Octopus AIM VCT plc

Annual report and accounts for the year ended 28 February 2025

Company number: 03477519

For UK investors only

octopus investments

Octopus AIM VCT plc (the 'Company') is a Venture Capital Trust (VCT) which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predominantly AIM-traded companies. The Company is managed by Octopus Investments Limited ('Octopus' or the 'Investment Manager').

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Financial summary

	Year to 28 February 2025	Year to 29 February 2024
Net assets (£'000)	**115,383**	129,109
Loss after tax (£'000)	**(6,079)**	(17,734)
Net asset value (NAV) per share (p)[1]	**50.6**	63.3
Dividends per share paid in year (p)	**9.9**	5.0
Total return (%)[2]	**(4.4)**	(13.0)
Final dividend proposed (p)[3]	**2.5**	2.5
Special dividend proposed (p)	**–**	4.9
Ongoing charges (%)[4]	**2.3**	2.1

[1]NAV per share is calculated on the underlying assets less liabilities of the Company divided by the number of shares, refer to page 23 for commentary on the movement.

[2]Total return is an alternative performance measure 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.

[3]Subject to shareholder approval at the Annual General Meeting, the proposed final dividend will be paid on 28 August 2025 to shareholders on the register on 1 August 2025.

[4]Ongoing charges is an alternative performance measure calculated using the AIC recommended methodology, refer to page 24 for commentary on the movement.

Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of Terms on page 75.

Key dates

Annual General Meeting	23 July 2025
Final dividend payment date	28 August 2025
Half-yearly results to 31 August 2025 published	November 2025
Annual results to 28 February 2026 published	June 2026

Chair's statement

Introduction

Firstly, I would like to welcome all new shareholders who have joined us in the past year.

The year ended 28 February 2025 was a tale of two halves for investors in smaller companies. In the first half of the year, the FTSE AIM Index delivered positive returns of 5.8% as growth in the UK economy exceeded expectations, supporting a more buoyant market for secondary fundraisings and IPO activity than had been the case for quite a while. The returns in the second half were marred by policy uncertainty surrounding the new UK Government's growth agenda. Announcements including cuts to Inheritance Tax relief on AIM shares cast a shadow on both market activity and investor sentiment which frustratingly resulted in a reversal of performance with the FTSE AIM Index delivering a negative return of 2.6% for the full year.

The change in administration at the White House early in the new year triggered a decline in global market confidence, as investors anticipated policy uncertainty under the Trump Administration. Since our year-end developments including the US 'Liberation Day' announcement of US tariffs and subsequent pauses and reversals in these policies have heightened market uncertainty, dampening investor confidence. This persistent volatility has become a defining feature of the current market environment. These concerns reflect broader fears of an economic slowdown, with the full extent of the impact on the UK economy still unclear as trade negotiations continue.

For 2025 the Office for Budget Responsibility is forecasting a modest increase in UK GDP of around 1%, roughly half of the 2% growth anticipated at the end of 2024. Inflation is expected to average approximately 3% which, coupled with this subdued growth, suggests that the pace of interest rate cuts will be slower than previously anticipated. In the context of low UK equity valuations this gradual easing could act as a meaningful positive catalyst for UK equities and help restore some market confidence.

It is pleasing to report that despite these background challenges, opportunities to invest in innovative, growth-oriented companies persisted. During the year under review, the AIM market raised £2 billion for new and existing companies, up from £1.7 billion the previous year. A significant part of this capital (£1.6 billion) was raised by existing AIM companies seeking additional funding. The Investment Manager deployed £7.3 million into qualifying companies, slightly down from £7.7 million the prior year, and is confident that there will continue to be sufficient opportunities to invest our funds in good companies seeking more growth capital at attractive valuations.

Performance

Amidst this backdrop of economic, market, political, and geopolitical uncertainty, the year to 28 February 2025 proved challenging for the fund. The NAV on 28 February 2025 was 50.6p per share, a decrease on the NAV of 63.3p per share reported at 29 February 2024. Adding back the 9.9p of dividends paid in the year gives a total negative return of 4.4%. In the same year, the FTSE AIM Index fell by 2.6%, the FTSE SmallCap (excluding investment companies) Index rose by 10.7% and the FTSE All-Share Index rose by 18.4%, all on a total return basis.

The AIM market's underperformance compared to other UK indices over the past three years underscores investors' aversion to risk during periods of market instability and equity outflows. Investors have preferred larger more defensive companies in traditional liquid sectors, rather than significant exposure to new technology, healthcare and biotech growth stocks (sectors that form a large part of your portfolio's investments). Venture Capital Trusts (VCTs) face additional investment restrictions and must ensure they are invested in qualifying stocks. The FTSE AIM Index, while not a perfect replica, remains the most appropriate broad equity benchmark for comparison due to the nature of its underlying holdings. The FTSE SmallCap and All-Share indices provide a broader market context.

Dividends

In January 2025 an interim dividend for the year to 28 February 2025 of 2.5p was paid to all shareholders. This was in addition to the 2.5p final dividend and 4.9p special dividend that had been paid in August 2024 which related to the previous financial year ended 29 February 2024. The Board is recommending a final dividend of 2.5p, resulting in a total dividend of 5.0p in respect of the year. There is no special dividend this year as no material profits have been generated on disposals during the year. The total dividend of 5.0p represents 10.5% of the year-end share price of 47.8p. This is in line with our policy of paying a minimum annual dividend of 5.0p per share or a 5% yield based on the year-end share price, whichever is the greater.

Board changes

As mentioned in last year's Annual Report, Louise Nash joined the Board on 1 July 2024, and Stephen Hazell-Smith stepped down from the Board at last year's AGM on 18 July 2024.

Having been on the Board for nearly nine years, and Chair since 2021, it is my intention to step down from the Board with effect from this year's Annual General Meeting on 23 July 2025, and accordingly I will not be offering myself for re-election. I am pleased to report that Joanne Parfrey, who has been a member of the Board since 2016, will be taking over as Chair with effect from the AGM.

The Board is currently conducting a recruitment process, with the assistance of an external recruitment firm, Nurole Ltd, to appoint a further director of the Company in due course.

Cancellation of share premium account

At the last Annual General Meeting, shareholders voted to cancel share premium to increase the pool of distributable reserves to the amount of £18.1 million. This is a regular occurrence, and common practice, to enable the continued payment of dividends and buyback of shares. A further resolution to cancel share premium is being proposed at this year's Annual General Meeting.

Dividend reinvestment scheme

In common with many other VCTs in the industry, the Company has established a Dividend Reinvestment Scheme (DRIS). Many shareholders have already taken advantage of this opportunity. For investors who do not require income, but value the additional tax relief on their reinvested dividends, this is an attractive scheme and I hope more shareholders will find it useful. In the course of the year 6,765,311 new shares have been issued under this scheme, returning £3.7 million to the Company. The final dividend referred to above will be eligible for the DRIS.

Share buybacks

During the year to 28 February 2025 the Company continued to buy back shares in the market from selling shareholders and purchased 6,705,585 ordinary shares for a total consideration of £3.7 million. We have maintained a discount of approximately 4.1% to NAV (equating to up to a 5.0% discount to the selling shareholder after costs), which the Board monitors and intends to retain as a policy which fairly balances the interests of both remaining and selling shareholders. Buybacks remain an essential practice for VCTs, as providing a means of selling is an important part of the initial investment decision and has enabled the Company to grow. As such, I hope you will all support the appropriate resolution at the AGM.

Share issues

On 23 September 2024, a prospectus offer was launched alongside Octopus AIM VCT 2 plc to raise a combined total of up to £20 million, with a £10 million over-allotment facility. In the period under review the Company raised £12.6 million after costs and issued a total of 24,270,651 shares. After the reporting period the offer closed fully subscribed on 27 March 2025.

VCT status

Shoosmiths LLP were engaged throughout the year to provide the Board and Investment Manager with advice concerning continuing compliance with HMRC regulations for VCTs. The Board has been advised that the Company is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT. A key requirement is to maintain at least an 80% qualifying investment level. As at 28 February 2025, 85.1% of the Company's portfolio was in VCT qualifying investments.

Annual General Meeting (AGM)

The AGM will take place on 23 July 2025 at 10.30am. Further information can be found in the Directors' Report and Notice of Annual General Meeting on pages 32 and 77, respectively. The Investment Manager will also give a live presentation to shareholders on the day of the AGM. This will enable shareholders to receive an update from the Investment Manager and provide an opportunity for questions to the Board and the Investment Manager. Formal notices will be sent to shareholders by their preferred method (email or post) and shareholders are encouraged to submit their votes by proxy. We always welcome questions from our shareholders at the AGM. Please send any questions via email to **AimAGM@octopusinvestments.com** by 5.00pm on 15 July 2025.

Outlook

After a prolonged period of underperformance, there are reasonable grounds for hoping that prospects for the AIM market should improve in the current financial year. Key potential drivers of improvement include regulatory reforms that facilitate investment, the recent Mansion House Accord which commits major pension providers to direct £25 billion into UK growth assets by 2030, the possible reform of VCT rules and a pipeline of IPOs and M&A activity expected to restore investor confidence. Additionally, anticipated interest rate cuts and government initiatives targeting innovation sectors such as technology, healthcare, and green energy are creating a more supportive environment. While geopolitical uncertainties persist, these combined factors position AIM for a potential rebound, which could offer attractive opportunities for growth-focused investors.

The portfolio contains 87 holdings across a range of sectors with exposure to some exciting new technologies in the environmental and healthcare sectors in particular. Many of these companies remain well funded, although the challenge of raising further capital in the current market environment cannot be dismissed. The balance of the portfolio towards profitable companies remains, and the Investment Manager remains confident that there will continue to be sufficient opportunities to invest our funds in good companies seeking more growth capital at attractive valuations.

N J Ransome

Neal Ransome
Chair
20 June 2025

Investment Manager's review

Introduction

The year ended 28 February 2025 began on a positive note. Economic uncertainty had eased, inflation approached target levels, and UK GDP growth figures were revised upwards, boosting optimism among economic commentators. Against this backdrop, the IPO market showed early signs of recovery, and secondary fundraisings had increased. Coupled with the first interest rate cut in four years during the summer, these developments restored much-needed confidence among UK investors that a sustained market recovery was imminent. Consequently, markets responded positively, with reduced volatility and company share prices reacting favourably to good news.

This positive trend continued through most of the first half of the year but was interrupted ahead of the new UK Government's Autumn Budget, which introduced significant reforms to Business Property Relief (BPR) affecting tax planning. The changes (notably the reduction of relief from 100% to 50% for shares listed on markets such as AIM), heightened investor uncertainty and sparked widespread concerns about the long-term implications for UK capital markets. In response, market participants (including the London Stock Exchange, investors, industry bodies and brokers), have actively engaged with the government, focusing not only on regulatory adjustments but also on anticipated pension reforms expected to transform investment in UK equities and these conversations are ongoing.

A stock market rally in December, coupled with a series of encouraging trading updates from companies in January, fostered optimism that 2025 would bring a more stable and supportive environment for UK equities. This initial momentum suggested a potential turnaround after a period of volatility, raising hopes among investors for sustained growth and improved market sentiment. However, the arrival of the new US administration and lingering uncertainty over the implementation of its policies have tempered global investor confidence. The administration's aggressive tariff regime introduces complex challenges, as the indirect consequences, such as disruptions to global supply chains and diminished business confidence. These are difficult to quantify but could materially affect global GDP growth, inflation trajectories, and interest rate policies.

Market commentators widely anticipate that these tariffs will act as a drag on global economic expansion, adding to a backdrop already marked by geopolitical tensions and uneven economic recovery across regions. In recent years, global investment has become increasingly concentrated in the US, driven by strong corporate earnings and technological innovation. Yet, ongoing political uncertainty and heightened market volatility may prompt investors to reassess US market valuations, particularly within the technology sector, which has historically been a major driver of returns. Such a reassessment could shift investor focus toward alternative global markets, enhancing the appeal of the UK as a destination for both domestic and international asset allocators. It is hoped that this potential reallocation of capital flows could stimulate increased investment into UK equities, supported by relatively attractive valuations and a diverse market landscape.

Encouragingly, the UK economy is projected to grow in 2025, albeit at a slower pace than initially forecast. While growth forecasts have recently been revised downward to around 1% this year, macroeconomic indicators are largely positive, with inflation only edging up slightly in recent months, and remaining moderate compared to previous years. Meanwhile, interest rates are anticipated to continue to decline, albeit at a lower than previously anticipated pace, over the course of this year and into 2026, following the first rate cut earlier in 2025 as inflationary pressures ease. This monetary easing is cautiously restoring confidence among smaller companies, which have been trading well below their long-term average valuations. The sustained corporate activity within this segment of the market highlights the substantial latent value in UK small businesses, suggesting considerable upside potential as market conditions improve. Overall, while challenges remain, including cost pressures caused by global uncertainties, the combination of modest UK economic growth, easing inflation, and falling interest rates is developing a more supportive environment for UK equities, particularly for smaller companies.

The Alternative Investment Market (AIM)

In the year to February 2025 the FTSE AIM Index fell by 2.6%. This compared to a rise in the FTSE SmallCap (excluding investment companies) of 10.7% and a rise in the FTSE All-Share Index of 18.4%, all on a total return basis. Although VCTs face additional investment restrictions, the AIM Index remains the most appropriate broad equity market benchmark for comparison, given the nature of its underlying holdings. The FTSE SmallCap and FTSE All-Share indices provide useful broader market context. Last year, the larger indices outperformed, supported by their significant exposure to major banks, aerospace and defence and pharmaceuticals. This reflected a continued investor shift away from growth and momentum stocks toward value opportunities in more traditional sectors. Additionally, changes to Business Property Relief (BPR) rules announced in the Autumn Budget proved destabilising. Historically, AIM BPR funds have been a key source of support for AIM's largest companies, but the new regulations have led to a withdrawal of investment from these funds, negatively impacting the market's overall performance relative to its peers.

Consequently, the pace of IPOs on AIM remained subdued, with only 10 IPOs during the period compared to 17 in the previous financial year. While the number of exits remained broadly in line with historical levels, there has been an increasing trend of companies migrating to the main market or signalling their intention to do so. Examples of this include Gamma Communications plc and Brooks Macdonald Group plc, both of which are held in the portfolio. The total number of companies listed on AIM stood at 669 as of the end of February, representing a 9.8% decline year-on-year.

Bid activity was also an important theme of the period under review with AIM seeing 27 companies bid for at an average bid premium of 56%. Positive returns were generated as a result of bids for portfolio companies Mattioli Woods plc, Learning Technologies Group plc and Intelligent Ultrasound Group plc at 34%, 34% and 17% premiums to the last traded price respectively. It is important to note that, while these bids took place at relatively modest premiums to their trading prices, due to the long-term nature of our investments these still represented significant returns on our initial investments. In total, these three bids resulted in more than £8 million of profit over our initial investment, the majority of which was received post the period end.

Despite these challenges, we remain confident that AIM, and AIM Venture Capital Trusts (VCTs) in particular, continue to play a critical role in supporting the growth ambitions of smaller public companies. The opportunity to invest in qualifying companies remains. This was evidenced by the steady flow of secondary fundraisings on AIM throughout the year. In the year to 28 February 2025 AIM raised £2 billion of new capital for existing companies, an increase on the £1.7 billion raised in the previous year. This robust fundraising activity highlights that, despite prevailing market headwinds, the pipeline of qualifying companies seeking investment remains healthy. We believe this environment will continue to offer attractive opportunities to invest in exciting and innovative businesses.

The graph below shows the total fundraising by AIM that has been undertaken in the 12 months to 28 February 2025 and the prior year comparison.

Funds raised on AIM (£m)

Source: London Stock Exchange

Performance

Adding back the 9.9p of dividends paid in the year, the Company's NAV total return fell by 4.4% during the year. This compares with a fall in the FTSE AIM Index of 2.6%, a rise in the FTSE SmallCap (excluding investment companies) of 10.7% and a rise in the FTSE All-Share Index of 18.4%, all on a total return basis. The FTSE All-Share was lifted by strong performance of financials, consumer staples, pharmaceuticals and aerospace and defence. Financials were driven by the large banks who benefitted from improved margins as a result of the continued higher interest rate environment. Standout categories of consumer staples included tobacco and personal care where demand was resilient. The pharmaceuticals sector was primarily driven by the continued strong performance of AstraZeneca, which has an outsized impact due to being one of the largest companies in the index. Aerospace and Defence was fuelled by increasing interest in the sector due to the ongoing heightened geopolitical uncertainty which is likely to result in a significant increase in investment, particularly in Europe as the EU seeks to reduce its reliance on the US. The outperformance of the FTSE All-Share Index, driven by these sectors, was largely fuelled by the share price performance of larger more established companies with investors taking more defensive positioning due to the increased uncertainty. This trend of outperformance by traditional industries was similar for both the FTSE SmallCap (excluding investment companies) and the FTSE AIM All-Share though returns were less

Investment Manager's review continued

pronounced, markedly so for AIM. This variance in performance is somewhat explained when accounting for the differences in market cap scale of these indexes and considering the context of the additional headwinds faced by AIM. For both smaller indexes financials and consumer staples were also amongst the best performing sectors, alongside consumer services and industrials for the FTSE Small Cap (excluding investment companies) and basic materials and technology for the FTSE AIM All-Share Index. While technology does not necessarily fit well in this list this is explained by AIM's larger weighting towards technology.

The underperformance in the period of the Company compared to the FTSE AIM All-Share Index is largely explained by the themes outlined above and the weightings of certain sectors of the portfolio relative to the index. The largest contributor to the FTSE AIM All-Share in the period was Keywords Studios plc which was the subject of a bid at a premium of 67% and contributed more than a percent to the performance of the index as a result. Strong performance in the period by typically non-qualifying sectors such as mining and financials also contributed to the relative underperformance.

Equipmake Holdings plc was the largest detractor from the Company's performance over the year, as the business struggled with significant component price volatility, resulting in substantially higher costs than anticipated. This challenge led to a much larger loss than expected, shortening the company's cash runway and necessitating further fundraising at dilutive levels. At the end of last year, the company undertook a strategic review, including exploring a potential sale of the business. This process concluded post-period with a £5 million strategic investment from Caterpillar, accompanied by a development agreement to create electric drivetrain products for Caterpillar's applications.

Next 15 Group plc reported a disappointing trading statement which subsequently led to downgrades in market expectations following the unexpected loss of its largest contract by portfolio company Mach49. While this setback was frustrating, Next 15 remains a global business with a strong portfolio of brands well-positioned to benefit from a recovery in their respective markets.

Verici Dx plc's share price saw considerable volatility due to a delay in local coverage determination for its Tutivia test, which was resolved after the period end. Despite this headwind, the company achieved important milestones, including a revenue-enhancing agreement with Thermo Fisher. Judges Scientific Group downgraded revenue expectations during the year due to a delay in Geotek's large coring contract, coupled with softer demand in China. However, the company's proven business model and strong track record of delivery make it well placed to resume growth once demand normalises. Haydale Graphene Industries plc experienced a challenging trading period over the year, prompting a management change focused on executing a strategic shift toward near-term commercial opportunities. Encouragingly, the company successfully raised £3 million in capital to support this new direction.

On a positive note, many companies in the portfolio delivered strong trading performances during the period, contributing positively to overall returns. Breedon Group plc was the largest contributor, announcing its long-anticipated expansion into the US market through the acquisition of BMC Enterprises Inc., a leading regional supplier of ready-mixed concrete, aggregates, and building products. This acquisition provides a valuable foothold, positioning Breedon well for further expansion in a growing but fragmented US market. Performance in Ireland was strong, delivering growth in profitability which helped offset a slightly weaker performance in Great Britain, their largest region, where there was weaker demand exacerbated further by adverse weather. Beeks Financial Cloud Group plc continued to demonstrate excellent revenue growth, driven by a series of significant contract wins and extensions. Nasdaq was confirmed as an Exchange Cloud customer, and Grupo Bolsa Mexicana de Valores became the fourth customer to adopt the Exchange Cloud product. With a strong pipeline and expanding customer base, Beeks remains well positioned to deliver sustained growth through contract expansions and new customer acquisitions. Netcall plc continued its double digit revenue growth, demonstrating the demand for its cloud solutions, which drive efficiency resulting in better customer outcomes. The company completed the acquisitions of Govtech and Parble, enhancing and complementing the existing suite of Liberty solutions and creating cross-selling opportunities which underpin future revenue growth. Diaceutics delivered another excellent performance, growing revenues at more than 30% while also increasing the quality and visibility of earnings with an improvement in the proportion of revenues which are recurring. The company won three further enterprise wide engagements, taking the total to seven, including a first commercialisation partner engagement where Diaceutics is the primary partner for a customer launching a precision medicine.

In the period under review the private company holdings in our portfolio performed strongly and had their valuations increased; Hasgrove continued to see excellent growth in its annual recurring revenue which was the primary reason for its increased valuation. This was further improved by an increased valuation multiple reflective of the level of growth and profitability the company has experienced. Popsa delivered a strong trading performance in the year resulting in increased revenue expectations. The business is continuing its growth trajectory, rolling out new features and growing its customer base, reaching 1.5 million customers in 2024. The uplift in valuations contributed positively to the NAV of the Company and increased the proportion of unquoted investments in the overall value of the portfolio.

Portfolio activity

Having made four qualifying investments at a total cost of £2.1 million in the first half of the year, of which one was a new investment, we added three new qualifying investments totalling £3.7 million as well as three follow-on investments totalling £1.4 million in the second half of the year. This made a total investment of £7.2 million in qualifying investments for the year, an increase on last year's £5.8 million.

The four new qualifying issues invested into in the year were GETECH Group plc, Windar Photonics plc, Aurrigo International plc and RC Fornax plc. We invested £0.3 million in GETECH Group plc, an established AIM-listed company and global leader in locating subsurface resources, including critical metals essential to the energy transition. The funds raised will support the company's ongoing business development and R&D. £0.9 million was invested into Windar Photonics plc who manufacture LiDAR monitoring and optimisation solutions for wind turbines. This technology allows for optimum yaw alignment which increases the annual energy production and extends the life of the turbine by reducing wear caused by misalignment. An investment of £1.6 million was made into Aurrigo International plc which specialises in the design and development of fully integrated airside solutions for the aviation industry. The company has developed autonomous vehicles for baggage and cargo handling and has announced partnerships with several of the largest airports globally including Changi and Schipol. This autonomous technology combined with their secure management systems boosts operational efficiency and safety at airports, while supporting the reduction of emissions. We invested £1.2 million at IPO into RC Fornax plc an engineering consultancy business which provides solutions for the defence industry.

