

# Backing Britain's brightest businesses

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Octopus Titan VCT plc

Annual report and financial statements 2022

**Titan's mission is to invest in the people, ideas and industries that will change the world.**

**Octopus Titan VCT plc ('Titan' or the 'Company') has earned a reputation for backing pioneering entrepreneurs. It invests in companies that are using technology to shape the future.**

Octopus  
Ventures awards



Octopus  
Investments awards



**5 Star Winner  
Investments  
Octopus**



# Find it fast

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## Key dates

Interim dividend payment date	24 May 2023
Shareholder event	7 June 2023
Annual General Meeting	14 June 2023
Interim results to 30 June 2023 published	September 2023



How Titan works p7



Portfolio Manager's review p23



Financials p77

# Highlights

Net assets (£'000)

**£1,051,760**

2021: £1,373,041

(Loss)/profit after tax (£'000)

**£(319,215)**

2021: £216,557

NAV per share

**76.9p**

2021: 105.7p

NAV + cumulative dividends

**173.9p**

2021: 197.7p

Total return (p)<sup>1</sup>

**(23.8)p**

2021: 19.7p

Total return %<sup>2</sup>

**(22.5)%**

2021: 20.3%

Dividends paid in the year

**5.0p**

2021: 11.0p

Dividend yield %<sup>3</sup>

**4.7%**

2021: 11.3%

Dividend declared

**3.0p**

2021: 3.0p

1. Total return is an alternative performance measure, calculated as movement in NAV per share in the period plus dividends paid in the period.

2. Total return % is an alternative performance measure, calculated as total return/opening NAV.

3. Dividend yield is an alternative performance measure, calculated as dividends paid/opening NAV.



# Chair's statement



I am pleased to present the annual results for Titan for the year ended 31 December 2022.

## Highlights

Titan's latest fundraising

**£237 million**

Total return over five years

**11%**

Dividends paid in 2022

**5p**

The net asset value (NAV) per share at 31 December 2022 was 76.9p which, adjusting for dividends paid, represents a net decrease of 23.8p per share from 31 December 2021 or a total return of (22.5)%. The Total Value (NAV plus cumulative dividends paid per share since launch) at the end of the period was 173.9p (31 December 2021: 197.7p). This decline is, of course, disappointing but reflects the difficult global macro environment we have faced in the last year and follows a record year in 2021 in terms of both exit proceeds and total return. Despite the recent decrease in NAV, total return over five years is 11% and the tax-free annual compound return for the original shareholders since Titan's launch in October 2007 is 4.2%.

In the 12 months to 31 December 2022, we utilised £355 million of our cash resources, comprising £157 million in new and follow-on investments, £50 million in dividends (net of the Dividend Reinvestment Scheme), £41 million in share buybacks, £43 million in annual investment management fees and other running costs, and a £64 million performance fee payable in respect of the year ended 31 December 2021. Together, this utilised 93% of our cash and cash equivalents at 31 December 2021. The cash and corporate bond balance of £179 million at 31 December 2022 represented 17% of net assets at that date, compared to 28% at 31 December 2021.

The relatively higher cash position as at 31 December 2021, was due to the significant disposal proceeds received from profitable exits in 2021 and was accelerated by the 2021 fundraising which closed having raised more than £200 million in November 2021, compared to typical closing dates of March or April.

### Performance incentive fees

As the 2022 total return has been negative, and net assets have declined since 31 December 2021, no performance fee is payable. To remind you, the performance fee is calculated as 20% on net gains above the High Water Mark, the highest total return as at previous year ends, which is currently set as 197.7p as at 31 December 2021. See Note 19 of the financial statements for further details.

# Chair's statement continued

## Dividends

Following careful consideration, I am pleased to confirm that on 16 March 2023 the Board declared a second interim dividend of 3p per share in respect of the year ended 31 December 2022. This will be paid on 24 May 2023 to shareholders on the register as at 5 May 2023, resulting in full-year dividends of 5p. This represents a tax-free dividend yield of 4.7% on the NAV at 31 December 2021, equivalent to 7% for a higher rate tax payer. As shareholders will know, our ambition is to pay an annual dividend of 5p per share, supplemented by special dividends when appropriate.

If you are one of the 26% of shareholders who take advantage of the Dividend Reinvestment Scheme (DRIS), your dividend will be receivable in Titan shares. This is an excellent way for those of you who prefer the capital value of your investment to grow to achieve your investment objectives.

Since inception, we have now paid 97p in tax-free dividends per share, excluding the recently declared dividend.



## Fundraise and buybacks

On 10 November 2022, we launched a new offer to raise up to £175 million, with an over-allotment facility of up to £75 million. On 6 March 2023, we were pleased to announce, following strong investor demand, that the over-allotment facility would be used, increasing the maximum amount that could be raised under the Offer to £250 million. The Offer was closed to new applicants on 5 April 2023 having raised in total £237 million. I would like to take this opportunity to welcome all new shareholders and thank all existing shareholders for their continued support.

During the period, Titan repurchased 45 million shares (representing 3.0% of the net asset value as at 31 December 2021). Further details can be found in Note 14 of the financial statements. The Board has continued to buy back shares from shareholders at no greater than a 5% discount to NAV per share. Whilst the Board will seek authority to continue to be able to buy back up to 14.99% of Titan's shares, the Directors intend that this authority will only be used for a maximum of 5% of the share capital annually.

