Company's year end from 30 June to 31 December. As a result, shareholders are receiving this annual report covering an extended 18-month period and will thereafter receive a half-year report as at June, and annual report and audited financial statements for the years ending December thereafter.

The NAV per share at 31 December 2024 was 88.8p, which represents a net decrease of 5.5p per share from 30 June 2023. In the 18 months to 31 December 2024, we utilised £10.1 million of our cash resources, including £8.2 million which was invested into 16 new and follow-on opportunities. The cash balance of £20.1 million (excluding cash awaiting allotment) as at 31 December 2024 represents 42% of net assets at that date. The loss made in the period to 31 December 2024 was £2.9 million. This decline is reflective of some company specific performance challenges and the difficult funding conditions in the early-stage space which have led to downward movements in some valuations. Given the Company is still a relatively young VCT, many of its portfolio companies are at the beginning of their journey and will likely require further funding to succeed, so it is to be expected to see under performance or even failures before any growth in value of companies which are ultimately successful. The decline is also accentuated by the running costs of the Company exceeding returns from investments, which is to be anticipated at this stage.

We look forward to deploying further capital into attractive new investment opportunities, and we ultimately intend the profile of the Company to comprise 80% to 90% in VCT qualifying investments and 10% to 20% in permitted non-VCT qualifying investments or cash.

### Fundraise

We raised £3.6 million in the fundraise which closed on 31 October 2024. The 2023/2024 VCT fundraise market was highly competitive, ranking as the third highest on record with £882 million raised. In this environment, newer VCTs such as ours faced challenges in raising funds, as we compete with more established funds.

On 3 February 2025, to further support the Company's growth, the Board launched an initial offer to raise up to £5 million. The offer closed for new applications on 1 April 2025 for the 2024/2025 tax year having successfully raised £5.0 million.

As investors will be aware, the intention is to invest in businesses which meet one of three key themes, which we hope will demonstrate excellent investment prospects as well as having the potential to transform the world we live in for the better. These three themes are summarised on page 4.

### VCT status

In November 2023, a ten-year extension was announced to the 'sunset clause' (a retirement date for the VCT scheme), meaning that VCT tax reliefs will be available until 5 April 2035. This extension passed through Parliament in February 2024 and on 3 September 2024 His Majesty's Treasury brought the extension into effect through The Finance Act 2024.

### Board of Directors

As announced in the half-yearly report to 31 December 2023, Emma Davies announced her retirement from the Board of Directors with effect from 31 March 2024 and Ajay Chowdhury was appointed with effect from 1 March 2024 and was elected by shareholders at the Annual General Meeting (AGM) held in December. We are already benefiting from his extensive experience in the early-stage venture ecosystem.

All the other Directors have indicated their willingness to remain on the Board and will be seeking re-election at the AGM.

### Portfolio Manager

In September 2024, Octopus Titan VCT PLC, a fund which the Company has co-invested alongside to date, announced a review of strategy, due to the ongoing performance issues it has faced. This review (which benefits from independent external advice) is ongoing, and when concluded, the results will be shared



**Helen Sinclair**  
Chair



# Chair's statement → continued

with the Board of the Company and via any public announcements that the Board of Octopus Titan VCT PLC may make.

During this period, the investment team has prioritised much of its resource towards those portfolio companies which they believe have the potential to drive the greatest returns. This has affected your Company's investment rate into new opportunities.

In the meantime, there have been a significant number of leavers from the broader Octopus Ventures team which invests capital from both the Company and other funds under management. Simon King, Octopus' Lead Fund Manager for Future Generations, has unfortunately resigned to pursue a new opportunity after 13 years with Octopus. He will continue to take an active role as Lead Fund Manager of the Company until late summer. I would like to take this opportunity to thank Simon for his contribution and to wish him well for the future. We will provide you with updates in due course regarding his potential successor.

Erin Platts was appointed as new Chief Executive Officer (CEO) of Octopus Ventures in January 2025. Previously, she was CEO of HSBC Innovation Banking UK, formerly Silicon Valley Bank UK and worked at the heart of the UK and European tech ecosystem. Erin will be looking to scale the Octopus Ventures business, including ensuring there is appropriate investment and portfolio management resource to support the ongoing success of the Company.

## AGM

The AGM will take place on 4 June 2025 from 10am and will be held at 33 Holborn, London EC1N 2HT. Full details of the business to be conducted at the AGM are given in the Notice of the AGM on pages 94 to 97. We will have a Portfolio Manager's update at the AGM, supported by a filmed update from the Portfolio Manager which will be

available on the website at [www.octopusinvestments.com/futuregenvct/](http://www.octopusinvestments.com/futuregenvct/).

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions within the Notice of the AGM on pages 94 to 97 using the proxy form, or electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). The Board has carefully considered the business to be approved at the AGM and recommends shareholders to vote in favour of all the resolutions being proposed, as the Board will be doing.

## Outlook

In the 18-month reporting period, the sharpest decline in NAV was seen in the first half of 2024 with a 7.1% drop. This was reflective of some of the portfolio companies struggling to scale, secure customer wins and successfully fundraise, meaning they were not achieving the milestones set at the time the Company invested. With companies not able to prove their business models, we will unfortunately see some fail. The Board is mindful that such performance is not an unusual outcome for a VCT at this stage of its investment life cycle, with any failures likely preceding valuation growth which is usually expected once the portfolio matures. The portfolio has been operating in a volatile macro environment since the Company launched and global geo-political and economic pressures continue to hamper some of their growth plans. However, we are satisfied to see a stabilisation in the NAV, with the portfolio showing a positive return in the six months from June to December 2024.

The Mergers and Acquisitions (M&A) environment has started to thaw with startups experiencing the highest annual M&A transaction levels since 2019<sup>1</sup>. We are delighted to have been able to realise the Company's first full and partial exits in the reporting period, more of

which can be read about on page 8. These exits within just three years of launch we hope provide validation of Future Generations VCT's investment strategy, demonstrating the ability of Octopus to identify and back high-potential companies while delivering early returns to the VCT and brings confidence that it is well positioned to generate long-term, sustainable value for shareholders.

The long-term target is to pay an annual dividend of 5% of the NAV. However, given the expected holding period of target portfolio companies and restrictions imposed on VCTs, it is very unlikely that the Company will be able to pay dividends before 2026. During this time, any growth in value will increase the net asset value of the Company. Dividends are likely to be generated from successful exits, so the Company is unlikely to pay significant dividends until more portfolio companies have time to mature and realisations are secured.

I would like to conclude by thanking both my Board colleagues and the Octopus team on behalf of all shareholders for their hard work. The Board's long-term view of early-stage venture capital remains positive, and I am looking forward to seeing what 2025 brings for your Company.



**Helen Sinclair**  
Chair

28 April 2025

<sup>1</sup> <https://carta.com/uk/en/data/state-of-private-markets-q4-2024/#key-trends>

# Investment themes



## Revitalising healthcare

Healthcare is essential. Future Generations VCT is backing businesses moving health and wellbeing forward. That could mean investing in entrepreneurs who are improving lives through digital health solutions. Or it might mean supporting businesses helping people conquer addictions or creating software that will make healthcare services more efficient and accessible.



## Empowering people

Future Generations VCT is investing in businesses that are reimagining the future of society. These companies could democratise education or financial services, disrupt the food industry to stop people going hungry, or increase connectivity between people and protect their privacy online, driving innovations that will make the world a better and safer place.



## Building a sustainable planet

As society moves to a low carbon economy, the way we produce and consume information, materials and energy is changing. Some of the most exciting early-stage businesses are helping to accelerate this transition. Businesses under this theme might be reducing carbon emissions, protecting ecosystems, or creating a circular economy that removes waste.

## Portfolio value by investment theme

The pie chart below illustrates Future Generations VCT's investment focus by portfolio value as a percentage.



**20%**

**Building a sustainable planet**



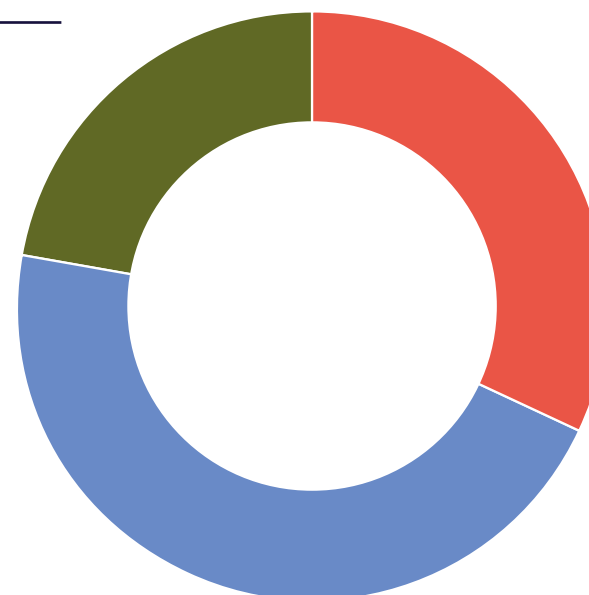
**50%**

**Revitalising healthcare**



**30%**

**Empowering people**



Read more about our investments on page 20 to 25

# How Future Generations VCT works

**Future Generations VCT is backing businesses with the power to transform the world for the better by investing in companies that are revitalising healthcare, empowering people and building a sustainable planet.**

## The team

The Company is managed by Octopus Ventures, known for its expertise in identifying and supporting innovative businesses some of whom have grown to become household names, including Depop, Skin+Me and Zoopla. The team aims to invest in early-stage companies that offer the potential of returning significant multiples of the initial investment.

The VCT benefits from the team's rigorous investment process and specialist expertise in the sectors in which they invest. Octopus Ventures has historically engaged with thousands of potential investment opportunities each year and go on to invest in only around 1% of these. This means they can be highly selective and once a potential investment has been assessed against the key investment criteria of their ability to scale and deliver strong returns, it will then be reviewed against the three investment themes.

## The opportunity

We're living in a period of unprecedented change. Entire industries are transforming at an increasingly fast rate, and they need to. Society faces very real issues, from inequality to the tremendous impact of climate change. Businesses have a critical role to play in solving these problems.

Companies that understand what it means to make the world a better place have the potential to deliver some of the best returns to investors over the coming decades.

## The Company

Future Generations VCT is investing in companies which have the ambition and proposition to address these problems. It is investing in unquoted smaller companies armed with innovative technology, talented management teams and often in sectors prime for disruption.



# Investment strategy

What and who Future Generations VCT invests in:

1

Alignment with one of the three investment themes

2

Talented and ambitious teams

3

Big market opportunity

4

Innovative technology

5

Rapid pace of growth

As an investment team, this means:



**8-10**

Typical number of new early-stage investments per year



**20%**

Targeted initial equity stake across all Octopus Ventures mandates



**Return**

Significant multiples on initial investment



**£100,000 to £10m**

Initial investment



**Invest further**

Where returns can be enhanced



# Spotlight on investment themes

The portfolio is comprised of early-stage companies that the Company believes have the power to transform the world in which we live. Below are some examples across the three investment themes of the positive contribution the portfolio companies have already made on society and the environment, even at such an early point in their own growth story:



## Revitalising healthcare

### Skin+Me

Direct to consumer, personalised skin care.

**Over one million customers**

have been treated since inception.

### Ufonia

An AI-led automated phone call platform which replaces high-volume, low complexity medical appointments in public and private health.

**54% increase**

in the number of patients contacted from 2023 to 2024.

### Inflow

A digital therapeutic company addressing the needs of those with Attention Deficit Hyperactivity Disorder (ADHD).

**46% increase**

in active paying members going through Inflow's ADHD program from 2023 to 2024.



## Empowering people

### Secfix

Automates the preparation for, and the ongoing maintenance of, IT compliance certifications.

**44% increase**

in Software as a Service (SaaS) subscriptions from 2023 to 2024.

### Apheris

An end-to-end federated learning platform enabling data scientists to conduct analysis over sensitive data without compromising the privacy or security of the data subjects.

**Powered the AI structural biology consortium** to help

accelerate drug discovery.

### Phlux

Enables high performance, scalable Light detection and ranging (LiDAR). This type of data can be used for a wide range of applications.

**1,100 products**

sold in 2024, up from zero in 2023.



## Building a sustainable planet

### Drift Energy

Designing sailing vessels and routing algorithms required to capture deep water wind energy and convert it into onboard hydrogen gas for transportation back to shore.

Building the **world's first** net positive ship.

### Kita Earth

A carbon credit insurance company.

**Twice nominated**

for the Earthshot Prize 2023, in the category of Fix Our Climate.

### Metris Energy

A platform that allows landlords of multi-unit buildings to monetise modular renewable energy projects through a single billing platform to charge tenants.

Its software is designed to facilitate and accelerate the **adoption of on-site solar**.

# Spotlight on exits

## The next step in the growth story

As demonstrated on the previous page, a significant portion of our 36-strong portfolio is in the early stages of development, aiming to scale, refine their products, and secure initial customer wins. Nevertheless, we are pleased to have already realised value for our shareholders. This success is attributed to our strategy of investing across various themes and stages. By acquiring stakes in pre-revenue, early-stage, and revenue-generating businesses, we can realise value more quickly from some companies.

The Octopus Ventures team helps portfolio companies to grow and scale, with a view to maximising value for our shareholders and achieving successful exits. Such exits enable the Company to realise the growth that the portfolio companies have achieved over its investment lifespan. The two exits combined deliver the Company a return of 1.5x, including contingent deferred proceeds<sup>1</sup>. Here's a closer look at how the exits broke down:

cobee



### Initial investment: October 2022

Cobee, founded in 2019, is an innovative employee benefits platform that simplifies the management and distribution of benefits for employers and employees alike. By consolidating benefits schemes into a single platform, Cobee automates administrative tasks for HR departments while providing employees with real-time insights and flexibility through a unified card for managing their benefits.

In November 2024, Cobee was acquired by Pluxee, a global leader in employee benefits and engagement operating in 31 countries with over 5,000 employees. Pluxee is uniquely positioned to support Cobee's continued growth. Cobee's founders were enthusiastic about the deal, citing Pluxee's strategic alignment and potential to accelerate international expansion.

neat



### Initial investment: November 2022

Neat is a subscription-based insurance platform that gives merchants the ability to provide lifetime insurance bundles to customers at highly competitive rates. The platform is simple and scalable, allowing seamless integration without technical expertise. Its application allows them to offer this service to their customers with tailored offers. Its mission is to promote more sustainable consumption through its services, as protecting products extends their lifespan and therefore reduces their environmental impact, promoting repair and reconditioning.

Neat announced the completion of its €50 million Series A funding round in September 2024. As part of the fundraising, Octopus sold a portion of the Company's shares and is excited to also maintain a holding in the company and support its growth journey. Neat offers over 40 products in more than ten industries. With over 1,500 distribution partners, Neat has sold more than one million insurance products.

<sup>1</sup> 61% of contingent deferred consideration paid in full in 2025, the remainder is anticipated between 2025 and 2027.

# Creating value

## How Future Generations VCT creates value for shareholders

### What makes Future Generations VCT different

#### Octopus and The Octopus Ventures team

Octopus is the largest VCT manager in the UK by assets under management. It launched its first VCT in 2002. The Octopus Ventures team can back companies through multiple funding rounds. This is hugely valuable and attractive for entrepreneurs looking for a partner who can support their long-term growth ambitions.

#### Nurturing talent

The investment team is supported by a dedicated People and Talent team. They offer direct support, expertise and access to programmes and platforms to help the investee company management teams scale their businesses which can be transformative. This can offer a compelling competitive advantage when Octopus Ventures is looking to secure the chance to invest in the best smaller companies in the market.

### What the Octopus Ventures team do

#### 1. How Octopus Ventures finds portfolio companies

1. Active network management and deal monitoring
2. Proprietary technology used to support deal sourcing
3. Historically thousands of potential investment opportunities reviewed
4. Typically resulting in 8 – 10 new investments per year

#### 2. Ongoing support

The Octopus Ventures team works with the portfolio companies it backs to make their success more likely, whether that's taking a board seat, helping them expand overseas or introducing them to the dedicated Talent team.

#### 3. Mitigating risk

Future Generations VCT looks to mitigate risk through building a portfolio of companies across a diverse range of sectors, business models and investment stages and looks to take a material initial equity stake in the business.

See data on the  
three investment  
themes  
page 4

Read about  
some portfolio  
case studies  
pages 20 to 21

Review the VCT's  
risks and risk  
management section  
pages 37 to 39

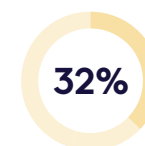
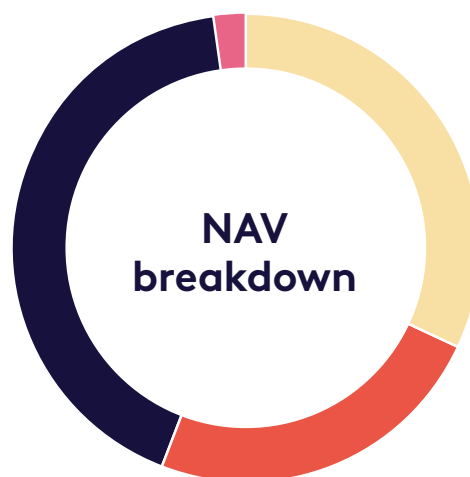
# What's in a share?

By owning shares in Future Generations VCT you gain access to a portfolio of 36 early-stage companies with high-growth potential operating across a diverse range of sectors.

The NAV is the combined value of all the assets owned by Future Generations VCT after deducting the value of its liabilities. The NAV is comprised of different elements, as shown in the diagram. 56% is derived from the value of the underlying investments. 42% is held as highly liquid cash in the bank and money market funds which are readily available for investments. The upcoming pipeline of investments is closely monitored to make sure that there is always cash available for funding companies.

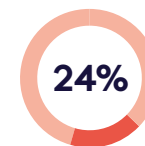


Read more in the Financials section on pages 70 to 88.



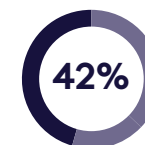
## Top ten

The value of the top ten investments as at 31 December 2024



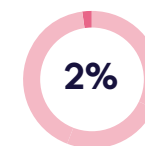
## Other investments

Value of the remaining portfolio investments as at 31 December 2024



## Cash

Value of cash in bank and money market funds



## Other

Value of debtors less creditors

# Measuring our performance

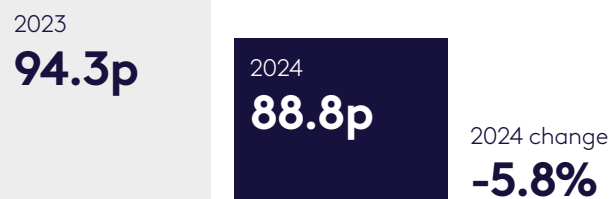
## Key Performance Indicators (KPIs)

**As a VCT, Future Generations VCT's objective is to provide shareholders with an attractive income and capital return by investing its funds in unquoted companies which meet the relevant criteria for VCTs.**

The Board has identified four key performance measures to assess Future Generations VCT success in meeting these objectives. Some of these are classified as alternative performance measures (APMs) in line with Financial Reporting Council (FRC) guidance.

### 1 NAV per share<sup>1</sup>

The NAV per share of Future Generations VCT is the sum of the underlying assets less liabilities divided by the total number of shares in issue. Future Generations VCT's target is for the NAV to stay flat or increase as it expects to pay out any capital growth as dividends.

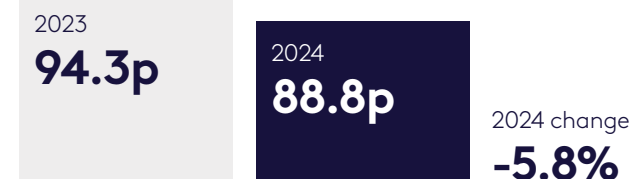


### Performance over the period

The NAV per share has declined from 94.3p last year to 88.8p. This decrease in valuation over the 18-month period has been driven by a tough funding environment within the early-stage investment sector, alongside performance issues specific to certain portfolio companies. Such outcomes are typical for a VCT in this phase of its investment cycle, where failures often precede eventual growth in valuations. The Octopus Ventures team remains committed to deploying capital into new opportunities while actively supporting other portfolio companies in achieving their goals.

### 2 Total return per share<sup>1</sup>

Total return is calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period. Total return on the NAV enables shareholders to evaluate more clearly the performance of Future Generations VCT, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector.



### Performance over the period

The total return per share has decreased. This is driven by the downward valuation movement of the portfolio. The total return per share will be applicable in future periods.

For further details see the  
Glossary of terms on page 93

<sup>1</sup> These KPIs are defined as alternative performance measures (APMs) and are defined in more detail in the Glossary of terms on page 93.



# Measuring our performance → continued

3

Total ongoing charges<sup>1</sup>

The ongoing charges ratio has been calculated using the AIC recommended methodology and excludes irrecoverable VAT, exceptional costs and trail commission. The Company aims for this to be lower than 3.0%.



Performance over the period

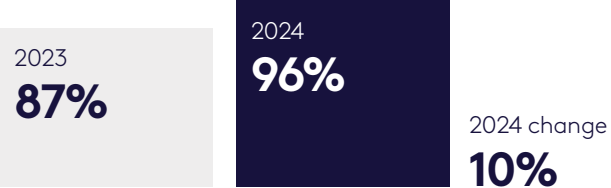
The total ongoing charges were 3.0% as at 31 December 2024.

Total ongoing charges are capped at 3.0% of net assets. For the period to 31 December 2024, the ongoing charges exceeded this cap and a rebate was paid from the Portfolio Manager for the amount of £39k.

4

Qualifying % under VCT rules

Future Generations VCT must comply with VCT legislation laid down by HMRC. A key requirement is to maintain at least an 80% qualification investment level. The target is for this to be 80-90%. In addition, at least 30% of all new funds raised will need to be invested in qualifying holdings within 12 months of the end of the accounting period in which the VCT issued the shares.



Performance over the period

96% (as measured by HMRC rules) by value of Future Generations VCT's investments has been represented throughout the period by shares or securities comprised in qualifying holdings of Future Generations VCT.

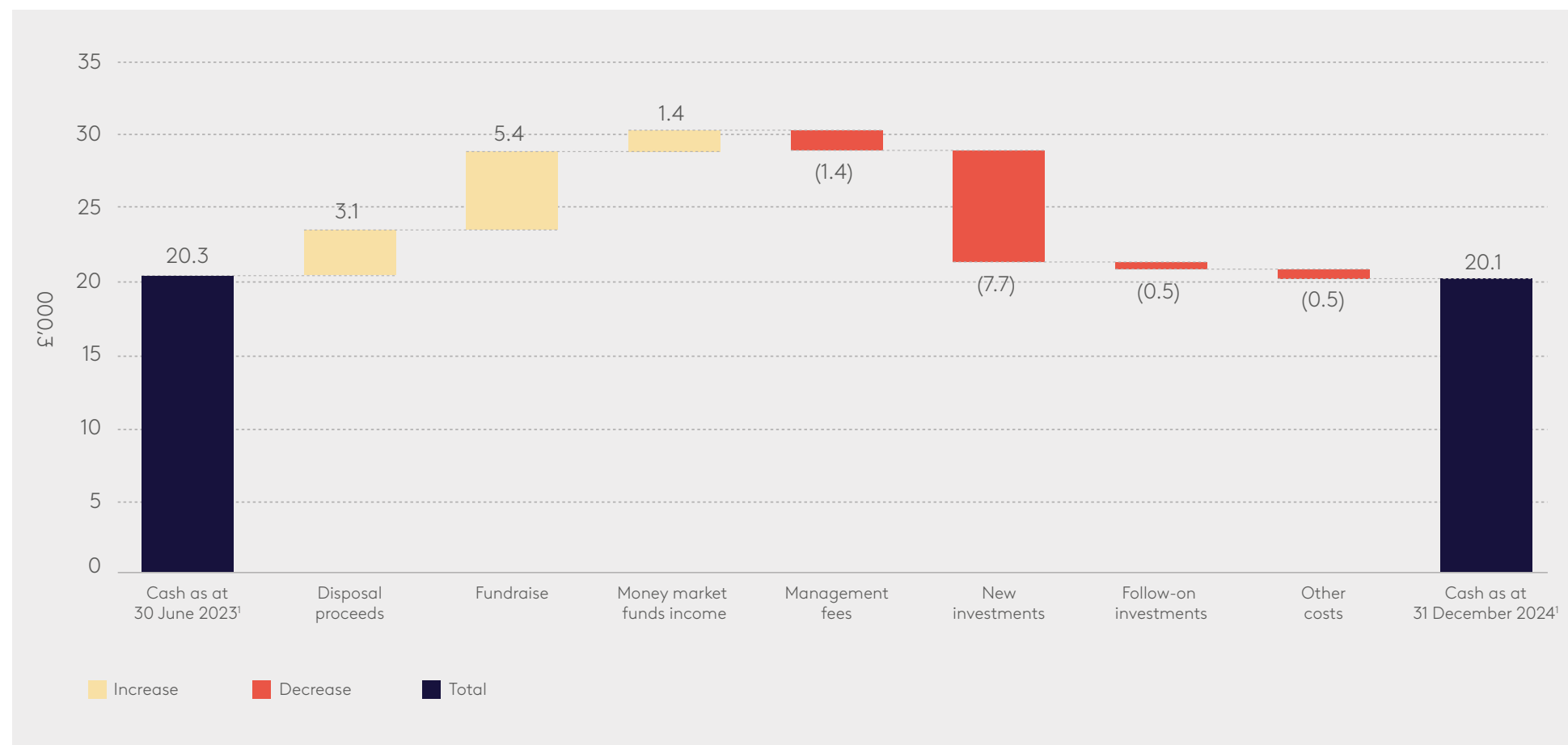
Future Generations VCT has continued to meet the 80% qualification investment level. There continue to be sufficient investment opportunities to enable the Investment Manager to comply with these ratios.