The six follow-on investments into existing holdings were PCI-Pal plc, Cambridge Cognition Holdings plc, Abingdon Health plc, Ixico plc, Haydale Graphene Industries plc and GENinCode plc. We invested £1.1 million in Abingdon Health plc, a diagnostics tests business, to support the expansion of its laboratory capacity; £0.2 million in PCI-Pal plc, a provider of payment solutions and services, to strengthen its US expansion; and £0.5 million in Cambridge Cognition Holdings plc, a digital solutions provider for brain health assessment, to advance the execution of its commercial strategy. We invested £0.5 million into GENinCode plc, a leading provider in genomic testing. We supported Ixico plc, a leading neuroscience imaging business, with an investment of £0.6 million. We made a follow-on investment of £0.3 million in Haydale Graphene Industries plc which engages in the integration of graphene into next generation industrial materials.

We invested £4.1 million into non-qualifying, main list stocks to manage liquidity but also provide increased UK equity market exposure where we believe that many share prices are significantly undervalued. This provides an excellent entry point and the opportunity to generate significant returns on a multi-year view. Performance of these main list stocks was broadly flat in the period, but we remain convinced of the value that exists in these businesses. We invested £0.6 million into JTC plc, a global professional services business embarking on an ambitious 'Cosmos Era' business plan, with the goal to double the business over the next three to four years. The business has announced four acquisitions since our initial investment; £0.6 million into GSK plc, a R&D focussed multinational pharmaceutical and biotechnology company aiming to positively impact the health of billions of people. The business has delivered good financial results, grown revenues and raising dividend expectations; £0.6 million into WISE plc, a founder-led global payments solutions business with ambitions to build the best solution to move and manage money around the world. The company is continuing to expand into new territories globally and has grown to 9 million customers, with increased volumes allowing the business to cut fees for its customers, further enhancing their value proposition; £0.6 million into Cranswick plc, a leading UK food producer which operates a vertically integrated business model allowing it to provide assurances to its customers over the integrity of practices due to traceability. The company continues to invest in the resilience of its supply chain, in the period expanding their pig operations with the acquisition of JSR Genetics to further improve the quality of the company's products by ensuring animal health, playing a vital role in UK food supply; £0.6 million into Ricardo plc, a global strategic environmental and engineering consultancy group which executed a transformational acquisition and disposal to reposition the business as a leader in environmental and energy solutions, acquiring E3 advisory whilst disposing of its defence business. The business unfortunately faced unexpected headwinds with the delay of a major rail project as a result of the California wildfires; £0.6 million into Bloomsbury Publishing plc, a leading independent publisher committed to excellent and original works which continued to benefit from the popularity of author Sarah J. Maas's works and began to see the benefits of the newly acquired academic publishing business, Rowman & Littlefield. £0.5 million was invested into Bytes Technology Group plc, an IT solutions and services business which is able to roll out the use of novel AI technologies such as Copilot to customers. The business increased share of spend from customers in the period and increased operating profits. We continue to hold some existing non-qualifying AIM holdings where we see the opportunity for further share price progress.

Non-qualifying investments are used to manage liquidity while awaiting new qualifying investment opportunities. During the year we increased our holdings in the FP Octopus Micro Cap Fund and the FP Octopus UK Future Generations Fund and decreased our holding in the Octopus Multi Cap Income Fund. We made a net investment of £0.7 million over the period, investing a combined £1 million and disposing of £0.3 million. The funds were net detractors in the period, with their portfolios also being exposed to many of the market headwinds discussed above. This return was disappointing, but the funds remain well positioned to benefit from the expected market recovery.

Investment Manager's review continued

In the period under review we made partial disposals of four companies, Judges Scientific plc, IDOX plc, Beeks Financial Cloud Group plc and Wise plc taking profits into rising share prices. We also fully disposed of seven holdings being Mattioli Woods plc, Renalytix plc, Cirata plc, LoopUp Group plc, Cordel Group plc, Eluceda Limited and Spectral AI Inc. Disposals made a net overall gain of £0.7 million over original cost and generated £4.9 million of cash proceeds.

Liquidity
The issue of liquidity within investment funds has remained a topic of discussion this year. Shareholders may be interested to know that at the year end 56.4% of the Company's net assets were held in individual quoted shares, 13.2% were held in unquoted single company investments and 30.1% were held in cash or collective investment funds providing short-term liquidity. Shareholders should be aware that a proportion of the quoted holdings may have limited liquidity owing to the size of the investee company and the overall proportion held by the Company.

VCT regulations
There have been no further changes to the VCT regulations since the publication of the previous set of audited accounts. The key requirements are that 30% of funds raised should be invested in qualifying holdings within twelve months of the end of the accounting period in which the shares were issued, and the Company has to maintain a minimum of 80% of the portfolio (at HMRC value) invested in qualifying holdings. We remain committed to maintaining a threshold of quality and to invest where we see the potential for returns from growth. Over time there has been a gradual change to the profile of the portfolio towards earlier-stage companies. However, we continue to hold the larger market capitalisation companies, in which we invested several years ago as qualifying companies, or which we bought in the market prior to the rule changes, where we see the potential for them to continue to grow.

In order to qualify, companies must:

- have fewer than 250 full-time equivalent employees;
- have less than £15 million of gross assets at the time of investment and no more than £16 million immediately post investment;
- be less than seven years old from the date of their first commercial sale (or ten years if a knowledge intensive company) if raising State Aided (i.e. VCT) funds for the first time;
- not receive more than £5 million state aided funds in the previous twelve months (£10 million for a knowledge intensive company from 6 April 2018), or more than the lifetime limit of £12 million (£20 million for a knowledge intensive company); and
- produce a business plan to show that the funds are being raised for growth and development.

Outlook and future prospects
The recently announced Mansion House Accord has provided a much-needed boost to the market. The agreement, signed by 17 major UK pension providers managing over £252 billion in assets, commits to investing at least 10% of defined contribution default funds into private markets by 2030, with half of this directed toward UK assets such as infrastructure, private equity, venture capital, and private credit, unlocking an estimated £50 billion in investment, including £25 billion into UK growth sectors. This voluntary initiative aims to enhance long-term pension returns while supporting UK economic growth and innovation, with a renewed focus on revitalising AIM as a key platform for UK high-growth companies benefiting from increased pension fund capital flows. Additionally, we are hopeful that anticipated regulatory reforms for AIM, including potential amendments to VCT rules, will enhance the market's ability to attract innovative, high-growth small companies seeking capital. While we remain cautiously optimistic about the short-term outlook, we are encouraged by the strong trading performance of many companies within your portfolio and remain hopeful for continued opportunities to invest in exciting businesses at attractive valuations. There is broad consensus that UK equities are undervalued compared to other developed markets, with smaller companies in particular, presenting exceptional value at historically low valuations.

The portfolio contains 87 holdings with investments across a wide range of sectors. The balance of holdings in the portfolio is towards profitable companies and many are still trading in line or above market expectations. With many small companies trading below their long-term average, we still see good growth potential when the market recovers.

The Octopus Quoted Companies team

20 June 2025

Investment portfolio

Portfolio company	Sector	Book cost as at 28 February 2025 £'000	Cumulative change in fair value £'000	Fair value as at 28 February 2025 £'000	Movement in year £'000	% equity held by Octopus AIM VCT plc	% equity held by all funds managed by Octopus	Fair value as a % of Octopus AIM VCT plc NAV
Breedon Group plc	Construction and Materials	859	5,409	6,268	995	0.41%	0.72%	5.43%
Learning Technologies Group plc	Software and Computer Services	1,051	3,550	4,601	766	0.59%	0.98%	3.99%
Netcall plc	Software and Computer Services	308	3,038	3,346	563	1.79%	3.93%	2.90%
Judges Scientific plc	Electronic and Electrical Equipment	236	2,818	3,054	(849)	0.57%	0.95%	2.65%
GB Group plc	Software and Computer Services	505	2,135	2,640	303	0.33%	6.60%	2.29%
Craneware plc	Health Care Providers	183	2,356	2,539	(359)	0.39%	7.55%	2.20%
Brooks Macdonald Group plc	Investment Banking and Brokerage Services	746	1,673	2,419	(162)	0.95%	2.00%	2.10%
IDOX plc	Software and Computer Services	311	2,047	2,358	(247)	0.90%	15.71%	2.04%
Beeks Financial Cloud Group plc	Software and Computer Services	406	1,880	2,286	948	1.21%	2.02%	1.98%
PCI-Pal plc	Software and Computer Services	1,294	808	2,102	478	4.68%	8.97%	1.82%
Diaceutics plc	Health Care Providers	930	819	1,749	586	1.44%	2.86%	1.52%
Aurrigo International plc	Technology Hardware and Equipment	1,597	37	1,634	37	6.27%	16.48%	1.42%
Vertu Motors plc	Retailers	1,266	124	1,390	(365)	0.81%	1.38%	1.19%
SDI Group plc	Electronic and Electrical Equipment	179	1,182	1,361	(224)	2.13%	3.56%	1.18%
Maxcyte Inc	Pharmaceuticals and Biotechnology	1,035	269	1,304	(449)	0.47%	1.22%	1.13%
Animalcare Group plc	Pharmaceuticals and Biotechnology	306	938	1,244	66	0.80%	2.07%	1.08%
GENinCode plc	Medical Equipment and Services	2,481	(1,345)	1,136	(56)	6.54%	10.89%	0.98%
RC Fornax plc	Aerospace and Defense	1,140	(18)	1,122	(18)	6.28%	10.47%	0.97%
Windar Photonics plc	Electronic and Electrical Equipment	936	47	983	47	2.43%	4.05%	0.85%
Ixico plc	Pharmaceuticals and Biotechnology	1,651	(691)	960	37	10.91%	18.18%	0.83%
Gamma Communications plc	Telecommunications Service Providers	274	671	945	62	0.07%	6.26%	0.82%
EKF Diagnostics Holdings plc	Medical Equipment and Services	767	148	915	(261)	0.96%	1.76%	0.79%
Ilika plc	Electronic and Electrical Equipment	1,058	(172)	886	127	1.26%	2.09%	0.77%
Cambridge Cognition Holdings plc	Health Care Providers	1,076	(238)	838	(75)	4.88%	8.12%	0.73%
Abingdon Health plc	Medical Equipment and Services	1,615	(792)	823	(312)	6.08%	10.13%	0.71%
Itaconix plc	General Industrials	1,588	(778)	810	(249)	4.62%	10.73%	0.70%
Oberon Investments Group plc	Investment Banking and Brokerage Services	864	(73)	791	331	2.48%	8.29%	0.69%
Eden Research plc	Chemicals	1,621	(848)	773	(599)	4.67%	7.79%	0.67%
Wise plc	Industrial Support Services	545	219	764	158	0.01%	0.02%	0.66%
Nexteq plc	Technology Hardware and Equipment	507	253	760	(727)	1.84%	3.07%	0.66%
Pulsar Group plc	Software and Computer Services	678	54	732	(143)	1.25%	2.13%	0.63%
Cranswick plc	Food Producers	606	55	661	55	0.02%	0.07%	0.57%
NEXT 15 GROUP PLC	Media	453	204	657	(1,303)	0.22%	13.24%	0.57%
Sosandar plc	Retailers	1,853	(1,249)	604	(845)	4.86%	10.72%	0.52%
JTC plc	Investment Banking and Brokerage Services	602	(3)	599	(4)	0.04%	0.43%	0.52%
GSK plc	Pharmaceuticals and Biotechnology	603	(49)	554	(49)	0.00%	0.00%	0.48%
Bloomsbury Publishing plc	Media	629	(80)	549	(80)	0.11%	0.74%	0.48%
Gear4music (Holdings) plc	Leisure Goods	529	4	533	–	1.81%	3.02%	0.46%
Gooch & Housego plc	Technology Hardware and Equipment	422	46	468	(9)	0.40%	10.62%	0.41%
Mears Group plc	Industrial Support Services	139	309	448	15	0.14%	0.16%	0.39%
Restore plc	Industrial Support Services	256	175	431	(12)	0.14%	12.19%	0.37%
DP Poland plc	Travel and Leisure	1,016	(604)	412	(38)	0.51%	0.86%	0.36%
Advanced Medical Solutions Group plc	Medical Equipment and Services	284	87	371	4	0.08%	12.47%	0.32%
Bytes Technology Group plc	Software and Computer Services	489	(119)	370	(119)	0.04%	0.12%	0.32%
Equipmake Holdings plc	Electronic and Electrical Equipment	2,121	(1,761)	360	(2,523)	4.29%	7.15%	0.31%

Investment Manager's review continued

Investment portfolio continued

Portfolio company	Sector	Book cost as at 28 February 2025 £'000	Cumulative change in fair value £'000	Fair value as at 28 February 2025 £'000	Movement in year £'000	% equity held by Octopus AIM VCT plc	% equity held by all funds managed by Octopus	Fair value as a % of Octopus AIM VCT plc NAV
Verici Dx plc	Pharmaceuticals and Biotechnology	1,551	(1,197)	354	(1,125)	5.30%	8.86%	0.31%
TPXimpact Holdings plc	Software and Computer Services	979	(661)	318	(159)	1.44%	2.39%	0.27%
Tan Delta Systems plc	Electronic and Electrical Equipment	453	(139)	314	17	2.38%	3.97%	0.27%
RWS Holdings plc	Industrial Support Services	143	158	301	(202)	0.07%	7.11%	0.26%
GETECH Group plc	Oil, Gas and Coal	300	(15)	285	(15)	9.84%	16.40%	0.25%
Rosslyn Data Technologies plc	Software and Computer Services	1,169	(884)	285	(288)	8.56%	14.26%	0.25%
Ricardo plc	Construction and Materials	603	(325)	278	(325)	0.20%	2.14%	0.24%
MyCelx Technologies Corporation	Electronic and Electrical Equipment	1,470	(1,218)	252	(73)	3.35%	23.55%	0.22%
Haydale Graphene Industries plc	Industrial Materials	1,857	(1,605)	252	(857)	6.71%	11.18%	0.22%
Velocity Composites plc	Aerospace and Defense	799	(555)	244	(47)	1.76%	2.93%	0.21%
Engage XR Holdings plc	Software and Computer Services	1,879	(1,694)	185	(154)	2.94%	12.14%	0.16%
Feedback plc	Medical Equipment and Services	1,500	(1,324)	176	(579)	2.30%	4.46%	0.15%
Creo Medical Group plc	Medical Equipment and Services	1,471	(1,303)	168	(179)	0.29%	1.49%	0.15%
KRM22 plc	Software and Computer Services	681	(518)	163	(21)	1.91%	3.18%	0.14%
Crimson Tide plc	Software and Computer Services	567	(416)	151	(123)	2.87%	4.79%	0.13%
Northcoders Group plc	Software and Computer Services	380	(238)	142	(42)	1.58%	2.63%	0.12%
Staffline Group plc	Industrial Support Services	334	(218)	116	14	0.27%	0.27%	0.10%
Gelion plc	Electronic and Electrical Equipment	1,140	(1,042)	98	(43)	0.53%	0.88%	0.08%
DXS International plc	Software and Computer Services	300	(206)	94	49	5.86%	9.76%	0.08%
XP Factory plc	Travel and Leisure	988	(907)	81	(29)	0.42%	0.70%	0.07%
Fusion Antibodies plc	Health Care Providers	745	(678)	67	34	0.93%	1.56%	0.06%
Strip Tinning Holdings plc	Electronic and Electrical Equipment	506	(446)	60	(36)	1.50%	2.50%	0.05%
1Spatial plc	Software and Computer Services	300	(241)	59	3	0.08%	3.61%	0.05%
TheraCryf plc	Pharmaceuticals and Biotechnology	1,050	(1,017)	33	(85)	0.62%	1.03%	0.03%
Enteq technologies plc	Oil, Gas and Coal	1,032	(1,011)	21	(77)	0.99%	1.65%	0.02%
Lunglife AI, INC	Pharmaceuticals and Biotechnology	2,079	(2,064)	15	(457)	3.85%	6.42%	0.01%
Tasty plc	Travel and Leisure	516	(509)	7	(5)	0.62%	1.19%	0.01%
Genedrive Plc	Pharmaceuticals and Biotechnology	217	(212)	5	(8)	0.05%	0.08%	0.00%
Metir plc	Electronic and Electrical Equipment	1,384	(1,384)	–	–	0.02%	0.04%	0.00%
Sorted Group Holdings plc	Software and Computer Services	763	(763)	–	–	0.01%	0.01%	0.00%
Trackwise Designs plc	Technology Hardware and Equipment	1,934	(1,934)	–	–	0.42%	0.70%	0.00%
Cloudified Holdings Limited	Software and Computer Services	900	(900)	–	(20)	2.02%	3.36%	0.00%
ReNeuron Group plc	Pharmaceuticals and Biotechnology	1,485	(1,485)	–	–	3.03%	5.06%	0.00%
The British Honey Company plc	General Retailers	1,321	(1,321)	–	–	7.12%	11.86%	0.00%
Libertine holdings plc	Industrial Engineering	3,000	(3,000)	–	(600)	10.77%	17.96%	0.00%
Total quoted investments		**73,811**	**(8,737)**	**65,074**	**(9,931)**			**56.39%**

Investment portfolio continued

Portfolio company	Book cost as at 28 February 2025 £'000	Cumulative change in fair value £'000	Fair value as at 28 February 2025 £'000	Movement in year £'000	% equity held by Octopus AIM VCT plc	% equity held by all funds managed by Octopus	Fair value as a % of Octopus AIM VCT NAV
Unquoted equity investments							
Hasgrove Limited	88	7,930	8,018	1,769	2.84%	17.07%	6.95%
Popsa Holdings Limited	1,590	2,617	4,207	990	6.23%	10.39%	3.65%
Intelligent Ultrasound Group Limited	2,156	640	2,796	968	6.18%	10.30%	2.42%
Alusid Limited	299	(60)	240	(60)	3.14%	5.23%	0.21%
Airnow plc	1,257	(1,257)	–	–	0.41%	0.73%	0.00%
Rated People Ltd	354	(354)	–	–	0.11%	0.32%	0.00%
The Food Marketplace Ltd	300	(300)	–	–	6.60%	10.99%	0.00%
Total unquoted equity investments	**6,045**	**9,216**	**15,261**	**3,667**			**13.23%**
Loan notes							
Strip Tinning Holdings plc	900	–	900	–	n/a	n/a	0.78%
Haydale Graphene Industries plc	300	–	300	–	n/a	n/a	0.26%
Total loan notes	**1,200**	**–**	**1,200**	**–**			**1.04%**
Total fixed asset investments	**81,056**	**479**	**81,535**	**(6,264)**			
Current asset investments							
FP Octopus UK Micro Cap Growth Fund	8,118	78	8,196	(578)	n/a	n/a	7.10%
FP Octopus UK Multi Cap Income	3,573	540	4,113	195	n/a	n/a	3.56%
FP Octopus UK Future Generations Fund	2,076	(102)	1,974	31	n/a	n/a	1.71%
Total current asset investments	**13,767**	**516**	**14,283**	**(352)**			**12.37%**
Total fixed and current asset investments			**95,818**				
Money market funds			18,204				
Cash at bank			2,296				
Debtors less creditors			(935)				
Total net assets			**115,383**				

Investment Manager's review continued

Top ten holdings

Listed below are the ten largest fixed asset investments by value, which comprise of seven quoted Level 1 investments which are valued at bid price and three Level 3 investments which are valued in accordance with International Private Equity and Venture Capital Valuation (IPEV) guidelines (explained further on page 63), as at 28 February 2025.

Hasgrove Limited (unquoted)

Hasgrove is a provider of digital communication services. The company is the owner of Interact, a software company that provides a range of products and services to improve communication and collaboration within large organisations. The company operates globally with a growing customer base across Europe, North America and Australia.

Initial investment date:	September 2016
Cost:	£88,000
Valuation:	£8,018,000
Equity held:	2.84%
Fair value as a % of NAV:	6.95%
Last audited accounts:	31 December 2023
Revenue:	£37 million
Profit before tax:	£9.9 million
Net assets:	£13.3 million
Dividend received in year:	£nil

Breedon Group plc

Breedon Group is a supplier of a wide range of materials to the construction industry. Breedon is a leading independent construction materials group, operating in the UK, Ireland and the USA. The company produces cement, aggregates, asphalt, ready mixed concrete, Welsh slate and specialist concrete clay products. The company benefited from a series of acquisitions and now employs 4,450 people with more than 320 operational sites. Breedon's strategy is to continue growing through organic improvement and consolidation of the UK's building materials sector.

Initial investment date:	August 2010
Cost:	£859,000
Valuation:	£6,268,000
Equity held:	0.41%
Fair value as a % of NAV:	5.43%
Last audited accounts:	31 December 2024
Revenue:	£1,576.3 million
Profit before tax:	£125.4 million
Net assets:	£1,170.6 million
Dividend received in year:	£0.2 million

Learning Technologies Group plc

Learning Technologies is a group of businesses who provide innovative learning technology solutions. The company's businesses are at the forefront of innovation and best practice in the learning technology sector, and have received numerous awards for their exceptional performance. Through its portfolio of brands, the company offers large organisations a new approach to digital learning and talent management. The company benefited from a series of material acquisitions and now has several locations across the UK, Europe, the United States, Asia-Pacific and South America.

Initial investment date:	June 2011
Cost:	£1,051,000
Valuation:	£4,601,000
Equity held:	0.59%
Fair value as a % of NAV:	3.99%
Last audited accounts:	31 December 2023
Revenue:	£562.3 million
Profit before tax:	£45.6 million
Net assets:	£427.2 million
Dividend received in year:	£0.08 million

Top ten holdings continued

Popsa Holdings Limited (unquoted)

Popsa is a developer of consumer mobile applications for printing photos in photobooks and other gifting products. The app is now available in 50 countries around the globe and has been translated into ten different languages. Popsa is a pioneer in the use of narrow AI technology for the personalised gift market.