## Board of Directors

Matt Cooper, having originally been appointed to the Board of Octopus Titan 1 VCT in October 2007, and then continuing as a Director after the merger of the various Titan VCTs in 2014, has decided to retire from the Board and will not be seeking re-election at the forthcoming Annual General Meeting (AGM). It has been a pleasure to work with Matt, and I would like to take this opportunity to thank him on behalf of the Board and the shareholders for his substantial contribution over the years and help in guiding Titan through its different phases of growth. A new Non-Executive Director will be appointed at the completion of a structured recruitment process which is already in flight. All the other Directors have indicated their willingness to remain on the Board, and Anthony Rockley and Jane O'Riordan will be seeking re-election at the AGM.

## AGM and shareholder event

The AGM will take place on 14 June 2023 from 12.00 noon and will be held at One Moorgate Place, London, EC2R 6EA. Full details of the business to be conducted at the AGM are given in the Notice of the AGM on pages 117 to 120.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions within the Notice of AGM on pages 117 to 120 using the proxy form, or electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). The Board has carefully considered the business to be approved at the AGM and recommends shareholders to vote in favour of all the resolutions being proposed, as the Board will be doing.

In addition to the AGM, this year, we are also pleased to offer shareholders the opportunity to attend an online shareholder webinar on 7 June at 12.00 noon, to make sure we can respond to any questions you may have for either the Portfolio Manager or Titan Board prior to the proxy forms needing to be completed. At this event, Malcolm Ferguson (lead fund manager for Titan) and I will present. For details on how to sign up please see [octopustitanvct.com](http://octopustitanvct.com). Alternatively, shareholders are also invited to send any questions they may have via email to [TitanAGM@octopusinvestments.com](mailto:TitanAGM@octopusinvestments.com).

# Chair's statement continued

## Outlook

The impact of the economic downturn is being felt globally. The escalation of the conflict in Ukraine, central banks raising interest rates, the cost-of-living crisis deepening, political uncertainty and high inflation rates have wide-ranging impacts, and early-stage venture investments and VCTs are not immune to these turbulent trends. The Association of Investment Companies (AIC) conducted research across the VCT market and found that, after 13 consecutive years of positive returns, the VCTs analysed delivered a loss in 2022. The decline in Titan's NAV is, of course, disappointing. Our accounting policy is to value Titan's unquoted companies in line with the International Private Equity and Venture Capital Guidelines, which require an assessment of the fair value of each investment at 31 December 2022. In some cases, valuations have been adjusted downwards to reflect both the tougher conditions and lower market comparables, as this influences what an acquirer might deem a fair price to pay for a business in the current climate.

In other cases, a decreased valuation will reflect a portfolio company's specific performance, and we believe that, in the short term, we may unfortunately see more companies fail – they are operating under more difficult circumstances, targets set at the point of initial investment may be more difficult to achieve, and it may become more challenging for companies to raise funds. More can be read about the cash runway of the portfolio companies in the Portfolio Manager's Review on page 38.

However, despite this difficult short-term outlook, our long-term view of early-stage venture capital remains positive. The Board is reassured by the breadth and depth of Titan's portfolio as it spans seven investment themes (Fintech, Health, Deep tech, Consumer, Business-to-business (B2B) software, Bio and Climate) across different stages of development. This diversity means that Titan is well placed to navigate the current situation. Some portfolio companies should be more resilient to the current market volatility, such as those with recurring revenue models. Some will also thrive, as many tech-enabled companies will look to take advantage of the increased willingness to adopt new technologies to navigate the changing landscape. Great companies will continue to be established, funded and grow in uncertain times.

I am pleased to report that in the 12-month period, Titan completed four profitable disposals (three full exits and one partial), including Glofox being acquired by ABC Fitness Solutions, representing a 3x return on Titan's initial investment, and Digital Shadows being sold to ReliaQuest for \$160 million. Collectively, the four companies received investment of £22 million from the Company and the combined realised consideration totalled £48 million (in cash, shares and/or deferred amounts). More can be read about these disposals in the Portfolio Manager's Review on page 25.

Titan also invested £157 million in new and follow-on opportunities in the year to 31 December 2022, which brings the total number of companies in the portfolio to 128 at 31 December 2022. The diversity and volume of exciting new investments, and the upcoming pipeline of opportunities, is a testament to the work the investment team continues to put into sourcing, securing and working with such businesses successfully.

VCTs have long provided a compelling opportunity for UK investors to provide funding for businesses in a tax-efficient way, and we look forward to Titan continuing to do so in the coming year. I would like to conclude by thanking both the Board and the Octopus team on behalf of all shareholders for their hard work.



**Tom Leader**  
Chair

24 April 2023

# Titan's objectives

## 1 Invest in pioneering companies

Titan's investment strategy aims to back the next generation of entrepreneurs leading technology and tech-enabled businesses across seven dedicated areas – Health, Fintech, Deep tech, Consumer, B2B software, Bio and Climate.