<sup>1</sup> These KPIs are defined as alternative performance measures (APMs) and are defined in more detail in the Glossary of terms on page 93.

# Creating value for the long term

## Cash deployment

The following graph shows Future Generations VCT's cash inflows and outflows during the period to demonstrate the movement from the opening to closing cash position:

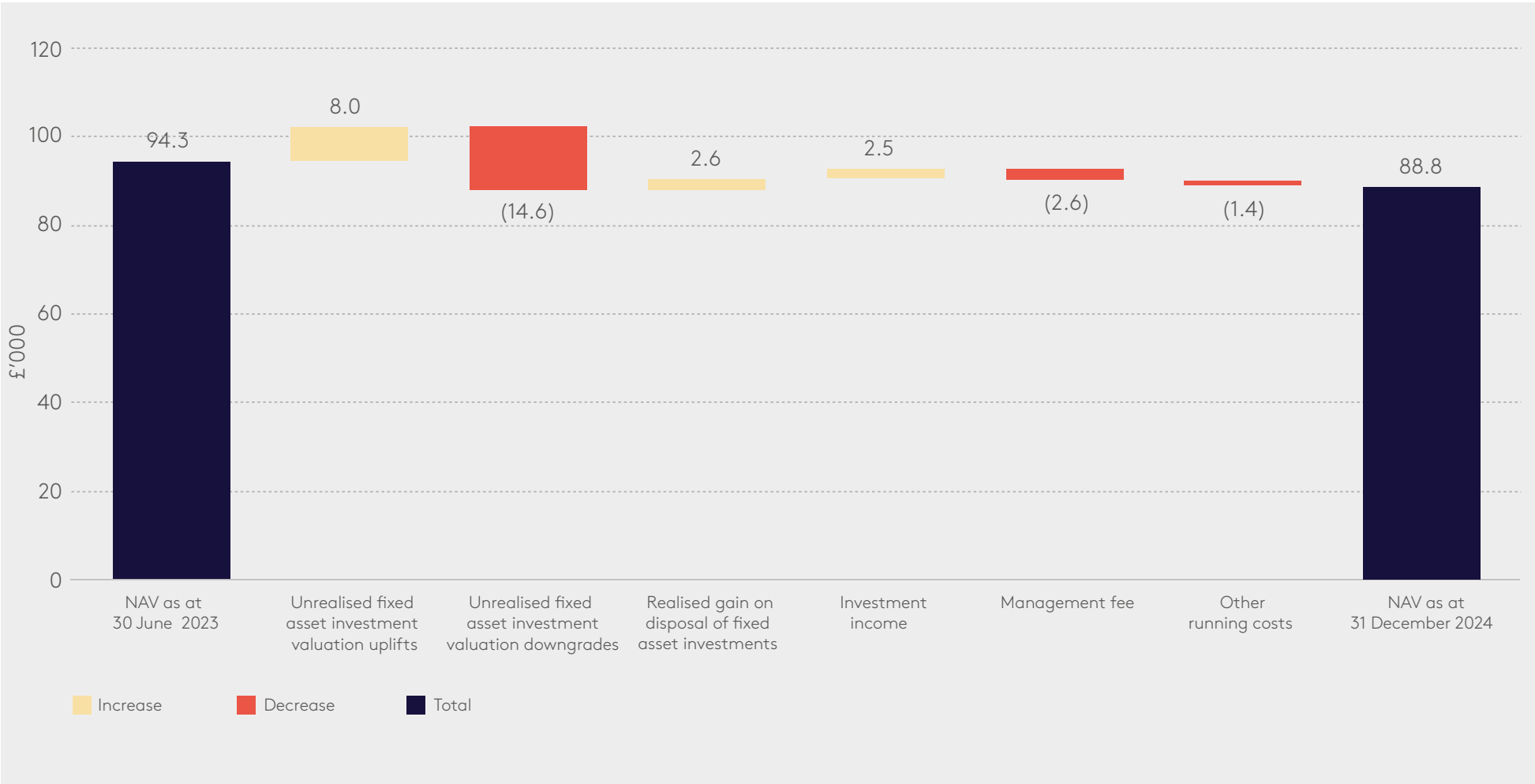


<sup>1</sup> Cash is excluding Applications cash

# Creating value for the long term → continued

## NAV bridge

The following graph shows Future Generations VCT's cash inflows and outflows during the period to demonstrate the movement from the opening to closing cash position:



# Portfolio Manager's review

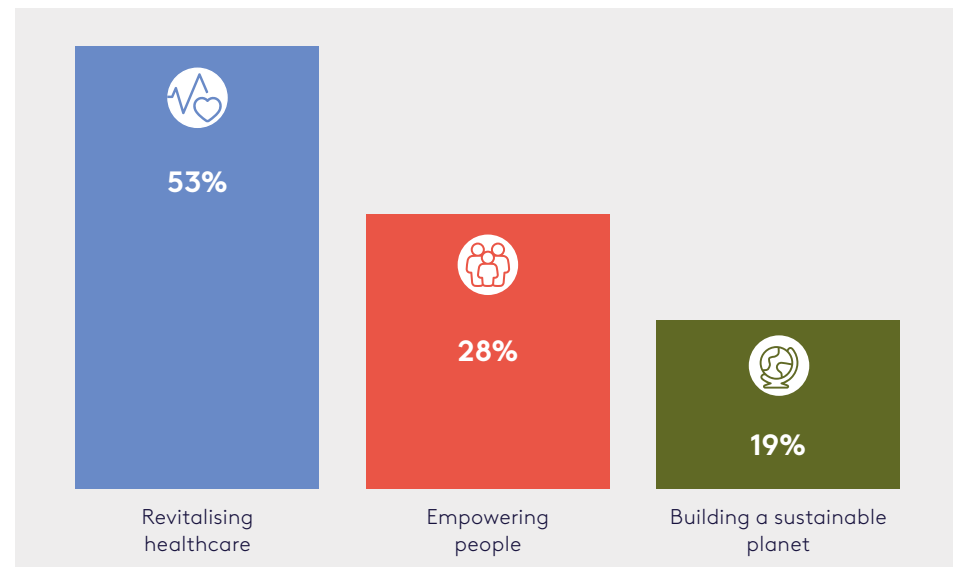
At Octopus, our focus is on managing your investments and providing investors with clear and transparent communication. Our annual and half-yearly updates are designed to keep you informed about the progress of your investment.

## Focus on Future Generations VCT's performance

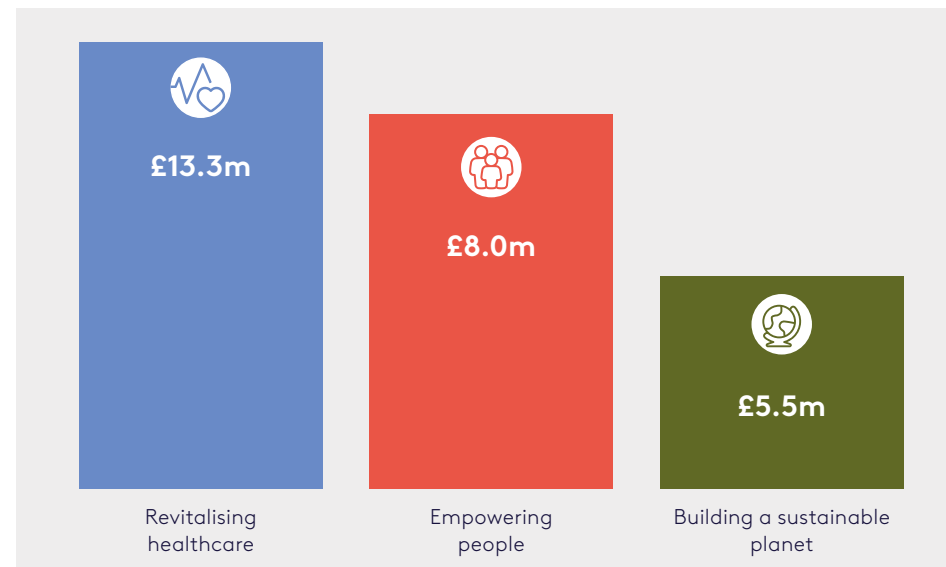
The NAV per share at 31 December 2024 was 88.8p, which represents a decrease in NAV of 5.5p per share versus a NAV of 94.3p per share as at 30 June 2023. The Company invests in three key areas that we believe demonstrate excellent investment prospects and have potential to transform our world for the better.

Below is a breakdown of the 36 investments held as at 31 December 2024, showing the proportion and value of the portfolio in each investment theme:

Proportion by number of portfolio companies in each theme



Value of the portfolio in each theme



# Portfolio Manager's review → continued

The decline in valuation over the 18-month period has been in large part driven by the downward valuation movements across 11 companies which saw a collective decrease in valuation of £7.9 million. The businesses which contributed most significantly to this were Tympa Health, Pear Bio and Elo Health. Tympa Health over-invested in growth and had to make significant cost cuts and changes to senior management whilst running a fundraising process. It has successfully concluded a further investment round, but at a reduced valuation and the Company's shareholding now sits behind a large preference stack, meaning that other investors get paid back first before the Company would see any returns. Pear Bio also had to significantly reduce its cash burn but has limited runway and needs to further fundraise, so the valuation has been reduced to reflect the risk to its future. Elo Health struggled to find a market fit and execute on the investment thesis, so to extend its cash runway it had to raise an investment round at a reduced valuation. These three valuation movements account for 86% of the total decline in the reporting period. The total investment cost of these three companies was £7 million.

Octopus Ventures believes that some of the companies which have seen decreased valuations in the 18 months have the potential to overcome the issues they face and get their growth plans back on track. We will continue to work with them to help them realise their ambitions. In

some cases, if a company is achieving its performance milestones, the support offered could include further funding, to ensure a business has the capital it needs to execute on its strategy. At this early stage of the Company's life cycle, it is to be anticipated that failures will likely precede valuation growth, which takes longer as the portfolio companies must achieve their agreed milestones and mature.

Conversely, 12 companies saw an increase in unrealised valuation in the period, delivering a collective increase in valuation of £4.4 million. These valuation increases reflect businesses which have successfully concluded further funding rounds, grown revenues or met certain important milestones. Notable strong performers in the portfolio include Apheris and Manual, both of which have shown impressive capital efficient growth. More can be read about the top 10 investments on pages 23 to 25. These strong performers demonstrate that there are opportunities available for companies to scale.

The interest on Future Generation's uninvested cash reserves was £1.4 million in the 18 months to 31 December 2024 (30 June 2023: gain of £0.4 million), driven by returns on money market funds. The Board's objective for these investments is to generate sufficient returns through the cycle to cover costs, at limited risk to capital.

## Disposals

In September 2024, as part of a Series A funding round, Octopus sold a portion of the Company's shares in Neat. Then in November, Pluxee (a global leader in employee benefits) acquired Cobee. The two exits combined offer the Company a return of 1.5x, including contingent deferred proceeds – more can be read about these disposals on page 8.



# Portfolio Manager's review → continued

## Overview of investments

The Company completed 16 investments in the 18 months to 31 December 2024 (comprising a total of £8.2 million) and 4 further investments after the reporting date totalling £2.4 million. More information on some of these businesses can be found below:

### A selection of our completed investments



#### Revitalising Healthcare

**Pencil Biosciences** is a gene editing technology platform.

**Awell Health** automates routine clinical tasks, synchronising data between systems and driving seamless coordination between care teams and patients.

**Cellvoyant** is an artificial intelligence (AI) first biotechnology company creating novel stem cell-based therapies for chronic diseases.

**Manual** provides easy access to advice and medical support for diagnosis, custom treatment plans and holistic care to induce long-term behaviour change.

**Nanosyrinx** has developed a targeted biologic therapeutic delivery platform (a nano-syringe).



#### Empowering people

**Correcto** is an AI writing and grammar tool for the Spanish language.

**Remofirst** is an Employer of Record (EOR) and compliance platform that allows companies to hire and pay employees globally.

**Swiipr** has developed a digital payments platform specifically for the airline industry.



#### Building a sustainable planet

**Metris Energy** has created a platform that allows landlords of multi-unit buildings to monetise modular renewable energy projects through a single billing platform to charge tenants.

**Drift** is designing sailing vessels and routing algorithms required to capture deep water wind energy and convert it into onboard hydrogen gas for transportation back to shore using a fully integrated desalination, electrolysis and storage system.

# Portfolio Manager's review → continued

Q&A

## Q. How do you value a portfolio company?

- A. Future Generations VCT's unquoted portfolio companies are valued in accordance with UK Generally Accepted Accounting Practice (UK GAAP) accounting standards and the International Private Equity and Venture Capital (IPEV) valuation guidelines.

This means we value the portfolio at fair value, with all companies being valued at least twice yearly, for our half-year (June) and annual accounts (December).

## Q. What do you mean by 'fair value'?

- A. When we say fair value, we mean the price we expect people would be willing to buy or sell an asset for, assuming they understand the asset and market conditions, are knowledgeable parties, act independently, and that the transaction is carried out under the normal course of business (i.e. is not rushed and proper marketing has taken place).

## Q. Who values the portfolio, what is the process and what oversight is there to make sure this is right?

- A. The Octopus Investment Managers involved with the portfolio companies, either in the capacity of a Director or observer on the board, or the primary contact, will provide commentary including, but not limited to, recent developments with the portfolio and the wider market in which they operate, progress towards milestones, management team changes, board dynamics and technical progress. This is combined with the latest available financial accounts and budget provided by the portfolio company which will be summarised into Key Performance Indicators (KPIs).

From this information, a member of the separate Valuations team drafts the initial proposal. This will highlight any material changes, key asset level assumptions used and KPIs, and discuss portfolio company performance as well as the rationale underpinning the selected valuation methodology. A peer review exercise then takes place, where the proposals are challenged and reviewed. The peer reviewer is an investment professional from the Fund Manager (typically the Lead Fund Manager) who has not been involved in preparing the valuations.

This will then be reviewed and approved by the Octopus Valuations Committee which comprises individuals with appropriate expertise and experience in valuations. Those individuals are not involved in the investment decisions and as such can independently review and challenge. The Future Generations VCT Board will then meet to discuss them in detail, revise as necessary and ultimately approve them.

There are also more valuation checkpoints throughout the year in advance of allotments and other share-related transactions, which means that the portfolio's valuation is reviewed to ensure NAV is fairly represented prior to these corporate actions.

As part of our continuous improvement processes, we periodically review the actual realised value of our investments compared to their last holding value and refine our valuation methodologies accordingly. This, combined with the high proportion of valuations that are based on the terms of further funding rounds led by new external investors, firmly underpins the robustness of the valuation process.



**Simon King**

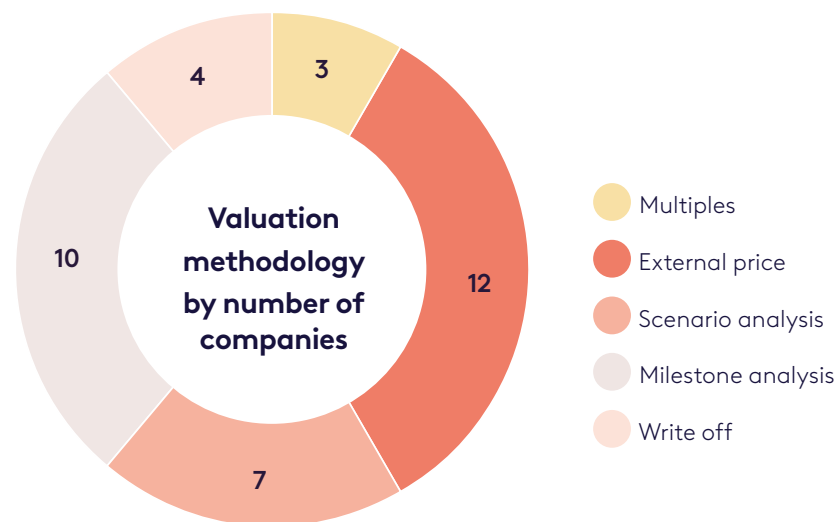
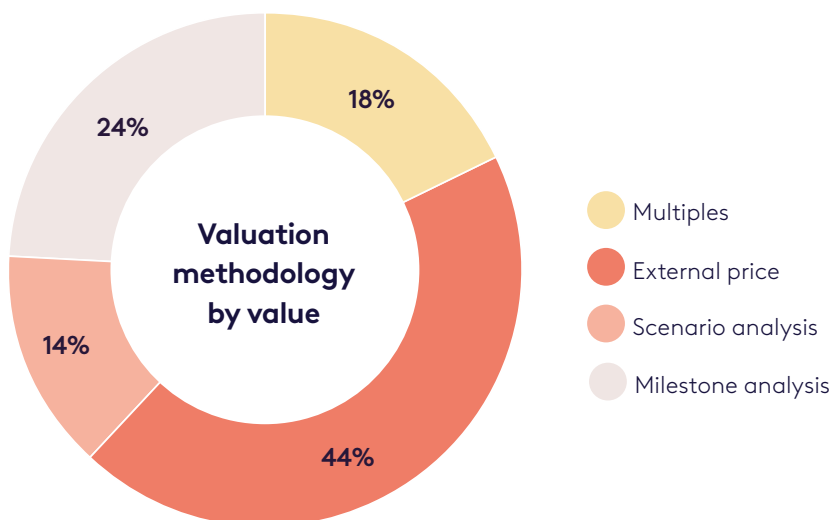
Partner and Lead Fund Manager  
for Future Generations VCT

# Portfolio Manager's review → continued

## Valuations

The pie charts illustrate the split of valuation methodology (shown as a percentage of portfolio value and number of companies). 'External price' includes valuations based on funding rounds that typically completed in the last 18 months to the period end or shortly after the period end, and exits of companies where terms have been agreed with an acquirer. 'Multiples' is predominantly used for valuations that are based on a multiple of revenues for portfolio companies. Where there is uncertainty around the potential outcomes available to a company, a probability weighted 'scenario analysis' is considered.

For further information please see Note 9 of the financial statements.



# Portfolio Manager's review → continued

## Portfolio case studies



### CoMind is building revolutionary brain sensing technologies.

Their mission is to redefine the way the brain is measured and treated at every stage of care. One of the first applications of CoMind's core technology is in measuring intracranial brain pressure using an adhesive sensor and advanced signal processing. This will be a step change from the current standard of having to drill through the skull to measure intracranial pressure in patients impacted by traumatic brain injury, stroke, and/or other neurocritical conditions.

While other companies are trying to create noninvasive technology in this sector, we believe CoMind has a distinct competitive advantage. CoMind has developed an advanced optical sensing technique that has opened up new possibilities in monitoring brain health. Unlike existing methods, CoMind's technology is more similar to the "LiDAR" (Light Detection and Ranging) systems used in self-driving cars. This allows CoMind's devices to give a unique, detailed view of brain health, helping doctors deliver more personalised and targeted treatments to patients at every stage of care.

**>250 subjects were measured in 2024.**

**Several devices are currently being used in hospitals for clinical trials.**



### Passengers get quick, easy-to-use compensation, airlines save on processing costs while improving service.

When flights are disrupted, compensating passengers is a hassle for both airlines and travellers. Swiipr's platform simplifies this by automating payment verification and processing through a system designed specifically for airlines. The company provides passengers with virtual and physical prepaid cards, offering instant, flexible spending compared to outdated paper vouchers or slow payments. Swiipr also supports airlines with solutions for crew, operational, and crisis payments, enabling fast, direct payouts to staff. Passengers get quick, easy-to-use compensation, airlines save on processing costs while improving service, and retailers benefit from instant payment settlement. Swiipr also integrates with airline Customer Relationship Management systems, making it an essential partner for the industry.

Octopus Ventures is excited about Swiipr's travel-focused digital payments solution and its potential to revolutionise how airlines handle pay-outs. Swiipr's innovative product aims to transform compensation payments and speed up management processes for airlines and beyond. By enabling digital payments, Swiipr seeks to boost efficiency, enhance customer experiences, and provide automated

processes that are transparent and compliant with regulations.

With over 500 million passengers affected by travel disruptions each year, simplifying the path to compensation has the potential to significantly improve customer satisfaction, build trust, and foster loyalty in the industry.

**Only 1–2% of disrupted passengers currently receive compensation.**

**Billions of dollars lost by passengers in outdated, inefficient pay-out processes every year.**

**Pay360 Payment Award winner: Best B2B Programme and Best Customer Facing Experience at the 2024 awards.**



# Portfolio Manager's review → continued

## Portfolio case studies continued



**DRIFT aims to drive the clean energy transition worldwide with high-performance sailing vessels that harness deep ocean wind to produce green hydrogen at sea and deliver it globally.**

It does this using a unique, AI-enabled vessel routing system that enables the vessels to find and stay in optimum weather conditions. The growing demand for clean hydrogen to accelerate the decarbonisation of sectors such as heavy industry, transportation and manufacturing is sparking innovation in the sector. DRIFT's solution is mobile, resilient and works outside of existing infrastructure. The company is developing renewable energy partnerships that will benefit coastal and island communities around the world.

DRIFT is leading the way in developing a truly innovative new class of mobile renewable energy, building the world's first net-positive ships and unlocking a new era of clean fuel generation capable of covering 70% of the globe. The company's technology uniquely unlocks the planet's greatest resource, overcoming supply challenges and enabling a fair and equitable clean energy transition.

**€10 trillion:** Goldman Sachs estimates that the green hydrogen market could reach €10 trillion by 2050.

**24%:** Bank of America predicts that clean hydrogen could provide 24% of global energy needs by 2050.

**COP 28 winner:** DRIFT is a COP 28 award-winning DeepTech company and winner of the Monaco Prize for Innovation in Renewable Hydrogen and Transportation 2024.





# Portfolio Manager's review → continued




Top  
10

## Top 10 investments

Here, we set out the cost and valuation of the top 10 holdings, which account for over 58% of the value of the portfolio.