Initial investment date:	April 2018
Cost:	£1,590,000
Valuation:	£4,207,000
Equity held:	6.23%
Fair value as a % of NAV:	3.65%
Last audited accounts:	31 December 2023
Revenue:	£27.5 million
Loss before tax:	£0.9 million
Net assets:	£11.2 million
Dividend received in year:	£nil

Netcall plc

Netcall is a UK-based enterprise software company is a leading provider of intelligent automation and customer engagement software and helps organisations achieve digital transformation by automating workflows and managing customer interactions to enable significant cost savings and better experiences.

Initial investment date:	July 2010
Cost:	£308,000
Valuation:	£3,346,000
Equity held:	1.79%
Fair value as a % of NAV:	2.90%
Last audited accounts:	30 June 2024
Revenue:	£39.1 million
Profit before tax:	£6.3 million
Net assets:	£40.5 million
Dividend received in year:	£nil

Judges Scientific plc

Judges Scientific specialises in the acquisition and development of a portfolio of scientific instrument businesses. The Group's companies are primarily UK based with products sold worldwide to a diverse range of markets including: higher education institutions, manufacturers and regulatory authorities. The Group is made up of over 20 businesses offering the design, manufacture, and sale of highly specialised scientific instruments. It has an excellent track record of delivering organic and acquisitive growth. Its approach is to bring profitable companies with niche products and established reputations under the Group umbrella and provide the environment in which to thrive and grow.

Initial investment date:	March 2005
Cost:	£236,000
Valuation:	£3,054,000
Equity held:	0.57%
Fair value as a % of NAV:	2.65%
Last audited accounts:	31 December 2024
Revenue:	£133.6 million
Profit before tax:	£13 million
Net assets:	£87.2 million
Dividend received in year:	£0.04 million

Investment Manager's review continued

Top ten holdings continued

Intelligent Ultrasound Group Limited (unquoted)

Intelligent Ultrasound is a UK based ultrasound AI software and simulation business. Working with global leading medical manufacturers and institutions, Intelligent Ultrasound are a classroom to clinic business with educational and practical applications of their technology. In the period the business announced the sale of their Clinical AI Business to GE HealthCare for £40.5 million, a demonstration of the value that had been built. Following this disposal and a strategic review the business was acquired by Surgical Science Sweden AB for £45.2 million and has delisted.

Initial investment date:	August 2019
Cost:	£2,156,000
Valuation:	£2,796,000
Equity held:	6.18%
Fair value as a % of NAV:	2.42%
Last audited accounts:	31 December 2023
Revenue:	£11.2 million
Loss before tax:	£3.0 million
Net assets:	£9.7 million
Dividend received in year:	£nil

INTELLIGENT ULTRASOUND® *for* smarter scanning

GB Group plc

GB Group is a leading specialist in identity (ID) verification. Recognised as a global leader, GB Group is a technology specialist in fraud, location and identity data intelligence. Its software helps companies and governments to fight fraud and cybercrime, lower the cost of compliance and improve the experience for onboarding new customers in today's digital economy.

Initial investment date:	November 2011
Cost:	£505,000
Valuation:	£2,640,000
Equity held:	0.33%
Fair value as a % of NAV:	2.29%
Last audited accounts:	31 March 2024
Revenue:	£277.3 million
Loss before tax:	£50.4 million
Net assets:	£625.1 million
Dividend received in year:	£0.04 million

GBG

Craneware plc

Craneware is the leading provider of optimal operational performance systems and services for the US Healthcare industry. The company engages in the provision of software and support services for the healthcare industry, and aims to transform healthcare businesses through its applications and industry-leading team of experts who examine operational, financial, and clinical data to provide valuable insights. The company's services and solutions include patient engagement, charge capture and pricing, claims analysis, revenue recovery and retention, and cost analytics.

Initial investment date:	September 2007
Cost:	£183,000
Valuation:	£2,539,000
Equity held:	0.39%
Fair value as a % of NAV:	2.20%
Last audited accounts:	30 June 2024
Revenue:	$189.3 million
Loss before tax:	$15.7 million
Net assets:	$363.9 million
Dividend received in year:	£0.04 million

Craneware®

Top ten holdings continued

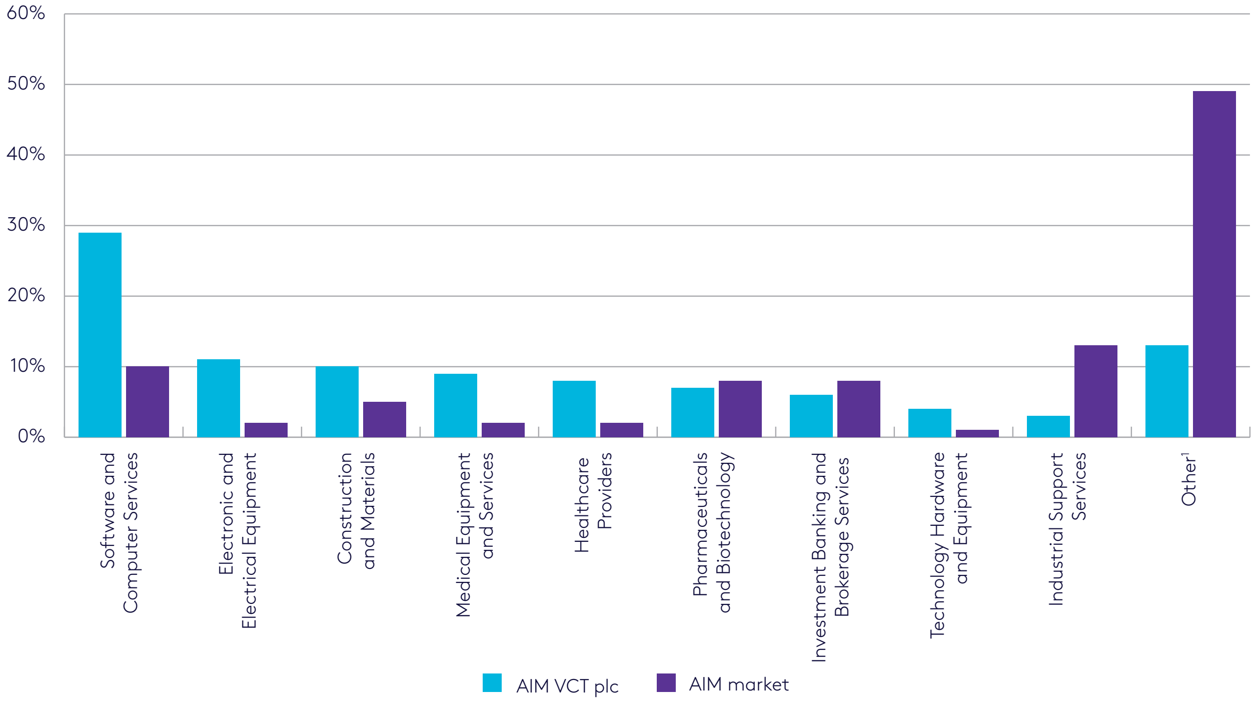
Brooks Macdonald Group plc

Leading provider of investment management services, both in the UK and internationally. It offers a range of investment management services to individuals, pensions funds, institutions, and trusts. The company had £18 billion of Funds Under Management as at the 30 June 2024, and operates from 14 offices across the UK and Channel Islands.

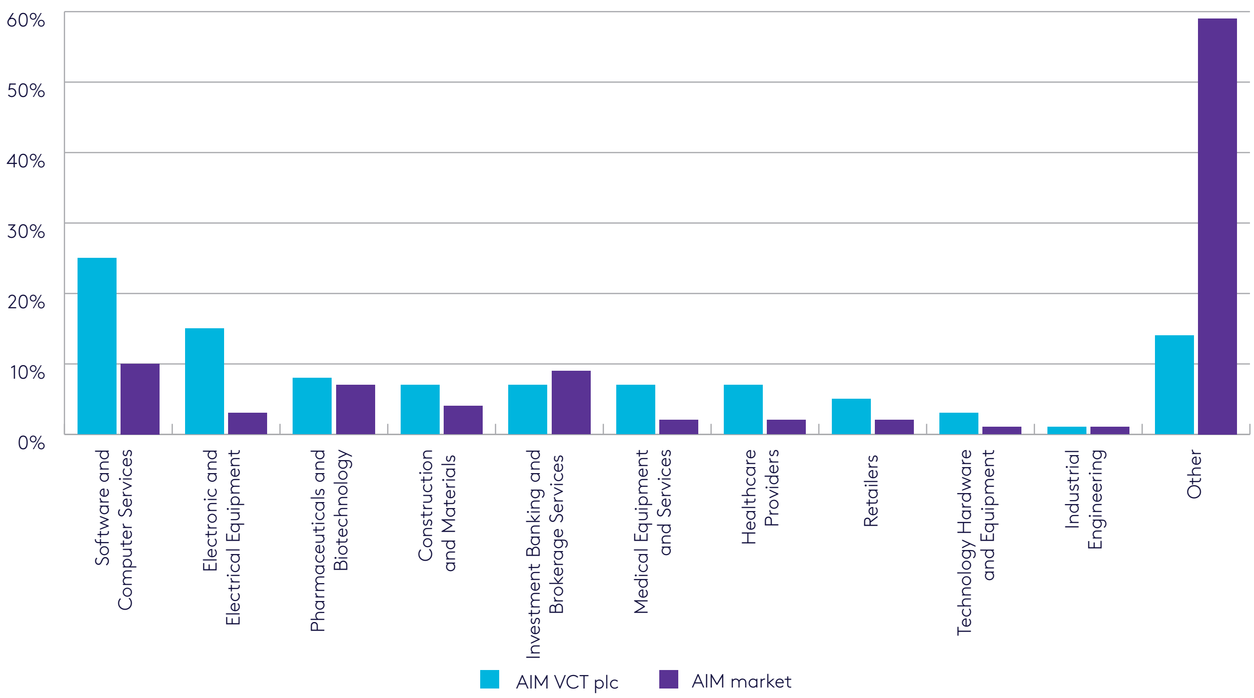
Initial investment date:	March 2005
Cost:	£746,000
Valuation:	£2,419,000
Equity held:	0.95%
Fair value as a % of NAV:	2.10%
Last audited accounts:	30 June 2024
Revenue:	£128.3 million
Profit before tax:	£11.6 million
Net assets:	£152 million
Dividend received in year:	£0.12 million

Sector analysis

The graph below shows the top ten sectors the equity portfolio was invested in by value as at 28 February 2025. It also shows the sectors of the AIM market as a whole as at 28 February 2025:



The graph below shows the top ten sectors the equity portfolio was invested in by value as at 29 February 2024. It also shows the sectors of the AIM market as a whole as at 29 February 2024:



[1]Other includes Retailers, Aerospace and Defense, Media, Telecommunications Service Providers, General Industrials, Chemicals, Food Producers, Leisure Goods, Travel and Leisure, Oil, Gas and Coal, Industrial Materials, General Retailers and Industrial Engineering.

The Investment Manager

Personal service

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. Octopus Investments Limited also acts as Investment Manager to four other listed Venture Capital Trusts and has a total of over £13.5 billion of funds under management. If you have any questions about this report, or if it would help to speak to one of the fund managers, please do not hesitate to contact us on **0800 316 2295**.

The Quoted Companies team at Octopus comprises:

Freda Isingoma
Freda is the lead manager of the Octopus AIM VCTs. Freda started her career as an investment analyst at Charterhouse CCF before joining Close Brothers in 2001 focused on managing the AIM VCT, inheritance tax and smaller companies portfolios. In 2008 she moved to South Africa to join Investec Asset Management, where she co-managed the Africa Fund (a listed equity portfolio investing across Africa). In 2010 she ventured into entrepreneurship launching a beauty service brand in South Africa, and more recently a UK-based art investment business specialising in providing ecosystem impact solutions for the African art market. She joined Octopus in January 2022 and is focused primarily on the AIM VCT portfolios. Freda also provides investment management support across all the Quoted Companies team products.

Kate Tidbury
Kate is a senior fund manager on the Quoted Companies team and has over 35 years' experience within the UK quoted smaller companies market. Kate started her City career in 1986 as a research analyst with Sheppards and Chase followed by Panmure Gordon (now Panmure Liberum). From 1993 she was an Investment Manager responsible for managing ethical and smaller companies' funds with the Co-operative Bank and Colonial First State Investments. In 2000, she joined the AIM team at Close Brothers Group and was involved in the management of multiple AIM portfolios including the AIM VCTs. In 2008, she joined Octopus and is focused primarily on the management of the AIM VCT portfolios. Kate provides investment management support across all the Quoted Companies team products.

Mark Symington
Mark is a fund manager on the Quoted Companies team, focusing predominantly on the Octopus AIM VCTs. Mark joined Octopus in 2012, having worked previously at asset manager Warwick Wealth in South Africa. He graduated from the University of Cape Town in 2010 with a Bcom in Economics and Finance. In addition, Mark provides analytical and investment management support across all the Quoted Companies team products.

Martin Jager
Martin is an Investment Analyst on the Octopus Quoted Companies team, primarily providing analytical and investment management support across the AIM VCTs as well as assisting on all wider team mandates. He initially joined Octopus in 2021 as a member of the Finance team and is a Chartered Accountant and graduate from the University of Manchester with a degree in International Management with American Business Studies.

Dominic Weller
Dominic is a senior fund manager on the Quoted Companies team. He provides analytical and investment support across all the Quoted Companies team portfolios and co-manages the FP Octopus UK Future Generations Fund, FP Octopus UK Micro Cap Growth Fund, FP Octopus UK Multi Cap Income Fund and the Octopus AIM VCTs. He is a member of the Octopus Investments Responsible Investment Committee and leads the team's stewardship efforts. He is a CFA charterholder.

Richard Power
With overall responsibility for the Quoted Companies team at Octopus, Richard has over 25 years' experience of smaller company investing. He is lead manager of the FP Octopus UK Micro Cap Growth Fund, also oversees the investment process of the team which includes the AIM IHT portfolios, and AIM VCTs. Richard is also a co-manager on the FP Octopus UK Multi Cap Income and FP Octopus UK Future Generation Funds. Richard started his career in 1995 at Duncan Lawrie, where he managed a small companies fund. He subsequently joined Close Brothers to manage a smaller companies investment trust before moving to Octopus Investments Limited to head up the Quoted Companies team in 2004. Richard was awarded Trustnet FE fundinfo Alpha Manager status in 2022 acknowledging his proven track record.

Chris McVey
Chris is a Senior Fund Manager within the Octopus Quoted Companies team. He works across all desk portfolios and is lead manager on the FP Octopus UK Multi Cap Income Fund, and a co-manager on the FP Octopus UK Micro Cap Growth and FP Octopus UK Future Generation Funds. He has been a specialist within the quoted UK Smaller Company market for over 20 years. In 2016 he joined Octopus from Citigroup where he led the UK Small and Mid-Cap Equity research team focusing across a variety of sectors. Prior to this he spent almost seven years on the Smaller Companies team at Gartmore Investment Management as an analyst and investment manager. Chris was awarded Trustnet FE fundinfo Alpha Manager status in 2023.

Edward Griffiths
Edward is an experienced portfolio manager, with a City career spanning over 21 years. Having previously worked at Schroders Investment Management Pension Funds and State Street, he joined Octopus Investments in 2004 to launch the Company's AIM Inheritance Tax Service. Edward is involved primarily in the management of the AIM Inheritance Tax Service portfolios for private individuals and provides investment management and trading support across all the Quoted Companies team products.

Jessica Bourdon-Pierre
Jessica joined Octopus in 2014 having graduated from the University of Liverpool the same year, where she studied International Business. She worked in multiple operations functions across Octopus, before moving to the Quoted Companies team in 2018 to co-manage the AIM Inheritance Tax portfolios. Jessica provides investment and trading support across all the Quoted Companies team mandates.

The Investment Manager continued

Charles Lucas
Charles joined Octopus in 2011 from LV= Asset Management, having previously worked in the Personal Pensions and SIPP space for GE Life and LV=. Charles initially joined Octopus as a member of the operations team, later working as a Project Manager for MiFID II. He joined the Quoted Companies team as a Product Development Analyst to enhance trading capabilities and performance analytics.

Ross MacSween
Ross is a Junior Investment Analyst on the Octopus Quoted Companies team, primarily providing analytical and investment management support across the OEIC offerings as well as assisting on all wider team mandates. He is an Accounting and Finance graduate from Edinburgh University and initially joined Octopus in 2022 on a sales and operations rotation programme.

Ben Tyson
Ben is a Product Analyst on the Octopus Quoted Companies team and is focused on strengthening the team's trading capabilities, performance analytics and operational efficiencies. Ben joined Octopus Investments in 2017, as a member of the operations team. He joined from PwC's Investment Management Tax team and previously worked within the Share Dealing and Share Plans businesses at Capita. He joined the Quoted Companies team in December 2023 having moved from the Investment Operations team where he was a Settlements Subject Matter Expert (SME).

The Investment Manager and responsible investment

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

The investment team make investments that can be a catalyst for positive, meaningful change. The team believe that in the future, some of the most successful companies will be a force for good, and that in today's hyperconnected transparent world, how a company behaves is just as important as what it does.

Mission
While the Company doesn't target specific sustainability goals or objectives, the team look for companies which will play an integral role in our future. The purpose of a VCT is to provide capital for small growth companies. Companies exposed to the new economy and technologies make up a significant proportion of the portfolio, which includes those focused on building a sustainable planet, revitalising healthcare and empowering people.

Examples of this include:

- Gelion – global energy storage innovator specialising in the next generation of safe stationary storage technology to maximise reliable energy storage solutions to stand alone power systems.
- Mycelx – provider of clean water technology equipment and related services to the oil and gas, power, marine, and heavy manufacturing sectors.
- Diaceutics – provider of end-to-end solutions for the launch of precision medicine diagnostics.
- Learning Technologies – a market leader in the fast-growing workplace digital learning and talent management market.

Materiality of risks to investments
As part of the investment process, the team incorporate a material risk review of sustainability issues. These risks include:

- Environmental: emissions, energy management, waste, ecological impact.
- Social: privacy, security, product quality, selling practices.
- Human: labour, health and safety, diversity.
- Business model: product design, supply chain, material sourcing.
- Leadership: ethics, competitive behaviour, regulatory, critical incidents, and risk management.

The Investment Manager considers the exposure to these risks and how well portfolio companies are managing them. Disclosures relating to climate risks are set out in 'climate-related matters' on page 28.

Responsibility
As part of the investment management approach, the Investment Manager discusses the portfolio companies' strategy, financial performance, data disclosures, capital structure and corporate governance with the management teams. Existing governance structures may not be mature (given the small size of portfolio companies), so the team assess whether weaknesses exist and if the company management can address these weaknesses. The team take part in consultations on remuneration and challenge non-executive directors to align with company objectives, aiming to influence by giving feedback to corporate advisers and meeting with non-executive directors and voting on resolutions at general meetings.

When it comes to voting, all holdings are covered by Institutional Shareholder Services (ISS), a leading global advisory firm. The team consider the independent research ISS provides and discuss votes as a team to create long-term shareholder value.

Section 172 statement

Introduction
The purpose of the report is to provide shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their legal duty to act in good faith and to promote the success of the Company in accordance with Section 172 of the Companies Act 2006 for the benefit of shareholders as a whole, as set out in the Strategic Report on pages 19 and 20. KPIs on performance are on pages 23 and 24.

The directors of a company are required to act in the way they consider will most likely promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a director to have regard, amongst other matters, to the:

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

In discharging the Board's Section 172 duties regard has been given to the above factors. The Board also has regard to other factors where relevant. By considering the Company's purpose and objectives together with its strategic priorities and having a process in place for decision-making, the Board aims to ensure that decision-making is consistent and predictable.

As a Venture Capital Trust, Octopus AIM VCT plc has no employees. However, the Directors also assessed the impact of the Company's activities on other stakeholders. The Company considers its shareholders, the Investment Manager, portfolio companies and other service providers to be its key stakeholders.

Shareholder engagement
Shareholder engagement is given high priority by the Board. The Company engages with its shareholders via various media including, but not limited to, the Annual General Meeting (AGM), the annual and half-year reports and accounts and market announcements.

The AGM gives shareholders the opportunity to exercise their right to vote on resolutions and engage with the Board and the Investment Manager. The voting results from all General Meetings are published on the Company's website. The Investment Manager will give a live presentation to shareholders on the day of the AGM, which will take place on 23 July 2025.

The Board regularly disseminates information to shareholders, including a weekly NAV, and through RIS releases on the London Stock Exchange. Shareholders receive the annual report and accounts which aims to provide a full understanding of the Company's activities and results. This information, together with the half-yearly reports, prospectus and other shareholder information, is published via the London Stock Exchange and on the Investment Manager's website at **www.octopusinvestments.com**.

The Board always welcomes questions from our shareholders at the AGM. To make sure we are able to respond to any questions you may have for either the Investment Manager or the Board, we would request that you please send these via email to **AimAGM@octopusinvestments.com** by 5.00pm on 15 July 2025.

Provision 4 of the 2018 UK Corporate Governance Code requires a company which has received 20% or more of votes cast against a resolution to explain, when announcing the voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. The Company continues to monitor the 20% threshold for votes cast against Board recommendations for a resolution but has not yet been required to take any actions in this regard.

Engagement with the Investment Manager
It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management of the Company to an Investment Manager and then to engage with the Investment Manager in setting, approving and overseeing the execution of the business strategy and related policies and all administration and control functions. The Investment Manager attends the scheduled quarterly Board meetings, and other ad-hoc meetings as appropriate, of the Company, ensuring an open dialogue. At every Board meeting a review of financial and operational performance, as well as legal and regulatory compliance, is undertaken. The Board also reviews other areas over the course of the financial year including the Company'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 Investment Manager on an annual basis. This is done by all Board members completing an annual questionnaire and discussing the outcome before concluding.

Engagement with portfolio companies
The Company's performance is directly linked to the performance of its underlying portfolio companies. The Board has delegated the monitoring of its portfolio companies to the Investment Manager which engages with portfolio companies through a programme of regular company meetings as part of its investment process. The Board has also given the Investment Manager discretionary authority to vote on portfolio company resolutions on its behalf as part of its approach to corporate governance.

Section 172 statement continued

Engagement with other key stakeholders and environment

The Investment Manager is the Company's key business partner, with responsibility for the provision of investment management, administration, custody and company secretarial services.

During the period, the Board received sufficient information to assist in understanding the interests and views of the Company's key stakeholders; investors, portfolio companies and service providers to the Company, including the auditor, lawyers and registrar.