## 2 Long-term sustainability of the VCT

Over the long term, Titan targets:

- maintaining a NAV per share of at least 90p after the payment of dividends;
- generating sufficient cash from realisations within the portfolio to cover share buybacks, dividends and operating costs; and
- capital raised from fundraising predominantly utilised for new and follow-on investments.

## 3 Regular tax-free dividend

Titan targets regular dividends of 5p per annum with the potential to pay special dividends as investments are realised at a significant profit. As at the date of this document, Titan has paid total dividends of 97p per share to investors and announced a further 3p of dividends for payment in May 2023. However, this is not a guarantee, and no projection or forecast is expressed or implied.



**Read more about cash deployment and creating value for the long term on pages 21 and 22**



# How Titan works

Titan looks to invest in companies with talented entrepreneurs and management teams, world-changing ideas and enormous market opportunities.

Titan is the largest VCT in the market, with over £1 billion of funds under management and a diverse portfolio of over 125 companies. Titan is managed by the investment team, called Octopus Ventures, and has a proud history of backing some of the UK's most successful entrepreneurs including early investments in Depop, WaveOptics, Zoopla Property Group and ManyPets. Octopus Ventures continues to seek out and back companies with the potential to become generation-defining companies.

Titan's success can be attributed to three things:

- access to a wide range of exciting investment opportunities;
- being in a strong position to back winners through multiple investment rounds; and
- the team at Octopus Ventures has the resources and experience to provide practical support and guidance to the entrepreneurs we back to increase the chances of success.

Octopus Ventures' skilled and experienced team are one of the largest venture capital investment teams in Europe. Operating from its base in London, alongside an office in New York, the team invest mainly in early-stage, UK-based, tech-enabled companies – with the potential to grow quickly.

The team back pioneering entrepreneurs who are changing the world. Their areas of focus encompass Health, Fintech, Deep tech, Consumer, B2B software, Bio and Climate.

Creating a brand-new market, or disrupting an existing one, doesn't happen overnight. Titan's typical investment horizon is five to ten years, and an early-stage company will often need several rounds of funding as it grows. That's why entrepreneurs want to partner with investors who can support them at every stage throughout their journey. It is thanks to shareholder support that Titan can do this.

An important feature of investing in early-stage companies is that there's no guarantee they will be successful or deliver a return on the investment. The team recognise that smaller companies, on average, have a higher failure rate than companies listed on the main market of the London Stock Exchange. To mitigate the risks, investments are made across a range of sectors, geographies and investment stages to offer diversification across Titan's portfolio. The team target a 20% initial equity stake in a company, and then can invest further when agreed milestones have been achieved, both of which offer the opportunity to enhance the return for Titan.

# How Titan works continued

## Spotlight on supporting portfolio companies

The Octopus Ventures People and Talent team specialise in unlocking potential within our portfolio companies and their entrepreneurs.



The best entrepreneurs are selective about accepting investment, so it's important to have a good reputation for adding value beyond the finance that can be provided.

The Octopus Ventures team work with the entrepreneurs they back by holding workshops on strategy, advising on sales and marketing plans, and providing connections to other companies which can help their businesses grow. The quality of a portfolio management team can make or break a young business, which is why Octopus Ventures has expanded its in-house People and Talent team supporting the portfolio companies. The team's sole focus is on partnering and supporting its portfolio companies' leaders to help them be better and faster to execute successfully. The People and Talent experts work with founders to make sure they are set up for success when it comes to recruitment, retention, leadership teams and culture. All portfolio companies are provided with a dedicated partner who supports them and their teams throughout their scaling journey.

## Portfolio company testimonial



The People and Talent team worked with Orca Computing's founders to develop and deliver training on effective communication and improving collaboration across the organisation. They implemented essential tools for retention and engagement such as compensation philosophies and career levels.

*"Huge amount of knowledge within the team, which is very relevant for us as we scale. The advice and support is highly specific to our needs and business... and delivered efficiently at the right time. The team have lived and worked in enviable, successful tech companies, so they're great at relaying first-hand experiences."*

**Richard Murray**

Co-founder and Chief Executive Officer

# How Titan works continued

## Some of the support and services offered to portfolio companies:

### Access to Octopus Giving

Octopus Giving is Octopus' charitable foundation which now supports Titan's portfolio, offering matched funding for charity fundraising, volunteer sessions with Octopus' charity partners and dedicated support and advice for portfolio companies to establish their own charity foundation.

### Coaching hub

Leaders derive great value from working with a coach, so on the hub there is access to a dedicated and vetted group of coaches who specialise in working with founders. The hub is designed to remove the common issues which impede founders, including not knowing where to find a great coach and not understanding what makes a great coach.

### Partnership with Harley Therapy

Offering mental health support from professional therapists to all of Titan's portfolio company founders to help support them to perform at their best, not just at times of crises, but to be instrumental in enabling them to achieve their full potential in all areas of life.

### Platform of templates and resources

This makes information accessible to all founders, ranging from environmental to parental leave policy templates, to tips on how to design an organisational structure.

### Candidate database

Aimed at connecting Titan's early-stage portfolio with candidates in the market to support their recruitment objectives.

### Carbon management tool

All portfolio companies are provided access to a complimentary carbon management tool to help inform their green development and carbon footprint.