Portfolio	Investment theme	Investment cost	Valuation at 31 December 2024
1 <b>HelloSelf</b>		£2.6m	£2.6m
2 <b>remofirst</b>		£1.2m	£1.7m
3  <b>INFINITOPES</b>		£1.6m	£1.6m
4 <b>neat</b>		£0.6m	£1.5m
5  <b>Titan<sup>ML</sup></b>		£0.5m	£1.5m
6  <b>APHERIS</b>		£1.5m	£1.5m
7 		£0.9m	£1.5m
8 <b>Skin+Me</b>		£1.0m	£1.4m
9 <b>intrin[Si]c</b>		£0.9m	£1.2m
10  <b>CoMind</b>		£0.8m	£1.0m

### Key:

-  Revitalising healthcare
-  Empowering people
-  Building a sustainable planet

# Portfolio Manager's review → continued

## Top 10 investments in detail<sup>1</sup>

HelloSelf		remofirst		INFINITOPES		neat	
1	HelloSelf Limited 	2	Remofirst, Inc. 	3	Infinитopes Ltd 	4	Neat SAS 
A digital, personalised psychological therapy and coaching platform.		Global payroll and compliance system for remote teams.		Has built an antigen discovery platform to develop cancer vaccines that provide better treatment outcomes.		An embedded insurance platform that gives merchants the ability to provide insurance bundles to their customers at a competitive rate.	
<a href="http://www.helloself.com">www.helloself.com</a>		<a href="http://www.remofirst.com">www.remofirst.com</a>		<a href="http://www.infinитopes.com">www.infinитopes.com</a>		<a href="http://mobility.neat.eu">mobility.neat.eu</a>	
Initial investment date: <b>January 2023</b>		Initial investment date: <b>February 2024</b>		Initial investment date: <b>December 2022</b>		Initial investment date: <b>November 2022</b>	
Investment cost: <b>£2.6m</b> (2023: £2.6m)		Investment cost: <b>£1.2m</b> (2023: n/a)		Investment cost: <b>£1.6m</b> (2023: £1.6m)		Investment cost: <b>£0.6m</b> (2023: £0.8m)	
Valuation: <b>£2.6m</b> (2023: £2.6m)		Valuation: <b>£1.7m</b> (2023: n/a)		Valuation: <b>£1.6m</b> (2023: £1.6m)		Valuation: <b>£1.5m</b> (2023: £0.8m)	
Last submitted accounts: <b>31 March 2024</b>		Last submitted accounts: <b>Not available<sup>2</sup></b>		Last submitted accounts: <b>31 December 2023</b>		Last submitted accounts: <b>Not available<sup>2</sup></b>	
Turnover: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )		Turnover: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )		Turnover: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )		Turnover: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Profit/(loss) before tax: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )		Profit/(loss) before tax: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )		Profit/(loss) before tax: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )		Profit/(loss) before tax: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Net assets: <b>£(15.5)m</b> (2023: £(9.8)m)		Net assets: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )		Net assets: <b>£9.3m</b> (2023: £8.1m)		Net assets: <b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Valuation methodology: <b>Calibration</b>		Valuation methodology: <b>Last Round</b>		Valuation methodology: <b>Last Round</b>		Valuation methodology: <b>Last round</b>	

1. These are numbers per latest public filings. More recent figures have not yet been disclosed.

2. Information not publicly available.

# Portfolio Manager's review → continued

## Top 10 investments in detail continued<sup>1</sup>



5	TYTN Ltd (t/a TitanML)	
An artificial intelligence company which is developing a one-stop-shop for Natural Language Processing AI Optimisation, allowing enterprises to generate value from their data.		
<a href="http://www.titanml.co">www.titanml.co</a>		
Initial investment date:	<b>February 2023</b>	
Investment cost:	<b>£0.5m</b> (2023: £0.5m)	
Valuation:	<b>£1.5m</b> (2023: £0.5m)	
Last submitted accounts:	<b>30 April 2024</b>	
Turnover:	<b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Profit/(loss) before tax:	<b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Net assets:	<b>£1.5m</b> (2023: £2.0m)	
Valuation methodology:	<b>Last round</b>	

6	Apheris AI GmbH	
An end-to-end federated learning platform enabling data scientists to conduct analysis over sensitive data without compromising the privacy or security of the data subjects.		
<a href="http://www.apheris.com">www.apheris.com</a>		
Initial investment date:	<b>November 2022</b>	
Investment cost:	<b>£1.5m</b> (2023: £1.2m)	
Valuation:	<b>£1.5m</b> (2023: £1.2m)	
Last submitted accounts:	<b>Not available<sup>2</sup></b>	
Turnover:	<b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Profit/(loss) before tax:	<b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Net assets:	<b>Not available<sup>2</sup></b> (2023: Not available <sup>2</sup> )	
Valuation methodology:	<b>Last round</b>	

7	Menwell Limited (t/a Manual)	
Making high-quality healthcare more accessible and stigma-free		
<a href="http://www.manual.co">www.manual.co</a>		
Initial investment date:	<b>May 2024</b>	
Investment cost:	<b>£0.9m</b> (2023: n/a)	
Valuation:	<b>£1.5m</b> (2023: n/a)	
Last submitted accounts:	<b>31 December 2023</b>	
Turnover:	<b>£54.7m</b> (2023: £22.4m)	
Profit/(loss) before tax:	<b>£(7.9)m</b> (2023: £(10.6)m)	
Net assets:	<b>£11.8m</b> (2023: £8.0m)	
Valuation methodology:	<b>Last round</b>	

8	Mr & Mrs Oliver Ltd (t/a Skin + Me)	
A direct to consumer, personalised skin care company.		
<a href="http://www.skinandme.com">www.skinandme.com</a>		
Initial investment date:	<b>December 2022</b>	
Investment cost:	<b>£1.0m</b> (2023: £1.0m)	
Valuation:	<b>£1.4m</b> (2023: £1.3m)	
Last submitted accounts:	<b>31 August 2023</b>	
Turnover:	<b>£28.7m</b> (2023: £14.3m)	
Profit/(loss) before tax:	<b>£1.8m</b> (2023: £(3.3)m)	
Net assets:	<b>£12.8m</b> (2023: £(0.7)m)	
Valuation methodology:	<b>Revenue Multiple</b>	

1. These are numbers per latest public filings. More recent figures have not yet been disclosed.

2. Information not publicly available.

# Portfolio Manager's review → continued

## Top 10 investments in detail continued<sup>1</sup>

intrinsic

CoMind

### 9 Intrinsic Semiconductor Technologies Ltd

Solid state memory technology that is simple to integrate and faster than current alternatives like Flash.

[www.intrinsicsemi.com](http://www.intrinsicsemi.com)

Initial investment date: **December 2023**

Investment cost: **£0.9m**  
(2023: n/a)

Valuation: **£1.2m**  
(2023: n/a)

Last submitted accounts: **31 December 2023**

Turnover: **Not available<sup>2</sup>**  
(2023: Not available<sup>2</sup>)

Profit/(loss) before tax: **Not available<sup>2</sup>**  
(2023: Not available<sup>2</sup>)

Net assets: **£4.0m**  
(2023: £5.5m)

Valuation methodology: **Scenario Analysis**

### 10 CoMind Technologies Ltd

Development of non-invasive brain sensing technology for monitoring of medical conditions.

[comind.io](http://comind.io)

Initial investment date: **November 2023**

Investment cost: **£0.8m**  
(2023: n/a)

Valuation: **£1.0m**  
(2023: n/a)

Last submitted accounts: **31 December 2023**

Turnover: **Not available<sup>2</sup>**  
(2023: Not available<sup>2</sup>)

Profit/(loss) before tax: **Not available<sup>2</sup>**  
(2023: Not available<sup>2</sup>)

Net assets: **£17.1m**  
(2023: £4.1m)

Valuation methodology: **Milestone Analysis**

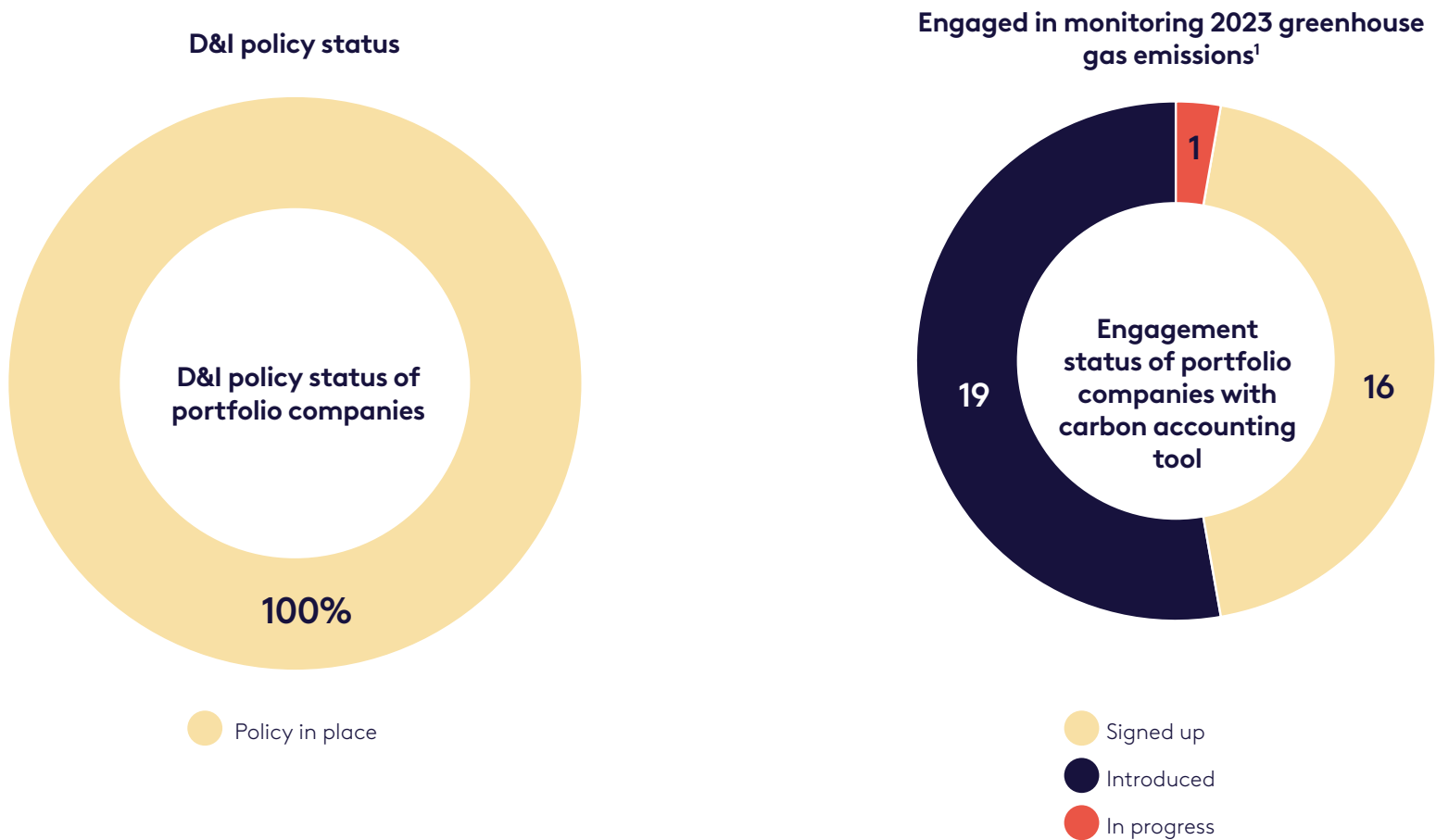
1. These are numbers per latest public filings. More recent figures have not yet been disclosed.

2. Information not publicly available.

# Portfolio Manager's review → continued

## Portfolio engagement

As part of our strategy, we require portfolio companies to put in place a Diversity and Inclusion policy (D&I) and an Anti-Harassment policy. We also engage with each company to help them understand their greenhouse gas (GHG) emissions and support them to take action to minimise them. You can see how we are progressing with these goals below, as at the date of this report:



<sup>1</sup> As of 31 December 2024, only 2023 carbon emissions data was available.



# Portfolio Manager's review → continued

## Outlook

Despite the declining NAV in the reporting period, we are reassured to see an increase in the NAV per share of the fund in the last six months. This, combined with the two profitable realisations in the period, is offering us early proof points of the Company's investment strategy to deliver sustainable growth as it moves into its third year of deployment. With a more diversified portfolio, in terms of both stage and sector, this also offers a clearer path for the Company to enter a growth phase.

As is to be expected at this stage in the Company's lifecycle, it has started to make its first follow-on investments into portfolio companies which are achieving their agreed milestones and successfully gaining new external lead funders. The Company made two follow-on investments in the reporting period and three after.

This strategy of reinvesting into existing portfolio companies aims to increase the Company's stake in portfolio companies that have achieved market fit and are scaling successfully, supporting its overall growth plan. Along with further financial support, Octopus' resources are directed in the most impactful way, both through Octopus-appointed non-executive Directors or monitors on the boards and our in-house People and Talent team. This team works directly with the portfolio company management teams, offering training and recruitment support to ensure the best talent pool is being explored to help drive success.

We are excited to have the opportunity to continue to scale the Company, support its ambition to make the world a better place for future generations, and hope to deliver attractive returns to shareholders.

## Simon King

Partner and Lead Fund Manager  
for Future Generations VCT

# Operating responsibly

The Directors consider responsible investment to be important and believe portfolio companies should implement a framework to support best practices, which in turn can help create long-term value in the business.

The Company has a policy in place, set by the Board, to make sure Octopus Ventures considers responsible investment (RI) within investment decisions, including environmental, social and governance risks.

Octopus Ventures is responsible for implementing the Company's RI policy. As the nature of responsible investment and the wider business environment evolves, the policy will be reviewed and, if necessary, updated. The policy ensures Octopus Ventures follows a three-step approach to responsible investment.

Please view the Company's RI policy here:

[Octopus Future Generations VCT plc Responsible Investment Policy](#)

Octopus is an accredited B Corp and signatory to the internationally recognised Principles for Responsible Investment, demonstrating their commitment to responsible investment and to creating a more sustainable financial system.

Signatory of:



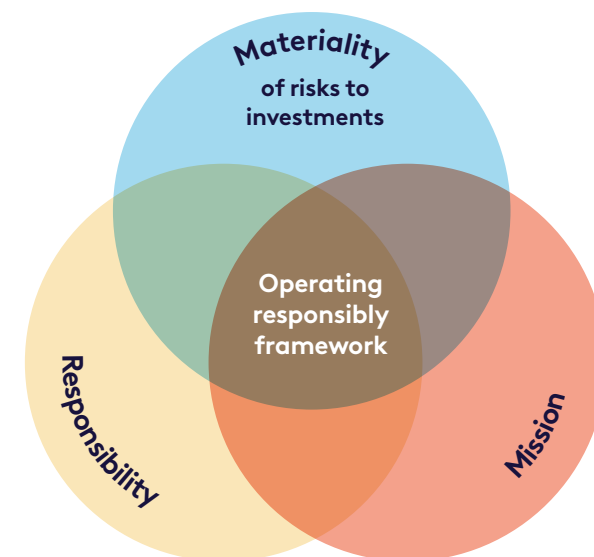
Octopus is an accredited B Corp and signatory to the internationally recognised Principles for Responsible Investment, demonstrating their commitment to responsible investment and to creating a more sustainable financial system.

## Operating responsibly framework

This framework considers:

- 1. Materiality of risks to investments:** the materiality of sustainability issues in Titan's underlying portfolio;
- 2. Mission:** the mission of an investment; and
- 3. Responsibility:** a portfolio company's values, culture and behaviour.

Octopus Ventures is responsible for implementing the policy. As the nature of responsible investment, our investors, and the wider business environment evolves, the policy will be reviewed and, if necessary, updated.



# Operating responsibly → continued

## Materiality of risks to investments

Environmental, social and governance risks of the Company's underlying portfolio are considered during the investment process and any sustainability issues that could impact the financial performance of an investment, are identified. To do this, a Responsible Investment Tool is used which utilises guidance from the Sustainability Accounting Standards Board (SASB) to help identify and manage any issues.

Once identified, the investment team considers the exposure to these risks and engages directly with the portfolio companies to understand how appropriately they are managing the risks. Given the nature of these tech-enabled businesses, the most material risks identified include data security, data privacy, and recruiting and managing a global, diverse and skilled workforce.

## Mission

Future Generations VCT invests in businesses that are helping to build a sustainable planet, empower people, or revitalise healthcare. Whilst the Company doesn't target specific sustainability goals or objectives, Octopus Investments tracks the number, amount invested and value of companies in Future Generations VCT's portfolio that are aligned with these three investment themes.

## Responsibility

The Company will not invest in any business whose activities or practices appear on the Octopus Ventures Exclusion List, which includes sectors such as tobacco, arms, fossil fuels, gambling and deforestation.

The team endeavours to ensure that all portfolio companies:

- provide safe and healthy working conditions;
- treat people fairly, irrespective of race, gender identity, sexual orientation, nationality, disability, political or religious beliefs;
- do not accept bribes; and
- uphold high standards of business integrity at all times.

Octopus Investments has created an Engagement Tool which is sent to all portfolio companies to help the Octopus Ventures investment team understand whether a portfolio company considers its wider stakeholders (community, customers, people, planet and shareholders) within decision-making, and provides tools and guidance to help them adopt responsible practices.

The Octopus Ventures team also collects data on diversity within the portfolio and actively works with portfolio companies to support talent management, recruitment and diversity.

Additionally, Octopus Ventures' People and Talent team provides founders with access to support and resources to build out best-in-class teams, including policy guidance for parental leave policies, as well as support sourcing and building diverse teams.



# Operating responsibly → continued

## Octopus Ventures' initiatives



### Female diversity pledge:

By 2025, 30% of all new founder pitches to the Octopus Ventures investment team should be businesses led or co-led by a woman and by 2027, this will increase to 50%.

### Progress made

- Between 1 July 2023 and 31 December 2024, 28% of all the companies the Future Generations VCT's investment team met with had at least one founder who identified as female.
- As at 31 December 2024, 42% of the portfolio companies have at least one female founder.
- Based on the annual engagement survey, it was shown that more than 40% of the responding portfolio companies have a board composed of over one-third female members.
- On average, the responding portfolio companies reported that 32% of their senior management positions were held by women and 43% of the workforce was female.

### Greenhouse gases (GHG):

Octopus engages with all portfolio companies on their GHG and gives them access to appropriate complimentary tools to support their understanding of their carbon footprint.

### Progress made

- The long-term goal is to reduce portfolio emissions to minimise climate-related risks (see page 31). Of the 36 companies contacted in 2024 requesting their participation, 16 companies have supplied their 2023 emissions data. 2024 data is currently being requested. Below is a breakdown of GHG emissions reported on the carbon monitoring tool provided by Octopus to the portfolio companies. An explanation for the different scopes can be read on pages 31 to 32:

### GHG emissions in tonnes tCO<sub>2</sub>e

	2024 (based on 2023 full year data, 16 companies measured)	2023 (based on 2022 full year data, 12 companies measured)
Scope 1 and 2	129.2	69.2

The increase seen in the Scope 1 and 2 emissions is due to a 33% increase in the number of portfolio companies utilising the carbon accounting tool.

The increase seen in scope 1 and 2 emissions is also not to be unexpected, as the portfolio companies collectively grew their revenue in 2024 by 63%, and as such scaled the companies to support this growth.

Where there are company year-on-year comparisons in data available to assess any specific increases in emissions, these will be analysed to ascertain the reasons and whether any actions need to be taken.

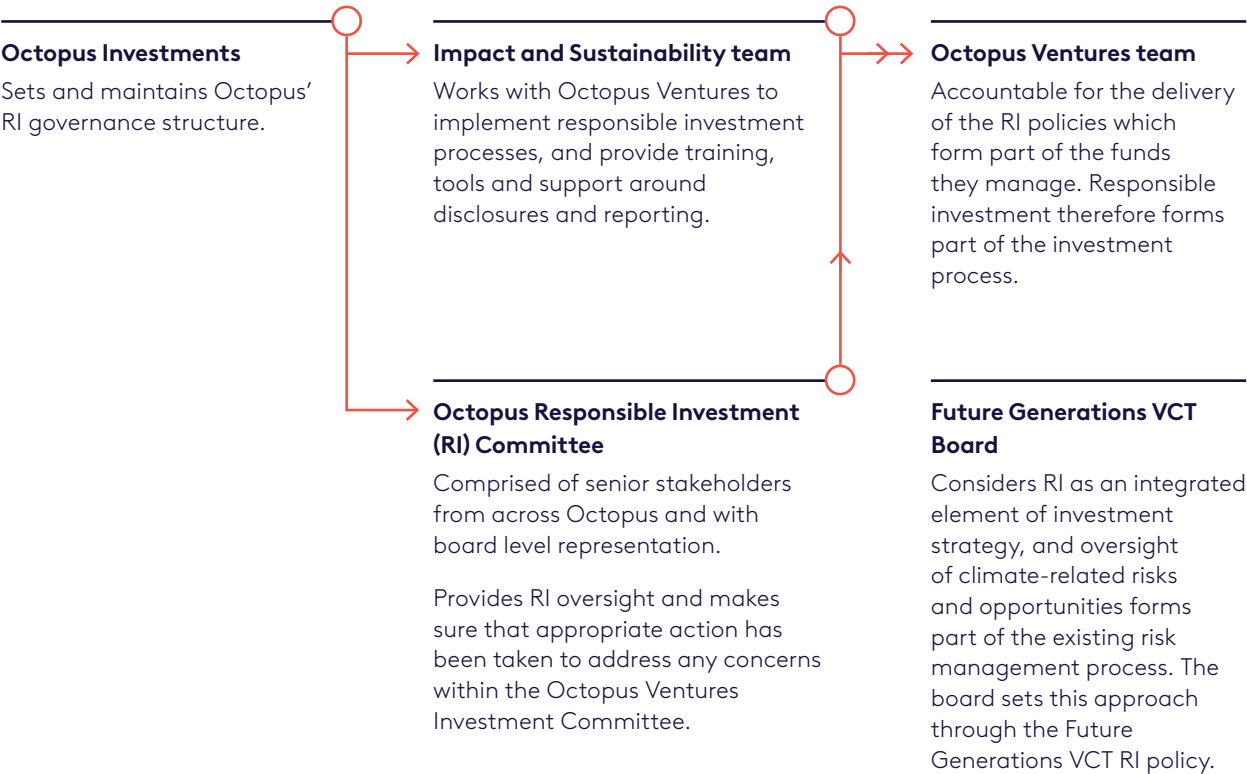
Whilst scope 3 emissions data is collected from portfolio companies, due to their early-stage nature and more limited resources, it is not reported on as these indirect emissions are extremely complex and therefore the data provided may not be a true representation of their indirect emissions. Scope 3 category materiality assessments have not been carried out at the portfolio company level, and all calculations use readily available data.

# Operating responsibly → continued

## Climate-related risks and opportunities

Whilst not a requirement, Octopus Investments has chosen to continue evolving its disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and has given some initial disclosures under the main headings below, which will continue to evolve over future periods. These disclosures do not cover the full scope of TCFD.

## Governance



## Strategy

With the transition to a lower carbon economy, the Impact and Sustainability team are taking 'transition climate risks' and 'physical climate risks' into consideration to understand what could potentially be material to portfolio company financial performance in the short, medium and long term, and in both best (1.5°C temperature change) and worst case (4°C temperature change) climate scenarios. Where these risks are identified as being relevant to portfolio companies they will be addressed, for example:

- energy management: future increases in energy prices relating to carbon taxes, carbon pricing or supply could impact costs and therefore profitability. Recognising that every company can reduce their energy usage, the Octopus Ventures team are working with the portfolio companies to understand and reduce carbon emissions.

## Risk management

The investment team uses guidance from the Sustainability Accounting Standards Board (SASB) to identify climate-related risks. Where potential material climate-related risks have been identified, the investment team assess how well the risk is managed by the portfolio company. Where appropriate, this is raised to the Investment Committee as part of the investment process and is continually monitored.

# Operating responsibly → continued

## Future Generations VCT

Future Generations VCT recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible. The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by Future Generations VCT. As the Company has no employees or operations, it is not responsible for any direct emissions.

In 2021, Octopus set a 2040 Net Zero target, more information about this can be read here;

<https://octopusgroup.com/reaching-net-zero-2024/>

## Metrics and targets

Future Generations VCT invests in unquoted, early-stage businesses. In contrast to later-stage, quoted businesses, there is limited readily available data on climate-related risks and opportunities that impact the portfolio companies.

To understand the carbon emissions of the Future Generations VCT portfolio, the Octopus Ventures team have taken steps to measure the portfolio companies' Scope 1 and 2 (GHG) emissions by providing them with access to a carbon measurement tool that will provide the companies with details of their carbon footprint (page 30). Scope 1 emissions are those directly from company-owned and controlled resources. Scope 2 emissions are indirect emissions from the generation of purchased energy from a utility provider. Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain. Whilst Octopus supports portfolio companies in measuring some Scope 3 emissions, such as purchased

goods and services and business travel, this is an area where it is looking to grow its capability to support the portfolio companies that are looking to measure their full scope.

## Gender and diversity

The Board of Directors is comprised of two female, and one male Non-Executive Directors with considerable experience of the VCT industry and investment in early-stage growth companies. The gender and diversity of the constitution of the Board is reviewed on an annual basis.

## Human rights issues

The Board seeks to conduct Future Generations VCT's affairs responsibly. The Company is required by company law to provide details of employee, human rights, social and community issues, including information about any policies it has in relation to these matters and the effectiveness of such policies. As an externally managed investment company with no employees, Future Generations VCT does not maintain specific policies in relation to these matters.

## Whistleblowing

The Board considers, on an annual basis, the arrangements implemented by Octopus to encourage employees of the Portfolio Manager or the Company Secretary to raise concerns in confidence, within their organisation, about possible improprieties in matters of financial reporting or other matters. The Whistleblowing policy allows for any concerns to be raised via email or telephone hotline. The Board is satisfied that adequate arrangements are in place to allow an independent investigation, and follow-on action where necessary, to take place within the organisation.

## Bribery Act

Octopus has robust procedures, set out in the Anti-Bribery policy, to ensure full compliance with the Bribery Act 2010 and to make sure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of, the firm are aware of their legal obligations when conducting company business. This is done via an online learning platform with annual declarations.



# Section 172 statement

Section 172 of the Companies Act 2006 requires the Directors of Future Generations VCT to act in a way that they consider, in good faith, will most likely promote the success of the Company for the benefit of the members as a whole. In doing so, the Directors should have regard (amongst other matters) to:

- the likely consequence of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

As Future Generations VCT has no employees and no customers in the traditional sense, there is nothing to report in relation to these matters.

The Board considers its significant stakeholders to be its shareholders, its third-party advisers and its portfolio companies, all of which are considered in decision-making.

The Board works closely with the Portfolio Manager in reviewing how stakeholder issues are handled, ensuring good governance and responsibility in managing the affairs of Future Generations VCT. Key stakeholders from the Portfolio Manager attend Board meetings, therefore the Portfolio Manager has been well informed of any decisions the Board has made during the period and, as a result, has had the opportunity to discuss the impact these decisions may have.

## Business strategy

The success of Future Generations VCT is driven by its investment policy, which is set out in the Strategic Report on page 40.