The Board recognises the importance of responsible investment and the Octopus Group, of which the Investment Manager forms a part, certified as a B Corp in February 2021. B Corp certification is a designation that a business is meeting high standards of verified performance, accountability and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials. Certified B Corps are recognised as leaders in the global movement for an inclusive, equitable and regenerative economy.

The Investment Manager is continuing to develop processes and practices that deliver on its approach to responsible investment, as set out in the responsible investment policy. This includes the development and implementation of internal processes and checks in line with the UN Principles for Responsible Investing (UNPRI). The Investment Manager will continue to monitor the ESG practices of existing portfolio companies and over the coming year we will review our portfolio to confirm our compliance with these expectations. An example of this is the ongoing assessment of the carbon emission levels of companies within the portfolio, and their progression towards furthering sustainability and environmental goals regarding net zero ambition and decarbonisation.

Key decisions made during the year

Some of the key decisions made by the Company during the year that required the Board to take into consideration Section 172(1) factors include:

- In line with the Company's objectives, on 23 September 2024, the Board issued an offer for subscription of shares. This was discussed with the Investment Manager, and allowed new and existing shareholders to invest in the Company.
- The Company continued to buy back shares, providing liquidity to shareholders who wished to sell their shares. The Board maintained a discount of approximately 4.1% to NAV, therefore balancing the interests of both remaining and selling shareholders.
- The Board looks to create shareholder value. During the year, following targets agreed with the Investment Manager, dividends totalling 9.9p were paid to shareholders (comprising a final dividend of 2.5p and special dividend of 4.9p in respect of the previous financial year, and an interim dividend of 2.5p in respect of this financial year).

Business review

The Company's objective

The objective of the Company is to invest in a broad range of Alternative Investment Market (AIM) or Aquis Stock Exchange (AQSE) (previously known as New Securities Stock (NEX) Exchange) traded companies in order to provide shareholders with attractive tax-free dividends and long-term capital growth. Investments are made selectively across a range of sectors in qualifying companies that have the potential to grow and enhance their value.

The Company has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Taxes Act 2007. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 17 March 1998 and can be found under the TIDM code 'OOA'. The Company is premium listed.

Investment policy

The Company's investment policy has been designed and updated to ensure continuing compliance with the VCT qualifying conditions. The Board intends that the long-term disposition of the Company's assets will be at least 85% in a portfolio of qualifying AIM, AQSE traded investments or unquoted companies where the management views an initial public offering (IPO) on AIM or AQSE as a short-to medium-term objective.

The non-qualifying balance (approximately 3.5% of its net assets) will be invested in permitted investments held for short-term liquidity, generally comprising short-term cash or money market deposits with a minimum Moody's long-term debt rating of 'A'. A proportion of the balance can be invested in funds managed by Octopus or other direct equity investments. This provides a reserve of liquidity which should maximise the Company's flexibility as to the timing of investments, disposals, dividend payments and share buybacks.

Risk is spread by investing in a number of different businesses across a range of industry sectors. The maximum amount invested in any one company is limited to the amount permitted pursuant to VCT legislation in a fiscal year and no more than 15% of the company as measured by HMRC value. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. However, shareholders should be aware that the Company's qualifying investments are held with a view to long-term capital growth as well as income and will often have limited marketability; as a result it is possible that individual holdings may grow in value, to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

The Company's Articles permit borrowings of amounts up to 10% of the adjusted share capital and reserves (as defined in the Company's Articles). However, investments will normally be made using the Company's equity shareholders' funds and it is not intended that the Company will take on any borrowings.

No material changes may be made to the Company's investment policy described above 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.

Future prospects

The Company's longer-term performance record has allowed the Company to maintain the dividend payments to shareholders in line with the dividend policy set out on page 2. This policy is to target an annual dividend of 5.0p or 5% of the year-end share price, whichever is greater at the time. We have seen another year of uncertainty due to the cost of living crisis and the unstable economic environment, compounded by recent actions of the US administration, and the Company performed marginally less well than the FTSE AIM All-Share Index. The FTSE All-Share performed better due to large financial services, pharmaceutical, aerospace and defence companies. However, the Company has a strong cash position which enables us to invest in new companies and support existing companies. The outlook statements in both the Chair's Statement and the Investment Manager's Review on pages 3 and 8 respectively provide further details on the more immediate prospects of the Company.

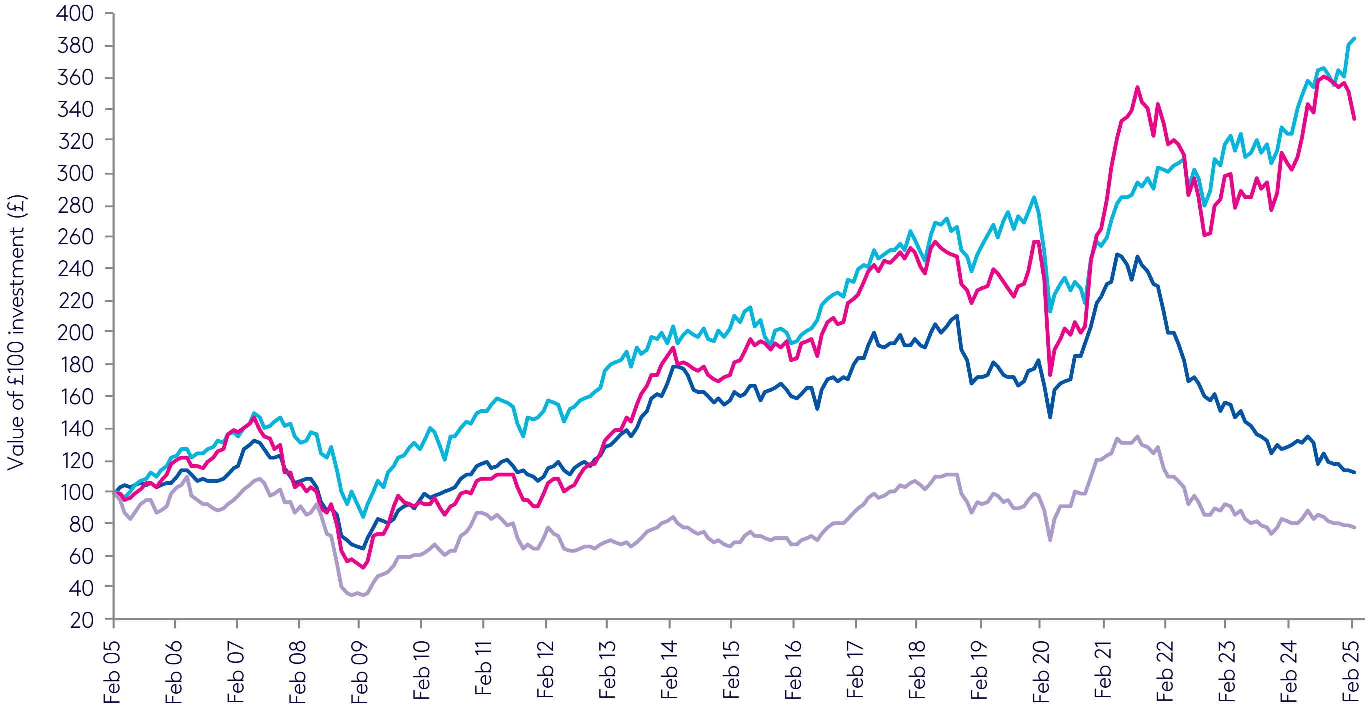
Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to Octopus through the investment management agreement, as referred to in the Directors' Report.

The graph on the following page compares the total return of the Company over the period from February 2005 to February 2025 with the total return from notional investments in the FTSE All-Share Index, FTSE AIM All-Share Index and FTSE SmallCap (excluding investment companies) Index over the same period. The FTSE AIM All-Share Index is a stock market index consisting of all companies quoted on the Alternative Investment Market and the FTSE SmallCap Index is an index of small market capitalisation companies. The Directors consider these to be the most appropriate benchmarks but would remind investors that approximately 16.5% of the FTSE AIM All-Share Index is attributable to resources, investment vehicles and property sector stocks in which VCTs cannot invest. VCTs are also limited to investing in companies with certain size and age restrictions. The inclusion of the FTSE All-Share Index is to provide a wider stock market context. Investors should be reminded that shares in VCTs generally continue to trade at a discount to the NAVs.

Business review continued

Octopus AIM VCT plc – Portfolio performance



- NAV return + reinvestment of all dividends (net of upfront tax relief), based on notional investment of £100 on 1 March 2005
- FTSE All-Share total return, based on £100 notional investment on 1 March 2005 and the reinvestment of all income
- FTSE SmallCap ex investment trusts total return, based on £100 notional investment on 1 March 2005 and the reinvestment of all income
- FTSE AIM All-Share total return, based on £100 notional investment on 1 March 2005 and the reinvestment of all income

Results and dividend

	Year ended 28 February 2025 £'000	Year ended 29 February 2024 £'000
Net loss attributable to shareholders	**(6,079)**	(17,734)
Distributions:		
Interim dividend paid – 2.5p (2024: 2.5p)	**5,591**	5,075
Special dividend paid – nil (2024: 4.9p)	**–**	9,934
Proposed final dividend – 2.5p (2024: 2.5p)	**5,704**	5,068

The proposed final dividend of 2.5p for the year ended 28 February 2025 will be paid on 28 August 2025 to shareholders on the register on 1 August 2025 subject to approval at the AGM. The above proposed final dividend is based on the number of shares in issue at the date of this report.

Key Performance Indicators (KPIs)

As a VCT, the Company's objective is to provide shareholders with attractive dividends and capital return by investing its funds in a broad spread of predominantly quoted UK companies which meet the relevant criteria for VCTs.

The Board has identified five key performance measures to assess the Company's success in meeting these objectives. Some of these are classified as alternative performance measures (APMs[1]) in line with Financial Reporting Council (FRC) guidance. The glossary of terms on page 75 has further details:

1. NAV per share;
2. total return per share[1];
3. dividends per share payable in respect of the year;
4. ongoing charges[1]; and
5. qualifying % under VCT rules.

1. NAV per share

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

Current year (pence per share)	Prior year (pence per share)	Reason for movement
50.6	63.3	The NAV per share has decreased from last year's value of 63.3p to 50.6p. This fall of 20% is largely the result of dividends paid in the period and a downward valuation of investments.

2. Total return per share[1]

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 per share enables shareholders to evaluate more clearly the performance of the Company, 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.

Current year %	Prior year %	Reason for movement
(4.4)	(13.0)	As previously considered, the NAV per share has decreased from last year's value of 63.3p to 50.6p. This gave a total negative return of 4.4% or 2.8p per share, after adding back dividends of 9.9p paid in the year.

[1]These KPIs are defined as alternative performance measures (APMs) and are defined in more detail in the Glossary of Terms on page 75.

Business review continued

The Board notes that for the year under review this was behind the FTSE AIM All-Share Index total return figure of a negative 2.6%. The Board remains confident about achieving the long-term objective of the Company. Performance is also measured against the FTSE SmallCap Index and the FTSE All-Share Index, with the latter being provided for wider stock market context. This is also shown on the graph on page 22. In the year under review the FTSE SmallCap Index (excluding investment companies) rose by 10.7% and the FTSE All-Share Index rose by 18.4%, all on a total return basis. These indices have been adopted as comparative indices. Further details on performance can be found within the Investment Manager's Review on pages 4 to 16.

3. Dividends per share payable in respect of the year

The Company has a target of paying an annual dividend of 5.0p per share, or a 5% yield excluding special dividends, on the year-end share price, whichever is greater at the time.

Current year (pence per share)	Prior year (pence per share)	Reason for movement
5.0	9.9	Last year the Company declared ordinary dividends of 5.0p per share and 4.9p per share of special dividend. This year the Company has declared ordinary dividends of 5.0p per share and no special dividend.

The 5.0p dividends declared in respect of the year gives an annual yield of 10.5% based on the year-end share price of 47.8p, exceeding the Board's target of a 5% yield. Dividends will be paid semi-annually. It is the Board's current policy to pay a minimum annual dividend of 5.0p per share or a 5% yield based on the year-end share price, whichever is the greater, subject to available cash and distributable reserves. However, this is not a guarantee, and no projection or forecast is expressed or implied.

4. Ongoing charges[1]

The ongoing charges ratio has been calculated using the AIC recommended methodology and excludes exceptional costs and trail commission. The ratio is calculated by expressing ongoing charges for the year as a percentage of average net asset value during the year.

Current year %	Prior year %	Reason for movement
2.3	2.1	The ongoing charges ratio has increased from the previous year due to decreased average net assets over the period combined with broadly comparable expenses to last year.

The ongoing charges of the Company for the year to 28 February 2025 is in line with the Board expectations. The expenses incurred by the Company are summarised in notes 3 and 4 to the financial statements on pages 59 and 60.

5. Qualifying % under VCT rules

The Company must comply with VCT legislation laid down by HMRC. A key requirement is to maintain at least an 80% qualifying investment level.

Current year %	Prior year %	Reason for movement
85.1	86.0	85.1% (as measured by HMRC rules) by value of the Company's investments was represented at the end of the period by shares or securities comprised in qualifying holdings of the Company. The qualification level decreased by 0.9%, though remains comfortably above the 80% requirement. Further details on VCT regulations can be found within the Investment Manager's Review on page 8.

The Company has continued to meet the 80% qualification investment level. There continues to be sufficient investment opportunities to enable the Investment Manager to comply with these ratios.

The Chair's Statement, on pages 2 and 3, includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on pages 4 to 16.

[1]These KPIs are defined as alternative performance measures (APMs) and are defined in more detail in the Glossary of Terms on page 75.

Viability statement

In accordance with provision 4.31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Company over a longer period than the twelve months required by the 'going concern' provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company has raised funds under an offer for subscription which closed to new applications on 27 March 2025 and, 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 the Company's strategy, including investor demand for the Company'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 the Company and its current position. This includes the impact of the cost of living crisis, the unstable economic environment and any other risks which may adversely impact its business model, future performance, solvency or liquidity. 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 the following pages.

The Board has also considered the liquidity of the underlying investments and the Company's cash flow projections considering the material inflows and outflows of the Company including investment activity, buybacks, dividends and fees and found these to be realistic and reasonable. The Company's cash flow includes cash equivalents which are short-term, highly liquid investments.

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 28 February 2030.

Risk and risk management

Principal risks, risk management and regulatory environment

In accordance with the UK Listing Rules under which the Company operates, the Board is required to comment on the potential risks and uncertainties which could have a material impact on the Company's performance.

The Board carries out a review of the risk environment in which the Company operates. The main areas of risk identified by the Board are as follows:

Risk	Mitigation
Investment performance: The focus of the Company's investments is into VCT qualifying companies quoted on AIM and the AQSE, which by their nature entail a higher level of risk and lower liquidity than investments in larger quoted companies.	The Investment Manager has significant experience and a strong track record of investing in AIM and AQSE companies, and appropriate due diligence is undertaken on every new investment. The overall risk in the portfolio is mitigated by maintaining a wide spread of holdings in terms of financing stage, age, industry sector and business models. The Board reviews the investment portfolio with the Investment Manager on a regular basis.
VCT qualifying status risk: The Company is required at all times to observe the conditions for the maintenance of HMRC approved VCT status. The loss of such approval could lead to the Company and its investors losing access to the tax benefits associated with VCT status and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. The ability of the fund to invest is dependent on the pipeline of qualifying investments.	Prior to investment, the Investment Manager seeks assurance from the Company's VCT status adviser that the investment will meet the legislative requirements for VCT investments. On an ongoing basis, the Investment Manager monitors the Company's compliance with VCT regulations on a current and forecast basis to ensure ongoing compliance with VCT legislation. Regular updates are provided to the Board throughout the year. The VCT status adviser formally reviews the Company's compliance with VCT regulations on a bi-annual basis and reports their results to the Board.
Operational risk: The Board is reliant on the Investment Manager to manage investments effectively, and manage the services of a number of third parties, in particular the registrar and tax advisers. A failure of the systems or controls at the Investment Manager or third-party providers could lead to an inability to provide accurate reporting and to ensure adherence to VCT and other regulatory rules.	The Board reviews the system of internal control, both financial and non-financial, operated by the Investment Manager (to the extent the latter are relevant to the Company's internal controls). These include controls that are designed to ensure that the Company's assets are safeguarded, that proper accounting records are maintained, and that regulatory reporting requirements are met. Feedback on other third parties is reported to the Board on at least an annual basis, including adherence to Service Level Agreements where relevant.
Information security: A loss of key data could result in a data breach and fines. The Board is reliant on the Investment Manager 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. The Investment Manager 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 Investment Manager reports to the Board on an annual basis to update them on relevant information security arrangements. Significant and relevant information security breaches are escalated to the Board when they occur.
Economic: Events such as an economic recession, movement in interest rates, inflation, political instability and rising living costs could cause volatility in the market, adversely impacting the valuation of investments. This could result in a reduction in the value of the Company's assets.	The Company invests in a diverse portfolio of companies across a range of sectors, which helps to mitigate against the impact of performance in any one sector. The Company also maintains adequate liquidity to make sure it can continue to provide follow-on investment to those portfolio companies which require it and which is supported by the individual investment case. The Investment Manager monitors the impact of macroeconomic conditions on an ongoing basis and provides updates to the Board at least quarterly.

Principal risks, risk management and regulatory environment (continued)

Legislative: A change to the VCT regulations could adversely impact the Company by restricting the companies the Company can invest in under its current strategy. Similarly, changes to VCT tax reliefs for investors could make VCTs less attractive and impact the Company's ability to raise further funds. Failure to adhere with other relevant legislation and regulation could result in reputational damage and/or fines.	The Investment Manager engages with HM Treasury and industry bodies to demonstrate the positive benefits of VCTs in terms of growing UK companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation. The Investment Manager employs individuals with expertise across the legislation and regulation relevant to the Company. Individuals receive ongoing training and external experts are engaged where required.
Liquidity/cash flow risk: The risk that the Company's available cash will not be sufficient to meet its financial obligations. The Company invests in smaller companies, which are inherently less liquid than stocks on the main market. Therefore, these may be difficult to realise for their fair market value at short notice.	The Investment Manager prepares cash flow forecasts to make sure cash levels are maintained in accordance with policies agreed with the Board. The Company's overall liquidity levels are monitored on a quarterly basis by the Board, with close monitoring of available cash resources. The Company maintains sufficient cash and readily realisable securities, including money market funds and OEICs, which can be accessed at short notice. As at 28 February 2025, 17.8% of net assets were held in cash and cash equivalents and 12.4% in OEICs, realisable in seven business days.
Valuation risk: For smaller companies or illiquid shares, establishing a fair value can be difficult due to the lack of readily available market data for similar shares, resulting in a limited number of external reference points.	Investments in companies traded on AIM and AQSE are valued by the Investment Manager using closing bid prices as reported on Bloomberg. Where investments are in unquoted companies or where there are indicators bid price is not appropriate, alternative valuation techniques are used in accordance with the IPEV guidelines. Valuations of unquoted portfolio companies are performed by appropriately experienced staff, with detailed knowledge of both the portfolio company and the market in which it operates. These valuations are then subject to review and approval by the Octopus Valuations Committee, comprised of staff who are independent of the Investment team and with relevant knowledge of unquoted company valuations. The Board reviews valuations after they have been agreed by the Octopus Valuations Committee. Investment in FP Octopus UK Micro Cap Growth Fund, FP Octopus UK Multi Cap Income Fund and FP Octopus UK Future Generations Fund are all valued with reference to the daily prices which are published by Fund Partners, the Authorised Corporate Director.

Emerging risks

The Board has considered emerging risks. The Board seeks to mitigate emerging risks and those noted below by setting policy, regular review of 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 that the Board and the Investment Manager are currently monitoring:

- Geo-political protectionism.
- Climate change.

Risk and risk management continued

Gender and diversity

The Board of Directors currently comprises two female and two male Non-Executive Directors with considerable experience of the VCT industry and a broad range of skills and backgrounds. 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 at 28 February 2025, the Company has not met the UK Listing Rule 6.6.6R (9)(a) target for the Board to have at least one member from a minority ethnic background during the year. The Board believes in the value and importance of diversity in the boardroom, including ethnic diversity, but seeks to recruit directors whose total attributes best fit the needs of the Board at the time of recruitment.

In line with UK Listing Rule 6 Annex 1 R, the below tables in the prescribed format, show the gender and ethnic background of the Directors as at 28 February 2025.

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	2	50%	Not applicable
Women	2	50%	
Not specified/prefer not to say	—	—	

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)	4	100%	Not applicable
Mixed/Multiple Ethnic Groups	—	—	
Asian/Asian British	—	—	
Black/African/Caribbean/Black British	—	—	
Other ethnic group	—	—	
Not specified/prefer not to say	—	—	

As at 28 February 2025, the Board comprised four Directors. The gender breakdown is as follows: two (50% female); two (50% male). All four Directors identify as White British or other White (including minority White groups).

Whilst the Board ensures that all appointments are made on merit and that any Board vacancies are filled by the most qualified candidates, the Board supports the recommendations for senior positions to be held by female directors and for ethnic representation on the Board, both matters will be considered when assessing the Board's succession plan.

As the Company is externally managed, it has no executive staff and therefore does not have a CEO or CFO, both roles are deemed as senior Board positions by the FCA. The Chair and Chair of the Audit Committee are considered senior Board positions, with both currently held by a male. However, a female Director will be taking over as Chair with effect from the conclusion of the AGM to be held on 23 July 2025.

Employee, human rights, social and community issues, environment policy and greenhouse gas emissions

The Board's policy on employee, human rights, social and community issues, environment policy and greenhouse gas emissions is discussed in the Directors' Report on page 33.

Climate-related matters

Octopus has chosen to continue evolving its responsible investment disclosures in alignment with industry-recognised regulatory and reporting frameworks, such as the Task Force on Climate Related Financial Disclosures (TCFD). Importantly, due to its structure, the Company is voluntarily disclosing this information, as opposed to it being a mandated 'in-scope' fund. In alignment with the spirit of the TCFD framework, some initial disclosures have been outlined under the categorisations below, but do not cover the full set of requirements as per the TCFD framework. Future changes are anticipated as regulatory and reporting frameworks continue to evolve.