### Operating consultant network

A network made up of experts who are focused on working with start ups. These consultants can support portfolio companies on project work, fill a temporary role or work part time with a portfolio company.

### Community

Connecting one of the largest venture capital communities in Europe for continued support and shared learning.

# How Titan works continued

## Our investment focus

Titan's portfolio spans seven investment themes including Fintech, Health, Deep tech, Consumer, B2B software, Bio and Climate across different stages of development. Below you can read more about each area of focus and see some portfolio examples.



## Fintech

Backing pioneers who seek to vastly improve society's ability to exchange and allocate financial resources and risk.

31

portfolio companies

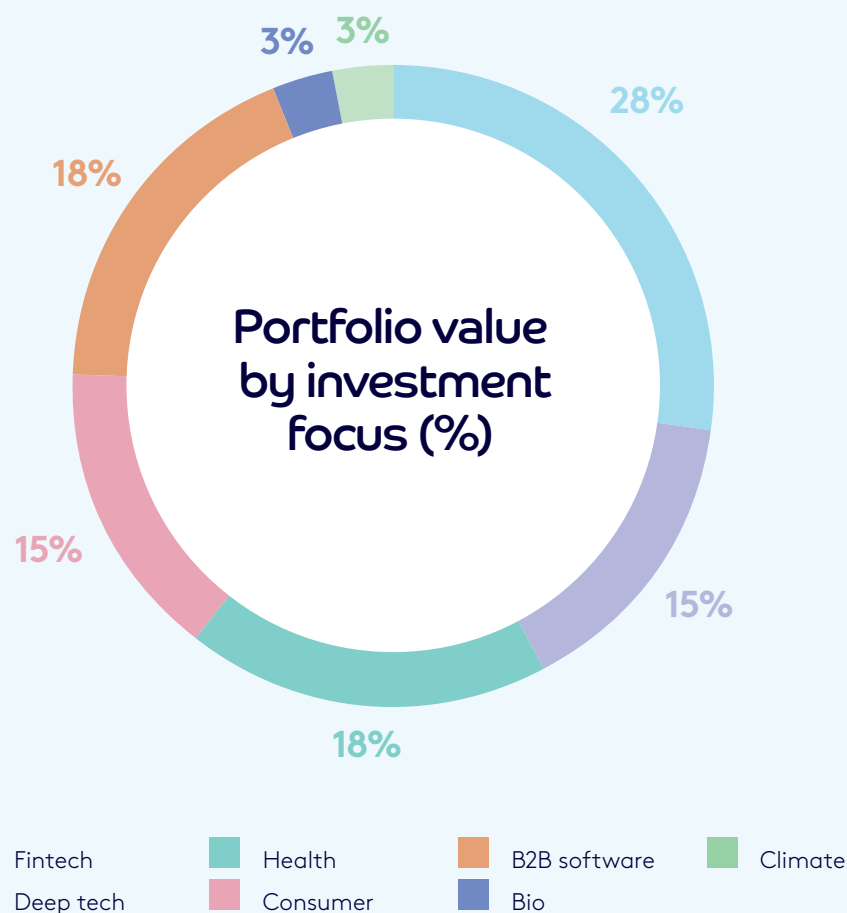
28%

of portfolio companies  
by value

### Portfolio company examples



# TaxScouts





# How Titan works continued

## Our investment focus continued



### Deep tech

Focusing on the tools and technologies that will power the next industrial revolution. These include quantum computing, robotics and drones, sensory human augmentation and 3D printing.

25

portfolio companies

15%

of portfolio companies  
by value

#### Portfolio company examples



### Health

Backing pioneers with the outrageous ambition to transform the face of health and help us all live better for longer.

21

portfolio companies

18%

of portfolio companies  
by value

#### Portfolio company examples

Big Health

elvie



### Consumer

Backing the innovators transforming the everyday in how we live, work, travel, play, rest and recuperate.

23

portfolio companies

15%

of portfolio companies  
by value

#### Portfolio company examples

KatKin

TASTER

# How Titan works continued

## Our investment focus continued



### B2B software

Backing outstanding teams with proven, scalable business models and excellent execution capabilities.

12

portfolio companies

18%

of portfolio companies  
by value

#### Portfolio company examples

 Amplience

 ometria



### Bio

Bioscience PhDs, former operators and spinout specialists investing in biotech and techbio trailblazers in sectors from therapeutics to energy and creating a bioscience-led revolution.

5

portfolio companies

3%

of portfolio companies  
by value

#### Portfolio company examples

 Syrinx

Oribiotech



### Climate

Backing the people and businesses that are powering planet-friendly progress by creating a circular economy, decarbonising global energy systems and infrastructure, reducing energy consumption, greening finance, protecting and developing ecosystems and erasing our historical footprint through carbon removal technologies.