When considering business strategy, the Board considers matters such as the interests of its stakeholders and the long-term impact of its actions on Future Generations VCT's future and reputation.

## The Board

The Board adopts the 2024 AIC Code of Corporate Governance which provides a framework for the governance of Venture Capital Trusts such as Future Generations VCT. It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management of the Company to a Portfolio Manager, and to outsource administration, accounting and company secretarial services. The Board then engages with the Portfolio Manager in setting, approving and overseeing the execution of the business strategy and related policies.

The Board has set KPIs relating to portfolio performance. The Board also review areas over the course of the financial period including Future Generations VCT's business strategy, key risks, stakeholder-related matters, diversity and inclusivity, environmental matters, corporate responsibility and governance, compliance and legal matters.

The Board formally reviews the performance of the Portfolio Manager on an annual basis.

Matters reserved for the Board include, but are not limited to, all shareholder communication, the setting of investment policy, investment of cash reserves, the raising of capital and the allotment and issue of shares, the buyback of shares, dividend policy, Director appraisal and succession, financial reporting, RIS announcements, compliance with UK Listing Authority rules and FCA regulations.

## Culture

The Directors seek to apply the RI principles adopted by the Portfolio Manager and these values help to define the culture and relationship with the investment team. There is a general principle of openness and transparency in dealings between the Portfolio Manager and the Directors, and clear policies covering, for instance, investment process and conflicts, provide a clear operating framework. Generally, the culture should contribute to the purpose of producing consistent returns over the long term and achieving the agreed KPIs, which will deliver, most importantly, good returns to shareholders.



# Section 172 statement → continued

## Business ethics and governance

The Board is responsible for ensuring that the activities of Future Generations VCT and its various investments are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of Future Generations VCT. Further detail can be found in the Directors' Responsibilities Statement on page 62. In the 18-month period ended 31 December 2024, no areas of concern have been flagged in this regard.

## Relations with key stakeholders

The Board considers Octopus to be its key business partner as it has responsibility for the provision of investment management, administration, custody and company secretarial services.

As Future Generations VCT is classified as a full-scope Alternative Investment Fund under the Alternative Investment Fund Management Directive (the 'AIFM Directive'), it has in place an agreement with Octopus AIF Management Limited to act as Manager (an authorised alternative investment fund manager responsible for ensuring compliance with the AIFM Directive). Octopus AIF Management Limited has in turn appointed Octopus Investments Limited to act as Portfolio Manager to Future Generations VCT (responsible for portfolio management and the day-to-day running of Future Generations VCT). The AIF Manager's main focus is risk management and the review of the valuation of Future Generations VCT's portfolio.

The Board works with Octopus in the selection of third-party providers such as the registrar, corporate broker and VCT status adviser. Its selection is made on the basis of quality of service, accuracy and price. Any errors or delays reflect badly on Future Generations VCT, but more importantly can cause inconvenience, and potential loss, for shareholders. The performance of third-party providers is reviewed annually.

## Key decisions

Some of the key decisions made during the period ended 31 December 2024 that required the Board to take into consideration Section 172 factors include:

### Fundraising launch in 2024

In line with the Company's objectives, the Board issued an offer for subscription of shares on 31 January 2024 to raise up to £15 million, with an over-allotment facility of £5 million. This was discussed with the Investment Manager, and allowed new and existing shareholders to invest in the Company.

### Investment decisions

The Board monitors investment decisions and the Company's ability to meet the requirements of HMRC's VCT investment rules.

### Communications with shareholders

To support ongoing shareholder engagement, the Board requested that the Portfolio Manager create a video discussing the portfolio's performance following the release of the results for the period ended 30 June 2024, which was then made available on the Company's website.

## Change of Depositary

On 30 September 2024, the fund transitioned its depositary services from Thompson Taraz Depositary Limited to NatWest Trustee and Depositary Services Limited. This change was implemented to enhance operational efficiencies.

## Share Premium account cancellation

The resolution for the cancellation of the share premium was approved by shareholders on 10 December 2024, during the December AGM. Subsequent to this approval, the cancellation process commenced and was completed in March 2025.

# Section 172 statement → continued

## Our key stakeholders

### Shareholders

#### Why we engage

The Board recognises the critical importance of communication with shareholders. Their support is fundamental to raising further capital which is dependent on Future Generations VCT's performance and clear reporting on portfolio progress. Shareholders are encouraged to attend and vote at shareholder meetings and to raise questions in relation to Future Generations VCT's progress.

#### How we engage

The annual and half-yearly reports, prospectus and other shareholder information are published on the Octopus Investments website

[www.octopusinvestments.com/futuregenvct/](http://www.octopusinvestments.com/futuregenvct/).

Any shareholder enquiries will be handled promptly by Octopus Investments. The Chair responds to communications addressed to the Board. The Directors aim to make sure that the annual report and financial statements are fair, balanced and understandable, and that sufficient information is provided to shareholders to assess Future Generations VCT's performance, business approach and strategy.

### Portfolio companies

#### Why we engage

Future Generations VCT's performance and the performance of its underlying portfolio companies are directly and intrinsically linked. The Portfolio Manager monitors the portfolio companies through a programme of regular company meetings as part of its investment process.

#### How we engage

The Board has given Octopus discretionary authority to vote on portfolio company resolutions on its behalf as part of its approach to corporate governance and encourages it to do so. As part of the portfolio valuation review, the Board is provided with sufficient information and support to scrutinise the performance of the portfolio companies.

### Octopus and suppliers

#### Why we engage

Future Generations VCT is reliant on Octopus as the key provider of investment management and non-investment services. In addition, third parties such as Computershare, as registrar, and Panmure Gordon (now Panmure Liberum), as corporate broker, as well as lawyers and tax advisers, provide key services for Future Generations VCT and shareholders. Future Generations VCT works with our suppliers to make sure that it can provide an appropriate level of service and regulatory compliance function. Future Generations VCT is focused on ensuring that we have the right suppliers and relationships that can effectively deliver the right services for the business in line with applicable laws, regulations and best practice.

#### How we engage

Future Generations VCT engages with Octopus and its third-party suppliers on the basis of proven track record with observance of minimum levels of performance, ethics and governance in order to create value and mitigate risk. The Board has a positive and open relationship with Octopus, which attends all Board meetings.

Various independent professional advisers are utilised by Future Generations VCT to help with certain activities, including regulatory and legal compliance, for example, lawyers, tax advisers, corporate brokers and auditors.

# Section 172 statement → continued

## Our key stakeholders continued

### Community and environment

#### Why we engage

Future Generations VCT invests in businesses that are helping to build a sustainable planet, empower people or revitalise healthcare.

#### How we engage

In addition to the Board's recognition that the ESG policy should help to mitigate the impacts of climate change, the Board has adopted a paperless operation since launch, and uses conferencing platforms at times to reduce travel.

The Board requires that Octopus collects data on diversity within the portfolio and actively works with our portfolio companies on an ongoing basis to support their talent management and recruitment, staff wellbeing and diversity policies and initiatives. A condition of our investment is that the company must have in place a Diversity and Inclusion policy, as well as an Anti-Harassment and Discrimination policy.

### Government and regulators

#### Why we engage

Good governance and compliance with applicable regulations is vital in ensuring the success of Future Generations VCT and the regimes within which it operates.

Octopus, on behalf of the Board, actively engages with HMRC and HMT to seek changes in VCT legislation, lobbying the government to highlight the economic benefits of VCTs.

#### How we engage

The Board encourages openness and transparency and promotes proactive compliance with all relevant regulation.

Future Generations VCT, through its Portfolio Manager, engages with government and regulatory bodies at regular intervals as well as participating in focus groups and research with industry bodies.

Government and regulatory policy informs strategic decision-making at Board level with consideration given to the impact Future Generations VCT has on the sector.

# Risks and risk management

The Board assesses the risks faced by Future Generations VCT, reviews the mitigating controls and monitors the effectiveness of these controls.

## Emerging and principal risks, and risk management

The Board is mindful of the ongoing risks and will continue to make sure that appropriate safeguards are in place. The Board carries out a regular review of the risk environment in which the Company operates.

### Emerging risks

The Board has considered emerging risks. The Board seeks to mitigate risks by setting policy, regularly reviewing performance and monitoring progress and

compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Financial Reporting Council’s Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The following are some of the potential emerging risks management and the Board are currently monitoring:

- adverse changes in global macroeconomic environment;
- challenging market conditions for private company fundraising and exits;

- geo-political instability; and
- climate change.

Detailed on the following pages are the principal risks of Future Generations VCT, and the mitigating actions in relation to those risks.

## Principal Risks

Risk	Mitigation	Change <sup>1</sup>
<b>Investment performance</b> <p>The focus of Future Generations VCT investments is into early-stage, unquoted, small and medium-sized VCT qualifying companies which, by their nature, entail a higher level of risk and shorter cash runway than investments in larger quoted companies.</p>	<p>Octopus has significant experience of investing in early-stage unquoted companies, and appropriate due diligence is undertaken on every new investment. A member of the Octopus Ventures team is appointed to the board of a portfolio company using a risk-based approach, considering the size of the company within the Future Generations VCT portfolio and the engagement levels of other investors. This arrangement, in conjunction with its Portfolio Talent team’s active involvement, allows Future Generations VCT to play a prominent role in a portfolio company’s ongoing development and strategy.</p>	<p>Increased exposures reflected in the previous period remain unchanged due to the difficult macro environment and challenging trading conditions for some portfolio companies continuing.</p> <div> <div></div> <div></div> </div>

<sup>1</sup> Since 30 June 2023,  indicates no change,  indicates an increase and  indicates a decrease.

# Risks and risk management → continued

## Principal risks continued

Risk	Mitigation	Change <sup>1</sup>
<b>VCT qualifying status</b>		
Future Generations VCT is required at all times to observe the conditions for the maintenance of approved VCT status. The loss of such approval could lead to Future Generations VCT and its investors losing access to the various tax benefits associated with VCT status and investment.	Octopus tracks Future Generations VCT's qualifying status throughout the period, and reviews this at key points, including at the point of investment and realisation. This status is reported to the Board at each Board meeting. The Future Generations VCT Board has also engaged external independent advisers to undertake an independent VCT status monitoring role.	VCT status monitoring by independent advisers continues to reduce the risk of an issue causing a loss of VCT status. =
<b>Loss of key people</b>		
The loss of key investment staff by the Portfolio Manager could lead to poor fund management and/or performance due to lack of continuity or understanding of Future Generations VCT.	The Portfolio Manager has a broad team experienced in and focused on early-stage investing. This mitigates the risk of any one individual with the required skill set and knowledge of venture capital investing, and the portfolio specifically, leaving. Key investment staff are also incentivised via the performance incentive fee.	The increase is attributed to the departure of key personnel from the Octopus Ventures team and risk exposure reflects a reduction in performance fees potentially increasing attrition. ↑
<b>Operational</b>		
The Future Generations VCT Board is reliant on the Portfolio Manager to manage investments effectively, and manage the services of a number of third parties, in particular the registrar, depositary and tax advisers. A failure of the systems or controls at Octopus or third-party providers could lead to an inability to provide accurate reporting and accounting and to ensure adherence to VCT rules.	The Future Generations VCT Board reviews the system of internal controls, both financial and non-financial, operated by Octopus (to the extent the latter are relevant to Future Generations VCT's internal controls). These include controls designed to make sure that Future Generations VCT assets are safeguarded and that proper accounting records are maintained.	No overall change in risk exposure on balance. =
<b>Information security</b>		
A loss of key data could result in a data breach and fines. The Future Generations VCT Board is reliant on Octopus and third parties to take appropriate measures to prevent a loss of confidential customer information.	Annual due diligence is conducted on third parties which includes a review of their controls for information security. Octopus has a dedicated Information Security team and a third party is engaged to provide continual protection in this area. A security framework is in place to help prevent malicious events. The appropriateness of mitigants in place are continuously reassessed to adapt to new risk exposures, such as those posed by artificial intelligence.	No overall change on balance, although cyber threat remains a significant risk area faced by all providers. =

<sup>1</sup> Since 30 June 2023, = indicates no change, ↑ indicates an increase and ↓ indicates a decrease.

# Risks and risk management → continued

## Principal risks continued

Risk	Mitigation	Change <sup>1</sup>
<b>Economic</b> Events such as an economic recession, movement in interest rates, inflation and rising living costs could adversely affect some smaller companies' valuations, as they may be more vulnerable to changes in trading conditions of the sectors in which they operate. This could result in a reduction in the value of Future Generations VCT assets.	Future Generations VCT aims to invest in a diverse portfolio of companies, across a range of sectors, which helps to mitigate against the impact on any one sector. Future Generations VCT also maintains adequate liquidity to make sure that it can continue to provide follow-on investment to those portfolio companies which require it and which are supported by the individual investment case.	Increased exposures reflected in the previous periods remain as economic uncertainty persists through high inflation, high interest rates and other economic factors. =
<b>Legislative</b> A change to the VCT regulations could adversely impact Future Generations VCT by restricting the companies Future Generations VCT can invest in under its current strategy. Similarly, changes to VCT tax reliefs for investors could make VCTs less attractive and impact Future Generations VCT's ability to raise further funds.	The Portfolio Manager engages with HM Treasury and industry bodies to demonstrate the positive benefits of VCTs in terms of growing early-stage companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation.	Risk exposure has reduced following the extension of the sunset clause to 2035 being agreed. ↓
<b>Liquidity</b> The risk that Future Generations VCT's available cash will not be sufficient to meet its financial obligations. Future Generations VCT invests into smaller unquoted companies, which are inherently illiquid as there is no readily available market for these shares. Therefore, these may be difficult to realise for their fair market value at short notice.	Future Generations VCT's liquidity risk is managed on a continuing basis by Octopus in accordance with policies and procedures agreed by the Board. Future Generations VCT's overall liquidity risks are monitored on a quarterly basis by the Board, with frequent budgeting and close monitoring of available cash resources. Future Generations VCT maintains sufficient investments in cash and readily realisable securities to meet its financial obligations. At 31 December 2024, these resources were valued at £20,084,000.	Risk exposures continue to increase, reflecting the potential knock-on effects of economic uncertainty, impacting fundraising and increasing the risk of disposal failure. ↑

<sup>1</sup> Since 30 June 2023, = indicates no change, ↑ indicates an increase and ↓ indicates a decrease.

# Business review

## Investment policy

Future Generations VCT's focus is on providing early-stage, development and expansion funding to unquoted companies which it believes will generate a financial return and with business activities which are aligned with certain investment themes. Investments will be made in unquoted companies which fall within the following sustainability themes: building a sustainable planet, empowering people, and revitalising healthcare. Future Generations VCT will typically make an initial investment of £0.1 million to £10 million and may make further follow-on investments into existing portfolio companies.

Due to constraints of VCT regulations, the upper limit of £10 million will become relevant as the Company grows.

No material changes may be made to Future Generations VCT's Investment policy without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the Investment policy.

The Directors will aim to control the overall risk of the portfolio by ensuring that Future Generations VCT has exposure to a diversified range of portfolio companies from a number of different sectors. Concentration risk is mitigated by ensuring that at the point of investment no one investment will represent more than 15% (by value as calculated pursuant to the VCT legislation) of Future Generations VCT's total investments.

Any borrowing by Future Generations VCT for the purposes of making investments will be in accordance with its Articles of Association.

The investment profile is expected to be:

- 80-90% in VCT qualifying investments, primarily in unquoted companies; and
- 10-20% in non-VCT qualifying investments or cash.

## Non-VCT qualifying investments

An active approach will be taken to manage any cash held, prior to investing in VCT qualifying companies. After the Company has ensured it satisfies all VCT investment qualification targets required by HMRC, the majority of the remaining cash will be invested in accordance with HMRC rules for non-qualifying investments. It is intended that this will include Undertakings for Collective Investments in Transferable Securities (UCITS), corporate bonds or other money market funds, including those managed by Octopus.

## VCT qualifying investments

Investment decisions made must adhere to HMRC's VCT qualification rules. In addition to adhering to the VCT rules, when contemplating a prospective investment in a company, particular regard is made to:

- the strength of the management team;
- large, typically global, addressable markets;
- the portfolio company's ability to sustain a competitive advantage;
- the existence of proprietary technology;
- alignment with Future Generations VCT's investment themes;
- visibility over future revenues and recurring income; and
- the portfolio company's prospects of being sold or floated in the future, at a significant multiple on the initial cost of investment.

A review of the investment portfolio and of market conditions during the period is included in the Chair's Statement and Portfolio Manager's Review which form part of the Strategic Report on pages 2 and 15 respectively.

## Liquidity strategy

The Board's strategy is to maintain an appropriate level of liquidity on the balance sheet to continue to achieve the following three targets:

- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise; and
- to cover the running costs of Future Generations VCT as they fall due.

Liquidity in Future Generations VCT is primarily driven by fundraising activities and in future, from profitable exits.

Liquidity is considered in detail as part of the Board's review of viability and going concern as detailed on page 45, along with various other factors.

## VCT regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Octopus monitors this on a continuous basis and reports on it to the Board on a quarterly basis. Shoosmiths LLP performs an independent review, which includes a comprehensive validation exercise. One of the primary purposes of the Investment policy is to make sure Future Generations VCT continues to adhere to the VCT rules and maintains approval as a VCT by HMRC. The main criteria to which Future Generations VCT must adhere are detailed on page 91. Future



# Business review → continued

Generations VCT will continue to ensure its compliance with the qualification requirements. For rules that don't yet apply to Future Generations VCT, Octopus prepares forecasts to ensure that qualification will be met when they are applicable.

## Performance

The Board is responsible for Future Generations VCT's investment strategy and performance, although the management of the investment portfolio is delegated to Octopus through the Investment Management Agreement, as referred to in the Directors' Report on page 57. The Board will look to expand on performance in subsequent reports as the Future Generations VCT portfolio grows.

The graph opposite compares the NAV total return of Future Generations VCT over the period from November 2021 to 31 December 2024 with the total return from a notional investment in the FTSE Small cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes, given the nature of the underlying investments. The Board wishes to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the HMRC rules.

The Strategic Report was approved on behalf of the Board by

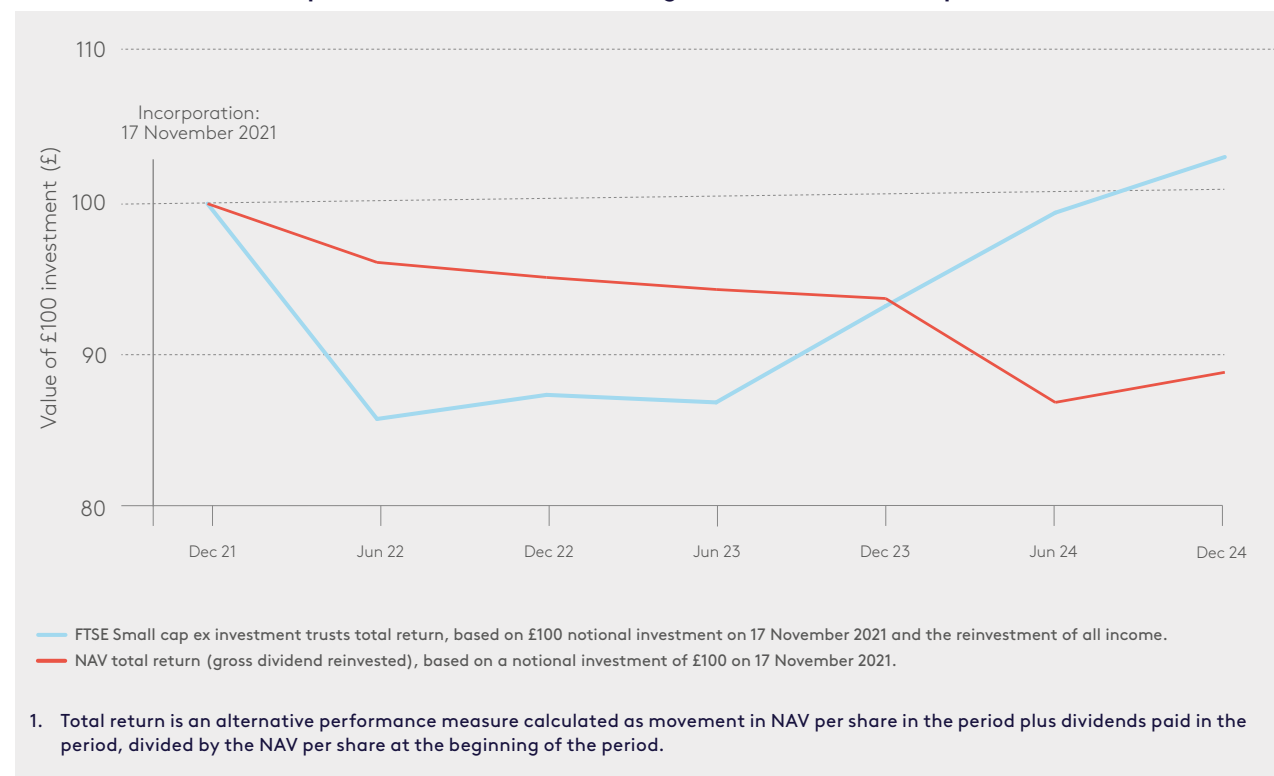


**Helen Sinclair**

Chair

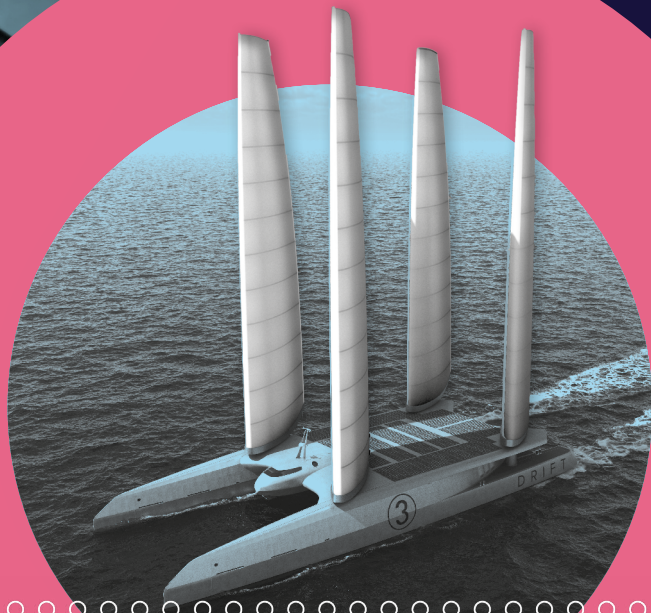
28 April 2025

## Net asset value and share price total return since launch against the FTSE Small-Cap Index total return<sup>1</sup>



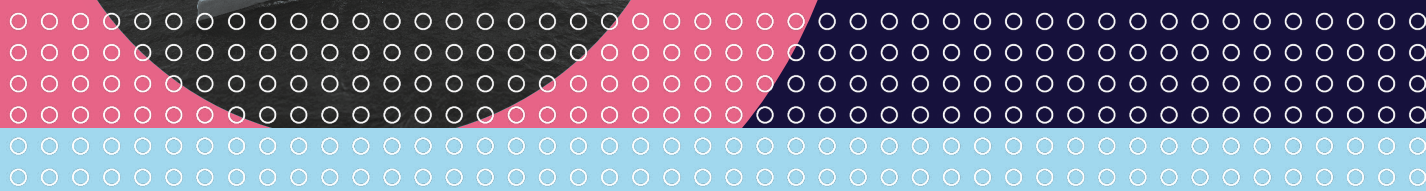
**AIC methodology:** The NAV total return to the investor, including the original amount invested (rebased to 100p) from launch, assuming that dividends paid were reinvested at the NAV of Future Generations at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

The loss per share for the period ended 31 December 2024 is 5.7p (2023: loss of 1.9p per share). Further details can be found in the earnings per share Note 7 of the financial statements on page 79.



# Governance

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# Board of Directors



**Helen Sinclair**



**Independent Non-Executive Chair**

Helen has extensive experience of investing in a wide range of small and medium-sized businesses. She has an MA from the University of Cambridge and an MBA from INSEAD Business School. She worked for 3i (1991 to 1998) and subsequently co-founded Matrix Private Equity in 2000 (which became Mobeus Equity Partners). Helen is a non-executive director of North East Finance Ltd, Sherborne Investors (Guernsey) C Limited, Shires Income plc and BlackRock Smaller Companies Trust plc.



**Joanna Santinon**



**Independent Non-Executive Director**

Joanna is a chartered accountant and chartered tax adviser. She specialised in tax, transactions and private equity, and has wider experience including mergers and acquisitions, strategic investments, capital raisings and listings from a career spanning 24 years at Ernst & Young (EY), where she was a member of the London Markets Board and led the Private Tax team in London through a transformation and growth period. During her time with EY, Joanna played key roles in transactions in the UK and Europe. She co-founded the EY Women's Network, which she led for over ten years. She is currently a Trustee of The Centre for Entrepreneurs. Joanna also led the EY UK Entrepreneur of the Year Programme. Joanna is also a non-executive director of Guinness VCT plc and Ecofin Global Utilities and Infrastructure Trust plc.