- **Governance:** Day-to-day management of the portfolio, and oversight of investment decisions, sits within the Investment Manager's governance structures.
- **Strategy:** The Company makes investments in a range of sectors but the companies receiving funding are small companies primarily listed on AIM. Exposure to climate-related risks is assessed on a deal-by-deal basis by the Investment Manager. The analysis considers transition risks and the physical risks and impacts of climate change for industries and sectors where this has been identified as a material issue. The Investment Manager is also focused on identifying investment opportunities in companies that are well positioned to benefit from the transition to a lower carbon economy.
- **Risk management:** The investment team use guidance from the Sustainability Accounting Standards Board (SASB) to identify climate-related risks. Where potential material climate-related risks have been identified, the Investment Manager assesses how well the risk is managed by the Company through further due diligence.
- **Metrics:** Where relevant for the industry and sector, the team review metrics reported by the Company to understand material exposures, how they are being managed and Company performance. This includes areas such as energy management, energy use, carbon footprint disclosures and commitments to appropriate carbon reduction pathways for the sector and industry.

  On an aggregated level, the Company's most material climate risk relates to carbon emission; this is due to the underlying portfolio companies having to adapt their business models to successfully transition to a lower/zero carbon footprint. As such, the Investment Manager has taken steps to measure Scope 1, 2 and 3 greenhouse gas emissions. 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 all indirect emissions, not included in Scope 2.

  While the ultimate goal is to reduce portfolio emissions to minimise these risks, the immediate goal is to increase data coverage to 100% within the next year. The data coverage is currently 86% (2024: 80%), however, 68% of this data is modelled by ISS instead of reported by the companies in their annual or sustainability reports. We will engage with the companies to report on their emissions, to allow for more accurate data, and encourage them to set targets. Furthermore, Octopus Group are in the process of submitting Science-Based targets using guidance from the Science-Based Targets initiative (SBTi). Therefore, engaging with the Company to reduce emissions forms part of the Octopus Group targets. Given the intricate modelling, lack of data and calculations involved, we regard the analysis as indicative. Current greenhouse gas (GHG) emissions:

Metrics for equity holdings

	AIM VCT plc 28/02/2025	AIM All-Share 28/02/2025	Variance to index 28/02/2025
Scope 1 & 2 emissions (tCO_2e)	5,331	12,560	(58%)
Scope 3 emissions (tCO_2e)	6,553	40,419	(84%)
Scope 1 & 2 footprint (tCO_2e/mGBP invested)	46	109	(58%)
Scope 1 & 2 weighted average carbon intensity (tCO_2e/mGBP revenue)	168	102	66%
Percentage of issuer emission data coverage (including estimates)	87%	67%	31%

Scope 1 & 2 and Scope 3 Emissions for the Company are calculated as the sum of a proportion of each portfolio companies total emissions, equal to the percentage holding in the company. The emissions for the Index have been calculated in the same way using the relative weight to the index. This has been indexed to the size of the Company to make these more directly comparable based on mix of companies rather than size.

Risk and risk management continued

Consumer Duty

The Directors are aware of the Investment Manager's obligations to comply with the FCA's Consumer Duty rules and principles which came into force in 2023. Firms subject to Consumer Duty must ensure they are acting to deliver good outcomes for consumers and that this is reflected in their strategies, governance, leadership, and policies. The Investment Manager undertook a review of its practices to identify and uplift areas of its operations in order to comply with the Consumer Duty principles which concluded ahead of the Consumer Duty principles coming into force. The Company is not directly captured by Consumer Duty, however the Directors will receive updates from the Investment Manager in order to monitor how the Investment Manager is meeting its obligations.

The Strategic Report was approved on behalf of the Board by:

N J Ransome

Neal Ransome
Chair
20 June 2025

Details of Directors

The Board comprises four Directors, all of whom are independent of the Investment Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company. The Board has wide experience of investment in both smaller growing companies and larger quoted companies. All Directors are members of the Audit Committee.

Neal Ransome (Chair)

Neal Ransome is a chartered accountant and was a partner at PwC from 1996 to 2013. He was Chief Operating Officer of PwC's Advisory business and led its Pharmaceutical and Healthcare Corporate Finance practice. Neal was formerly a director of Quercus (General Partner) Limited, a unit trust invested in healthcare properties, and Parity Group Plc, an AIM-listed professional services company. He is currently non-executive chair of Proven VCT plc, which invests in unquoted companies, and a non-executive director of Polar Capital Global Healthcare Trust Plc. He is also a trustee and director of the Conservation Volunteers, a UK charity dedicated to connecting people and green spaces. Neal became a Director of the Company in 2016 and was appointed as Chair of Octopus AIM VCT plc in 2021.

Neal will be retiring from the Board at the conclusion of the AGM on 23 July 2025.

Joanne Parfrey

Joanne Parfrey has a degree in Chemistry from Oxford University and is an accountant by training. Joanne spent a number of years in corporate finance with BOC Group plc and Elementis plc before moving to private equity in 2000, joining LGV Capital. She was formerly a non-executive director of Guy's and St Thomas' Enterprises Limited and Essentia Trading Limited. She is currently chair of Babraham Research Campus Limited, a non-executive of the Worldwide Healthcare Trust plc, audit chair of Henderson International Income Trust plc and audit chair of Ieso Digital Health Limited. Joanne became a Director of the Company in 2016, and will become Chair of the Company after the conclusion of the AGM on 23 July 2025.

Andrew Boteler

Andrew Boteler is a chartered accountant and was formerly Chief Financial Officer of Gooch & Housego plc and Finance Director of Riverford Organic Farmers Limited, one of the largest organic fresh food retailers in the UK. In July 2021 Andrew became a non-executive director of LungLife AI, Inc and holds the positions of chair of the audit committee, chair of the remuneration committee and senior independent director. Andrew has over 25 years' experience working in the manufacturing sector, the last 19 being spent with high technology manufacturing companies. Andrew became a Director of the Company in 2020 and was appointed Chair of the Audit Committee in 2021.

Louise Nash

Louise Nash was a UK Small and Mid-Cap Fund Manager for 16 years, initially with Cazenove Capital and subsequently with M&G Investments. She also held the position of non-executive director at Stockdale Securities. She is currently a non-executive director and Senior Independent Director at BlackRock Throgmorton Trust plc. In addition, she is involved in the family wine business, Höpler, and provides consultancy services for JLC Investor Relations. Louise became a Director of the Company in 2024.

Directors' report

The Directors present their report and the audited financial statements for the year ended 28 February 2025. The Corporate Governance Report on pages 36 to 39 and the Audit Committee Report on pages 40 and 41 form a part of this Directors' Report.

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

Directors

Brief biographical notes on the Directors are given on page 31.

In accordance with the Articles of Association of the Company and the Association Investment Companies Code of Corporate Governance, Mr Boteler, Ms Parfrey and Ms Nash will retire as Directors at the forthcoming AGM, and being eligible, offer themselves for re-election. As announced previously, Neal Ransome will be retiring from the Board on the conclusion of the business of the 2025 AGM. Following a formal performance evaluation as part of the Board evaluation, the Board believes that all the Directors continue to be effective Non-Executive Directors, providing considerable experience and continuity to the Company and demonstrating commitment to their roles. In addition the Board has discussed succession planning, and further details of both of these matters can be found on page 37.

Directors' and officers' liability insurance

The Company has, as permitted by s236 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

VCT regulations

Compliance with required rules and regulations is considered when all investment decisions are made. The Company is further monitored on a continual basis to ensure compliance. The main criteria which the Company must adhere to are detailed on page 72.

The Company intends to continue to comply with the qualification requirements.

Going concern

The Company's business activities and the factors likely to affect its future development, performance and position are set out in the Chair's Statement on pages 2 and 3 and the Investment Manager's Review on pages 4 to 16. Further details on the management of financial risk may be found in the Business Review on page 21 and in note 16 to the financial statements.

The Board receives regular reports from the Investment Manager and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. As discussed in the Viability Statement on page 25, the Directors have considered the Company's cash flow projections in a range of scenarios, including both continuation of normal levels of fundraising as well as potential no fundraise scenarios. In all scenarios the Board is confident in the ability of the Company to maintain its VCT status and meet liabilities as they fall due. Some of the ways in which the Board could manage the operations of the Company include adjusting investment strategy and careful consideration of non-committed cash outflows, including dividends and buybacks. They are satisfied that no material uncertainties leading to significant doubt about going concern have been identified. It is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The assets of the Company include securities, a large proportion of which are readily realisable and, accordingly, the Company has adequate financial resources to continue to satisfy the expenses of commitments under share buybacks and to remain in operational existence for a period of at least twelve months.

A resolution will be put to the Company's AGM to approve the Company continuing as a venture capital trust. A continuation vote has been approved annually since 2011.

The outlook and future prospects of the markets have been considered as part of the Investment Manager's review.

Dividend

The proposed final dividend of 2.5p for the year ended 28 February 2025 will be paid on 28 August 2025 to shareholders on the register on 1 August 2025, subject to approval by shareholders at the AGM being held on 23 July 2025, as set out in the Strategic Report.

Management

The Company has in place an agreement with Octopus to act as Investment Manager which is central to the ability of the Company to continue in business. The principal terms of the Company's management agreement with Octopus are set out in note 3 to the financial statements. The Investment Manager also provides secretarial, administrative and custodian services to the Company. Octopus is not entitled to any performance fee.

There are no other contracts which are deemed to be essential to the business of the Company.

As required by the UK Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Investment Manager is in the best interest 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 the Investment Manager to produce satisfactory investment performance in the future. No Director has an interest in any contract to which the Company is a party.

The Board has delegated the routine management of decisions, such as the payment of running costs, to Octopus. Investment decisions are discussed with the Board.

Whistleblowing

The Board has considered the arrangements implemented by the Investment Manager to encourage staff of the Investment Manager or Company Secretary of the Company to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It 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.

Employee, human rights, social and community issues

The Board seeks to conduct the Company'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 the Company does not maintain specific policies in relation to these matters.

Environment policy and greenhouse gas emissions

The day-to-day operations of the Company are outsourced to the Investment Manager, and consequently the Company does not have its own environmental policy, relying instead on the Investment Manager's environmental strategy. The Company does, however, recognise the importance of conducting its business, including investment decisions, in a manner that is environmentally responsible. The Company does not produce any reportable emissions as the fund management is outsourced to Octopus with no physical assets or property held by the Company. 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) reporting requirements.

Financial risk management

The most significant financial risks arising from the Company's financial instruments are price risk, interest rate risk, credit risk, cash flow risk and liquidity risk. The policies for managing these risks are regularly reviewed by the Board and full details can be found in note 16 to the financial statements.

Bribery Act

Octopus has an Anti-Bribery policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of, the Investment Manager are aware of their legal obligations when conducting Company business.

Share capital

The Company's share capital as at 28 February 2025 comprised 228,158,686 Ordinary shares of 1p each.

The voting rights of the Ordinary shares on a show of hands is one vote for each member present or represented, the voting rights on a poll are one vote for each share held. There are no restrictions on the transfer of the Ordinary shares and there are no shares that carry special rights with regard to the control of the Company.

Share issues and open offers

On 23 September 2024, a prospectus offer was launched alongside Octopus AIM VCT 2 plc to raise a combined total of up to £20 million with a £10 million over-allotment facility. This prospectus closed to further applications on 24 March 2025, being fully subscribed.

In the year 24,233,113 shares were issued under the fundraise that was launched on 23 September 2024, raising £12.8 million after costs for the Company.

During the year 6,765,311 shares were issued to those shareholders who elected to receive shares under the Dividend Reinvestment Scheme as an alternative to dividends. This raised £3.7 million.

An additional 37,538 shares were issued to shareholders as a result of reduced adviser charges, and to Octopus employee shareholders as a result of a rebate of part of the annual management fee. These shares were issued to those investors who, in accordance with the adviser charging terms contained in each fundraising document offered to the public and published since 31 December 2012 following the introduction of the retail distribution, had chosen to pay their adviser less than the 0.5% ongoing adviser charge; and to employees, who have been rebated the annual management charge.

Share buybacks and redemptions

During the year, the Company purchased for cancellation 6,705,585 shares at a weighted average price of 56.1p (2024: 6,351,314 shares with a nominal value of 1p for cancellation, at a weighted average price of 64.3p) for a total consideration of £3.7 million (2024: £4.1 million). This represents 2.9% (2024: 3.1%) of the closing share capital. These were repurchased in accordance with the Company's share buyback facility in an attempt to assist the marketability of the shares and prevent the shares trading at a wide discount to the NAV.

Post-balance sheet events

A full list of post-balance sheet events since 28 February 2025 can be found in note 17 to the financial statements on page 71.

Directors' report continued

Rights attaching to the shares and restrictions on voting and transfer

Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the Ordinary shares confer on their holders (other than the Company in respect of any Treasury shares) the following principal rights:

(a) the right to receive 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 twelve years after having become due for payment are forfeited automatically and cease to remain owing by the Company;

(b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company 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 the Company. 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 the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class the Company 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 the Company'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 the Company'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 an Ordinary share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company 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 the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Independent auditor and disclosure of information to auditor

BDO LLP is the appointed auditor of the Company and offer themselves for re-appointment. A resolution to re-appoint BDO LLP as auditor and to authorise the Directors to determine their remuneration 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 the Company's auditor is aware of that information.

Resolutions being put to shareholders in 2025 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 the Company in a cost-efficient manner. Any consequent modest increase in the size of the Company 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 the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market.

Resolution 8 renews the Directors' authority to allot Ordinary shares. Such authority would expire 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company, giving the Directors authority to allot up to 20% of the Company's issued share capital 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 Company's fundraising activities. Any shares allotted under this authority would be issued at prices at or above NAV.

Resolution 9 authorises the Directors to allot Ordinary shares in connection with the Dividend Re-investment Scheme (DRIS), up to 5% of the Company's issued share capital at the date of the Notice of AGM. Such authority will expire 15 months after the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company.

Resolutions 10 and 11 renew and extend the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. These Resolutions will authorise the Directors, until the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issuing shares out of Treasury up to a maximum of Ordinary shares (representing approximately 0% of the Company's issued share capital as at the date of this report). 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. Any shares allotted under this authority would be issued at prices at or above NAV.

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 35,044,725 Ordinary shares (representing approximately 14.99% of the Company's issued share capital as at the date of the Notice of AGM) and the Resolution seeks renewal of such authority until the next AGM (or the expiry of 15 months, if earlier). Any shares bought back under this authority will be at a price determined by the Board (subject to a minimum of 1p (being the nominal value of such shares) and a maximum of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder). 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. Any shares repurchased under this authority will either be cancelled or held in Treasury for future re-sale in appropriate market conditions.

Cancellation of share premium account

The Board considers it appropriate to obtain shareholders' approval for the cancellation of the amount standing to the share premium account of the Company, at the date of the Court Order, to create (subject to Court approval) a pool of distributable reserves. A Special Resolution to this effect is being proposed at Resolution 13.

Substantial shareholdings

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

On behalf of the Board

N J Ransome

Neal Ransome
Chair
20 June 2025

Corporate governance report

The Board of the Company has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance ('AIC Code'). The AIC Code addresses the Principles and Provisions set out in the UK Corporate Governance Code ('UK Code'), as well as setting out additional Provisions on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and provisions of the AIC Code, which has been endorsed by the Financial Reporting Council, provides more relevant information to shareholders.

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, developed over many years, a complex range of additional legal, tax and regulatory requirements.

Octopus AIM VCT plc, as a VCT and closed-ended investment company, has particular factors which have an impact on its governance arrangements. The Company:

- 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 Investment Manager and other service providers. In practice, most of the time spent by the Board of a well-functioning investment company should be spent on matters of general corporate governance (e.g. the investment strategy, policy and performance) which is what we do.[1]

The Company is committed to maintaining high standards in corporate governance. The Directors consider that the Company has, throughout the year under review, complied with the provisions set out in the AIC Code with the exceptions set out in the Compliance Statement on page 39.

Board of Directors

The Company has a Board of four 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 required, to review the investment performance and monitor compliance with the investment policy laid down by the Board.

Louise Nash joined the Board on 1 July 2024. Trust Associates Limited, who are independent of the Company, were engaged for the recruitment.

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;
- the appointment, evaluation, removal and remuneration of the Investment Manager;
- the performance of the Company, including monitoring of the discount of the NAV to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

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 the Company. He facilitates the effective contribution of the Directors and ensures 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 of the Directors have access to the advice and services of the Company Secretary, which has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties.

As all of the Directors are non-executive, it is not considered necessary to identify a member of the Board as the senior independent director of the Company.

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

[1]Please see the AIC Code at **www.theaic.co.uk**.

Board of Directors continued

During the year the following meetings were held as part of the regular programme of meetings:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Stephen Hazell-Smith[1]	9	3	2	1
Joanne Parfrey	9	8	2	2
Neal Ransome	9	9	2	2
Andrew Boteler	9	9	2	2
Louise Nash[2]	9	6	2	1

[1] Stephen Hazell-Smith resigned as a Non-Executive Director on 18 July 2024.

[2] Louise Nash was appointed as a Non-Executive Director on 1 July 2024.

Additional meetings were held as required to address specific issues, including approval of the Company's annual report and accounts, half-yearly results and fundraising.

Performance evaluation and independence of Directors

Each year a formal performance evaluation is undertaken of the Board, its Committee and the Directors in the form of a questionnaire completed by each Director. The Chair provides a summary of the findings to the Board, which is discussed and an action plan agreed. During the year no issues were identified requiring an action plan. The performance of the Chair is evaluated by the other Directors.

Length of service

	Date of original appointment	Due date for election/re-election
Joanne Parfrey	06/10/2016	AGM 2025
Neal Ransome	06/10/2016	N/A
Andrew Boteler	19/03/2020	AGM 2025
Louise Nash	01/07/2024	AGM 2025

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 the Company 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. We believe (in line with the AIC Code) that members of the Board are independent in character and judgement with respect to their duties to the shareholders.

The Company'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. The Directors have agreed to submit themselves for annual re-election. This practice was followed during the year under review.

Notwithstanding the policy for one-third of the Directors to retire at each AGM, in order to follow best practice, all Directors stand for re-election annually. The Companies Act 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 the Company.

Neal Ransome will be retiring at the AGM to be held on 23 July 2025.

Corporate governance report continued

Powers of the Directors

Subject to the provisions of the Companies Act 2006, the Memorandum and Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders.

Authority was given at the Company's 2024 AGM to make market purchases of up to 14.99% of the issued Ordinary share capital at any time up to the 2025 AGM and otherwise on the terms set out in the relevant resolution. A renewed authority is being sought at the 2025 AGM, as set out in the Notice of Meeting.

Board committees

There is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors. The Board does not have a separate Remuneration Committee as the Company has no employees or executive directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 42 to 44. The Board does not have a separate Nomination Committee as there has not been a requirement for a Committee. Whilst diversity considerations would normally be a function of a Nomination Committee, these are dealt with by the Board as a whole on an annual basis. The Board considers its composition to be appropriate with due regard for the benefits of diversity and gender.

The Board has appointed one committee to make recommendations to the Board in a specific area:

Audit Committee

Andrew Boteler is Chair of the Audit Committee and all Directors are members of this Committee. The Board confirms that, in accordance with the recommendation of the AIC Code, at least one member of the Audit Committee has recent and relevant financial experience. Andrew Boteler, as Audit Chair, Neal Ransome and Joanne Parfrey are Chartered Accountants and the Board is confident that the Committee as a whole has competence relevant to the sector in which the Company operates.

The Audit Committee Report is given on pages 40 and 41.

Internal controls

The purpose of these controls is to make sure that proper accounting records are maintained, the Company's 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 system of internal controls is 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 its Investment Manager.

The Board delegates the identification of appropriate opportunities and the investment of funds to the Investment Manager. The Board regularly review reports upon the investments made and on the status of existing investments. The Investment Manager is also engaged to carry out the accounting and custodian functions of the Company. All quoted investments are held in CREST. Unquoted investments are held in certificated form.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed and were satisfied with the effectiveness of the internal control systems. As part of this process, an annual review of the internal control systems is carried out, by Octopus, in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. As explained in the Audit Committee Report, the Board does not consider it necessary to maintain an internal audit function.

Internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from the VCT's accounts require the authority of two signatories from Octopus. The Investment Manager is subject to ongoing review by the Octopus Compliance Department.

Financial risk management, objectives and policies

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in note 16 to the financial statements.

Statement of voting at the Annual General Meeting

The most significant portion of the votes cast against a resolution at the 2024 AGM were for the resolutions relating to the approval of the Directors' remuneration report (3.87% of votes cast) and the re-election of Andrew Boteler as a Director (3.04% of votes cast). No communication was received from shareholders giving reasons for the votes against the resolutions.

Shareholders' views are always welcomed and considered by the Board. The methods of contacting the Board are set out below.

Relations with shareholders

The Investment Manager will provide an update on the Company's activities and future plans at the AGM to be held on 23 July 2025. This will also provide an opportunity for shareholders to ask questions of the Board relating to the AGM resolutions and annual report and accounts.

We always welcome questions from our shareholders at the AGM, which will take place on 23 July 2025 at 10.30am. To make sure we are able to respond to any questions you may have for either the Investment Manager or AIM VCT Board, please send these via email to **AimAGM@octopusinvestments.com** by 5.00pm on 15 July 2025. The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London EC1N 2HT. Alternatively, please call the team at Octopus to answer any queries. They can be contacted on **0800 316 2295**.

Corporate Governance Code

The Board is aware of the revised UK Corporate Governance Code as published by the FRC on 22 January 2024, which will apply to accounting periods beginning on or after 1 January 2025, with the exception of a new provision (29) relating to risk management and internal controls, which will be applicable for accounting periods beginning on or after 1 January 2026. The Board is further aware of the updated Association of Investment Companies Code of Corporate Governance as published in August 2024, which applies to accounting periods beginning on or after 1 January 2025, with the exception of provision 34 which will be applicable for accounting periods beginning on or after 1 January 2026.

Compliance statement

The Board recognises the importance of good governance. With the exception of the limited items outlined below, the Board believes, for the year ended 28 February 2025, the Company has complied with the principles and provisions of the AIC Code:

1. The Company does not have a senior independent director. The Board does not consider this necessary for the size of the Company.
2. The Chair is a member of the Audit Committee, which is considered appropriate as he has significant experience as a chartered accountant, and there being only four Directors.
3. The Company does not have a separate Nomination Committee due to the relatively small size and structure of the Company. Appointments are dealt with by the full Board as and when appropriate.
4. The Company does not have a Remuneration Committee given the size of the Company and as it does not have any executive directors. The whole Board deals with any matters pertaining to remuneration.
5. The Company has no major shareholders, therefore shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the AGM, or other designated shareholder events, but are welcome to contact the Board or the Investment Manager at any time.