11

portfolio companies

3%

of portfolio companies  
by value

#### Portfolio company examples

 minimum

 Kita

# How Titan works continued

## Investment strategy

### What and who Titan invests in:

- 1 Talented and ambitious teams
- 2 Big market opportunity
- 3 Innovative technology
- 4 Rapid pace of growth



### As an investment team, this means:



## 25+

new early-stage  
investments per year



## £1-10m

initial investment  
from Titan



## 20%

targeted initial  
equity stake



## 10x+ return

targeted on initial  
investment



## Invest further

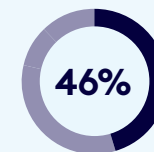
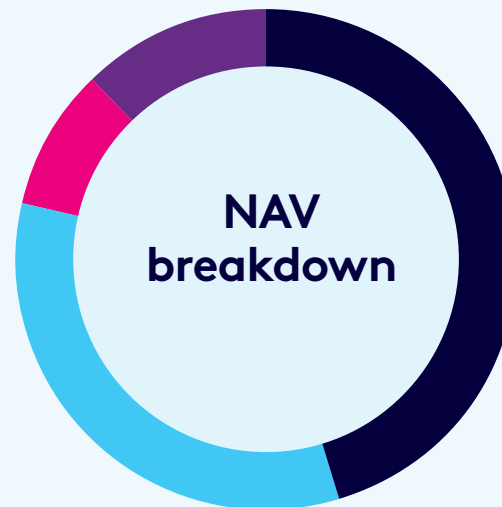
where we can  
enhance returns

# How Titan works continued

## What's in a share

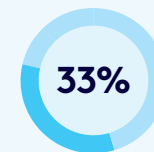
By owning shares in Titan you gain access to a portfolio of over 125 early-stage companies with high-growth potential operating across a diverse range of sectors.

The net asset value (NAV) is the combined value of all the assets owned by Titan after deducting the value of its liabilities. The NAV is comprised of different elements, as shown in the diagram. 79% is derived from the value of the underlying investments. 9% is held as highly liquid cash in the bank and money market funds which is required for investments. The upcoming pipeline of investments is closely monitored to make sure that there is always cash available for funding companies. The remaining 12% of the value is corporate bonds, net creditors and debtors.



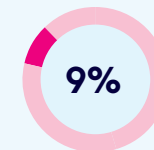
### Top 20

The value of the top 20 investments as at 31 December 2022



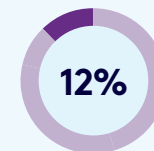
### Other investments

Value of remaining portfolio investments as at 31 December 2022



### Cash

Value of cash in bank and money market funds



### Other

Value of corporate bond portfolio, debtors less creditors



Read more in the  
Financials section on  
pages 86 to 90.



# How Titan works continued

## Creating value

## How Titan looks to create value for shareholders

### What makes Titan different



#### The Octopus Ventures team

One of Europe's most experienced investment teams with 35 investment professionals focusing on Titan.



#### Scale

Total assets under management (AUM) of over £1 billion, making Titan the largest VCT in the UK (as at 31 December 2022).



#### An established and diversified portfolio

A portfolio of over 125 early-stage, high-growth, tech-enabled companies operating across a wide variety of industries.

### What the Octopus Ventures team do

#### 1 How Octopus Ventures finds portfolio companies

1. Active network management and deal monitoring
2. Proprietary technology used to support deal sourcing
3. 2,800+ opportunities reviewed
4. 290+ preliminary meetings
5. 25+ new investments per year

#### 2 Ongoing support

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

#### 3 Mitigating risk

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

#### How cash is managed

Read more > page 21

#### How Titan's portfolio companies are supported along the journey

Read more > page 8

#### Why responsible investment matters

Read more > page 39

# How Titan works continued

## Measuring our performance

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

The Board has identified eight key performance measures to assess Titan's success in meeting these objectives. Some of these are classified as alternative performance measures (APMs) in line with Financial Reporting Council (FRC) guidance. The Glossary of Terms on page 115 has further details:

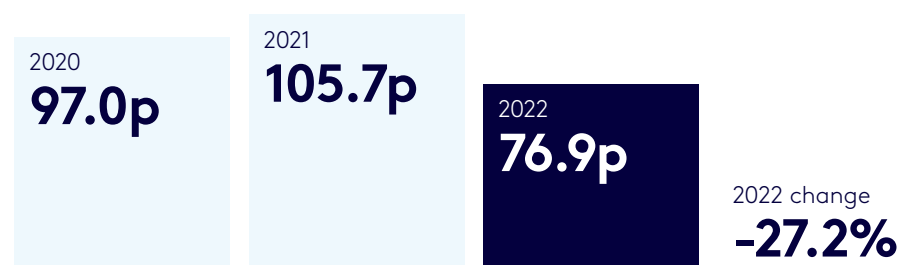
- 1 NAV per share;
- 2 Total return per share (APM);
- 3 Dividends per share paid in the year;
- 4 Total ongoing charges (APM);
- 5 Qualifying % under VCT rules (APM);
- 6 Distributable reserves;
- 7 Cash and cash equivalents; and
- 8 Sustainability % of Titan (APM).

# How Titan works continued

## Measuring our performance continued

### 1 NAV per share

The NAV per share of Titan is the sum of the underlying assets less the liabilities of Titan, divided by the total number of shares in issue. Over the long-term, Titan's target is to maintain a NAV per share of at least 90p after the payment of dividends.