**Ajay Chowdhury**



**Independent Non-Executive Director**

Ajay is a serial entrepreneur, venture capitalist and author. He recently retired from his role as senior partner at the Boston Consulting Group and has been the co-founder or CEO of various companies including Shazam (sold to Apple), Seatwave (sold to Ticketmaster) and IDG Ventures Europe, a \$100m early stage venture capital fund. He is currently Chairman of Cambridge Enterprise, Cambridge University's spin-out arm and has published five detective novels including the award winning *The Waiter*. He has an MBA from Wharton, studied theatre directing at the Central School of Speech and Drama and was selected as one of the top 100 BAME business leaders in the UK by *The Sunday Times*.

**Key:** Audit Committee Remuneration Committee Management Engagement Committee Independent Chair

# Corporate governance report

The Board of Directors has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (the 'AIC Code').

The AIC Code, issued by the AIC in August 2024, addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code'), issued by the Financial Reporting Council (FRC) in July 2018, as well as setting out additional provisions on issues that are of specific relevance to Future Generations VCT. The FRC has confirmed that members of the AIC, who report against the AIC Code, will be meeting their obligations in relation to the UK Code and the associated disclosure requirements under paragraph 6.6.6 of the UK Listing Rule. The AIC Code is available on the AIC's website [www.theaic.co.uk](http://www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Corporate governance within the closed-ended investment company industry differs from that of other companies.

In addition, VCTs differ from most other investment companies in that they have a complex range of additional legal, tax and regulatory requirements.

Future Generations VCT, as a closed-ended investment company, has particular factors which have an impact on its governance arrangements. Future Generations VCT:

- outsources all day-to-day activities (such as portfolio management, administration, accounting, custody and company secretarial). This means that it is governed entirely by a Board of Non-Executive Directors.

- In these circumstances, the proper oversight of these relationships is the key aspect of achieving good corporate governance;
- does not have executive directors or employees. As a consequence, the only 'corporate memory' is that of the Non-Executive Directors; and
- does not have customers, only shareholders.

The AIC Code deals with matters such as the relationship with the Manager and other service providers.

In practice, most of the time spent by the board of a well-functioning investment company should be on matters of general corporate governance such as the investment strategy, policy and performance. Future Generations VCT is committed to maintaining high standards in corporate governance.

With the exception of the limited items outlined below, the Directors consider that Future Generations VCT has, throughout the period under review, complied with the provisions set out in the AIC Code:

- Future Generations VCT does not have a Senior Independent Director as the Board does not consider this necessary for the size of the Board;
- Future Generations VCT has no major shareholders, so shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the AGM but are welcome to contact the Board or Octopus at any time; and
- The Remuneration and Nomination Committee has been chaired by Ajay Chowdhury since 27 September 2024, previously chaired by Helen Sinclair, Chair of the Board. All Directors are members of the Remuneration and Nomination Committee due to the limited number of Directors.

## Leadership and purpose

The Board is responsible for leading the business in the way which it believes is most likely to lead to long-term sustainable success. This includes effective engagement with our stakeholders.

 [Read more on page 46](#)

## Division of responsibilities

As all day-to-day activities are outsourced, the Board ensures proper oversight in order to achieve good corporate governance. The Board has appointed the Management Engagement Committee to oversee outsourced activities.

 [Read more on page 47](#)

# Corporate governance report → continued

## Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2018 and provision 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of Future Generations VCT over a period of five years, consistent with the expected investment holding period of an investor. A fundraise with an initial offer to raise up to £5 million was launched on 3 February 2025. The offer closed for new applications on 1 April 2025 for the 2024/2025 tax year having successfully raised £5 million. Under VCT rules, subscribing investors are required to hold their investment for a five-year period in order to benefit from the associated tax reliefs. The Board regularly considers strategy, including investor demand for Future Generations VCT's shares, and a five-year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the emerging and principal risks facing Future Generations VCT and its current position. This includes risks which may adversely impact its business model, future performance, solvency or liquidity, and focused on the major factors which affect the economic, regulatory and political environment. Particular consideration was given to the Company's reliance on, and close working relationship with, the Investment Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out on pages 37 to 39.

The Board has carried out robust stress testing of cash flows, which included assessing the resilience of portfolio companies, including the requirement for any future financial support.

The Board has additionally considered the ability of Future Generations VCT to comply with the ongoing conditions to make sure it maintains its VCT qualifying status under its current Investment policy.

Based on this assessment, the Board confirms that it has a reasonable expectation that Future Generations VCT will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 December 2029. The Board is mindful of the ongoing risks and will continue to make sure that appropriate safeguards are in place, in addition to monitoring the cash flow forecasts to make sure Future Generations VCT has sufficient liquidity.

## Going concern

Future Generations VCT's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. Further details on the management of financial risk can be found in Note 15 of the financial statements.

The Board receives reports from Octopus and the Directors believe that Future Generations VCT has adequate financial resources to continue in operational existence for a period of at least 12 months from the date of the signing of these financial statements. In reaching this conclusion the Directors have considered the liquid assets of Future Generations VCT and its ability to meet its obligations as they fall due. As no material uncertainties leading to significant doubt about going concern have been identified, and taking into account all available information about Future Generations VCT, the Directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

## Composition, succession and evaluation

The Board makes sure it is balanced with the appropriate skills and has appointed the Remuneration and Nomination Committee to oversee these matters.

▶ Read more on page 48

## Audit, risk and internal control

Future Generations VCT's strategy is determined by the Board, taking account of the need to avoid unnecessary or unacceptable risks. The Audit Committee is appointed to oversee all matters relating to audit and risk on behalf of the Board.

▶ Read more on page 50 to 52

## Remuneration

The Board comprises Non-Executive Directors only, who receive fees which are subject to periodic review. No element of their remuneration is performance related.

▶ Read more on pages 54 to 56



# Leadership and purpose

## Board of Directors

Future Generations VCT currently has a Board of three Non-Executive Directors, all of whom are considered to be independent.

The Board meets at least four times a year, and on other occasions as necessary, to review the investment performance and monitor compliance with the Investment policy laid down by the Board as set out in the Strategic Report on page 40. Due to an 18-month period, the Board met 9 times.

The Board has a formal schedule of matters specifically reserved for its decision which include:

- the consideration and approval of future developments or changes to the Investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- approval of the annual report and the unaudited half-yearly report;
- the appointments to and resignations from the Board, including planning for succession;
- the appointment, evaluation, removal and remuneration of Octopus;
- the performance of Future Generations VCT, including monitoring the discount of the NAV to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

During the 18-month period ended 31 December 2024 the following meetings were held:

	Board meeting attendance	Audit Committee meeting attendance	Remuneration and Nomination Committee meeting attendance	Management Engagement Committee meeting attendance
Helen Sinclair	9/9	5/5	1/1	1/1
Joanna Santinon	9/9	5/5	1/1	1/1
Emma Davies <sup>1</sup>	2/3	2/2	N/A	N/A
Ajay Chowdhury <sup>2</sup>	7/7	4/4	1/1	1/1

1. Emma Davies resigned as a Director on 31 March 2024.

2. Ajay Chowdhury was appointed as a Director on 1 March 2024.

The Chair leads the Board in the determination of its strategy and in the achievement of its objectives. The Chair is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day-to-day business of Future Generations VCT. She facilitates the effective contribution of the Directors and makes sure that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The company secretarial function is discharged by Octopus Company Secretarial Services Limited, which is responsible for advising the Board, through the Chair, on all governance matters. All Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at Future Generations VCT's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or Future Generations VCT to identify a member of the Board as the senior Non-Executive Director.

Future Generations VCT's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

# Division of responsibilities

## Board committees

The Board has appointed three committees, with delegated powers, to make recommendations to the Board in specific areas.

The Audit Committee, chaired by Joanna Santinon consists of all three Directors. The Audit Committee believes Joanna Santinon possesses appropriate and relevant financial experience as a chartered accountant. The Board consider it appropriate for Helen Sinclair, as Chair of the Board, to be a member of the Audit Committee due to the limited size of the Board. The Audit Committee monitors the integrity of the financial statements of the Company, and any other formal announcements relating to its financial performance. Details of the work undertaken by the Audit Committee are set out on pages 50 to 52.

The Remuneration and Nomination Committee, comprising all Directors has been chaired by Ajay Chowdhury since 27 September 2024, previously chaired by Helen Sinclair, Chair of the Board. The Committee considers composition and succession, appointing new members on merit, measured against objective criteria with due regard for the benefits of gender and diversity. It also has responsibility for setting the Remuneration policy for the Non-Executive Directors. Details of the work undertaken by the Remuneration and Nomination Committee are set out on page 54.

The Management Engagement Committee comprising all Directors has been chaired by Ajay Chowdhury since 27 September 2024, previously chaired by Joanna Santinon, Chair of the Audit Committee. The Committee is responsible for evaluating the performance of the Portfolio Manager and other third-party service providers engaged by the Company. Details of the work undertaken by the Management Engagement Committee are set out on page 53.





# Composition, succession and evaluation

Future Generations VCT's Articles of Association require that one-third of Directors should retire by rotation each year and seek re-election at the AGM, and that Directors appointed by the Board should seek re-appointment at the next AGM. All Directors are required to submit themselves for re-election at least every three years; however, it was agreed that all Directors will stand for re-election annually going forward.

	Date of original appointment	Date of election/ re-election
Helen Sinclair (Chair)	21 January 2022	10 December 2024
Joanna Santinon	21 January 2022	10 December 2024
Ajay Chowdhury	1 March 2024	10 December 2024

## Board succession

The Directors recognise the importance of ensuring the Board has sufficient experience and expertise. Fletcher Jones Limited, who are independent of the Company, were engaged in the recruitment of Ajay Chowdhury who was appointed to the Board on 1 March 2024.

## Appointment and replacement of Directors

A person may be appointed as a Director of Future Generations VCT by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or re-appointed a Director at any general meeting unless they are recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to Future Generations VCT of the intention to propose that person for appointment or re-appointment in the form and manner set out in Future

Generations VCT's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director by the members at a general meeting held in the interval since their appointment as a Director) is to be subject to election as a Director of Future Generations VCT by the members at the first AGM following his or her appointment.

The Companies Act 2006 allows shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and Future Generations VCT. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months'

absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in Future Generations VCT's Articles of Association.

## Gender and diversity

The Board of Directors comprises one male and two female Non-Executive Directors with experience of the VCT industry and investment in early-stage growth companies. All appointments to the Board are made on the basis of ability and knowledge. The composition of the Board, including gender and diversity, is reviewed on an annual basis.

As per UK Listing Rule 6.6.6R (9)(a), 67% of individuals on the Company's Board are women as at 31 December 2024. As the Company is externally managed the roles of CEO or CFO do not exist. Furthermore, 33% of the Board is comprised of persons from a minority ethnic background.

The tables below which report on gender identity/sex and ethnic background as at 31 December 2024 are included for completeness.

## Gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
Men	1	33%	
Women	2	67%	Not applicable <sup>1</sup>
Not specified/ prefer not to say			

<sup>1</sup> This column is not applicable as the Company is externally managed and does not have executive management functions, specifically it does not have a CEO or CFO. The Company considers that the role of Chair and Chair of the Audit Committee are senior positions. Of these two senior positions, both are performed by women.

# Composition, succession and evaluation → continued

## Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)
White British or other White (including minority white groups)	2	67%	Not applicable <sup>1</sup>
Mixed/Multiple Ethnic Groups			
Asian/Asian British	1	33%	
Black/African/ Caribbean/ Black British			
Other ethnic group			
Not specified/ prefer not to say			

<sup>1</sup> This column is not applicable as the Company is externally managed and does not have executive management functions, specifically it does not have a CEO or CFO. The Company considers that the role of Chair and Chair of the Audit Committee are senior positions. Of these two senior positions, both are performed by those from a White British background.

## Independence

The Directors believe that, in line with the AIC Code, all members of the Board marked as independent are so in character and judgement with respect to their duties to the shareholders.

Length of service of the Chair and other Directors is one of a number of factors taken into account when considering the contribution and ongoing independence of the Board, both individually and in terms of overall composition. The Board considers the experience, range of skills, knowledge of Future Generations VCT and its operating environment and diversity of the Directors. Accordingly, the Board's policy on tenure is that the term the Chair and other Directors serve on the Board should not be restricted to a fixed time limit in order to ensure sufficient corporate memory and consistent adherence to strategy.

## Performance evaluation

Each year the Remuneration and Nomination Committee will conduct a formal performance evaluation of the Board as a whole, its committees and the Directors. The first performance evaluation was conducted as an interim review on 31 August 2024 for the period ending 31 December 2024. This evaluation took the form of a questionnaire completed by each Director. The second performance evaluation, also in the form of a questionnaire completed by each Director, was conducted for the period ended 31 December 2024.

The Chair of the Remuneration and Nomination Committee provides a summary of the findings to the Board, which is discussed and an action plan agreed. The performance of the Chair was evaluated by the other Directors. As a result of the evaluation, the Board considers that all Directors continue to make an effective contribution and have the requisite skills and experience to continue to provide able leadership and direction for Future Generations VCT.

The Management Engagement Committee conducted an evaluation of Octopus, as the Portfolio Manager, with feedback of the results being provided to Octopus. The Management Engagement Committee also considered the oversight and performance of other third-party providers in the period under review.

# Audit, risk and internal control

## Audit Committee report

This report is submitted in accordance with the AIC Code in respect of the period ended 31 December 2024 and describes the duties and work of the Audit Committee.

The Committee's key objective is the provision of effective governance of the appropriateness of Future Generations VCT's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 43.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to Future Generations VCT's published financial statements and other formal announcements relating to Future Generations VCT's financial performance;
- advising the Board on whether the annual report and financial statements, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the annual report and financial statements provides necessary information for shareholders to assess performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to Future Generations VCT's internal control (including internal financial control) and risk management systems;
- annually considering the need for an internal audit function;

- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that Octopus has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

As part of the process of working with the Board to maximise effectiveness, meetings of the Committee usually take place immediately prior to a Board meeting and a report is provided on relevant matters to enable the Board to carry out its duties.

The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from Future Generations VCT's Company Secretary. The Committee meets twice per year and on an ad hoc basis as necessary and has direct access to BDO LLP, Future Generations VCT's external auditor.

### Auditor appointment

When considering whether to recommend the appointment or re-appointment of the external auditor

the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar-sized audit firms.

BDO LLP were appointed on 25 July 2022 as Future Generations VCT's external auditor. Chris Meyrick was appointed as audit partner for the period ended 31 December 2024 audit following rotation requirements for the previous audit partner to be rotated off. The effectiveness of the external audit will be assessed as part of the Board and Committee evaluation process which is conducted annually, and by the quality and content of the audit plan and report provided to the Committee by the auditor and the resultant discussions on topics raised. The Committee also challenges the auditor when present at a Committee meeting, if appropriate.

### Auditor independence and objectivity

When considering the effectiveness of the external audit, the Committee considered the quality and content of the audit plan and report provided by the auditor and the resultant reporting and discussions on topics raised.

The Committee challenged the auditor on its independence and objectivity prior to their engagement. The Committee also reviews the information and assurances provided by the auditor on its compliance with the relevant ethical standards. No non-audit services were provided by the auditor in the period ended 31 December 2024.

# Audit, risk and internal control → continued

## Audit Committee report continued

### Internal audit

Future Generations VCT does not have an internal audit function as it is not deemed appropriate given the size of Future Generations VCT and the nature of its business. However, the Committee considers annually whether there is a need for such a function and makes the appropriate recommendation to the Board. Octopus has an internal audit function which reports to the Board annually on the outcome of the internal audits that have taken place. Any significant issues arising from the Octopus internal audit that affect Future Generations VCT would be raised to the Committee as soon as reasonably practicable. The Octopus Compliance Department also reports regularly to the Board.

The Committee monitors the significant risks facing Future Generations VCT and Octopus engages closely with the auditor to mitigate the risks and the resultant impact.

### Matters considered by the Audit Committee

During the period ended 31 December 2024, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of Future Generations VCT's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing the Octopus statement of internal controls in relation to Future Generations VCT's business and assessing the effectiveness of those controls in minimising the impact of key risks;

- reviewing periodic reports on the effectiveness of the regulatory compliance of Octopus;
- reviewing the appropriateness of Future Generations VCT's accounting policies;
- reviewing Future Generations VCT's draft annual financial and half-yearly results statements prior to Board approval;
- reviewing the external auditor's audit findings report to the Committee on the annual financial statements;
- reviewing Future Generations VCT's going concern as referred to on page 45; and
- reviewing in detail the valuation of the investment portfolio and supporting data.

The Committee has considered the whole annual report and financial statements for the period ended 31 December 2024 and has reported to the Board that it considers them to be fair, balanced and understandable, providing the information necessary for shareholders to assess Future Generations VCT's financial position, performance, business model and strategy.

### Significant risks

The Audit Committee is responsible for considering and reporting on any significant risks that arise in relation to the audit of the financial statements. The Committee and the auditor have identified the most significant risks for Future Generations VCT as:

- Valuation of investment portfolio: The Committee gives special audit consideration to the valuation of investments and supporting data provided by Octopus. The impact of this risk would be a large gain or loss in

Future Generations VCT's results. The valuations are supported by the portfolio companies' accounts and third-party evidence which gives comfort to the Audit Committee; and

- Management override of financial controls: The Committee reviews all significant accounting estimates that form part of the financial statements and considers any material judgements applied by management during the completion of the financial statements.

These issues were discussed with Octopus and the auditor at the conclusion of the audit of the financial statements.

Other audit risks considered include financial reporting and corporate governance disclosures, the existence of investments and the calculation of management fees.

### Internal controls

The Directors have overall responsibility for keeping under review the effectiveness of Future Generations VCT's systems of risk management and internal controls. The purpose of these controls is to make sure that proper accounting records are maintained, assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The systems of risk management and internal control, which have been in place throughout the period under review and up to the date of this report, are designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with Octopus.

# Audit, risk and internal control → continued

## Audit Committee report continued

### Internal controls continued

Octopus identifies the investment opportunities, monitors the portfolio of investments and manages the assets of Future Generations VCT on a discretionary basis.

Octopus is engaged to carry out the accounting function and retain physical custody of the documents of title relating to unquoted investments. Octopus regularly reconciles the client asset register with the physical documents.

The Directors confirm that they have established a process throughout the period and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by Future Generations VCT and have reviewed the effectiveness of the risk management and internal control systems. As part of this process, a review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Board does not consider it necessary to have an internal audit function due to all operational activities being outsourced. The need for an internal audit function will be reviewed at least annually.

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from Future Generations VCT's accounts require the authority of two approved signatories from Octopus. Octopus is subject to regular review by the Octopus Compliance Department.

### Financial risk management

Future Generations VCT is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 15 of the financial statements.

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements to the period ended 31 December 2024.



**Joanna Santinon**

Audit Committee Chair

28 April 2025

# Management Engagement Committee

## Management Engagement Committee report

The Management Engagement Committee was established to evaluate the performance of the Manager and other third-party service providers engaged by Future Generations VCT. The Committee is chaired by Ajay Chowdhury and comprises all the independent Directors.

The Committee's responsibilities are:

- to review, at least annually, the contractual relationships with the Manager and terms of the management agreement, to make sure they are competitive and in the interests of shareholders as a whole, making recommendations to the Board on any variation to the terms which it considers necessary or appropriate;
- to review, at least annually, the performance of the Manager and describe its decisions and rationale in the annual report;
- to consider whether the appointment of the Manager continues to be in the interests of shareholders;
- if it considers it necessary or appropriate, to negotiate/re-negotiate terms with the Manager;
- to review the standard of any administrative, company secretarial or sales and marketing support provided by the Manager, whether under the terms of the management agreement or simply as part of a non-contractual obligation of understanding;

- to review, monitor and evaluate, at least annually, the performance of the Company's third-party service providers in meeting their obligations under their respective agreements and to ensure their continued competitiveness and effectiveness, making recommendations on any variation to the terms which it considers necessary or appropriate;
- to assess the Company's third-party service providers in their role as stakeholders and whether there is an appropriate level of engagement with them; and
- to consider any points of conflict which may arise for the providers of services to the Company.

The Committee met once during the 18 month period ended 31 December 2024, and has subsequently met following the year-end and confirmed that the continued appointment of Octopus, on the agreed terms, was in the interests of shareholders.



**Ajay Chowdhury**

Management Engagement Committee Chair

28 April 2025

# Directors' remuneration report

## Introduction

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in respect of the period ended 31 December 2024. The reporting requirements entail two sections be included, a policy report and an annual remuneration report, which are presented below.

Future Generations VCT's auditor, BDO LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 63 to 69.

The Remuneration and Nomination Committee is responsible for determining the remuneration of Non-Executive Directors and the composition of the Board and its Committees, taking account of diversity and ensuring succession plans are in place. Board composition was reviewed in 2024. The Directors' remuneration paid during the period is set out on page 55. Future Generations VCT does not have a Chief Executive Officer, senior management or any employees.

## Directors' Remuneration policy report

The Board consists entirely of Non-Executive Directors, who met 9 times during the period to deal with the important aspects of Future Generations VCT's affairs. Directors are appointed with the expectation that they will serve for at least a period of three years. Future Generations VCT's Articles of Association require that all Non-Executive Directors retire at the first general meeting after election and thereafter one-third of all Directors are subject to retirement by rotation at subsequent AGMs; however, it was agreed that all Directors will stand for re-election annually. Re-election

will be recommended by the Board but is dependent upon a shareholder vote.

Each Director received a letter of appointment which is subject to termination by the Director or Future Generations VCT on three months' notice in writing. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period. These appointment letters are available for inspection at the registered office, details of which are on page 98.

Future Generations VCT's policy is that the fees payable to the Directors should reflect the time spent by the Board on Future Generations VCT's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chair of the Board and the Chair of the Audit Committee to be paid higher fees than the other Directors in recognition of their more onerous roles. The policy is to review these rates from time to time. Due to the nature of Future Generations VCT, there are no employees other than the Directors and so no such issues to consider when determining the Directors' remuneration.

The maximum level of Directors' remuneration is currently fixed by Future Generations VCT's Articles of Association not to exceed £175,000 in aggregate.

Future Generations VCT's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. The Articles of Association also entitle the Directors to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors;

however, no other remuneration or compensation was paid or payable by Future Generations VCT during the period to any of the current Directors.

The Directors' remuneration policy was approved by shareholders at the AGM held in December 2023. Accordingly, the Policy will be put to shareholders for approval at the 2026 AGM.

## Annual remuneration report

This remuneration report is subject to approval by a simple majority of shareholders at the AGM in June 2025.

## Statement of voting at the Annual General Meeting

The most significant portion of the votes cast against a resolution at the 2024 AGM was for the resolutions relating to the re-election of Helen Sinclair as a Director, the re-election of Joanna Santinon as a Director, the election of Ajay Chowdhury as a Director, the authority to make market purchases, and the cancellation of the share premium account (1.73% of votes cast). No communication was received from shareholders giving reasons for the votes against the resolutions. Shareholders' views are always welcome and considered by the Board. The methods of contacting the Board are set out in the Directors' Report on page 60.

## Company performance

The Board is responsible for Future Generations VCT's investment strategy and performance, although the management of Future Generations VCT's investment portfolio is delegated to the Portfolio Manager through the agreements as referred to in the Directors' Report.

The performance graph on page 41 also shows the performance of the NAV and total value of Future Generations.



# Directors' remuneration report → continued

## Company performance continued

Details of Future Generations VCT's performance are contained in the Portfolio Manager's Review on pages 15 to 27 and the Business Review on pages 40 and 41. A performance graph showing the NAV total return from incorporation date to 31 December 2024 is included on page 41.

## Directors' emoluments (audited)

The amount of each Director's fees for the period ended 31 December 2024 (on an annualised basis) were:

	18 months to 31 December 2024 £	Year ended 30 June 2023 £	18 months to 31 December 2024 Change	Year ended 30 June 2023 Change	Period ended 30 June 2022 Change
Helen Sinclair	55,650	35,000	6%	0%	—
Joanna Santinon	44,550	28,000	6%	0%	—
Emma Davies <sup>1</sup>	19,875	6,731	6%	—	—
Ajay Chowdhury <sup>2</sup>	22,083	—	—	—	—
<b>Total</b>	<b>142,158</b>	<b>69,731</b>			

1. Octopus paid the remuneration of Emma Davies up until 24 March 2023, the date on which she ceased to be an employee. In addition Emma Davies resigned as a Director on 31 March 2024.
2. Ajay Chowdhury was appointed as a Director on 1 March 2024.

The Directors do not receive any other form of emoluments in addition to the Directors' fees. Their total remuneration is fixed and not linked to the performance of Future Generations VCT and no bonuses were or will be paid to the Directors.

The Chair of the Board and Chair of the Audit Committee receive additional remuneration over the basic Directors' fee in recognition of the additional responsibilities and time commitment required for their roles.