By Order of the Board

N J Ransome

Neal Ransome
Chair
20 June 2025

Audit Committee report

This report is submitted in accordance with the AIC Code in respect of the year ended 28 February 2025 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company'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 38.

Matters considered by the Audit Committee in the year

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

- reviewing and making recommendations to the Board in relation to the Company's published annual report and financial statements and other formal announcements relating to the Company's financial performance;
- reviewing and making recommendations to the Board in relation to the Investment Manager's internal controls (including internal financial control) and risk management systems to the extent they are relevant to the Company's internal controls;
- periodically 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 the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

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 the Company Secretary. The Committee meets twice per year and has direct access to BDO LLP, the Company's external auditor.

Auditor appointment

The Audit Committee undertook a competitive audit tender process in 2019 as required for all Public Interest Entities who have had the same auditor for ten years, following which BDO LLP were re-appointed. When considering whether to recommend the re-appointment of the external auditor, the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged to similar sized VCTs. The current auditor was first appointed in 2008 under the name of PKF (UK) LLP, which subsequently merged with BDO LLP, and has held the position for nearly 17 years. Under FRC ethical standards, in the event that the Audit Committee has decided not to change the auditor beforehand, an audit tender will be mandatory for the year ended 28 February 2028. The year ended 28 February 2025 represents Elizabeth Hooper's second year as audit partner.

Independence and objectivity of the auditor

Non-audit services were not provided by the external auditor during the period. The external auditor confirmed that they have not identified any other relationships or threats that may reasonably be thought to bear on their objectivity and independence, which was agreed by the Audit Committee.

Auditor evaluation

The effectiveness of the external audit is assessed as part of the Board evaluation 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. The Audit Committee is satisfied that BDO LLP provided effective challenge in carrying out its responsibilities.

Once the Committee has made a recommendation to the Board, in relation to the appointment of the external auditor, this is then ratified at the AGM through an Ordinary Resolution.

Internal audit

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board. Octopus has an internal audit team, which is supported as required by external consultants. The Octopus Compliance Department reports to the Board on the outcome of the internal audits that have taken place insofar as these relate to the Company and confirms the absence of any issues relating to internal audit of which the Board should be aware. Octopus undertakes to immediately raise to the Committee any significant issues arising from the Octopus internal audit that affect the Company.

The Committee will monitor the significant risks at each meeting and Octopus will work closely with the Board to mitigate the risks and the resultant impact.

Financial reporting matters

The Audit Committee is responsible for considering issues in relation to the financial statements, which are either significant financial reporting matters or other financial reporting matters. The Committee has identified the most significant financial reporting matter for the Company as:

- **Valuation and ownership of investments:** 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 the Company's results. The valuations are supported variously by stock market quotations, portfolio company audited accounts, third party evidence and (where relevant for unquoted investments) valuations confirmed to be in accordance with IPEV guidelines. These, together with reconciliations and independent confirmations performed by the auditor give comfort to the Audit Committee.

The Committee has identified the following as other financial reporting matters:

- **Management override of financial controls:** The Committee specifically 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.
- **Recognition and categorisation of revenue from investments:** Investment income is the Company's main source of revenue. The revenue return is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice, as either revenue or capital income. The Investment Manager confirms to the Audit Committee that the revenues are recognised appropriately.

In addition to the above, the Committee has also considered the implications of inflation and high interest rates. As at the date of issuing this Report, whilst the Committee anticipates further market volatility affecting the underlying investments, it does not consider that this will have an impact upon the long-term viability of the Company. This is discussed further in the Viability Statement on page 25.

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

The Committee has considered the whole annual report and accounts for the period ended 28 February 2025 and has reported to the Board that it considers them to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

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 28 February 2025.

Andrew Boteler
Audit Committee Chair
20 June 2025

Directors' remuneration report

Introduction

This report is submitted in accordance with Regulation 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('Regulations') in respect of the year ended 28 February 2025.

The Company's auditor, BDO LLP, is required to give their opinion on certain information included in this report, comprising the Directors' emoluments section and shareholdings below, and their report on these and other matters is set out on pages 46 to 52.

Consideration by the Directors of matters relating to Directors' remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect.

The Board has not sought advice or services from any external person in respect of its consideration of Directors' remuneration during the year although the Directors expect from time to time to review the fees against those paid to the board of directors of other VCTs. The Company 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 meet at least quarterly and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for a period of at least three years. All Directors are subject to election at the first AGM after their appointment and one-third of all Directors are subject to retirement by rotation at the AGMs. However, as best practice, all the Directors retire and stand for re-election annually. Re-election will be recommended by the Board but is dependent upon shareholder votes.

Each Director received a letter of appointment. A Director may resign at any time by giving three months' notice in writing to the Board. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company'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 Remuneration policy is to review the Directors' fees from time to time, benchmarking the fees against other VCT boards, although such review will not necessarily result in any changes. Due to the nature of the Company, there are no employees other than the Directors and therefore no such issues to consider when determining the Directors' remuneration.

The Company's policy is for the Directors to be remunerated in the form of fees, payable monthly in arrears. The fees are not specifically 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 Board is also entitled to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors. No other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors. There will be no payment for loss of office unless approved by a separate shareholder resolution.

An Ordinary Resolution to approve the remuneration policy of the Company was put to, and approved by, shareholders at the 2023 AGM and will remain in force for a three-year period. The Board will review the remuneration of the Directors if thought appropriate and monitors competitors in the VCT industry on an annual basis.

Annual remuneration report

This section of the report is subject to approval by a simple majority of shareholders at the AGM in July 2025, as in previous years.

Statement of voting at the Annual General Meeting on remuneration matters

The 2024 Directors' Remuneration Report was presented to the AGM in July 2024 and received shareholder approval following a vote by way of a poll. 96.13% of the votes cast were in favour of the Directors' Remuneration Report or at the Chair's discretion, 3.87% were against the resolution and 105,998 votes were withheld. The proxy forms returned to the Registrars contained no explanation for the votes against the resolution.

Shareholders' views are always considered by the Board, and the methods of contacting the Board are set out on page 39.

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to Octopus through the investment management agreement, as referred to in the Directors' Report. The performance graph on page 22 also shows the performance of the Company on a total return basis, compared to the performance of the FTSE AIM All-Share Index, the FTSE SmallCap (excluding investment companies) Index and the FTSE All-Share Index.

Directors' fees (audited)

The amount of each Director's fees for the year were:

	Year ended 28 February 2025 £	Year ended 29 February 2024 £
Stephen Hazell-Smith[1]	**9,486**	23,850
Joanne Parfrey	**24,500**	23,850
Neal Ransome	**30,000**	29,150
Andrew Boteler	**27,250**	26,500
Louise Nash[2]	**16,333**	n/a
Total	**107,569**	103,350

[1] Retired from the Board on 18 July 2024.

[2] Appointed to the Board on 1 July 2024 and received fees for eight months of the year ended 28 February 2025.

The Directors do not receive any other form of emoluments in addition to the Directors' fees, their total remuneration is not linked to the performance of the Company and no bonuses were or will be paid to the Directors.

The Chair of the Company and Audit Committee Chair receive additional remuneration over the basic Directors' fee in recognition of the additional responsibilities and time commitment, and additionally, to be fair and comparable to similar VCTs.

Directors' fees are considered annually. Following a review, the Board agreed the following fee rates with effect from 1 March 2025 (previous fees shown in brackets): Chair of the Board £31,000 (£30,000); Chair of the Audit Committee £28,000 (£27,250); and all other Directors £25,000 (£24,500). These fee rates represent increases of 2.0%-3.3%, compared to a 3.4% increase in CPI over the preceding year.

Directors' fees annual percentage change

	2025 % change	2024 % change	2023 % change	2022 % change	2021 % change
Stephen Hazell-Smith[1]	(60.2)	6.0	4.7	7.5	0.0
Joanne Parfrey	2.7	6.0	4.7	7.5	0.0
Neal Ransome	2.9	6.0	7.8	13.3	0.0
Andrew Boteler	2.8	6.0	8.7	15.0	0.0
Louise Nash[2]	n/a	n/a	n/a	n/a	n/a

[1] Stephen Hazell-Smith resigned as a Director on 18 July 2024.

[2] Louise Nash was appointed as a Director on 1 July 2024.

Directors' remuneration report continued

Relative importance of spend on pay

The actual expenditure in the current year is as follows:

	Year to 28 February 2025 £'000	Year to 29 February 2024 £'000	% change
Total dividends paid	**20,521**	9,526	115.4
Total buybacks	**3,687**	4,083	(9.7)
Total directors' fees	**108**	103	4.9

The Directors do not consider there to be any other significant distributions during the year relevant to understanding the relative importance of spend on pay.

Directors' interest in shares (audited)

There are no guidelines or requirements for Directors to own shares in the Company. The interests of the Directors, and their connected persons, in shares of the Company during the year (in respect of which transactions are notifiable under Disclosure Guidance and Transparency Rule 3.1.2) in the issued Ordinary shares of 1p are shown in the table below:

	Ordinary shares of 1p each 28 February 2025	Ordinary shares of 1p each 29 February 2024
Stephen Hazell-Smith[1]	**n/a**	139,003
Neal Ransome	**63,445**	63,445
Joanne Parfrey	**33,911**	33,911
Andrew Boteler	**46,921**	46,921
Louise Nash[2]	**18,695**	n/a

[1] Stephen Hazell-Smith resigned as a Director on 18 July 2024.

[2] Louise Nash was appointed as a Director on 1 July 2024.

All of the shares held by the Directors, or their connected persons, were held beneficially, in their own name. There have been no changes in the Directors' share interests between 28 February 2025 and the date of this report.

Shareholders' proxy voting information

As required by Schedule 8:23 of the Regulations, the votes received for the Directors' Remuneration policy (approved at the AGM in 2023) and the Directors' Remuneration Report (approved at the AGM in 2024) were as follows:

	For (including discretionary)		**Against**	
	No. of Shares	**%**	**No. of Shares**	**%**
Approval of Directors' remuneration policy (approved at the AGM held in 2023)	3,332,443	94.96	176,792	5.04
Approval of Directors' remuneration report (approved at the AGM held in 2024)	3,986,325	96.13	160,313	3.87

By Order of the Board

N J Ransome

Neal Ransome
Chair
20 June 2025

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 laws and regulations. They are also responsible for ensuring that the annual report and accounts include information required by the 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 are required to prepare the financial statements and have elected to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP) (United Kingdom Accounting Standards and applicable law) including FRS 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for 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, a Director's Report and Director's 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 ensuring that the annual report and accounts, taken as a whole, are fair, balanced, understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the annual report and the accounts are made available on a website. Financial statements are published on the Investment Manager's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to Disclosure Guidance and Transparency Rule 4 (DTR4)

Neal Ransome (Chair), Andrew Boteler, Joanne Parfrey and Louise Nash, the Directors, confirm to the best of their knowledge that:

- the financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- the annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

By Order of the Board

N J Ransome

Neal Ransome
Chair
20 June 2025

Independent auditor's report to the members of Octopus AIM 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 28 February 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with having been prepared in accordance with United Kingdom Generally Accepted Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Octopus AIM VCT Plc (the 'Company') for the year ended 28 February 2025 which comprise the Income statement, the Balance sheet, the Statement of changes in equity, the Statement of cash flows 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 the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the financial statements for the year ended 28 February 2009 and subsequent financial periods. The period of total uninterrupted engagement including retenders and re-appointments is 17 years, covering the years ended 28 February 2009 to 28 February 2025. 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 during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status;
- consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- 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 forecast 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.

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

		2025	2024
Key audit matters	Valuation and Ownership of Investments	✔	✔
Materiality	Based on 1% of Net Assets	£1,153,000	£1,291,000

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	How the scope of our audit addressed the key audit matter
Valuation and Existence of investments (Notes 1 and 10 of the financial statements) The investment portfolio comprises of level 1 quoted equity and level 3 unquoted investments. The Investment Manager's fee is based on the value of the net assets of the fund, as shown in note 3. As the Investment Manager is also responsible for preparing the valuation of investments for the financial statements, there is a potential risk of misstatement in the investment valuations. There is a risk that the investment balance includes investments which are no longer owned by the Company or the holdings % may have changed or that the bid price used to value the investment is incorrect. 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 Investment Manager, who is remunerated based on a percentage of the value of the net assets of the fund, as shown in note 3. Quoted Investments: £65 million (80%) of the Company's investments held at fair value through profit and loss are quoted investments.	We assessed the design and implementation of controls in relation to the valuation of investments. In respect of 100% of level 1 quoted equity investments, we responded to this matter by testing the valuation and existence of the whole portfolio of quoted investments. We performed the following procedures: • Confirmed the year-end bid price was used by agreeing to externally quoted prices; • Assessed if there were contra indicators, such as liquidity considerations, to suggest bid price is not the most appropriate indication of fair value; • Recalculated the valuation by multiplying the number of shares held per the statement obtained from the custodian by the valuation per share; and • Obtained direct confirmation from the custodian and agreed all investments held at the balance sheet date to CREST records. On a sample basis covering 98% (by value) of the unquoted investments, we have: • 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; • Obtained share capital tables directly from the investee company to confirm ownership at year end and recalculated the value attributable to the Company; • Reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues, earnings or cash flows used in the valuations;

Independent auditor's report to the members of Octopus AIM VCT plc continued

Unquoted investments: £17 million (20%) of the Company's investments held at fair value through profit and loss are unquoted and are valued using more subjective techniques (Level 3). For these reasons we considered the valuation and existence of unquoted and quoted investments to be a key audit matter.	• Considered the revenue or earnings 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, cash flow or earnings 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:** Based on the procedures performed we did not identify any matters to suggest the valuation or existence of the investments was not appropriate and we are satisfied that the estimates and judgements made in the unquoted investment valuations are appropriate considering the level of estimation uncertainty.

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	
	2025	**2024**
Materiality	£1,153,000	£1,291,000
Basis for determining materiality	1% of net assets.	
Rationale for the benchmark applied	Net asset value is the primary measure used by the users in assessing the performance of the Company as an investment entity. In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised primarily of quoted investments, we have applied a percentage of 1% of net assets value.	
Performance materiality	£864,000	£968,000
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 year.	

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £57,000 (2024: £64,000). 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 and accounts 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.

Corporate governance statement

The UK 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 as set out on page 32; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate as set out on page 25.
Other Code provisions	• Directors' statement on fair, balanced and understandable as set out on page 45; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 26; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on page 38; and • The section describing the work of the Audit Committee as set out on page 40.

Independent auditor's report to the members of Octopus AIM VCT plc continued

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 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.
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: • 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 management and those charged with governance; and
- obtaining an 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 UK Listing Rules and Disclosure Guidance and Transparency Rules, the principles of the UK Corporate Governance Code, industry practice represented by the SORP 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;
- reviewing minutes of meeting of those charged with governance for instances of non-compliance with laws and regulations;
- enquiries of management and those charged with governance relating to the existence of any non-compliance with laws and regulations;
- agreement of the financial statement disclosures to underlying supporting documentation; and
- obtaining the VCT compliance reports during the year and as at year end and reviewing their calculations to check that the Company was meeting its requirements to retain VCT status.

Fraud

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

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to 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 management override of controls and the valuation of unquoted investments.

Our procedures in respect of the above included but were not limited to :

- The procedures set out in the Key Audit Matters section above relating to valuation of the unquoted investments;
- Review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;
- Review and consideration of the appropriateness of adjustments made in the preparation of the financial statements; and
- Review of unadjusted audit differences, if any, for indication of bias or deliberate misstatement.

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

Independent auditor's report to the members of Octopus AIM VCT plc continued

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.

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.

Elizabeth Hooper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
20 June 2025

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

Income statement

	Notes	**Year to 28 February 2025** Revenue £'000	Capital £'000	Total £'000	Year to 29 February 2024 Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	**–**	**1,059**	**1,059**	–	813	813
Loss on disposal of current asset investments		**–**	**–**	**–**	–	(246)	(246)
Loss on valuation of fixed asset investments	10	**–**	**(6,264)**	**(6,264)**	–	(16,322)	(16,322)
Loss on valuation of current asset investments		**–**	**(352)**	**(352)**	–	(1,137)	(1,137)
Investment income	2	**2,209**	**–**	**2,209**	2,060	–	2,060
Investment management fees	3	**(518)**	**(1,561)**	**(2,079)**	(555)	(1,666)	(2,221)
Other expenses	4	**(652)**	**–**	**(652)**	(681)	–	(681)
Profit/(loss) before tax		**1,039**	**(7,118)**	**(6,079)**	824	(18,558)	(17,734)
Tax	6	**–**	**–**	**–**	–	–	–
Profit/(loss) after tax		**1,039**	**(7,118)**	**(6,079)**	824	(18,558)	(17,734)
Earnings per share – basic and diluted	8	**0.5p**	**(3.4p)**	**(2.9p)**	0.4p	(10.0p)	(9.6p)

- The 'Total' column of this statement represents the statutory income statement of the Company prepared in accordance with the accounting policies detailed in the Notes to the financial statements; the supplementary revenue return and capital return columns have been prepared in accordance with the AIC Statement of Recommended Practice.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and money market funds, as well as OEIC funds.

The Company has no recognised gains or losses other than the results for the period as set out above. Accordingly, a statement of comprehensive income is not required.

The accompanying notes on pages 57 to 71 form an integral part of these financial statements.

Balance sheet

	Notes	As at 28 February 2025 £'000	As at 28 February 2025 £'000	As at 29 February 2024 £'000	As at 29 February 2024 £'000
Fixed asset investments	10		**81,535**		80,350
Current assets:					
Investments	11	**14,283**		13,897	
Money market funds	11	**18,204**		33,641	
Debtors	12	**252**		666	
Applications cash[1]	11	**4,350**		4	
Cash at bank	11	**2,296**		1,276	
		39,385		49,484	
Creditors: amounts falling due within one year	13	**(5,537)**		(725)	
Net current assets			**33,848**		48,759
Total assets less current liabilities			**115,383**		129,109
Called up equity share capital	14		**2,282**		2,038
Share premium			**16,226**		18,041
Capital redemption reserve			**408**		341
Special distributable reserve			**118,070**		124,213
Capital reserve realised			**(33,351)**		(24,622)
Capital reserve unrealised			**12,081**		10,470
Revenue reserve			**(333)**		(1,372)
Total equity shareholders' funds			**115,383**		129,109
NAV per share – basic and diluted	9		**50.6p**		63.3p

[1]Cash held but not yet allotted.

The statements were approved by the Directors and authorised for issue on 20 June 2025 and are signed on their behalf by:

N J Ransome

Neal Ransome
Chair
Company number: 03477519

The accompanying notes on pages 57 to 71 form an integral part of these financial statements.

Statement of changes in equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserves[1] £'000	Capital reserve realised[1] £'000	Capital reserve unrealised £'000	Revenue reserve[1] £'000	Total £'000
As at 1 March 2024	**2,038**	**18,041**	**341**	**124,213**	**(24,622)**	**10,470**	**(1,372)**	**129,109**
Comprehensive income for the year:								
Management fee allocated as capital expenditure	–	–	–	–	(1,561)	–	–	(1,561)
Current period gain on disposal	–	–	–	–	1,059	–	–	1,059
Current period loss on revaluation of investments	–	–	–	–	–	(6,616)	–	(6,616)
Profit after tax	–	–	–	–	–	–	1,039	1,039
Total comprehensive loss for the year	–	–	–	–	(502)	(6,616)	1,039	(6,079)
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(67)	–	67	(3,687)	–	–	–	(3,687)
Issue of shares	311	17,114	–	–	–	–	–	17,425
Share issue costs	–	(864)	–	–	–	–	–	(864)
Dividends paid	–	–	–	(20,521)	–	–	–	(20,521)
Total contributions by and distributions to owners	244	16,250	67	(24,208)	–	–	–	(7,647)
Other movements:								
Cancellation of share premium	–	(18,065)	–	18,065	–	–	–	–
Prior years' holding gains now realised	–	–	–	–	(8,228)	8,228	–	–
Total other movements	–	(18,065)	–	18,065	(8,228)	8,228	–	–
Balance as at 28 February 2025	**2,282**	**16,226**	**408**	**118,070**	**(33,351)**	**12,081**	**(333)**	**115,383**

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserves[1] £'000	Capital reserve realised[1] £'000	Capital reserve unrealised £'000	Revenue reserve[1] £'000	Total £'000
As at 1 March 2023	**1,798**	**18,924**	**279**	**118,015**	**(23,143)**	**27,545**	**(2,196)**	**141,222**
Comprehensive income for the year:								
Management fee allocated as capital expenditure	–	–	–	–	(1,666)	–	–	(1,666)
Current period gain on disposal	–	–	–	–	571	–	–	571
Current period loss on revaluation of investments	–	–	–	–	–	(17,459)	–	(17,459)
Profit after tax	–	–	–	–	–	–	824	824
Total comprehensive loss for the year	–	–	–	–	(1,095)	(17,459)	824	(17,730)
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(62)	–	62	(4,083)	–	–	–	(4,083)
Issue of shares	302	20,082	–	–	–	–	–	20,384
Share issue costs	–	(1,158)	–	–	–	–	–	(1,158)
Dividends paid	–	–	–	(9,526)	–	–	–	(9,526)
Total contributions by and distributions to owners	240	18,924	62	(13,609)	–	–	–	5,617
Other movements:								
Cancellation of share premium	–	(19,807)	–	19,807	–	–	–	–
Prior years' holding gains now realised	–	–	–	–	2,871	(2,871)	–	–
Transfer in reserves	–	–	–	–	(3,255)	3,255	–	–
Total other movements	–	(19,807)	–	19,807	(384)	384	–	–
Balance as at 29 February 2024	**2,038**	**18,041**	**341**	**124,213**	**(24,622)**	**10,470**	**(1,372)**	**129,109**

[1]Included within these reserves is an amount of £84,386,000 (2024: £98,219,000) which is considered distributable to shareholders. The Income Taxes Act 2007 restricts distribution of capital from reserves created by the conversion of the share premium account into a special distributable reserve until the third anniversary of the share allotment that led to the creation of that part of the share premium account. As at 28 February 2025, £50,328,000 of the special reserve is distributable under this restriction.