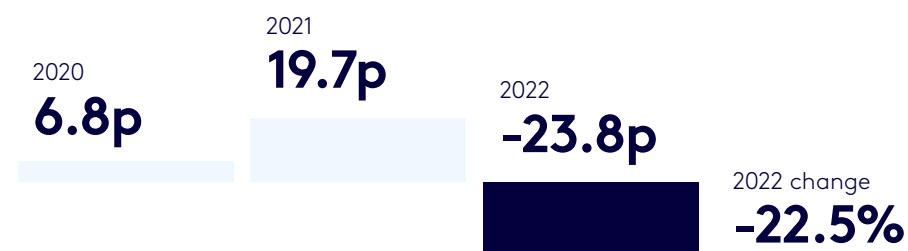


#### Performance over the year

The NAV per share has decreased from last year's value of 105.7p to 76.9p. We recognise that it is a long-term objective to maintain a NAV per share of at least 90p after the payment of dividends, and the Company is not achieving this currently. The Octopus Ventures team are working to increase the NAV per share back above 90p through continued growth in the underlying portfolio, and the performance of new investments over the coming years. The decrease in valuation over 2022 has been driven by a combination of the effects of the tougher trading environment for portfolio companies to operate in, a downward correction in comparable market multiples used for valuing our portfolio companies, as well as some company-specific performance issues.

### 2 Total return per share (APM)

Total return per share 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 Titan, 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. Titan's target is for the total return per share to increase by at least 5p per annum, covering the target annual dividend.



#### Performance over the year

As previously considered, the NAV per share has decreased from last year's value of 105.7p to 76.9p. Adding back the 5p of dividends paid in the year, this is a decrease of 23.8p or 22.5%. The Octopus Ventures team are working to improve total return per share. This decrease is mainly driven by a downward valuation movement in the portfolio, as detailed in the Portfolio Manager's Review on page 24.

# How Titan works continued

## Measuring our performance continued

### 3 Dividends per share paid in the year

Titan has a target of paying annual tax-free dividends of 5p per share, with the potential to pay special dividends when there are significant gains from the sale of portfolio holdings.

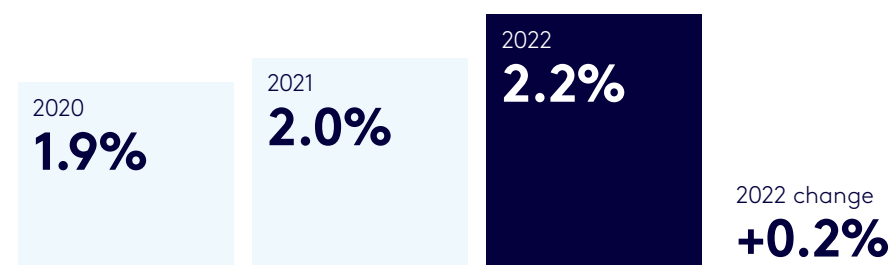


#### Performance over the year

Despite the decline in Titan's NAV, we are pleased that ordinary dividends of 5p were paid in the year in line with the dividend policy of a regular annual dividend of 5p per annum. The decrease since 2021 is due to the special dividend of 6p being declared in September 2021 and paid on 20 December 2021.

### 4 Total ongoing charges (APM)

The ongoing charges ratio has been calculated using the AIC recommended methodology and excludes irrecoverable VAT, exceptional costs, trail commission and performance fees. Titan aims for this to be 2% or lower. This is capped at 2.5%.



#### Performance over the year

The ongoing charges are in line with last year, as a percentage of average net assets, and below the cap of 2.5%. The slight increase is driven by the fall in net assets in 2022.

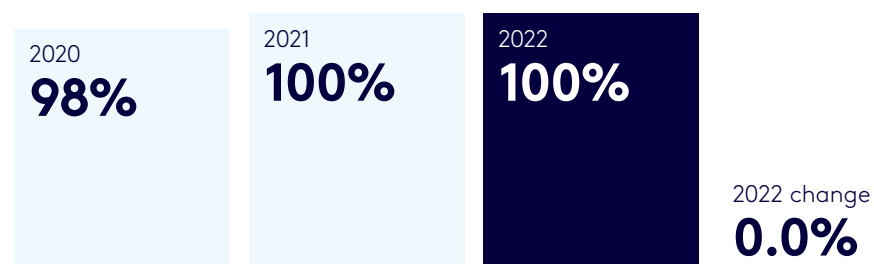


# How Titan works continued

## Measuring our performance continued

### 5 Qualifying % under VCT rules (APM)

Titan must comply with VCT legislation set out by HMRC. Key requirements are to maintain at least an 80% qualifying investment level (Titan targets at least 90%) and investing at least 30% of all new funds raised within 12 months of the end of the accounting period in which the shares were issued.



#### Performance over the year

At the end of the period, 100% by value (as measured by HMRC rules) of Titan's investments were in qualifying shares or securities. The qualification level has been kept above the 80% threshold by the continued deployment of funds into qualifying assets, and investments made from cash raised three years ago now being included in the calculation of the 80% qualifying investment level. The 30% test has also been met for all relevant years.

### 6 Distributable reserves

There are restrictions on the amount of capital that can be distributed back to shareholders in the form of dividends and share buybacks. Restrictions are placed on these reserves by both the Companies Act and VCT regulations. Titan aims to have sufficient reserves to continue to fund dividends and buybacks. The table shows the amount available under the Companies Act as at 31 December 2022.