For the period under review, Directors' fees have been paid at the following rates: Chair of the Board £37,100; Chair of the Audit Committee £29,700; and other Directors £26,500.

Following a review in September 2024, the following rates are effective from 1 January 2025: Chair of the Board £38,500; Chair of the Audit Committee £30,750; and other Directors £27,500. Directors' remuneration will be reviewed annually by the Remuneration and Nomination Committee.

## Relative importance of spend on pay

The actual expenditure in the current period is as follows:

	18 months to 31 December 2024 £	Year to 30 June 2023 £
Total dividends paid	—	—
Total buybacks	—	—
Total Directors' fees	142,158	69,731
Total expenses	1,113,208	673,584

There were no other significant payments during the period relevant to understanding the relative importance of spend on pay.

## Statement of Directors' shareholdings (audited)

There are no guidelines or requirements for Directors to own shares in Future Generations VCT. The interests of the Directors of Future Generations VCT during the period (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 0.1p each are shown in the table below:

	18 months to 31 December 2024	Year to 30 June 2023
Helen Sinclair	14,548	14,548
Joanna Santinon	72,744	72,744
Emma Davies <sup>1</sup>	14,548	14,548
Ajay Chowdhury <sup>2</sup>	—	—

1. Emma Davies resigned as a Director on 31 March 2024.
2. Ajay Chowdhury was appointed as a Director on 1 March 2024.



# Directors' remuneration report → continued

## Statement of Directors' shareholdings (audited) continued

There have been no changes in the Directors' share interests between 31 December 2024 and the date of this report.

Any information required by legislation in relation to executive directors (including a Chief Executive Officer) or employees has been omitted because Future Generations VCT has neither and so it is not relevant.

By order of the Board



**Ajay Chowdhury**

Remuneration and Nomination Committee Chair

28 April 2025

# Directors' report

The Directors present their report and the audited financial statements for the period ended 31 December 2024.

The Corporate Governance Report on pages 44 and 45 and the reports of the Audit Committee, Remuneration and Nomination Committee and Management Engagement Committee on pages 50 to 56 form part of this Directors' Report.

The Directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Future Generations VCT's position, performance, business model and strategy.

## Directors

Brief biographical notes on the Directors are given on page 43.

All Directors will stand for re-election by shareholders at the forthcoming AGM.

## Directors' and Officers' liability insurance

Future Generations VCT has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to Future Generations VCT.

## Dividend

The Directors will not be proposing a dividend for the period under review.

## Management

Future Generations VCT has in place an agreement with Octopus AIF Management Limited to act as Manager. Octopus AIF Management Limited has in turn appointed Octopus Investments Limited to act as Portfolio Manager to Future Generations VCT (responsible for portfolio management and the day-to-day running of Future Generations VCT). These agreements are central to Future Generations VCT's ability to continue in business. The principal terms of the management agreement with Octopus are set out in Notes 3 and 18 of the financial statements.

Octopus also provides company secretarial and administrative services to Future Generations VCT. Thompson Taraz Depositary Limited was appointed as the depositary until 30 September 2024. From 30 September 2024, NatWest Trustee and Depositary Services Limited has been appointed as depositary to Future Generations VCT. NatWest provides cash monitoring, safekeeping of financial instruments and other assets, and oversight duties.

The Directors confirm that, in their opinion, the continuing appointment of Octopus as Portfolio Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the ability of Octopus to produce satisfactory investment performance in the future.

The Investment Management Agreement will continue unless and until it is terminated by the parties thereto giving to the others not less than 24 months' notice in writing, such notice not to be given before the fourth anniversary of the agreement. The Investment

Management Agreement is subject to earlier termination by the parties in certain circumstances.

The Non-Investment Services Agreement will continue unless and until it is terminated by the parties thereto giving to the others not less than 12 months' notice in writing, such notice not to be given before the end of the second anniversary of the agreement. The Non-Investment Services Agreement is subject to earlier termination by the parties in certain circumstances.

The Directors also considered the length of the notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided, as set out above. Details of the fees paid to Octopus in respect of services provided are in Notes 3 and 18 of the financial statements.

No Director has an interest in any contract to which Future Generations VCT is a party.

Future Generations VCT has established a performance incentive scheme whereby Octopus is entitled to an annual performance-related incentive fee if certain performance criteria are met. Further details of this scheme are disclosed within Note 18 of the financial statements.

Through the agreements described above, the investment decisions and routine management decisions such as the payment of standard running costs are delegated to Octopus.

## Financial risk management

Future Generations VCT is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 15 of the financial statements

# Directors' report → continued

## Whistleblowing

Please refer to page 32 for our statement on whistleblowing.

## Bribery Act

Please refer to page 32 for our statement on the Bribery Act.

## VCT regulation

Compliance with required rules and regulations is considered when all investment decisions are made. Future Generations VCT is further monitored on a continual basis to ensure compliance. The main criteria to which it must adhere are detailed on page 91.

Future Generations VCT will continue to ensure its compliance with the qualification requirements.

## Environmental matters and greenhouse gas emissions

Refer to page 30 in the Strategic Report for our ESG policy and greenhouse gas emissions. As the company has no employees or operations, it is not responsible for any direct emissions, and as it uses less than 40,000 kWh of energy during the reporting year it is exempt from Streamlined Energy and Carbon Reporting (SECR).

## Share capital

Future Generations VCT's Ordinary share capital as at 31 December 2024 comprised 53,941,104 (30 June 2023: 48,138,337) Ordinary shares of 0.1p each. No shares were held in Treasury.

## Share issues and open offers

During the period ended 31 December 2024 5,802,767 shares were issued. On 19 January 2023, an offer for subscription to raise up to £30 million in aggregate with an over-allotment facility of £10 million was launched. As at 18 October 2023, 7,011,227 shares had been issued for a total consideration of £6.9 million. The offer closed for new applications on 31 October 2023.

On 31 January 2024, an offer for subscription to raise up to £15 million in aggregate with an over-allotment facility of £5 million was launched. As at 10 October 2024, 3,775,282 shares had been issued for a total consideration of £3.6 million. The offer closed for new applications on 4 October 2024.

On 3 February 2025, an offer for subscription to raise up to £5 million in aggregate with an over-allotment facility of £5 million was launched. As at 4 April 2025, 5,567,019 shares have been issued for a total consideration of £5 million.

## Post balance sheet events

A full list of post balance sheet events since 31 December 2024 can be found in Note 16 of the financial statements on page 87.

## Rights attaching to the shares and restrictions on voting and transfer

Subject to any suspension or abrogation of rights pursuant to relevant law or Future Generations VCT's Articles of Association, the shares confer on their holders the following principal rights:

a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid

(in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by Future Generations VCT;

b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of Future Generations VCT remaining after payment of its liabilities *pari passu* with the other holders of Ordinary shares; and

c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of Future Generations VCT. On a show of hands, every member present or represented and voting has one vote, and on a poll, every member present or represented and voting has one vote for every share of which that member is the holder.

The appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in Future Generations VCT's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by Future Generations VCT requiring information about interests in its shares), Future Generations VCT can, until the default ceases, suspend

# Directors' report → continued

the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class Future Generations VCT can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares.

Shareholders, either alone or with other shareholders, have other rights as set out in Future Generations VCT's Articles of Association and in company law (principally the Companies Act 2006). A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system).

Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in Future Generations VCT's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required).

The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which Future Generations VCT has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the

Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell-out rules relating to the shares in Future Generations VCT's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

## Dividend Reinvestment Scheme

The Directors will not be proposing a dividend for the period under review; however, Resolution 7 to adopt the Dividend Reinvestment Scheme (DRIS) has been included for shareholder approval at the AGM on 4 June 2025. Under the Dividend Reinvestment Scheme, shareholders are given the opportunity to reinvest future dividend payments by way of subscription for new shares. Subject to a shareholder's personal circumstances, shares subscribed for under the Dividend Reinvestment Scheme should benefit from VCT tax relief.

## Directors' authority to allot shares, to disapply pre-emption rights

The authority proposed under Resolution 8 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in Future Generations VCT in a tax-efficient manner without it having to incur substantial costs. Any consequent modest increase in the size of Future Generations VCT will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with Future Generations VCT's investment policy and may be used, in part, to purchase Ordinary shares in the market.

Resolution 8 seeks Directors' authority to allot Ordinary shares. Such authority would expire at the later of the conclusion of the next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the Resolution, giving the Directors authority to allot up to 120% of Future Generations VCT's issued share capital as at the date of the Notice of AGM. This authority is in addition to existing authorities. The Board intends to utilise this authority in respect of the fundraising activities of Future Generations VCT.

Resolution 9 grants the Directors' authority to allot Ordinary shares in connection with the Dividend Re-Investment Scheme up to 5% of Future Generations VCT's issued share capital as at the date of the Notice of AGM. Such authority would expire 15 months from the passing of the Resolution, unless previously renewed, varied or revoked by Future Generations VCT in a general meeting. The Board intends to utilise this authority to issue shares from time to time under the DRIS.

Resolutions 10 and 11, including Resolution 11 for the first time, extend the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. These Resolutions would authorise the Directors, until the expiry of 15 months from the passing of these Resolutions, unless previously renewed, varied or revoked by Future Generations VCT in general meeting, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders. These powers will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole. This authority is in addition to existing authorities.

# Directors' report → continued

## Directors' authority to make market purchase of its own shares

The authority proposed under Resolution 12 is required so that the Directors may make purchases of up to 8,085,771 Ordinary shares, representing approximately 14.99% of Future Generations VCT's issued share capital as at the date of the Notice of AGM. Any shares bought back under this authority will be at a price determined by the Board (subject to a minimum price of 0.1p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board. The authority conferred by Resolution 11 will expire on the earlier of the conclusion of the next AGM of Future Generations VCT following the passing of this Resolution and 15 months from the date of the passing of the Resolution unless renewed, varied or revoked by Future Generations VCT in a general meeting and will be in addition to existing authorities. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole.

## Substantial shareholdings

As at the date of this report, no disclosures of major shareholdings had been made to Future Generations VCT under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

## Independent auditor

BDO LLP were originally appointed by the Board as auditor on 25 July 2022 and offer themselves for re-appointment as auditor of Future Generations VCT.

A resolution to re-appoint BDO LLP will be proposed at the forthcoming AGM.

As far as the Directors are aware, there is no relevant audit information of which the auditor is unaware and the Directors have taken all the steps they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that Future Generations VCT's auditor is aware of that information.

## Relations with shareholders

Shareholders will have the opportunity to attend the Annual General Meeting which will be held on 4 June 2025 at 10am.

The Board is happy to respond to any written queries made by shareholders during the course of the period and can be contacted at 33 Holborn, London EC1N 2HT. Alternatively, the team at Octopus will be pleased to answer any questions you may have and can be contacted on 0800 316 2295.

## Consumer Duty

The Directors are cognisant of the Portfolio Manager's obligations to comply with the FCA's Consumer Duty rules and principles that came into force in 2023. Firms subject to Consumer Duty must ensure they are acting to deliver good outcomes and that this is reflected in their strategies, governance, leadership and policies. Future Generations VCT is not directly captured by Consumer Duty, however the Directors will continue to receive updates on how the Portfolio Manager is meeting its obligations.

## Information given in the Strategic Report

The likely future development of Future Generations VCT has not been given in the Directors' Report as equivalent disclosure has been given in the Strategic Report.

The Directors' Report was approved on behalf of the Board on 28 April 2025.

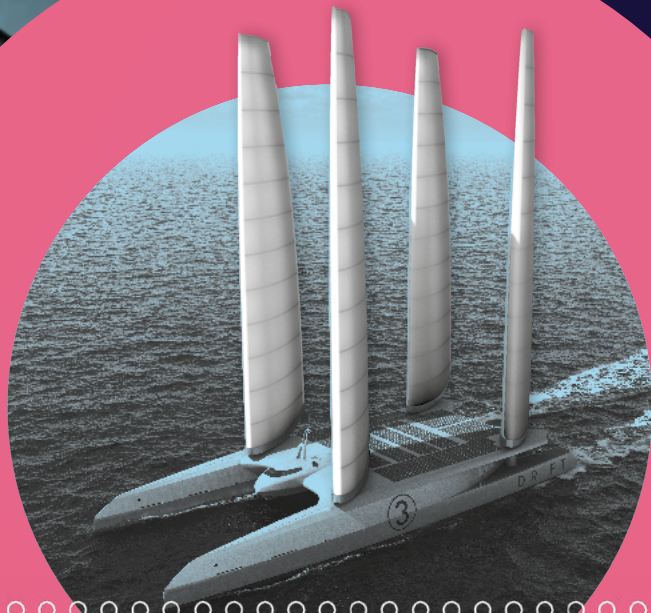


**Helen Sinclair**

Chair

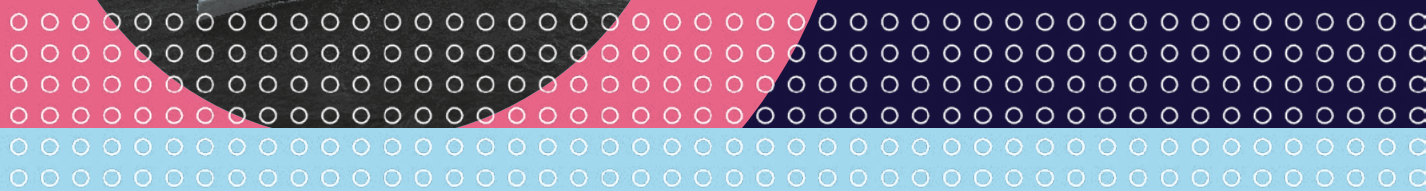
28 April 2025





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# Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report and financial statements include information required by the UK Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP), including Financial Reporting Standard 102 – The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS 102), United Kingdom accounting standards and applicable law. 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 and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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 enable them to ensure that the financial statements 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.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors are of the opinion that this report as a whole provides the necessary information to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the annual report and financial statements (including the Strategic Report), give 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.

On behalf of the Board



**Helen Sinclair**

Chair

28 April 2025

# Independent auditor's report

## to the members of Octopus Future Generations VCT plc

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Octopus Future Generations VCT plc (the 'Company') for the period from 01 July 2023 to 31 December 2024 which comprise the Income statement, the Balance sheet, the Statement of changes in equity, the Cashflow statement and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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. Our audit opinion is consistent with our reporting to the Audit Committee.

### Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 25 July 2022 to audit the financial statements for the period ended 30 July 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is three years, covering the period ended 30 June 2022 to the period ended 31 December 2024. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

### Conclusions relating to going concern

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

- Obtaining the VCT compliance reports prepared by management's expert during the period and as at period end and checking that the Company was meeting its requirements to retain VCT status;
- Consideration of the Directors' assessment of expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecasted expenditure which was assessed against the prior year for reasonableness; and
- Evaluating the Directors' method of assessing the going concern in light of market conditions including the stress tests applied to confirm that the Company has sufficient capital and liquidity to continue its operations effectively.



# Independent auditor's report → continued

## to the members of Octopus Future Generations VCT plc

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 relation to the Company's reporting on how it has 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.

### Overview

		2024	2023
Key audit matters	Valuation of unquoted investments	✓	✓
Materiality	Company financial statements as a whole £950,000 (2023: £900,000) based on 2% (2023: 2%) of net assets		

### An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified, 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 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.

#### Key audit matter

### Valuation of unquoted investments

(Note 9 to the financial statements)

We consider the valuation of unquoted investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.

There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Portfolio Manager, who is remunerated based on the value of the net assets of the Company as shown in note 18.

For these reasons we considered the valuation of unquoted investments to be a key audit matter.

# Independent auditor's report → continued

## to the members of Octopus Future Generations VCT plc

### How the scope of our audit addressed the key audit matter

We assessed the design and implementation of controls relating to the valuation of unquoted investments. This included obtaining an understanding of the sources of key inputs, judgements and significant estimates used as well as the oversight and governance structures in relation to the valuation process.

Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment and the subjectivity of the valuation technique.

For all unquoted investments in our sample we:

- Challenged whether the valuation methodology was appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines and the applicable accounting standards; and
- We have recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies.

For investments sampled that were valued using the price of recent investment or milestone analysis we:

- Verified the price of recent investment to supporting documentation;
- Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee Company;
- Considered whether there were any indications that the price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal;
- Considered whether the price of recent investment is supported by alternative valuation techniques; and
- For pre-revenue or startup investee companies, we assessed their performance against established milestones by reviewing their board reports or progress updates.

### How the scope of our audit addressed the key audit matter continued

For investments sampled that were valued using the revenue multiples and scenario analysis we:

- Challenged and corroborated the inputs to the valuation with reference to management information of investee companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements;
- Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues or cash flows used in the valuations;
- Considered the revenue multiples applied and the discounts applied by reference to observable listed company market data; and
- Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue multiple applied in arriving at the valuations adopted by considering the individual performance of investee companies against plan and relative to the peer group, the market and sector in which the investee company operates and other factors as appropriate.

Where appropriate, we performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered the overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias.

### Key observations

Considering the level of estimation uncertainty and the procedures performed to address this risk, we consider the unquoted investment valuations to be appropriate.

# Independent auditor's report → continued

## to the members of Octopus Future Generations VCT plc

### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

Company financial statements		
	2024	2023
Materiality	£950,000	£900,000
Basis for determining materiality	2% of net assets	
Rationale for the benchmark applied	In setting materiality, we have considered the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of net assets.	
Performance materiality	£712,500	£675,000
Basis for determining performance materiality	75% of materiality.	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the period.	

### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £47,500 (2023: £35,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

# Independent auditor's report → continued

## to the members of Octopus Future Generations VCT plc

### Corporate governance statement

The Listing Rules require us to review the Directors' statement 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.

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, or our knowledge obtained during the audit.

### Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 45; and
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 45.

### Other Code provisions

- Directors' statement on fair, balanced and understandable set out on page 57;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 37-39;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 51-52; and

- The section describing the work of the Audit Committee set out on pages 50-52.

### Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on 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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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

In our opinion, based on the work undertaken in the course of the audit the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in this information.

In our opinion, based on the work undertaken in the course of the audit information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the Company.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

# Independent auditor's report → continued

## to the members of Octopus Future Generations VCT plc

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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.

### Auditor's 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 auditor's 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.

### Extent to which the audit was capable of detecting irregularities, including fraud

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:

### Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with the Portfolio Manager and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") and updated in February 2018 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of the Portfolio Manager and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- Obtaining the VCT compliance reports prepared by management's expert during the period and as at period end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status; and
- Reviewing minutes of meeting of those charged with governance throughout the period for instances of non-compliance with laws and regulations.

### Fraud

We assessed the susceptibility of the financial statement to material misstatement including fraud.

# Independent auditor's report → continued

## to the members of Octopus Future Generations VCT plc

Our risk assessment procedures included:

- Enquiry with the Portfolio Manager and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to be valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- Considered the opportunity and incentive to manipulate accounting entries and target tested relevant adjustments made in the year end financial reporting process;
- Reviewed for significant transactions outside the normal course of business;
- Reviewed the significant judgements and estimates made in the valuation of unquoted investments and considered whether the valuation methodology is the most appropriate;
- Considered any indicators of bias in our audit as a whole; and
- Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Chris Meyrick (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, United Kingdom

28 April 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Income statement

	Notes	18 months to 31 December 2024			Year to 30 June 2023		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments		—	1,382	1,382	—	—	—
Net loss on valuation of fixed asset investments	9	—	(3,564)	(3,564)	—	(6)	(6)
Investment management fee	3	(345)	(1,035)	(1,380)	(174)	(522)	(696)
Investment income	2	1,427	—	1,427	424	—	424
Other expenses	4	(759)	—	(759)	(500)	—	(500)
<b>Earnings/(loss) before tax</b>		<b>323</b>	<b>(3,217)</b>	<b>(2,894)</b>	<b>(250)</b>	<b>(528)</b>	<b>(778)</b>
Tax	6	—	—	—	—	—	—
<b>Earnings/(loss) after tax</b>		<b>323</b>	<b>(3,217)</b>	<b>(2,894)</b>	<b>(250)</b>	<b>(528)</b>	<b>(778)</b>
<b>Earnings/(loss) per share – basic and diluted</b>	7	<b>0.6p</b>	<b>(6.3)p</b>	<b>(5.7)p</b>	<b>(0.6)p</b>	<b>(1.3)p</b>	<b>(1.9)p</b>

- The 'Total' column of this statement is the profit and loss account of Future Generations VCT; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- Future Generations VCT has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

Future Generations VCT has no other comprehensive income for the period.

The accompanying notes form an integral part of the financial statements.

# Balance sheet

	Notes	As at 31 December 2024		As at 30 June 2023	
		£'000	£'000	£'000	£'000
Fixed asset investments	9		<b>26,769</b>		24,895
Current assets:					
Debtors	10	<b>1,166</b>		379	
Applications cash <sup>1</sup>		<b>100</b>		370	
Cash at bank		<b>112</b>		152	
Money market funds	11	<b>19,972</b>		20,140	
			<b>21,350</b>		21,041
Creditors: amounts falling due within one year	12	<b>(196)</b>		(518)	
Net current assets			<b>21,154</b>		20,523
<b>Net assets</b>			<b>47,923</b>		45,418
Share capital	13		<b>54</b>		48
Share premium			<b>51,854</b>		46,461
Capital reserve realised			<b>(328)</b>		(640)
Capital reserve unrealised			<b>(3,526)</b>		3
Revenue reserve			<b>(131)</b>		(454)
<b>Total equity shareholders' funds</b>			<b>47,923</b>		45,418
<b>NAV per share</b>	8		<b>88.8p</b>		94.3p

1. Cash received from investors but not yet allotted.

The accompanying notes form an integral part of the financial statements.

The statements were approved by the Directors and authorised for issue on 28 April 2025 and are signed on their behalf by:



**Helen Sinclair**

Chair

Company No: 13750143



# Statement of changes in equity

	Share capital £'000	Share premium £'000	Capital reserve realised <sup>1</sup> £'000	Capital reserve unrealised £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>As at 1 July 2023</b>	<b>48</b>	<b>46,461</b>	<b>(640)</b>	<b>3</b>	<b>(454)</b>	<b>45,418</b>
<b>Comprehensive income for the period:</b>						
Management fees allocated as capital expenditure	—	—	(1,035)	—	—	(1,035)
Current year gain on disposal of fixed asset investments	—	—	1,382	—	—	1,382
Net loss on fair value of fixed asset investments	—	—	—	(3,564)	—	(3,564)
Gain after tax	—	—	—	—	323	323
Total comprehensive loss for the period	—	—	347	(3,564)	323	(2,894)
<b>Contributions by and distributions to owners:</b>						
Share issue	6	5,506	—	—	—	5,512
Share issue costs	—	(113)	—	—	—	(113)
Total contributions by and distributions to owners	6	5,393	—	—	—	5,399
<b>Other movements:</b>						
Prior year fixed asset loss unrealised	—	—	(35)	35	—	—
<b>Total other movements</b>	<b>—</b>	<b>—</b>	<b>(35)</b>	<b>35</b>	<b>—</b>	<b>—</b>
<b>Balance as at 31 December 2024</b>	<b>54</b>	<b>51,854</b>	<b>(328)</b>	<b>(3,526)</b>	<b>(131)</b>	<b>47,923</b>

1. Reserves are available for distribution, subject to the restrictions tabled in Note 14 of the financial statements.

The accompanying notes form an integral part of the financial statements.

# Statement of changes in equity continued

	Share capital £'000	Share premium £'000	Capital reserve realised <sup>1</sup> £'000	Capital reserve unrealised £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>As at 1 July 2022</b>	33	31,572	(118)	9	(204)	31,292
<b>Comprehensive income for the period:</b>						
Management fees allocated as capital expenditure	—	—	(522)	—	—	(522)
Net loss on fair value of fixed asset investments	—	—	—	(6)	—	(6)
Loss after tax	—	—	—	—	(250)	(250)
Total comprehensive loss for the period	—	—	(522)	(6)	(250)	(778)
<b>Contributions by and distributions to owners:</b>						
Shares issued	15	15,164	—	—	—	15,179
Share issue costs	—	(275)	—	—	—	(275)
Total contributions by and distributions to owners	15	14,889	—	—	—	14,904
<b>Balance as at 30 June 2023</b>	48	46,461	(640)	3	(454)	45,418

1. Reserves are available for distribution, subject to the restrictions tabled in Note 14 of the financial statements.

The accompanying notes form an integral part of the financial statements.