The accompanying notes on pages 57 to 71 form an integral part of these financial statements.

Cash flow statement

	Notes	Year to 28 February 2025 £'000	Year to 29 February 2024 £'000
Cash flows from operating activities			
Loss before tax		**(6,079)**	(17,734)
Adjustments for:			
Decrease in debtors		**414**	131
Increase/(decrease) in creditors		**466**	(134)
Gain on disposal of fixed asset investments	10	**(1,059)**	(813)
Loss on disposal of current asset investments		**–**	246
Loss on valuation of fixed asset investments	10	**6,264**	16,322
Loss on valuation of current asset investments		**352**	1,137
Net cash generated from/(utilised in) operating activities		**358**	(845)
Cash flows from investing activities			
Purchase of fixed asset investments	10	**(11,280)**	(7,149)
Proceeds from sale of fixed asset investments	10	**4,890**	13,517
Purchase of current asset investments		**(1,008)**	(1,080)
Proceeds from sale of current asset investments		**270**	1,988
Total cash flows (utilised in)/generated from investing activities		**(7,128)**	7,276
Cash flows from financing activities			
Movement in applications account	13	**4,346**	(1)
Purchase of own shares	14	**(3,687)**	(4,083)
Proceeds from share issues (net of DRIS)	14	**13,678**	18,558
Share issue costs	14	**(864)**	(1,157)
Dividends paid (net of DRIS)	7	**(16,774)**	(7,700)
Net cash flows (utilised in)/generated from financing activities		**(3,301)**	5,617
(Decrease)/increase in cash and cash equivalents		**(10,071)**	12,048
Opening cash and cash equivalents		**34,921**	22,873
Closing cash and cash equivalents		**24,850**	34,921
Cash and cash equivalents is represented by:			
Cash at bank	11	**2,296**	1,276
Applications cash	11	**4,350**	4
Money market funds	11	**18,204**	33,641
Total cash and cash equivalents		**24,850**	34,921

The notes on pages 57 to 71 form an integral part of these financial statements.

Notes to the financial statements

1. Significant accounting policies

The Company is a Public Limited Company (plc) incorporated in England and Wales and its registered office is 33 Holborn, London EC1N 2HT.

The Company's principal activity is to invest in a diverse portfolio of predominantly AIM-traded companies with the aim of providing shareholders with attractive tax-free dividends and long-term capital growth.

Basis of preparation

The financial statements have been prepared 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'), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued 2014 and updated in July 2022).'

The significant accounting policies have remained unchanged from those set out in the Company's 2024 annual report and accounts. A summary of the significant accounting policies is set out below.

FRS 102 Sections 11 and 12 have been adopted with regard to the Company's financial instruments. The Company holds all fixed asset investments at fair value through profit or loss (FVTPL); therefore all gains and losses arising from such investments held are attributable to financial assets held at FVTPL. Accordingly, all interest income, fee income, expenses and gains and losses on investments are attributable to assets held at FVTPL.

Going concern

After reviewing the Company's forecasts and expectations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has sufficient cash and liquid resources to meet its liabilities as they fall due and methods through which it could manage its operations include adjusting investment strategy and careful consideration of non-committed cash outflows, including dividends and buybacks. The Company therefore continues to adopt the going concern basis in preparing its financial statements. In reaching this conclusion the Directors have had regard to the potential impact of economic instability on the Company. See the Directors' Report on pages 32 to 35 for further details.

Revenue and capital

The Company presents its income statement in a three-column format to give shareholders additional detail of the performance of the Company, split between items of a revenue or capital nature as required by the SORP.

The revenue column of the income statement includes all income and revenue expenses of the Company. The capital column includes gains and losses on disposal and holding gains and losses on investments.

Upon disposal of investments, gains relating to the assets are transferred from the capital reserve unrealised to the capital reserve realised.

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 the Company's investment portfolio.

Key judgements and estimates

The preparation of the financial statements requires the Board 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, particularly 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.

Investment valuation policies are important to the depiction of the Company's financial position and require the application of subjective and complex judgements, notably with regard to unquoted holdings, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The main accounting and valuation policies used by the Company are disclosed below.

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

Although the Company believes that the assumptions concerning the business environment and estimate 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 (see note 10).

Notes to the financial statements continued

1. Significant accounting policies continued

Financial instruments

The Company's significant financial assets are its investments and the policies in relation to those assets are set out above and in note 10. 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 direct to equity.

The Company's trade receivables are initially recognised at fair value which is normally transaction cost and subsequently measured at amortised cost.

Financing strategy and capital structure

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

The Company defines capital as shareholders' funds and its 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. The Company 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.

As the Company is registered as an AIFM, it is subject to externally imposed capital requirements, namely if the value of assets under management (AUM) exceeds €250 million then an additional amount of Company funds equal to 0.02% of the excess over €250 million (subject to a cap of €10 million capital requirement) will be required.

Cash and liquid resources

For the purpose of the Cash Flow Statement, cash and cash equivalents comprises cash at bank, Applications cash and money market funds. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Investments in OEICs and MMFs are subject to insignificant changes in fair value. The Company holds £4,350,000 (2024: £4,000) of cash on behalf of the Company and Octopus AIM VCT 2 plc, in accordance with their joint prospectus. Of this, £2,610,000 (2024: £2,000) is attributable to the Company. This cash is held in an applications bank account until shares are issued. A corresponding creditor is recognised in note 13 on page 66.

Reserves

Called up equity share capital – represents the nominal value of shares that have been issued.

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

Capital redemption reserve – represents the nominal value of shares bought back from shareholders and cancelled from share capital.

Special distributable reserve – includes cancelled share premium available for distribution.

Capital reserve realised – when an investment is sold, any balance held in capital reserve unrealised is transferred to capital reserve realised on disposal, as a movement in reserves. The portion of the management fee allocated to capital expenditure is also included in this reserve. This reserve is available for distribution.

Capital reserve unrealised – when the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to capital reserve unrealised.

Revenue reserve – net revenue profits and losses of the Company. This reserve is available for distribution.

Functional and presentational currency

The financial statements are presented in sterling (£). The functional currency is also sterling (£).

2. Income

Accounting policy

Investment income includes interest earned on money market securities is shown net of income tax withheld at source. Dividend income is shown net of any related tax credit. Dividends are allocated to revenue or capital depending on whether the dividend is of a revenue or capital nature.

Dividends receivable are brought into account when the Company's right to receive payment is established and it is probable that payment will be received. Fixed returns on debt and money market securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

Disclosure

	28 February 2025 £'000	29 February 2024 £'000
Dividends receivable from fixed asset investments	**906**	866
Loan note interest receivable	**111**	41
Income receivable on money market securities	**1,192**	1,153
	2,209	2,060

3. Investment management fees

	28 February 2025			29 February 2024		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**518**	**1,561**	**2,079**	555	1,666	2,221

Octopus provides investment management and accounting and administration services to the Company under a management agreement which initially ran with Close Investment Limited from 3 February 1998 and was then novated to Octopus for a period of five years with effect from 29 July 2008 and may be terminated at any time thereafter by not less than twelve months' notice given by either party. No compensation is payable in the event of terminating the agreement 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 management fee is an annual charge set at 2% of the Company's net assets, less deductions outlined below, calculated on a quarterly basis. The Investment Manager is not entitled to any annual performance incentive scheme.

During the year Octopus charged gross management fees of £2,469,000 (2024: £2,614,000). When the various allowances detailed below are included, the net management fees for the year are £2,079,000 (2024: £2,221,000). At the year-end there was £503,000 payable to Octopus (2024: £499,000). Octopus received £165,000 as a result of upfront fees charged on allotments of Ordinary shares (2024: £243,000).

The Company pays ongoing adviser charges to independent financial advisers (IFAs). Ongoing adviser charges are an ongoing fee of up to 0.5% per annum for a maximum of nine years paid to advisers who are on an advised and ongoing fee structure. The Company is rebated for this cost by way of a reduction in the annual management fee. For the year to 28 February 2025 the rebate received was £131,000 (2024: £140,000).

Notes to the financial statements continued

3. Investment management fees continued

The Company also facilitates upfront fees to IFAs where an investor has invested through a financial adviser and has received upfront advice. Where an investor agrees to an upfront fee only, the Company can facilitate a payment of an initial adviser charge of up to 4.5% of the investment amount. If the investor chooses to pay their intermediary/adviser less than the maximum initial adviser charge, the remaining amount will be used for the issue and allotment of additional new shares for the investor. In these circumstances the Company does not facilitate ongoing annual payments. To make sure that the Company is not financially disadvantaged by such payment, a notional ongoing adviser charge equivalent to 0.5% per annum will be deemed to have been paid by the Company for a period of nine years. The Company is rebated for this cost, also by way of a reduction in the annual management fee. For the year to 28 February 2025 the rebate received was £171,000 (2024: £171,000).

The Company also receives a reduction in the management fee for the investments in other Octopus managed funds, being the Multi Cap, Micro Cap and Future Generations products, to ensure the Company is not double charged on these products. This amounted to £86,000 for the year to 28 February 2025 (2024: £80,000).

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 the Company's investment portfolio.

4. Other expenses

Accounting policy

All expenses are accounted for on an accruals basis and are charged wholly to revenue, apart from management fees which are charged 25% to revenue and 75% to capital.

Disclosure

	28 February 2025 £'000	29 February 2024 £'000
IFA charges	**131**	140
Directors' remuneration	**108**	103
Registrars' fees	**56**	69
Audit fees	**49**	48
Directors' and officers' liability insurance	**49**	49
Printing and postage	**19**	19
VCT monitoring fees	**14**	17
Broker's fees	**6**	6
Other administration expenses	**220**	230
	652	681

The fees payable to the Company's auditor are stated net of VAT and the VAT is included within other administration expenses. No non-audit services were provided by the Company's auditor.

The ongoing charges of the Company were 2.3% of average net assets during the year to 28 February 2025 (2024: 2.1%). Ongoing charges are calculated using the AIC methodology and exclude exceptional costs and trail commission.

5. Directors' remuneration

Directors were paid £108,000 in the year to 28 February 2025 (2024: £103,000). This excludes Employer's National Insurance contributions of £9,000 (2024: £9,000). None of the Directors received any other remuneration, pension contributions or benefits from the Company during the year. The Company has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the year was four (2024: four).

6. Tax

Accounting policy

Current tax is recognised for the amount of income tax payable in respect of the taxable profit/(loss) for the current or past reporting periods using the current UK corporation tax 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 on an undiscounted basis in respect of all timing differences that have originated but not reversed at the balance sheet date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The corporation tax charge for the year was £nil (2024: £nil).

Disclosure

Tax reconciliation	**28 February 2025 £'000**	29 February 2024 £'000
Loss before tax	**(6,079)**	(17,734)
Current tax at 25% (2024: 24.49%)	**(1,519)**	(4,329)
Effects of		
Non-taxable income	**(525)**	(492)
Non-taxable capital gains	**1,389**	4,123
Non-deductible expenses	**9**	(6)
Excess management expenses on which deferred tax not recognised	**646**	704
Total tax charge	**–**	–

Approved VCTs are exempt from tax on capital gains within the Company. Since the Directors intend that the Company will continue to conduct its affairs so as to maintain its approval as a VCT, no deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

As at 28 February 2025 there is an unrecognised deferred tax asset of £7,558,000 (2024: £7,210,000) in respect of accumulated surplus management expenses of £30,232,000 (2024: £28,841,000), based on a prospective corporation tax rate of 25% (2024: 25%). This deferred tax asset could in future be used against taxable profits.

Provided the Company continues to maintain its current investment profile, it is unlikely that the expenses will be utilised and that the Company will obtain any benefit from this asset.

Notes to the financial statements continued

7. Dividends

Accounting policy

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established. This liability is established on the record date, the date on which those shareholders on the share register are entitled to the dividend.

Disclosure

	28 February 2025 £'000	29 February 2024 £'000
Dividends paid on Ordinary shares during the year		
Final dividend – 2.5p paid 15 August 2024 (2024: 2.5p)	**5,044**	4,451
Special dividend – 4.9p paid 15 August 2024 (2024: nil)	**9,886**	–
Interim dividend – 2.5p paid 10 January 2025 (2024: 2.5p)	**5,591**	5,075
	20,521	9,526

During the year £3,747,000 (2024: £1,826,000) of dividends were reinvested under the DRIS, see note 14.

	28 February 2025 £'000	29 February 2024 £'000
Dividends paid and proposed in respect of the year		
Interim dividend – 2.5p paid 10 January 2024 (2024: 2.5p)	**5,591**	5,075
Special dividend proposed – nil (2024: 4.9p)	**–**	9,934
Final dividend proposed – 2.5p payable 28 August 2025 (2024: 2.5p)	**5,704**	5,068
	11,295	20,077

Under Section 32 of FRS 102 'Events After Balance Sheet Date', dividends payable at year end are not recognised as a liability in the financial statements.

The above proposed final dividend is based on the number of shares in issue at the date of this report. The actual dividend paid will differ from this number as the dividend payable will be based on the number of shares in issue on the record date and will reflect any changes in the share capital between the year end and the record date.

8. Earnings per share

	28 February 2025			29 February 2024		
	Revenue	**Capital**	**Total**	Revenue	Capital	Total
Loss attributable to ordinary shareholders (£'000)	**1,039**	**(7,118)**	**(6,079)**	824	(18,558)	(17,734)
Earnings per ordinary share (p)	**0.5p**	**(3.4p)**	**(2.9p)**	0.4p	(10.0p)	(9.6p)

The earnings per share is based on 209,959,577 Ordinary shares (2024: 185,664,255, being the weighted average number of shares in issue during the year), and the loss on ordinary activities after tax for the year of £6,079,000 (2024: loss £17,734,000).

There are no potentially dilutive capital instruments in issue and, as such, the basic and diluted earnings per share are identical.

9. Net asset value per share

	28 February 2025	29 February 2024
Net assets (£'000)	**115,383**	129,109
Shares in issue	**228,158,686**	203,828,309
NAV per share (p)	**50.6**	63.3

There are no potentially dilutive capital instruments in issue and, as such, the basic and diluted NAV per share are identical.

10. Fixed asset investments

The Company's principal financial assets are its investments and the policies in relation to those assets are set out below.

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

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them has to be provided internally on that basis to the Board. Accordingly, as permitted by FRS 102, the investments are measured as 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. The Company's investments are measured at subsequent reporting dates at fair value.

In the case of investments quoted on a recognised stock exchange, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending upon convention of the exchange on which the investment is quoted. In the case of unquoted investments, fair value is established by assessing different methods of valuation, such as price of recent transaction, earnings or revenue-based multiples, discounted cash flows and net assets. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique. These methodologies are consistent with IPEV guidelines.

Gains and 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. The Investment Manager reviews changes in fair value of investments for any permanent reductions in value and will give consideration to whether these losses should be transferred to the capital reserve realised.

In the preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the 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 the Company 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.

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.

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.

Notes to the financial statements continued

10. Fixed asset investments continued

	Level 1: Quoted equity investments £'000	Level 3: Unquoted investments £'000	Total £'000
Cost at 1 March 2024	68,725	5,268	73,993
Opening unrealised gain at 1 March 2024	780	5,577	6,357
Valuation at 1 March 2024	**69,505**	**10,845**	**80,350**
Purchases at cost	10,980	300	11,280
Disposal proceeds	(4,883)	(7)	(4,890)
Loan to equity conversion	180	(180)	–
Transfer of investment between Level 1 and 3 at cost	(2,156)	2,156	–
Transfer of unrealised loss between Level 1 and 3	328	(328)	–
Profit on realisation of investments	1,051	8	1,059
Change in fair value in year	(9,931)	3,667	(6,264)
Closing valuation at 28 February 2025	**65,074**	**16,461**	**81,535**
Closing cost at 28 February 2025	73,811	7,245	81,056
Closing unrealised gain at 28 February 2025	(8,737)	9,216	479
Valuation at 28 February 2025	**65,074**	**16,461**	**81,535**

The Company received £5,070,000 (2024: £13,957,000) from investments sold in the year. The book cost of these investments when they were purchased was £4,398,000 (2024: 10,490,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

Level 1 valuations are valued in accordance with the closing bid price on the relevant date. Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review.

Level 3 investments are reported at fair value in accordance with FRS 102 Sections 11 and 12, which is determined in accordance with the latest IPEV guidelines. In estimating fair value, there is an element of judgement, notably in deriving reasonable assumptions, and it is possible that, if different assumptions were to be used, different valuations could have been attributed to some of the Company's investments. Level 3 investments include £1,200,000 (2024: £1,080,000) of loan notes held at cost, which is deemed to be current fair value.

There has been one transfer between these classifications in the year (2024: none). Intelligent Ultrasound Group Limited was transferred from Level 1 to Level 3 following its delisting from the AIM market on 19 February 2025. Post year-end Intelligent Ultrasound Group Limited was acquired for 13p per share which was its year-end valuation.

The Company holds seven unquoted equity investments and two unquoted loan notes which are classified as Level 3 in terms of fair value hierarchy. These are valued based on a range of valuation methodologies, determined on an investment-specific basis. The price of recent investment is used where a transaction has occurred sufficiently close to the reporting date to make this the most reliable indicator of fair value. Where recent investment is not deemed to indicate the most reliable indicator of fair value i.e. the most recent investment is too distant from the reporting date for this to be deemed a reasonable indicator, other market-based approaches including earnings multiples, annualised recurring revenues, discounted cash flows or net assets are used to determine a fair value for the investments.

FRS 102 requires the Directors to consider the impact of changing one or more of the inputs used as part of the valuation process to reasonable possible alternative assumptions. The Company's holdings in Hasgrove Limited and Popsa Holdings Limited make up over 74.3% of the market value of the Level 3 investments on the balance sheet and therefore we have taken into account these valuations when considering possible alternative assumptions. See below for the results of our analysis:

10. Fixed asset investments continued

Valuation technique	Portfolio company	Input	Input selected	Change in inputs	Change in fair value of investments (£m)	Change in NAV (pence per share)
Revenue multiple	Hasgrove Limited	ARR multiple	7.26	0.5x	0.5	0.22
				(0.5x)	(0.5)	(0.22)
Revenue multiple	Popsa Holdings Limited	EV/Sales multiple	1.80	0.2x	0.5	0.22
				(0.2x)	(0.5)	(0.22)

The Board and the Investment Manager believe that the valuations as at 28 February 2025 reflect the most reasonable assumptions at that date, giving due regard to all information available from each portfolio company.

All capital gains or losses on investments are classified at FVTPL ('fair value through profit and loss'). Given the nature of the Company's venture capital investments, the changes in fair value of such investments recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and accordingly these gains are treated as holding gains or losses.

At 28 February 2025 there were no commitments in respect of investments approved by the Investment Manager but not yet completed (2024: £nil).

11. Current asset investments and cash at bank

Accounting policy

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash at bank, applications cash and money market funds. Cash equivalents are money market funds which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. They are also subject to insignificant risk of valuation changes.

Current asset investments on the Balance Sheet comprise OEICs ('Open Ended Investment Companies'), which are valued on a FVTPL basis. Gains and 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. Realised gains and losses on disposals are allocated to the capital reserve realised.

Money market funds are carried at fair value at the latest published price.

The current asset investments are readily convertible into cash at the choice of the Company within seven days. The current asset investments are held for trading, are actively managed and the performance is evaluated on a fair value basis in accordance with a documented investment strategy.

Notes to the financial statements continued

11. Current asset investments and cash at bank continued

Disclosure

As at 28 February 2025 and 29 February 2024, current asset investments, money market funds and cash at bank fall into Level 1 of the fair value hierarchy as defined in the fixed asset investment accounting policy in note 10 above.

	28 February 2025 £'000	29 February 2024 £'000
OEICs:		
FP Octopus UK Micro Cap Growth Fund	**8,196**	8,174
FP Octopus UK Multi Cap Income Fund	**4,113**	4,386
FP Octopus UK Future Generations Fund	**1,974**	1,337
Total OEICs	**14,283**	13,897
Money market funds	**18,204**	33,641
Total current asset investments and money market funds	**32,487**	47,538
Applications cash	**4,350**	4
Cash at bank	**2,296**	1,276
Total current asset investments and cash and cash equivalents	**39,133**	48,818

12. Debtors

	28 February 2025 £'000	29 February 2024 £'000
Other debtors	**4**	442
Prepayments and accrued income	**248**	224
Total	**252**	666

13. Creditors: amounts falling due within one year

	28 February 2025 £'000	29 February 2024 £'000
Accruals	**674**	691
Other creditors	**22**	22
Applications creditor	**4,350**	4
Trade creditors	**491**	8
Total	**5,537**	725

Creditors includes £4,350,000 (2024: £4,000) cash held on behalf of the Company and Octopus AIM VCT 2 plc (also managed by Octopus Investments). This cash is held in an applications bank account until shares are issued, of this £2,610,000 (2024: £2,000) is attributable to the Company.

14. Share capital

	28 February 2025 £'000	29 February 2024 £'000
Allotted and fully paid up:		
228,158,686 Ordinary shares of 1.0p (2024: 203,828,309)	**2,282**	2,038
Closing cost and valuation at 28 February 2025	**2,282**	2,038

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 21. As the Company is registered as an AIFM, it is subject to externally imposed capital requirements of €300,000. If the value of assets under management (AUM) exceeds €250 million then an additional amount of Company funds equal to 0.02% of the excess over €250 million (subject to a cap of €10 million capital requirement) will be required.