#### Performance over the year

The Companies Act distributable reserves have increased significantly during the year following the reduction of nominal share capital from 10p to 0.1p and the cancellation of the share premium balance in July 2022.

We continue to have sufficient reserves under the VCT regulations to fund forecast dividends and buybacks, and this is reviewed ahead of any distribution from Titan.

# How Titan works continued

## Measuring our performance continued

### 7 Cash and cash equivalents

The cash and cash equivalents balance includes cash at bank, funds in money market accounts, and corporate bonds. Titan aims to have sufficient cash to fund investments, dividends, buybacks, management fees, other running costs and a performance fee, when applicable, over a 12-month period.

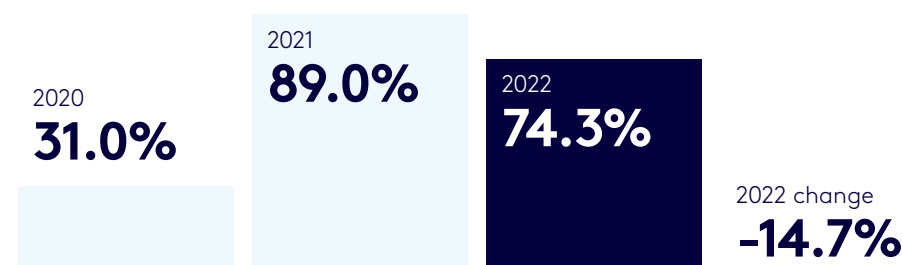


#### Performance over the year

The relatively higher cash position as at 31 December 2021, was due to the significant disposal proceeds received from profitable exits in 2021 and was accelerated by the 2021 fundraise which closed having raised more than £200 million in November 2021, compared to typical closing dates of March or April. This movement can be seen in the cash deployment bridge on page 21.

### 8 Sustainability % of Titan (APM)

The Board considers that it is important that Titan can cover its cash costs without fundraising over the medium term and so considers a sustainability metric which is calculated as the proportion of Titan's costs that are covered by realisations over the preceding three years. The costs of the VCT include the share buybacks, ordinary dividends and operating costs in the year. Titan's target is that 100% of costs are covered by realisations. These costs are illustrated on page 21.



#### Performance over the year

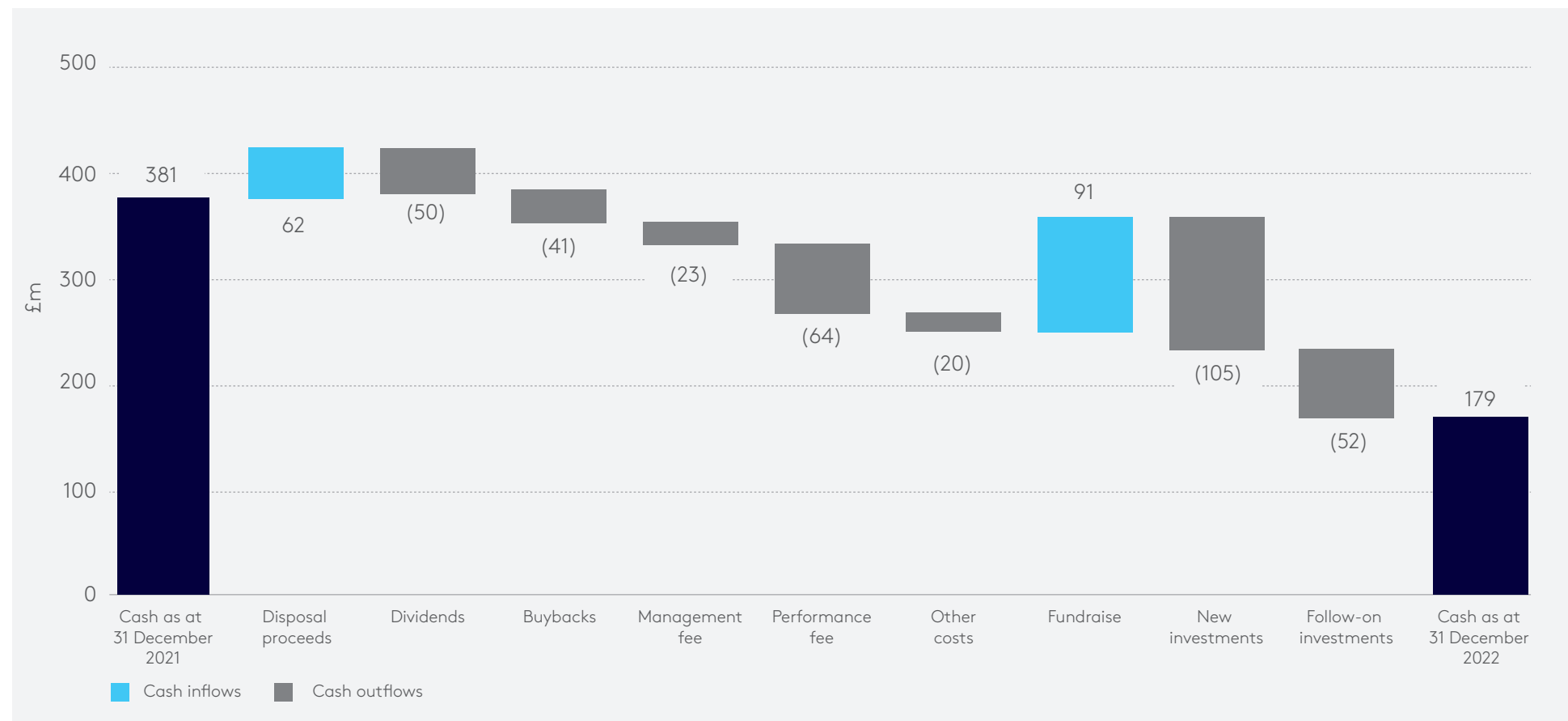
The decline in this metric in the year is due to the significant disposal proceeds received from profitable exits in 2021 in comparison to lower realisations in 2022. Titan realised £62 million of proceeds from exits in the year (as shown on page 25). We aim to improve this metric to be in line with expectations, through working with Octopus to both monitor and manage costs appropriately, and support their work with the portfolio to optimise the portfolio companies' chances of profitable realisations.