# Cash flow statement

	Notes	18 months to 31 December 2024 £'000	Year to 30 June 2023 £'000
<b>Cash flows from operating activities</b>			
Loss before tax <sup>1</sup>		(2,894)	(778)
Decrease/(increase) in debtors		173	(325)
Decrease in creditors		(52)	(103)
Gain on disposal of fixed assets	9	(1,382)	—
Loss on valuation of fixed asset investments	9	3,564	6
<b>Outflow from operating activities</b>		<b>(591)</b>	<b>(1,200)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed asset investments	9	(8,162)	(23,238)
Sale of fixed asset investments		3,146	—
<b>Outflow from investing activities</b>		<b>(5,016)</b>	<b>(23,238)</b>
<b>Cash flows from financing activities</b>			
Movement in applications account	12	(270)	(1,544)
Proceeds from share issues		5,512	15,179
Share issue costs		(113)	(275)
<b>Inflow from financing activities</b>		<b>5,129</b>	<b>13,360</b>
<b>Decrease in cash and cash equivalents</b>		<b>(478)</b>	<b>(11,079)</b>
Opening cash and cash equivalents		20,662	31,741
<b>Closing cash and cash equivalents</b>		<b>20,184</b>	<b>20,662</b>
<b>Cash and cash equivalents comprise</b>			
Cash at bank		112	152
Money market funds		19,972	20,140
Applications cash		100	370
<b>Closing cash and cash equivalents</b>		<b>20,184</b>	<b>20,662</b>

<sup>1</sup> Loss before tax includes cashflows from dividends of £1.4 million (2023: £0.4 million).

The accompanying notes form an integral part of the financial statements.

# Notes to the financial statements

## 1. Principal accounting policies

Octopus Future Generations VCT plc ('Future Generations VCT') is a Public Limited Company (plc) incorporated in England and Wales and its registered office is at 6th Floor, 33 Holborn, London EC1N 2HT.

Future Generations VCT has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Taxes Act 2007. The shares of Future Generations VCT were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 5 April 2022 and can be found under the TIDM code OFG. Future Generations VCT is premium listed.

The principal activity of Future Generations VCT is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long term as well as an attractive tax-free dividend stream.

The financial statements are presented in GBP (£) to the nearest £'000. The functional currency is also GBP (£). Some accounting policies have been disclosed in the respective notes to the financial statements.

### Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (GAAP), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (July 2022)'. Further details can be found on page 40. The financial statements cover the 18 month period ended 31 December 2024. Comparatives relate to the period from 1 July 2022 to 30 June 2023 and are audited. A summary of the principal accounting policies is set out in the notes.

Future Generations VCT presents its Income Statement in a three-column format to give shareholders additional detail of the performance of Future Generations VCT, split between items of a revenue or capital nature as required by the SORP.

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments, which encompasses entirely of unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The

estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Capital valuation policies are those that are most important to the manifestation of Future Generations VCT's financial position and that require the application of subjective and complex judgements, often due to the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The critical accounting policies that are declared will not necessarily result in material changes to the financial statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by Future Generations VCT are disclosed in the notes below. Whilst not all the significant accounting policies require subjective or complex judgements, Future Generations VCT considers that the following accounting policies should be considered critical.

Future Generations VCT has designated all fixed asset investments as being held at fair value through profit or loss in line with the exemption under FRS 102 for investment companies; therefore all gains and losses arising from investments held are taken to the Income Statement in the period in which they occur. Accordingly, all expenses and investment gains and losses are attributable to assets designated as being at fair value through profit or loss.

Investments are regularly reviewed to make sure that the fair values are appropriately stated. Unquoted investments are valued in accordance with current IPEV valuation guidelines, although this does rely on subjective estimates such as appropriate sector earnings or revenue-based multiples, forecast results of portfolio companies, and liquidity or marketability of the investments held.

Although Future Generations VCT believes that the assumptions concerning the business environment and estimates of future cash flows are appropriate, changes in estimates and assumptions could require changes in the stated values. This could lead to additional changes in fair value in the future.

### Revenue and capital

The revenue column of the Income Statement comprises of revenue expenses. The capital column includes changes in fair value of investments and capital expenses. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement. Investment management fees are split between revenue (25%) and capital (75%) in line with the Board's expected long-term return in the form of income and capital gains respectively from Future Generations VCT's investment portfolio.

# Notes to the financial statements → continued

## 1. Principal accounting policies continued

### Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and other highly liquid short-term investments with a maturity of three months or less at the date of acquisition and subject to insignificant changes in fair value. For the purpose of the Cash Flow Statement, cash and cash equivalents comprises cash at bank and money market funds (MMFs). The carrying amount approximates fair value.

### Financing strategy and capital structure

Capital management is monitored and controlled by forecasting income and expenditure over both the short and medium term to enable investments to be made whilst maintaining short-term liquidity. The investments being managed include equity, and short-term liquidity comprises cash and cash equivalents including debtors and creditors.

We define capital as shareholders’ funds, and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. Future Generations VCT currently has no borrowings, nor does it anticipate that it will have any borrowing facilities in the future to fund the acquisition of investments.

Future Generations VCT does not have any externally imposed capital requirements.

The value of the managed capital is indicated in Note 14. The Board considers the distributable reserves and the total return for the period when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 14.99% of the issued Ordinary share capital of Future Generations VCT in accordance with Special Resolution 10 in order to maintain sufficient liquidity in the VCT.

### Financial instruments

Future Generations VCT’s principal financial assets are its investments, and the policies in relation to those assets are set out in Note 9. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability, then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

### Judgements in applying accounting policies and key sources of estimation uncertainty

This is addressed in Note 9.

### Reserves

**Share capital** – represents the nominal value of shares that have been issued.

**Share premium** – includes any premium received on issue of share capital. Any transaction costs directly associated with the issuing of shares are deducted from share premium.

**Capital reserve realised** – arises when an investment is sold. Any balance held on the capital reserve unrealised is transferred to the capital reserve realised, as a movement in reserves.

**Capital reserve unrealised** – arises when Future Generations VCT revalues the investments held at the end of the period. Any gains or losses arising are credited/charged to the capital reserve unrealised.

**Revenue reserve** – revenue profits and losses are credited and charged to this account.

## 2. Investment income

### Accounting policy

Investment income comprises interest earned on money market funds. Dividend income is shown net of any related tax credit. Dividends receivable are brought into account when Future Generation's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market funds are recognised so as to reflect the effective interest rate, provided there is no reasonable doubt that payment will be received in due course.

### Disclosure

	18 months to 31 December 2024 £'000	30 June 2023 £'000
Money market funds	1,427	424
<b>Total</b>	<b>1,427</b>	<b>424</b>

# Notes to the financial statements → continued

## 3. Investment management fees

### Accounting policy

For the purposes of the revenue and capital columns in the Income Statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term return in the form of income and capital gains respectively from Future Generations VCT's investment portfolio.

### Disclosure

	18 months to 31 December 2024			Year to 30 June 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	345	1,035	1,380	174	522	696
<b>Total</b>	<b>345</b>	<b>1,035</b>	<b>1,380</b>	174	522	696

The Portfolio Manager provides investment management services through agreements with Octopus AIF Management Limited and Future Generations VCT. It also provides accounting and administration services to Future Generations VCT under a Non-Investment Services Agreement (NISA). No compensation is payable if the agreement is terminated by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within Note 18 of the financial statements.

# Notes to the financial statements → continued

## 4. Other expenses

### Accounting policy

Other expenses are accounted for on an accruals basis and are charged wholly to revenue.

The transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period that they occur.

	18 months to 31 December 2024 £'000	Year to 30 June 2023 £'000
NISA fees	213	122
Directors' remuneration <sup>1</sup>	157	77
Audit fees <sup>2</sup>	78	63
Directors and Officers (D&O) insurance	74	15
Depository fees	62	57
Listing fees	46	58
Registrars fees	28	21
Director recruitment & expenses	27	—
Report and account fees	26	38
Other fees	48	49
<b>Total</b>	<b>759</b>	<b>500</b>

1. Includes employers' NI.

2. Includes VAT.

Total ongoing charges are capped at 3.0% of net assets. For the period to 31 December 2024, the ongoing charges exceeded this cap and a rebate was paid from the Portfolio Manager for the amount of £39,000. For the 18 months to 31 December 2024 the ongoing charges were 3.0% (2023: 3.0%) of net assets. This is calculated by summing the annualised expenses incurred in the period (excluding non-recurring expenses) divided by the average NAV throughout the period.

## 5. Directors' remuneration

Total Directors' fees paid during the period were £142,000 (2023: £70,000). Employers' National Insurance contributions paid during the period were £15,000 (2023: £7,000). The highest paid Director received £56,000 (2023: £35,000). None of the Directors received any other remuneration or benefit from Future Generations VCT during

the period. Future Generations VCT has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the period was three.

## 6. Tax on ordinary activities

### Accounting policy

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the 'marginal' basis as recommended in the SORP.

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

### Disclosure

The corporation tax charge for the period was £nil.

	18 months to 31 December 2024 £'000	Year to 30 June 2023 £'000
Loss on ordinary activities before tax	(2,894)	(778)
Current tax at 25% (2023: 20.5%)	(724)	(159)
<b>Effects of:</b>		
Non-taxable income	(357)	—
Non-taxable capital gains	546	1
Non-deductible expenses	1	—
Excess management expenses on which deferred tax not recognised	534	193
Tax rate differences <sup>1</sup>	—	(35)
<b>Total current tax charge</b>	<b>—</b>	<b>—</b>

1. Tax rate difference due to tax charge for the period being calculated at 20.5% and excess management expenses on which deferred tax is not recognised being calculated at 25%.



# Notes to the financial statements → continued

## 6. Tax on ordinary activities continued

Unrelieved tax losses of £3,231,000 (2023: £1,094,000) are estimated to be carried forward at 31 December 2024 (subject to completion of Future Generations VCT's tax return) and are available for offset against future taxable income, subject to agreement with HMRC. Future Generations VCT has not recognised the deferred tax asset of £808,000 (2023: £273,000) in respect of these tax losses because there is insufficient forecast taxable income in excess of deductible expenses to utilise these losses carried forward.

Approved VCTs are exempt from tax on capital gains. As the Directors intend for Future Generations VCT to continue to maintain its approval as a VCT through its affairs, no current deferred tax has been recognised in respect of any capital gains or losses arising on the revaluation or disposal of investment.

## 7. (Loss)/earnings per share

	18 months to 31 December 2024			Year to 30 June 2023		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Earnings/(loss) attributable to Ordinary shareholders (£'000)	323	(3,217)	(2,894)	(250)	(528)	(778)
Earnings/(loss) per Ordinary share (p)	0.6	(6.3)	(5.7)	(0.6)	(1.3)	(1.9)

The Earnings/(loss) per share is based on 51,727,417 (2023: 40,987,788) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

There are no potentially dilutive capital instruments in issue and so no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

## 8. Net asset value per share

	31 December 2024	30 June 2023
Net assets (£'000)	47,923	45,418
Shares in issue	53,941,104	48,138,337
NAV per share (p)	88.8	94.3

## 9. Fixed asset investments

### Accounting policy

Future Generations VCT's principal financial assets are its investments and the policies in relation to those assets are set out below. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

# Notes to the financial statements → continued

## 9. Fixed asset investments continued

Purchases are recognised in the financial statements at the date of the transaction (trade date).

These investments are actively managed and their value is evaluated on a fair value basis in accordance with a documented valuation policy. The rationale for the selected valuation methodologies, as well as the observable inputs underpinning the valuations, are provided to the Board. As permitted under FRS 102, the investments are measured at subsequent reporting dates at fair value through profit or loss (FVTPL) on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. Future Generations VCT's investments are measured at subsequent reporting dates at fair value.

In the case of unquoted investments, fair value is estimated by using recognised valuation techniques such as price of recent transaction (PRI), earnings or revenue-based multiples, discounted cash flows or net asset value, in line with the International Private Equity and Venture Capital's valuation guidelines as updated in December 2022. Where price of recent transaction is used, the valuation is calibrated to a valid methodology.

Gains or losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve unrealised. In determining the valuation of assets, the Directors are required to make judgements and estimates that are within a reasonable range and a reflection of their understanding of the trading performance of the portfolio companies.

### Fair value hierarchy

Paragraph 34.22 of FRS 102 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the balance sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This methodology is adopted by Future Generations VCT and requires disclosure of financial instruments to be dependent on the lowest significant applicable input, as laid out below:

- Level 1: The unadjusted, fully accessible and current quoted price in an active market for identical assets or liabilities that an entity can access at the measurement date. Future Generations VCT holds no quoted investments.
- Level 2: Inputs for similar assets or liabilities other than the quoted prices included in Level 1 that are directly or indirectly observable, which exist for the duration of the period of investment. Future Generations VCT holds no such investments.
- Level 3: This is where inputs are unobservable, where no active market is available and recent transactions for identical instruments do not provide a good estimate of fair value for the asset or liability. Future Generations VCT's unquoted investments are included in Level 3.

During the last year, there have been no transfers across the various Levels throughout the portfolio.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the period to 31 December 2024 are summarised below and in Note 14.

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at 'fair value through profit and loss' (FVTPL). All investments held by Future Generations VCT are classified as FVTPL and measured in accordance with the Future Generations VCT valuation policy and with the International Private Equity and Venture Capital Valuation (IPEV) guidelines, as updated in December 2022.

Unquoted investments are stated at fair value by the Directors at each measurement date in accordance with appropriate valuation techniques, which are consistent with the IPEV guidelines:

- (i) The price of a recent investment, if resulting from an orderly transaction, is assumed to represent fair value as of the transaction date. At every subsequent measurement date, the PRI may remain an appropriate indicator of fair value, however as its validity is eroded over time, adequate consideration will be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the portfolio company. This may result in calibrating the PRI to account for the aforementioned factors. Where necessary, we may rely on PRI for certain investments where other valuation methodologies may not be possible, or calibration confirms the PRI is appropriate, notably where there are no current or short-term future revenues expected, and no other valuation approach is appropriate;

# Notes to the financial statements → continued

## 9. Fixed asset investments continued

- (ii) Where a recent transaction is not deemed to be representative of fair value, a Market Approach may be considered. This technique involves the application of an appropriate multiple to a performance measure (typically revenue, but potentially also EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)) in order to derive the value of the business:
- appropriate multiples will usually be derived by reference to a peer group of current market-based multiples, as reflected in market valuations of comparable quoted companies or the price at which comparable companies have changed ownership, to the extent this information is publicly available; or
  - calibration to the PRI validates that the valuation techniques using contemporaneous market inputs. In deriving the relevant market-based multiples, consideration will be given to any relevant control premiums which are applicable in order to account for the level of control over investments, whilst also accounting for any discounts when comparing differing levels of marketability in the underlying investments. This approach will notably help capture any risks associated with a lack of liquidity in the minority holding of an unquoted investment and may be further adjusted to reflect the trading performance of the portfolio company versus expectations as at the investment;
- (iii) premiums, to the extent that they are considered capital in nature, and that they will be received upon repayment of loan stock investments, are accrued at fair value when Future Generations receives the right to the premium and when considered recoverable;
- (iv) For investments in early or development stages, where there are no current or short-term future revenues expected, the most appropriate valuation approach to measure fair value may be based on calibrating the latest pricing round using qualitative milestones. These milestones provide a directional indication of the movement in fair value, which we have sensitised by a standardised percentage;
- (v) Where a number of discreet outcomes can be expected for an investment, a simplified probability-weighted expected return model may be used to determine fair value.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the profit and loss and revaluation reserves and movements in the period are shown in the Income Statement. All figures are shown net of any applicable transaction costs incurred by Future Generations VCT. All investments are initially recognised at transaction price and subsequently measured at fair value. Changes in fair value are recognised in the Income Statement.

A key judgement made in applying the above accounting policy relates to investments that are permanently written off. Where the value of an investment has fallen permanently below the price of recent investment, the loss is treated as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Portfolio Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.

# Notes to the financial statements → continued

## 9. Fixed asset investments continued

The following table summarises the various valuation methodologies used to value Level 3 instruments, the inputs and the sensitivities applied and the impact of those sensitivities to the unobserved inputs.

Valuation basis/methodology	Number of companies valued by approach	Percentage of companies valued by approach	Input to be sensitised	FV 31 Dec 24 (£m)	FV impact +ve (£m)	FV impact -ve (£m)
Calibrated Price of Recent Investment <sup>1</sup>	12	33%	n/a	11.7	n/a	n/a
Market approach - revenue multiple	3	8%	Market multiple +/- 10%	4.9	0.5	(0.5)
Probability Weighted Scenario Approach <sup>2</sup>	7	19%	n/a	3.7	n/a	n/a
Milestone Approach	10	28%	+/- 25% milestone achievement	6.5	1.4	(1.4)
Write-off	4	11%	n/a	-	n/a	n/a
	36	100%		26.8		

1. Sensitivity analysis has not been provided for inputs to the Calibrated Price of Recent Investment valuation methodology as it references external pricing datapoints in recent investment rounds. If the Fair Value of the investments valued using Calibrated Price of Recent Investment is sensitised by +/- 10% the Fair Value would increase or decrease by £1,166,952.

2. Sensitivity analysis has not been provided for inputs to the Probability Weighted Approach valuation methodology as each investment valued using this approach has a unique set of expected outcomes and probability weightings. If the Fair Value of the investments valued using Probability Weighted Approach is sensitised by +/- 10% the Fair Value would increase or decrease by £368,403.

To ensure the accuracy and robustness of fair value assessments for fixed assets, particularly those involving Level 3 inputs, a dedicated Valuation Committee reviews all portfolio company valuations. The Valuation Committee rigorously challenges the Valuation Team's assumptions and methodologies, leveraging the expertise of its members, who include both internal and external professionals with the necessary technical knowledge and experience to provide robust oversight and guidance.

# Notes to the financial statements → continued

## 9. Fixed asset investments continued

### Disclosure

	Level 3: Unquoted investments £'000
Book cost at 30 June 2023	24,892
Cumulative revaluation at 30 June 2023	3
<b>Valuation at 1 July 2023</b>	<b>24,895</b>
Movement in the period:	
Purchases at cost	8,162
Disposal proceeds <sup>1</sup>	(4,106)
Gain on realisation of investments <sup>2</sup>	1,382
Change in fair value in period	(3,564)
<b>Valuation at 31 December 2024</b>	<b>26,769</b>
Book cost at 31 December 2024	30,295
Cumulative revaluation at 31 December 2024	(3,526)
<b>Valuation at 31 December 2024</b>	<b>26,769</b>

1. Proceeds from exits made during the accounting period. Total proceeds realised from exits during the year amounted to £4.1 million. This includes £3.1 million in cash proceeds received upon exit (as presented in the Cash Flow Statement) and £1 million of proceeds deferred to future years.

2. Deferred proceeds have been revalued at year-end and have been netted against the (loss)/gain on disposal of investments.

The investment portfolio is managed with capital growth as the primary focus.

The sensitivity of these valuations to a reasonable possible change in such assumptions is given in Note 15.

### Exits

Name of company	Investment theme	Year of first investment	Total cost £m	Valuation as at 30 June 2023 £m	Acquirer	Date of exit
Perk Finance S.L. (trading as Cobee) <sup>1</sup>	Empowering people	Nov-22	2.6	2.5	Pluxee	Sep-24
Neat SAS <sup>1</sup>	Building a sustainable planet	Nov-22	0.2 <sup>2</sup>	0.2	Secondaries	Oct-24

1. This company has also been invested in by other funds managed by Octopus.

2. Partial disposal.

The company received £4.1 million (2023: £nil) from investments sold in the year. The book cost of these investments when they were purchased was £2.8 million (2023: £nil). 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.

## 10. Debtors

	31 December 2024 £'000	30 June 2023 £'000
Deferred Consideration (current) <sup>1</sup>	590	—
Deferred Consideration (non-current) <sup>2</sup>	370	—
Prepayments	40	292
Accrued income	80	74
Trade debtors	41	—
Other debtors <sup>3</sup>	45	13
<b>Total</b>	<b>1,166</b>	<b>379</b>

1. Proceeds on exits made during the period for which the disposal proceeds have not been received by the end of the 18-month period but will be received within the next 12 months.

2. Proceeds on exits made during the period for which the disposal proceeds have not been received by the end of the 18-month period and will be received after the next 12 months.

3. Other debtors for the period relates to a refund expected from LSE on fundraise.

# Notes to the financial statements → continued

## 11. Current asset investments

	31 December 2024 £'000	30 June 2023 £'000
Money market funds	19,972	20,140
<b>Total</b>	<b>19,972</b>	<b>20,140</b>

The current asset investments consists of money market funds and are readily convertible into cash at the option of Future Generations VCT. The current asset investments are actively managed and the performance is evaluated in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board. Money market funds held at the end of the period sit within Level 1 of the fair value hierarchy for the purposes of FRS 102, as set out in Note 9.

## 12. Current liabilities

	31 December 2024 £'000	30 June 2023 £'000
Applications cash <sup>1</sup>	100	370
Trade creditors	—	5
Other creditors <sup>2</sup>	13	13
Accruals	83	130
<b>Total</b>	<b>196</b>	<b>518</b>

1. Applications cash is cash received from investors to Future Generations VCT but not yet allotted. The movement in the applications cash creditor is reflected in the cash flow statement as application inflows not yet allotted.

2. Other creditors consists of 50,000 redeemable preference shares which were allotted and issued to Octopus Investments Limited on 17 December 2021.

## 13. Share capital

	31 December 2024 £'000	30 June 2023 £'000
Allotted and fully paid up: 53,941,104 (2023: 48,138,337) Ordinary shares of 0.1p	<b>53,941</b>	48,138

The capital of Future Generations VCT is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on pages 11 and 12. Future Generations VCT is not subject to any externally imposed capital requirements.

Capital is defined as shareholders' funds, and Future Generations VCT's financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. Future Generations VCT currently has no borrowings nor does it anticipate that it will enter into any borrowing facilities in the future to fund the acquisition of investments.

The Board considers the distributable reserves and the total return for the period when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 14.99% of the issued Ordinary share capital of Future Generations VCT as at the date of the AGM for the period to the next AGM in accordance with Special Resolution 10 in order to maintain sufficient liquidity in Future Generations VCT's shares.

Capital management is monitored and controlled using the internal control procedures set out on pages 51 and 52 of this report. The capital being managed includes equity, cash balances and liquid resources including debtors and creditors.

0.1p Ordinary shares	31 December 2024	30 June 2023
Brought forward	<b>48,138,337</b>	32,569,178
Shares issued – fundraise	<b>5,802,767</b>	15,569,159
Shares issued – subscriber	—	—
<b>Carried forward</b>	<b>53,941,104</b>	48,138,337

Each share has full voting, dividend and capital distribution rights.

During the period 5,802,767 shares were issued at an average price of 94.4p per share: 2,027,485 Ordinary shares under the offer launched on 31 January 2023 and 3,775,282 Ordinary shares under the offer launched on 31 January 2024. The gross consideration received for these shares was £6 million (£5 million net of fees).

# Notes to the financial statements → continued

## 14. Reserves

When Future Generations VCT revalues its investments during the period and at the period end, any gains or losses arising are credited or charged to the Income Statement. Unrealised gains/losses are then transferred to the 'capital reserve unrealised'. When an investment is sold, any balance held on the 'capital reserve unrealised' is transferred to the 'capital reserve realised' as a movement in reserves.

Reserves available for potential distribution by way of a dividend are:

	31 December 2024 £'000	30 June 2023 £'000
Opening balance	(1,094)	(321)
Movement in period	(2,891)	(773)
<b>Carried forward</b>	<b>(3,985)</b>	<b>(1,094)</b>

There are no reserves available for distribution as the balance is below zero, which is not unexpected at this point in Future Generations VCT's development.

## 15. Financial instruments and risk management

Future Generations VCT's financial instruments comprise equity, cash balances and liquid resources including debtors and creditors. Future Generations VCT holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying unquoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

### Classification of financial instruments

Future Generations VCT held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2024:

	31 December 2024 £'000	30 June 2023 £'000
<b>Financial assets held at fair value through profit or loss</b>		
Fixed asset investments	26,769	24,895
Money market funds	19,972	20,140
<b>Total</b>	<b>46,741</b>	<b>45,035</b>
<b>Financial assets at amortised cost</b>		
Applications cash <sup>1</sup>	100	370
Cash at bank	112	152
Debtors	1,166	379
<b>Total</b>	<b>1,378</b>	<b>901</b>
<b>Financial liabilities at amortised cost</b>		
Creditors	96	148
Unallotted cash <sup>1</sup>	100	370
<b>Total</b>	<b>196</b>	<b>518</b>

1. Applications cash and unallotted cash is cash received from investors by Future Generations VCT but not yet allotted.

Fixed asset investments (see Note 9) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with IPEV guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of these assets held at the period end is equal to their book value.



# Notes to the financial statements → continued

## 15. Financial instruments and risk management continued

In carrying on its investment activities, Future Generations VCT is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing Future Generations VCT are market risk, credit risk and liquidity risk. Future Generations VCT's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

### Market risk

Future Generations VCT's strategy for managing investment risk is determined with regard to Future Generations VCT's long-term objective, as outlined on page 11 and 12. The management of market risk is part of the investment management process and is a central feature of venture capital investment. Future Generations VCT's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance Report on pages 44 and 45, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of Future Generations VCT's assets is regularly monitored by the Board.

Details of Future Generations VCT's investment portfolio at the balance sheet date are set out on page 89 and 90.