During the year the Company repurchased the following shares to be cancelled:

Date	Number of shares	Price per share (p)	Total cost of shares repurchased (£)
21 March 2024	691,776	62.1	430,000
25 April 2024	406,159	61.2	249,000
24 May 2024	346,056	63.2	219,000
20 June 2024	428,126	61.7	264,000
18 July 2024	230,467	62.3	144,000
15 August 2024	658,737	54.4	358,000
12 September 2024	621,286	53.8	334,000
10 October 2024	628,786	52.4	329,000
14 November 2024	723,329	52.1	377,000
19 December 2024	530,605	52.2	277,000
30 January 2025	803,136	48.9	393,000
20 February 2025	637,122	49.2	313,000
Total	**6,705,585**		**3,687,000**

The total nominal value of the shares repurchased for cancellation was £67,056 representing 2.9% of the issued share capital. The Company issued the following shares during the year to 28 February 2025:

Date	Number of shares	Price per share (p)	Net proceeds of shares issued (£)
16 May 2024[1]	37,538	65.1	25,000
15 August 2024[2]	4,742,400	56.7	2,689,000
29 October 2024	12,619,732	52.7	6,656,000
12 December 2024	7,692,508	53.8	4,141,000
10 January 2025[2]	2,022,911	52.3	1,058,000
23 January 2025	3,920,873	50.8	1,992,000
Totals			**16,561,000**

[1]Shares issued as a result of reduced adviser charges.

[2]Shares issued under the Dividend Reinvestment Scheme (DRIS).

Excluding the value of shares issued under the DRIS, the total value net of share issue costs was £12,814,000 (2024: £17,401,000). This is shown in the Cash Flow Statement.

Notes to the financial statements continued

15. Financial instruments

The Company's financial instruments comprise of equity investments, loan notes, OEICs, cash balances, investments in money market funds and debtors and creditors. The Company holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying AIM-traded securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

	28 February 2025 £'000	29 February 2024 £'000
Financial assets at fair value through profit or loss		
Fixed asset investments	**81,535**	80,350
Money market securities	**18,204**	33,641
OEICs	**14,283**	13,897
Total financial assets at fair value through profit or loss	**114,022**	127,888
Financial assets measured at amortised cost		
Cash at bank	**6,646**	1,280
Debtors	**252**	666
Total financial assets measured at amortised cost	**6,898**	1,946
Financial liabilities measured at amortised cost		
Accruals and creditors	**(5,537)**	(725)
Total financial liabilities measured at amortised cost	**(5,537)**	(725)

The Company holds seven qualifying, unquoted investments: Popsa Holdings Limited, Rated People Limited, Airnow plc, The Food Marketplace, Alusid Limited, Hasgrove Limited and Intelligent Ultrasound Group Limited. The Company also holds two unquoted loan note investments in Strip Tinning Holdings plc and Haydale Graphene Industries plc, both held at cost. Unquoted investments and loan notes are included in fixed asset investments in the table above.

Fixed and current asset investments (see notes 10 and 11) are initially recognised at FVTPL. For quoted investments this is bid price. The Directors believe that the fair value of the assets held at the year end is equal to their book value. Unquoted investments are valued in accordance with IPEV Guidelines.

The Company's creditors and debtors are initially recognised at fair value, which is usually the transaction cost, and subsequently measured at amortised cost using the effective interest method.

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 the assets held at the year end is equal to their book value.

16. Financial risk management

In carrying on its investment activities, the Company 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 the Company are market risk, interest rate risk, credit risk and liquidity risk. The Company'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

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 21. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance Statement on pages 36 to 39, having regard to the possible effects of adverse price movements, and other macroeconomic effects on the market such as the cost of living crisis, rising inflation and geopolitical unrest with the objective of maximising overall returns to shareholders. Investments in smaller companies, by their nature, usually involve a higher degree of risk than investments in larger 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 Company's portfolio is well diversified with holdings in technology, industrials, pharmaceuticals, support services and many more growing sectors. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the balance sheet date are set out in the Investment Manager's Review on pages 9 to 11.

By value, 56% (2024: 54%) of the Company's net assets comprises equity securities listed on the London Stock Exchange or admitted to trading on AIM. In the context of the continued short-term market volatility caused by the unstable economic environment, we have maintained the sensitivity analysis at 20%, consistent with 2024. Therefore, a decrease in the bid price of these securities as at 28 February 2025 would have decreased net assets and the total return for the year by £13,015,000 (2024: £13,901,000); and an equivalent change in the opposite direction would have increased net assets for the year by the same amount.

OEIC investments comprised 12% of the Company's net assets by value (2024: 11%). A 20% decrease (2024: 20%) in the price of these securities at 28 February 2025 would have decreased net assets by £2,857,000 (2024: £2,779,000); and an equivalent change in the opposite direction would have increased net assets for the year by the same amount.

Unquoted investments comprised 14% of the Company's net assets by value (2024: 8%). A 20% decrease (2024: 20%) in the price of these securities at 28 February 2025 would have decreased net assets by £3,292,000 (2024: £2,169,000); and an equivalent change in the opposite direction would have increased net assets for the year by the same amount.

Interest rate risk

Some of the Company's financial assets are interest-bearing. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

The table below summarises weighted average effective interest rates for the interest-bearing loans made to portfolio companies.

	28 February 2025			29 February 2024		
	Total loan portfolio by value £'000	**Weighted average interest rate %**	**Weighted average time for which rate is fixed Years**	Total loan portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years
Unquoted interest bearing loans	**1,200**	**10**	**5.1**	1,080	10.0	5.1

Notes to the financial statements continued

16. Financial risk management continued

Floating rate

The Company's floating rate investments comprise cash held on interest bearing money market securities. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 4.5% at 28 February 2025 (2024: 5.25%). The amounts held in floating rate investments at the balance sheet date were as follows:

	28 February 2025 £'000	29 February 2024 £'000
Money market funds	**18,204**	33,641
	18,204	33,641

A 1% increase in the base rate would increase income receivable from these investments and the total return for the year by £182,000 (2024: 336,000).

Every 1% increase and decrease in the base rate would increase income receivable from these investments for the year by £182,000 (2024: £336,000).

Credit risk

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 the Company. Octopus 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.

	28 February 2025 £'000	29 February 2024 £'000
Loan notes	**1,200**	1,080
Cash on deposit	**6,646**	1,280
Accrued dividends and interest receivable	**194**	167
Money market funds	**18,204**	33,641
	26,244	36,168

Other than cash, loan notes or liquid money market funds, there were no significant concentrations of credit risk to counterparties at 28 February 2025 or 29 February 2024. By value, no individual bank holding or fixed rate note investment exceeded 11% of the Company's net assets at 28 February 2025 (2024: 9%).

The Company's interest-bearing deposit and current accounts are maintained with HSBC and Money Market Funds held with BlackRock, HSBC and JP Morgan. The risk of loss to this cash is deemed to be low due to the historical credit ratings and a current Moody's rating of Aaa for HSBC, JP Morgan and BlackRock Money Market Funds. The Investment 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 these counterparties deteriorate significantly, the Investment Manager will move the cash holdings to another bank.

Credit risk relating to listed money market securities is mitigated by investing in a portfolio of investment instruments of high credit quality comprising major UK companies and institutions.

Those assets of the Company which are traded on recognised stock exchanges are held on the Company's behalf by third-party sub-custodians (for example, BlackRock in the case of listed money market securities and Octopus Investments Limited in the case of quoted equity securities). Bankruptcy or insolvency of a custodian could cause the Company's rights with respect to securities held by the custodian to be delayed or limited or by bankruptcy proceedings.

Liquidity risk

The Company's financial assets include investments in AIM-traded companies, which by their nature involve a higher degree of risk than investments on the main market, as well as unquoted securities which are not traded on a recognised stock exchange and which generally may be illiquid. As a result, the Company 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.

16. Financial risk management continued

The Company's listed money market securities are considered to be readily realisable as they are of high credit quality as outlined above.

The Company's OEIC investments are considered to be readily realisable as under the terms of the product, funds can be withdrawn at any point and received within seven working days. There is a risk that the value of the investment will fall, but this is monitored continually by the Investment Manager.

The Company's liquidity risk is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 28 February 2025 these investments were valued at £39,134,000 (2024: £48,818,000). The Company has no debt, therefore no maturity analysis is required as all financial liabilities fall due within twelve months.

17. Events after the end of the reporting period

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

The following shares have been allotted since the year end:

- 27 March 2025: 8,893,138 shares at a price of 52.2p per share.
- 22 May 2025: 43,183 shares at a price of 50.1p per share.

The following shares have been bought back since the year end:

- 20 March 2025: 1,053,974 shares at a price of 47.37p per share.
- 16 April 2025: 888,536 shares at a price of 45.45p per share.
- 15 May 2025: 590,908 shares at a price of 47.27p per share.
- 19 June 2025: 774,234 shares at a price of 49.59p per share.

18. Contingencies, guarantees and financial commitments

At 28 February 2025 there were no commitments in respect of investments approved by the Investment Manager but not yet completed (2024: £nil).

19. Transactions with the Investment Manager

The Company has employed Octopus throughout the year as Investment Manager. Octopus has also been appointed the custodian of the Company's investments under a custodian agreement.

The Company has paid Octopus £2,079,000 (2023: £2,221,000) in the year as a management fee. The management fee is payable quarterly in arrears and is based on 2.0% of net assets at six-month intervals.

The Company receives a reduction in the management fee for the investments in other Octopus managed funds, being the Multi Cap Income Fund, Micro Cap Growth Fund and Future Generations Fund, to ensure the Company is not double charged on these products. This amounted to £86,000 in the year to 28 February 2025 (2024: £80,000). For further details please refer to note 3. Details of amounts invested in Octopus managed funds can be found on page 66.

20. Related party transactions

As at 28 February 2025, Octopus Investments Nominees Limited (OINL) held nil shares (2024: nil) in the Company as beneficial owner from shareholders to protect their interests after delays or errors with shareholder instructions and other similar administrative tasks. Throughout the period to 28 February 2025 OINL purchased nil shares (2024: 2,791) at a cost of £nil (2024: £2,000) and sold nil shares (2024: 10,389) for proceeds of £nil (2024: £7,000). In accordance with the listing rules, this is classed as a related party transaction as Octopus, the Investment Manager, and OINL are part of the same group of companies. Any such future transactions, where OINL takes over the legal and beneficial ownership of Company shares will be announced to the market and disclosed in annual and half yearly reports.

Octopus received £nil (2024: £nil) transaction fees and directors' fees from portfolio companies.

The Company holds £4,350,000 (2024: £4,000) of cash on behalf of the Company and AIM VCT 2 plc, in accordance with their joint prospectus. Of this, £2,610,000 (2024: £2,000) is attributable to the Company.

Details of the Directors and their remuneration can be found in the Directors' Remuneration Report on pages 42 to 44.

Shareholder information and contact details

Octopus AIM VCT plc was launched as Close AIM VCT PLC in the spring of 1998 and raised £10.1 million from private investors through an issue of Ordinary shares.

Between October 2000 and March 2001 a further £20.0 million was raised through an issue of C shares. Furthermore, between 16 March 2004 and final closing on 5 April 2004 the Company raised £3.3 million by way of a D share issue.

The C Shares were merged and converted into Ordinary shares on 31 May 2004 at a conversion ratio determined by a price mechanism related to the respective net assets per share of both the Ordinary shares and C shares at 29 February 2004 (which resulted in C Shareholders receiving 1.0765 Ordinary shares for each C share held).

A further £15.0 million was raised between 6 January 2005 and 8 April 2005 through an issue of new D shares.

On 31 May 2008, the Ordinary shares converted into D shares at a conversion ratio of 0.5448 D shares for each Ordinary share. All of the D shares were then re-designated into new Ordinary shares.

With effect from 1 August 2008, the management of the Company was transferred to Octopus.

On 4 August 2010, the share capital was restructured and each existing Ordinary share of 50p was subdivided into one Ordinary share of 1p and one deferred share of 49p. The deferred shares had no economic value and were bought back by the Company for an aggregate amount of 1p and cancelled.

On 12 August 2010, following approval at the Extraordinary General Meeting on 4 August 2010, shareholders of Octopus Phoenix VCT had their shares converted into Octopus AIM VCT shares on a relative NAV basis using the conversion factor of 0.42972672. On the same day, Octopus Phoenix VCT was placed into members' voluntary liquidation.

The offer for subscription in the prospectus dated 9 July 2010 relating to the issue of new shares in connection with the merger with Octopus Phoenix VCT Plc was extended by a supplemental prospectus and closed on 19 April 2011 raising £10 million. A subsequent offer raised £1.9 million, closing on 5 April 2012.

A further offer was launched on 25 April 2012 and closed on 31 July 2012. The offer resulted in the issue of 2,843,092 new shares, raising a total of £2.6 million.

On 23 October 2012, the Company announced an Enhanced Buyback Facility (EBB) in respect of up to 50% of the issued share capital. The EBB closed on 31 January 2013. As a result of the EBB, the Company repurchased 10,801,537 Ordinary shares and 10,289,443 new Ordinary shares were issued.

An offer for subscription of up to £10 million, which opened on 1 February 2013 and closed on 17 December 2013, raised £9.4 million. The Company opened a non-prospectus offer to raise £4.1 million that opened on 2 February 2014 and closed fully subscribed on 28 March 2014. Since then the Company has raised additional investment through further fundraise as follows:

- Combined total up to £20 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 29 February 2016;
- Combined total up to £16.3 million with a £6 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2017;
- Combined total up to £30 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2018;
- Combined total up to £20 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2019;
- Combined total up to £20 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 29 February 2020;
- Combined total up to £20 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2021;
- Combined total up to £30 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2022;
- Combined total up to £20 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2023;
- Combined total up to £20 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2024; and
- Combined total up to £20 million with a £10 million over-allotment facility with Octopus AIM VCT 2 plc during the year to 28 February 2025.

About VCTs

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unlisted 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 Company has been approved as a VCT by HMRC. In order to maintain its approval, the Company must comply with certain requirements on a continuing basis including the provisions of chapter 3 of the Income Tax Act 2007; in particular s280A:

- at least 80% of the Company's investments must comprise 'qualifying holdings'[1] (as defined in the legislation);
- at least 70% of the qualifying holdings must be invested into Ordinary shares with no preferential rights (30% for funds invested before 6 April 2011);
- no single investment made can exceed 15% of the total company value at the time of investment; and
- a minimum of 10% of each qualifying investment must be in Ordinary shares with no preferential rights.

[1]A 'qualifying holding' consists of up to £5 million invested in any one year in new shares or securities in a company admitted to trading on AIM (or an unquoted UK company) 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.

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque sent to their registered address can complete a mandate form for this purpose or complete an instruction electronically by visiting the Computershare Investor Centre at: **www-uk.computershare.com/investor/**.

Queries relating to dividends, shareholdings or requests for mandate forms should be directed to Computershare by calling **0370 703 6325** (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. Lines are open between 9.00am-5.30pm, Monday to Friday, excluding public holidays in England and Wales), or by writing to them at:

The Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Dividend Reinvestment Scheme (DRIS)

The Company established a DRIS in 2014, under which shareholders are given the opportunity to automatically reinvest future dividend payments by subscribing for new Ordinary shares. This allows participating shareholders to re-invest the growth in their shareholdings and, subject to personal circumstances, benefit from additional income tax reliefs.

Any shareholder wishing to reinvest their dividends can request a DRIS instruction form by calling Computershare on **0370 703 6325**. The application form and rules can also be found in the Document Library on the Octopus website: **https://octopusinvestments.com/our-products/venture-capital-trusts/octopus-aim-vcts/shareholder-information/.**

Share price

The Company's share price can be found on various financial websites, such as **www.londonstockexchange.com**, by typing the following TIDM/EPIC code in the 'Quotes search':

	Ordinary shares
TIDM/EPIC code	OOA
Latest share price 19 June 2025	49.5p per share

Buying and selling shares

The Company's Ordinary shares can be bought and sold in the same way as any other company quoted on the London Stock Exchange via a stockbroker. 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

The Company operates a policy of buying its own shares for cancellation as they become available, and envisages that purchases will be made at up to a 5% discount to the prevailing NAV. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact Panmure Liberum Limited, the Company's broker.

Panmure Liberum Limited is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought its shares. Panmure Liberum Limited can be contacted as follows:

Chris Lloyd	020 7886 2716	chris.lloyd@panmureliberum.com
Paul Nolan	020 7886 2717	paul.nolan@panmureliberum.com

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.
- 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 therefore tax advice should be obtained before shareholders dispose of their shares.

Shareholder information and contact details continued

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 Computershare, under the signature of the registered holder, or via the Computershare online share portal at: **www-uk.computershare.com/investor/**. Computershare's contact details are provided on page 72.

Other information for shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Investment Manager's website at **https://octopusinvestments.com/our-products/venture-capital-trusts/octopus-aim-vcts/shareholder-information/** by navigating to Investor, Shareholder Information, Octopus AIM VCT plc. Other statutory information can also be found there. For any queries regarding access to this, please call Octopus on **0800 316 2295**.

Electronic communications

We also publish reports and accounts and all other correspondence electronically. This cuts the cost of print and reduces the impact on the environment. If, in future, you would prefer to receive a letter or email telling you a report is available to view or to receive documents by email, please contact Octopus on **0800 316 2295** or Computershare on **0370 703 6325**. Alternatively, you can sign up to receive e-communications via the Computershare online shareholder portal: **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 the Company, Octopus or the Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and would never be 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 have also issued guidelines on how to avoid share fraud and further information can be found on their website: **www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-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 the Company's progress. A number of terms within this glossary have been identified as APMs.

Net asset value or NAV
The value of the Company's total assets less liabilities. It is equal to the total shareholders' funds.

Net asset value per share or NAV per share
The sum of the underlying assets less the liabilities of the Company 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 the fund in the future.

This is calculated by expressing expenses of £2,731,000 which includes the expenses listed out in note 3 and 4 on pages 59 and 60 excluding irrecoverable VAT, exceptional costs and trail commission, as a percentage of average net assets during the year of £121,076,190.

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

Money Market Fund (MMF)
A mutual fund that invests in highly liquid, short-term instruments. 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.

Open Ended Investment Company (OEIC)
A type of investment fund that invests in equities, bonds and other securities. The price of the shares is based on the underlying assets of the fund. These are highly liquid as new shares can be created to meet investor demand and the fund will cancel shares of investors who exit the fund.

Directors and advisers

Board of Directors
Neal Ransome (Chair)
Andrew Boteler
Joanne Parfrey
Louise Nash

Company Number
Registered in England No: 03477519

Legal Entity Identifier (LEI)
213800C5JHJUQLAFP619

Secretary and Registered Office
Octopus Company Secretarial Services Limited
33 Holborn
London
EC1N 2HT

Investment and Administration Manager
Octopus Investments Limited
33 Holborn
London
EC1N 2HT
Tel: 0800 316 2295
www.octopusinvestments.com

Custodians
Octopus Investments Limited
33 Holborn
London
EC1N 2HT

Bankers
HSBC Bank Plc
31 Holborn
London
EC1N 2HR

LEI: 213800C5JHJUQLAFP619

Independent Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Tax Adviser
James Cowper Kreston
The White Building
1-4 Cumberland Place
Southampton
SO15 2NP

VCT Status Adviser
Shoosmiths LLP
Apex Plaza
Forbury Road
Reading
RG1 1SH

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0370 703 6325
(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
www-uk.computershare.com/investor/

Corporate Broker
Panmure Liberum Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London
EC2Y 9LY
Tel: 020 3100 2000

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Octopus AIM VCT plc will be held at 33 Holborn, London, EC1N 2HT on 23 July 2025 at 10.30am for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 9 and 14 will be proposed as Ordinary Resolutions and Resolutions 10 to 13 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the annual report and accounts for the year to 28 February 2025.
2. To approve a final dividend of 2.5p per Ordinary share.
3. To approve the Directors' remuneration report.
4. To re-elect Andrew Boteler as a Director.
5. To re-elect Joanne Parfrey as a Director.
6. To re-elect Louise Nash as a Director.
7. To re-appoint BDO LLP as auditor of the Company in accordance with Section 489 of the Companies Act 2006 (the 'Act'), until the conclusion of the next general meeting of the Company at which audited accounts are laid before members, and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, pass Resolutions 8, 9 and 14 as Ordinary Resolutions and Resolutions 10 to 13 as Special Resolutions:

8. **Authority to allot relevant securities**
THAT, in addition to existing authorities, the Directors be and are generally and unconditionally authorised in accordance with s551 of the Act to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £467,575 (representing approximately 20% of the Ordinary share capital in issue at the date of this Notice) such authority to expire at the earlier of the conclusion of the Company's AGM next following the passing of this Resolution and the expiry of 15 months from the passing of this Resolution (unless previously renewed, varied or revoked by the Company in a general meeting) but so that such authority allows the Company to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after 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 maximum nominal amount of £116,894 in connection with the Company's dividend reinvestment scheme (representing approximately 5% of the Ordinary share capital 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 (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.

10. **Empowerment to make allotments of equity securities**
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 s571 of the Act to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the Act) for cash pursuant to the authority granted by Resolution 9 as if s561 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 s560(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 such offer or agreement notwithstanding the expiry of such power.

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

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

THAT, conditional upon the passing of Resolution 10 above and in addition to existing authorities, 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 10 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 (unless previously renewed, varied or revoked by the Company in general meeting).

12. Authority to make market purchases

THAT, in addition to existing authorities, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s693(4) of the Act) of Ordinary shares of 1p each in the Company ('Ordinary shares') provided that:

(a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 35,044,725 Ordinary shares, representing approximately 14.99% of the Company's issued share capital at the date of this Notice;

(b) the minimum price which may be paid for an Ordinary share shall be its nominal value;

(c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to the higher of (i) 105% of the average of the middle market quotation for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;

(d) the authority conferred comes to an end at the conclusion of the next AGM of the Company or upon the expiry of 15 months from the passing of this Resolution, whichever is the earlier; and

(e) that the Company may enter into a contract to purchase its Ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

13. Cancellation of share premium

THAT, subject to the sanction of the High Court, the amount standing to the credit of the share premium account of the Company, at the date an order is made confirming such cancellation by the Court, be and hereby is cancelled, and the amount by which the share capital is so reduced be credited to a reserve of the Company.

14. Continuation of the Company as a VCT

THAT the Company continue as a Venture Capital Trust.

By Order of the Board

N J Ransome

Neal Ransome
Chair
20 June 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 Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or alternatively, you may register your proxy electronically at **www.investorcentre.co.uk/eproxy**, in each case, so as to be received by no later than 48 hours 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 note 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 **AimAGM@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 auditors 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.

(h) Under Sections 338 and 338A 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 Companies Act 2006 is included on the Company's website, **www.octopusinvestments.com** under Venture Capital Trusts. Copies of the Directors' letters of appointment, the register of Directors' interests in the Ordinary shares of the Company kept in accordance with the 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 19 June 2025 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 233,787,355 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 19 June 2025 are 233,787,355.

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