56% by value of Future Generations VCT's net assets (100% of invested portfolio) comprises investments in unquoted companies held at fair value. Whilst a variety of valuation methodologies were considered for the valuation of the Future Generations VCT, the portfolio has predominantly been valued using PRI or a milestone approach. The milestone approach is used when a company has nil or nascent revenue making a market (revenue multiple) approach inappropriate. The milestone adjustment is applied to PRI in 25% increments (both positive and negative) based on a qualitative assessment. An increase in the milestone adjustment of 25% would increase the net asset value by £1.4 million (3%). Conversely, a decrease in the milestone adjustment of 25% would decrease the net asset value by £1.4 million (3%).

### Market risk continued

Only three investments valued using either a revenue multiple or calibration of PRI. Consequently, portfolio valuations are less sensitive to market movements. However, market sensitivities will become more relevant in future periods as the portfolio matures and alternative valuation methodologies are adopted. A 10% overall decrease in the valuation of the unquoted investments at 31 December 2024 would have decreased net assets by £2.7 million (6% of net assets) and an equivalent change in the opposite direction would have increased net assets by the same amount.

11% of the invested portfolio's assets are exposed to USD (6% of net assets), along with 14% exposed to EUR (8% of net assets), 1% is exposed to more than one foreign currency, with the remaining amount denominated in GBP. Overall, this results in £6.6 million of the portfolio exposed to foreign currencies, or 14% of net assets. An increase in the rate of 10% would decrease the net assets by £0.8 million (2% of net assets) with the equivalent change in the opposite direction. The 10% sensitivity used provides the most meaningful impact of average foreign exchange rate changes across the portfolio.

### Interest rate risk

Some of Future Generation's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, Future Generations is exposed to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Future Generations VCT's floating rate investments comprise interest-bearing money market funds as at 31 December 2024. Cash held at bank earns no interest due to the HMRC VCT rule which prohibits a VCT from earning more than 30% of its income in non-VCT qualifying income. The benchmark rate which determines the rate of interest receivable on Future Generations VCT's money market investment is the Bank of England base rate, which was 4.75% at 31 December 2024 (31 December 2023: 5.25%). The amounts held in floating rate investments at the balance sheet date were as follows:

	31 December 2024 £'000	30 June 2023 £'000
Money market funds	19,972	20,140
<b>Total</b>	<b>19,972</b>	<b>20,140</b>

A 1% increase in the base rate would increase income receivable from these investments and the net assets for the period by £200,000 (2023: £201,000).

# Notes to the financial statements → continued

## 15. Financial instruments and risk management continued

### Credit risk

There were no significant concentrations of credit risk to counterparties at 31 December 2024 (2023: none).

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with Future Generations VCT. The Portfolio Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 31 December 2024, Future Generations VCT's financial assets exposed to credit risk comprised the following:

	31 December 2024 £'000	30 June 2023 £'000
Cash at bank	112	152
Money market funds	19,972	20,140
Applications cash	100	370
<b>Total</b>	<b>20,184</b>	<b>20,662</b>

Credit risk relating to listed money market funds is mitigated by investing in a portfolio of investment instruments of high credit quality, comprising securities issued by major UK companies and institutions. Credit risk relating to loans to and preference shares in unquoted companies is considered to be part of market risk.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

Future Generations VCT's deposit and current accounts are maintained with HSBC Bank plc. The Portfolio Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Should the credit quality or the financial position of HSBC deteriorate significantly, the Portfolio Manager will move the cash holdings to another bank.

### Liquidity risk

Future Generations VCT's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. As a result, Future Generations VCT may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer. Listed money market funds are considered to be readily realisable as they are of high credit quality as outlined above.

Future Generations VCT's liquidity risk is managed on a continuing basis by the Portfolio Manager in accordance with policies and procedures laid down by the Board. Future Generations VCT's overall liquidity risks are monitored on a quarterly basis by the Board. The Company has no debt, therefore no maturity analysis is required.

Future Generations VCT maintains sufficient resources in cash to pay accounts payable and accrued expenses. At 31 December 2024 these resources were valued at £20,084,000 (2023: £20,292,000).

## 16. Post balance sheet events

The following events occurred between the balance sheet date and the signing of these financial statements:

- 1 new investments completed totalling £0.4 million and 3 follow-on investment completed totalling £2 million

## 17. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments as at 31 December 2024 (2023: £nil).

## 18. Transactions with the Manager and Portfolio Manager

Future Generations VCT is classified as a full-scope Alternative Investment Fund under the Alternative Investment Fund Management Directive (the 'AIFM Directive'). Future Generations VCT has appointed Octopus AIF Management Limited to provide the services of an AIFM of a full-scope AIF. In accordance with its power to do so under AIFMD, Octopus AIF Management Limited has delegated investment management to Octopus Investments Limited, whilst retaining the obligations of a risk manager.

# Notes to the financial statements → continued

## 18. Transactions with the Manager and Portfolio Manager continued

Future Generations VCT paid Octopus AIF Management Limited £1,380,000 (2023: £696,000) in the period as a management fee, after applying a rebate to maintain the total ongoing charges below the 3% cap. The annual management charge (AMC) is based on 2% of Future Generations VCT's NAV. The AMC is payable quarterly in advance and calculated using the latest published NAV of Future Generations VCT and the number of shares in issue at each quarter end. Once the quarter has ended, an adjustment will be made if the NAV at the end of the current quarter is calculated and which differs from the NAV as at the end of the previous quarter. The Manager will donate 10% of the management fee to the Octopus Giving Charitable Foundation, which was set up in 2014 to help charities make the world a better place and which, since inception, has donated more than £1 million to such worthy causes.

Octopus also provides Non-Investment Services to Future Generations VCT, payable quarterly in advance. The fee is 0.3% of Future Generations VCT's NAV, calculated at quarterly intervals. The NISA fee is calculated using the latest published NAV of Future Generations VCT and the number of shares in issue at each quarter end. As with the AMC, an adjustment will be made once the quarter has ended if the NAV at the end of the current quarter is calculated and which differs from the NAV as at the end of the previous quarter. During the period £213,000 (2023: £122,000) was paid to Octopus for Non-Investment Services. In addition, Octopus is entitled to performance-related incentive fees, subject to Future Generations VCT's total return at year end exceeding the total return at the previous year end when an incentive fee was paid, or 97p if the first incentive fee has not yet been paid (the 'Excess'), equal to 20% of the Excess. No performance fee will be paid prior to the financial year ending on 31 December 2025, dividends (paid or declared) being equal to or greater than 10p per Ordinary share and the total return exceeding 120p.

The cap relating to Future Generations VCT's total expense ratio, that is the regular, recurring costs of Future Generations VCT expressed as a percentage of its NAV, above which Octopus has agreed to pay, is 3.0%, and is calculated in accordance with the AIC Guidelines.

### Octopus AIF Management Limited remuneration disclosures (unaudited)

Quantitative remuneration disclosures required to be made in this annual report in accordance with the FCA Handbook FUND 3.3.5 are available on the website:

<https://www.octopusinvestments.com/remuneration-disclosures/>.

## 19. Related party transactions

Several members of the Octopus investment team hold non-executive directorships as part of their monitoring roles in Future Generations VCT's portfolio companies, but they have no controlling interests in those companies.

Emma Davies, a Non-Executive Director of Future Generations VCT, previously held the role of co-CEO of Octopus Ventures and she also holds shares in Octopus Capital Ltd. On 24 March 2023, Emma Davies ceased to be employed by Octopus Capital Limited and therefore she is no longer considered a related party. Emma retired as a Non-Executive Director of Future Generations VCT on 31 March 2024. No dividends have been paid to the Directors of Future Generations VCT in the period (2023: £nil).

Details of the Directors and their remuneration can be found in the Directors' Remuneration Report on pages 54 to 56.

## 20. Voting rights and equity management of top 10 investments

Investments	% equity held by Future Generations
HelloSelf Limited	4.1%
Remofirst, Inc.	1.4%
Infinitopes Ltd	4.4%
Neat SAS	1.8%
TYTN Ltd (t/a TitanML)	3.0%
Apheris AI GmbH	3.4%
Menwell Limited (t/a Manual)	0.4%
Mr & Mrs Oliver Ltd (t/a Skin + Me)	0.6%
Intrinsic Semiconductor Technologies Ltd	5.0%
CoMind Technologies Ltd	1.4%

# Investment portfolio

Fixed asset investments	Theme	Investment cost as at 31 December 2024 (£'000)	Amount invested in the 18 months to 31 December 2024 (£'000)
Apheris AI GmbH	Empowering people	1,484	239
Awell Health BV	Revitalising healthcare	242	242
Bloom! Meemo Media, Inc.	Empowering people	642	0
CellVoyant Technology Ltd	Revitalising healthcare	581	581
CoMind Technologies Ltd	Revitalising healthcare	796	796
Correcto ESP, S.L.	Empowering people	387	0
Drift Energy Ltd	Building a sustainable planet	435	435
Elo Health, Inc.	Revitalising healthcare	1,257	0
ExpressionEdits Ltd	Revitalising healthcare	571	571
HelloSelf Limited	Revitalising healthcare	2,551	0
InfiniTopes Ltd	Revitalising healthcare	1,611	0
Inflow Holdings Inc.	Revitalising healthcare	1,012	0
Intrinsic Semiconductor Technologies Ltd	Empowering people	880	0
Kita Earth Ltd	Building a sustainable planet	691	0
LabGenius Ltd	Revitalising healthcare	605	605
Little Journey Ltd	Revitalising healthcare	627	250
Living Optics Ltd	Empowering People	858	0
Manwell Limited	Revitalising healthcare	870	870
Metris Energy, Inc.	Building a sustainable planet	102	102
Mr & Mrs Oliver Ltd (t/a Skin + Me)	Revitalising healthcare	991	0
Nanosynrx Ltd	Revitalising healthcare	420	420
Neat SAS	Building a sustainable planet	574	0
Oto Health Inc.	Revitalising healthcare	289	0
Ourotech Ltd (t/a Pear Bio)	Revitalising healthcare	2,014	0
Pencil Biosciences Ltd	Revitalising healthcare	218	218

# Investment portfolio → continued

Fixed asset investments	Theme	Investment cost as at 31 December 2024 (£'000)	Amount invested in the 18 months to 31 December 2024 (£'000)
Perci Health Ltd	Revitalising healthcare	578	0
Phlux Technology Ltd	Empowering people	503	0
Pivotal Future Ltd	Building a sustainable planet	767	0
Purrafinity Ltd	Building a sustainable planet	507	32
Remofirst, Inc.	Empowering people	1,161	1161
Secfix GmbH	Empowering people	543	0
Swiipr Technologies Ltd	Empowering people	609	609
Tympa Health Technologies Ltd	Revitalising healthcare	3,717	1031
TYTN Ltd (t/a TitanML)	Building a sustainable planet	451	0
Ufonia Ltd	Revitalising healthcare	374	0
Vypercore Ltd	Empowering people	377	0
		<b>30,295</b>	<b>8,162</b>

# Shareholder information and contact details

Future Generations VCT was incorporated on 17 November 2021, with over £32.1 million in aggregate (£31.6 million net of expenses) raised through an offer for subscription during the period to 30 June 2022. A further £15.2 million (£14.9 million net of expenses) was raised through an offer for subscription during the period to 30 June 2023.

Further details of Future Generations VCT's progress are discussed in the Chair's Statement and Portfolio Manager's Review on pages 2 and 3 and 15 to 27 respectively.

## Venture Capital Trusts (VCTs)

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% upfront income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

The principal activity of Future Generations VCT is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long term as well as an attractive tax-free dividend stream. Future Generations VCT has been granted full approval as a VCT by HM Revenue and Customs HMRC.

In order to maintain its approval, Future Generations VCT must comply with certain requirements on a continuing basis, including the provisions of Chapter 3 of the Income Tax Act 2007, in particular s280A:

- no single investment made can exceed 15% of Future Generations VCT's total value; and
- a minimum of 10% of each qualifying investment must be in Ordinary shares with no preferential rights.

The below requirements will apply once Future Generations VCT has passed through three accounting periods:

- at least 80% of its investments must comprise 'qualifying holdings'<sup>1</sup> (as defined in the legislation); and
- at least 70% of the 80% of qualifying holdings must be invested in Ordinary shares with no preferential rights.

1. A 'qualifying holding' consists of up to £5 million (£10 million for knowledge-intensive companies) invested in any one year in new shares or securities in an unquoted company (or companies quoted on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

## Share price

Future Generations VCT's share price can be found on various financial websites including [www.londonstockexchange.com](http://www.londonstockexchange.com), with the following TIDM/EPIC code:

	Ordinary shares
TIDM/EPIC code	OFG
Latest share price 25 April 2025	84.50p

## Buying and selling shares

Future Generations VCT's Ordinary shares can be bought and sold via a stockbroker in the same way as any other company quoted on the London Stock Exchange. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

## Buyback of shares

Future Generations VCT operates a policy of buying its own shares for cancellation as they become available, and envisages that purchases will be made at no greater than a 5% discount to the prevailing NAV. Future Generations VCT is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares, please contact Octopus Investments who can talk to you about the options available. They will also be able to provide details of closed periods (when Future Generations VCT is prohibited from buying shares) and details of the price at which it has been bought, and can be contacted as follows:

Octopus Client Relations Team    0800 316 2295  
[investorsupport@octopusinvestments.com](mailto:investorsupport@octopusinvestments.com)

If you are considering trading on the secondary market or would like to talk directly to Future Generations VCT's corporate broker, Panmure Liberum (UK) Limited ('Panmure'), they can be contacted as follows:

Chris Lloyd    020 7886 2716    [chris.lloyd@panmureliberum.com](mailto:chris.lloyd@panmureliberum.com)  
Paul Nolan    020 7886 2717    [paul.nolan@panmureliberum.com](mailto:paul.nolan@panmureliberum.com)

# Shareholder information and contact details → continued

## Secondary market

UK income tax payers, aged 18 or over, can purchase shares in the secondary market and benefit from:

- tax-free dividends;
- realised gains not being subject to capital gains tax (although any realised losses are not allowable);
- no minimum holding period; and
- no need to include VCT dividends in annual tax returns.

The UK tax treatment of VCTs is on a first in and first out basis and so tax advice should be obtained before shareholders dispose of their shares.

Whilst there is no specific limit on the amount of an individual's acquisition of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year do not exceed £200,000. Qualifying investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

## Notification of change of address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment, this should be notified to Future Generations VCT's registrar, Computershare, under the signature of the registered holder or via the Computershare Investor Centre at: [www-uk.computershare.com/investor/](http://www-uk.computershare.com/investor/). Computershare's contact details are provided on the inside back cover.

## Other information for shareholders

Shareholders can obtain a full copy of Future Generations VCT's annual report on the Octopus website at [www.octopusinvestments.com/futuregenvct/](http://www.octopusinvestments.com/futuregenvct/).

All other statutory information can also be found here.

## Electronic communications

All Future Generations VCT's reports, accounts and other correspondence are published electronically. If you opt into receiving paper copies, we would encourage you to consider switching to e-communications as this cuts the cost of printing and reduces the impact on the environment. To do so, please contact Octopus on **0800 316 2295** or Computershare on **0370 707 1003**. Alternatively, you can sign up to receive e-communications via the Computershare Investor Centre at: [www-uk.computershare.com/investor/](http://www-uk.computershare.com/investor/).

## Warning to shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas-based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offer to buy shares at a discount, or offer for free company reports.

Please note that it is very unlikely that either Octopus or Future Generations VCT's registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the authenticity of an unsolicited phone call, please call Octopus on **0800 316 2295**.

The Financial Conduct Authority has also issued guidelines on how to avoid share fraud and further information can be found on their website:

[www.fca.org.uk/scamsmart/share-bond-boiler-room-scams](http://www.fca.org.uk/scamsmart/share-bond-boiler-room-scams).

You can report any share fraud to them by calling **0800 111 6768**.



# Glossary of terms

## Alternative performance measure (APM)

A financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. These APMs will help shareholders to understand and assess Future Generations VCT's progress. A number of terms within this glossary have been identified as APMs.

## Money Market Fund (MMF):

A mutual fund that invests in highly liquid, short term investments. These instruments include cash, cash equivalent securities, and high credit rating debt based securities with a short term maturity. They are intended to offer investors high liquidity with a low level of risk.

## Net asset value or NAV

The value of Future Generations VCT's total assets less liabilities. It is equal to the total shareholders' funds.

## Net asset value per share or NAV per share

The NAV per share of Future Generations VCT is the sum of the underlying assets less the liabilities of Future Generations VCT divided by the total number of shares in issue.

## Ongoing charges ratio (APM)

The ongoing charges ratio has been calculated using the AIC recommended methodology and excludes irrecoverable VAT, exceptional costs and trail commission. The figure shows the annual percentage reduction in shareholder returns as a result of recurring operational expenses. It informs shareholders of the likely costs that will be incurred in managing Future Generations VCT in the future.

This is calculated by dividing the ongoing expenses, which includes the annualised amount of the expenses listed out in Note 4 on page 78 but excludes irrecoverable VAT, exceptional costs and trail commission, by the average net assets in the period.

## Total return per share (APM)

Total return is calculated as movement in NAV per share in the period plus dividends paid in the period. Total return on the NAV per share enables shareholders to evaluate more clearly the performance of Future Generations VCT, as it reflects the underlying value of the portfolio at the reporting date.

## Total return % (APM)

Total return % is calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period. Total return % on the NAV per share enables shareholders to evaluate more clearly the performance of Future Generations VCT, as it reflects the underlying value of the portfolio at the reporting date.

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Octopus Future Generations VCT plc will be held at 33 Holborn, London, EC1N 2HT on 4 June 2025 at 10am for the purposes of considering, and if thought fit, passing the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9 to 12 will be proposed as Special Resolutions:

## Ordinary business

1. To receive and adopt the annual report and the audited financial statements for the period ended 31 December 2024.
2. To approve the Directors' Remuneration Report.
3. To re-elect Helen Sinclair as a Director.
4. To re-elect Joanna Santinon as a Director.
5. To re-elect Ajay Chowdhury as a Director.
6. To re-appoint BDO LLP as auditor of the Company and to authorise the Audit Committee to determine its remuneration.

## Special business

To consider and if thought fit, pass Resolutions 7 to 9 as Ordinary Resolutions and Resolutions 10 to 12 as Special Resolutions:

7. Dividend Reinvestment Scheme

THAT, in accordance with article 147 of the Company's articles of association, the Directors of the Company be and hereby authorised to offer holders of Ordinary Shares the right to elect to receive Ordinary Shares, created as fully paid, instead of the whole (or some part to be determined by the Board) of any dividend declared on the period commencing on the date of this resolution and ending on the fifth anniversary of this resolution pursuant to the Company's Dividend Reinvestment Scheme.

8. Authority to allot relevant securities

THAT the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot up to a maximum of 71,409,748 Ordinary shares in the Company ('Shares') (representing approximately 120% of the Shares in issue as at the date of this Notice), provided that the authority conferred by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution or, if earlier, at the conclusion of the Company's next AGM following the passing of this Resolution save that this authority shall allow the Company to make, before the expiry of this authority, any offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry and the Directors may allot Shares in pursuance of any such offer or agreement notwithstanding the expiry of such authority

9. Authority to allot relevant securities under the DRIS

THAT, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot shares in the Company up to a nominal amount of £2,975 in connection with the Company's Dividend Reinvestment Scheme (representing approximately 5% of the Shares in issue as at the date of this Notice), provided that the authority conferred by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution or, if earlier, the conclusion of the Company's next AGM following the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting) save that this authority shall allow the Company to make, before the expiry of this authority, any offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry and the Directors may allot Shares in pursuance of any such offer or agreement notwithstanding the expiry of such authority.

# Notice of Annual General Meeting → continued

## Special business continued

### 10. Empowerment to make allotments of equity securities

THAT conditional upon the passing of Resolution 8 above the Directors of the Company be and hereby are empowered pursuant to Section 571 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority granted by Resolution 8 above, as if Section 561 of the Act did not apply to any such allotment and so that: (a) reference to allotment of equity securities in this Resolution shall be construed in accordance with Section 560(2) of the Act; and (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power. The power provided by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution or, if earlier, the conclusion of the Company's next AGM following the passing of this Resolution.

### 11. Empowerment to make allotments of equity securities under the DRIS

THAT, conditional upon the passing of Resolution 9 above and in addition to existing authorities, the Directors of the Company be and are hereby empowered pursuant to Section 571 of the Act to allot or make offers or agreements to allot equity securities (as defined in Section 560(1) of the said Act) for cash pursuant to the authority granted by Resolution 9 above, as if Section 561 of the Act did not apply to any such allotment and so that:

- reference to allotment of equity securities in this Resolution shall be construed in accordance with Section 560(2) of the Act; and
- the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power.

The power provided by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution or, if earlier, the conclusion of the Company's next AGM following the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

### 12. Authority to make market purchases

THAT the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 693(4) of the Act) of Shares of 0.1p each in the Company provided that:

- (a) the maximum number of Shares so authorised to be purchased shall not exceed 8,920,268 Shares, representing approximately 14.99% of the present issued share capital as at the date of this Notice;
- (b) the minimum price which may be paid for a Share shall be its nominal value;
- (c) the maximum price, exclusive of expenses, which may be paid for a Share is an amount equal to the higher of: (i) 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;
- (d) the authority conferred by this Resolution shall (unless previously renewed, varied or revoked in general meeting) expire on the date falling 15 months after the passing of this Resolution or, if earlier, at the conclusion of the Company's next AGM following the passing of this Resolution; and
- (e) the Company may enter into a contract to purchase its Shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of this authority and the Company may make a purchase of its Shares in pursuance of any such contract.

By Order of the Board



**Helen Sinclair**

Chair

28 April 2025

# Notice of Annual General Meeting → continued

## Notes:

- (a) A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.
- (b) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

- (c) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrar of the Company, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or alternatively, you may register your proxy electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), in each case, so as to be received by no later than 48 hours (excluding non-working days) before the time the AGM is scheduled to begin. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form.

Appointment of a proxy, or any CREST proxy instruction (as described in paragraph (d) below) will not preclude a member from subsequently attending and voting at the meeting should he or she choose to do so. This is the only acceptable means by which proxy instructions may be submitted electronically.

- (d) 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 the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) 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 time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should contact their CREST sponsor or voting service provider(s) 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.

- (e) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person') should be aware that the provisions in Notes (a) and (b) 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 a 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 an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- (f) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting, although no answer need be given: (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

Questions from our shareholders in relation to the AGM can be sent via email to [FGAGM@octopusinvestments.com](mailto:FGAGM@octopusinvestments.com). The Company may, however, elect to provide answers to questions raised within a reasonable period of days after the conclusion of the AGM.

- (g) Members satisfying the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

# Notice of Annual General Meeting → continued

(h) 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 matters (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:

- (i) (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);
- (ii) it is defamatory of any person; or
- (iii) 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, must be received by the Company not later than six weeks before the meeting, 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.

- (i) A copy of the Notice of AGM and the information required by Section 311A of the Companies Act 2006 is included on the Company's website, [www.octopusinvestments.com/futuregenvct/](http://www.octopusinvestments.com/futuregenvct/). Copies of the Directors' letters of appointment, the Register of Directors Interests in the Ordinary shares of the Company kept in accordance with the UK Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this Notice until the AGM, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

- (j) As at 25 April 2025 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 59,508,123 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 25 April 2025 are 59,508,123.

# Directors and advisers

## Board of Directors

Helen Sinclair (Chair)  
Joanna Santinon  
Ajay Chowdhury

## Company Number

Registered in England and Wales  
No. 13750143

## Secretary and Registered Office

Octopus Company Secretarial Services Limited  
6th Floor  
33 Holborn  
London  
EC1N 2HT

## Portfolio Manager

Octopus Investments Limited  
33 Holborn  
London  
EC1N 2HT  
Tel: 0800 316 2295

[www.octopusinvestments.com](http://www.octopusinvestments.com)

## Manager

Octopus AIF Management Limited  
33 Holborn  
London  
EC1N 2HT  
Tel: 0800 316 2295

[www.octopusinvestments.com](http://www.octopusinvestments.com)

## Legal Entity Identifier (LEI)

213800AL71Z7N2O58N66

## Corporate Broker

Panmure Liberum Limited  
Ropemaker Place, Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY  
Tel: 020 3100 2022

## Independent Auditor

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## Tax Adviser

James Cowper Kreston  
Reading Bridge House  
George Street  
Reading  
Berkshire  
RG1 8LS

## VCT Status Adviser

Shoosmiths LLP  
Apex Plaza  
Forbury Road  
Reading  
RG1 1SH

## Bankers

HSBC Bank plc  
31 Holborn  
London  
EC1N 2HR

## Depository

Thompson Taraz Depository Limited  
(until 30 September 2024)  
47 Park Lane  
London  
W1K 1PR

NatWest Trustee and Depository Services Limited  
(from 30 September 2024)  
250 Bishopsgate  
London  
EC2M 4AA

## Registrar

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 6ZZ  
Tel: 0370 707 1003

(Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.)

[www.computershare.com/uk](http://www.computershare.com/uk)

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