# How Titan works continued

## Creating value for the long term

### Cash deployment

The following graph shows Titan's cash inflows and outflows during the year to demonstrate the movement from the opening to closing cash position.

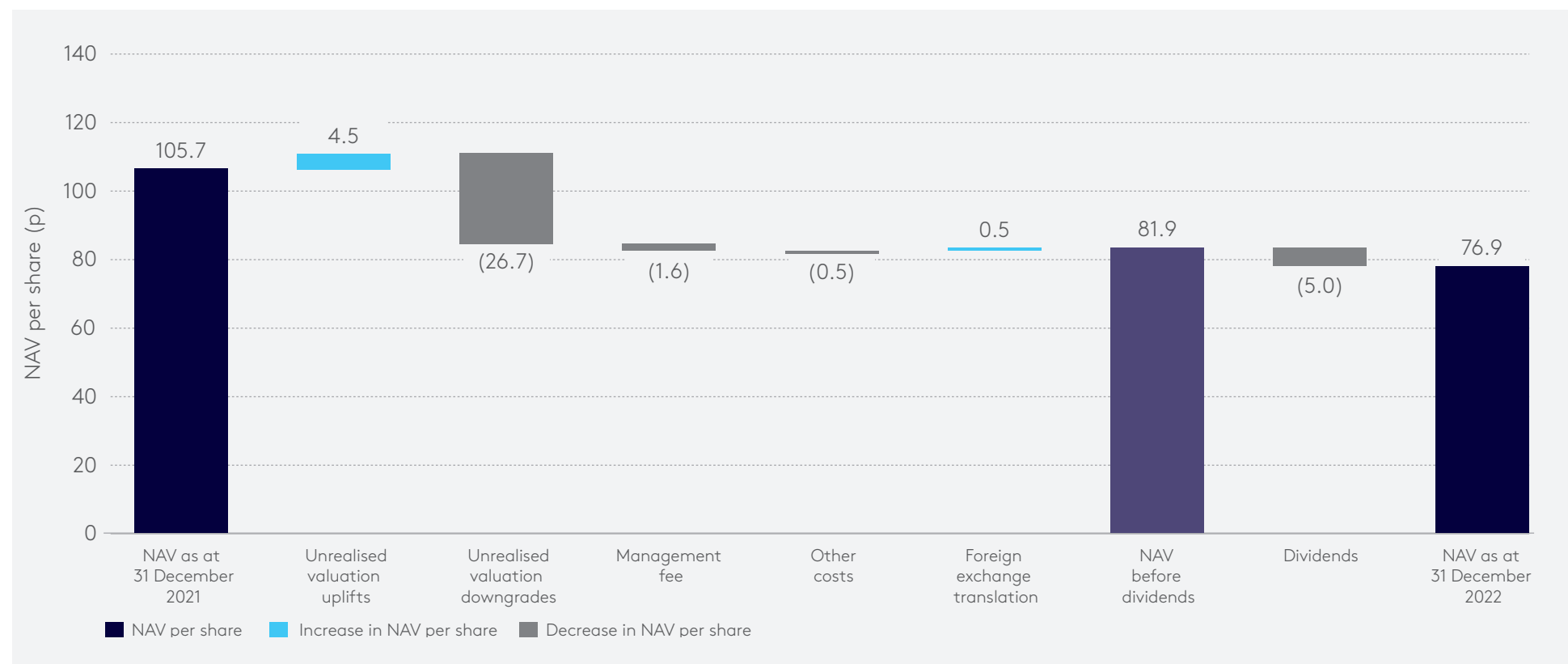


# How Titan works continued

## Creating value for the long term continued

### Titan Total Value growth

The following graph shows the increases and decreases contributing to the movement in the NAV per share during the year.



### Dividend Reinvestment Scheme (DRIS)

Titan has adopted a Dividend Reinvestment Scheme under which shareholders are given the opportunity to reinvest future dividend payments by way of subscription for new shares. Subject to a shareholder's personal circumstances, shares subscribed for under the Dividend Reinvestment Scheme should benefit from VCT tax relief.



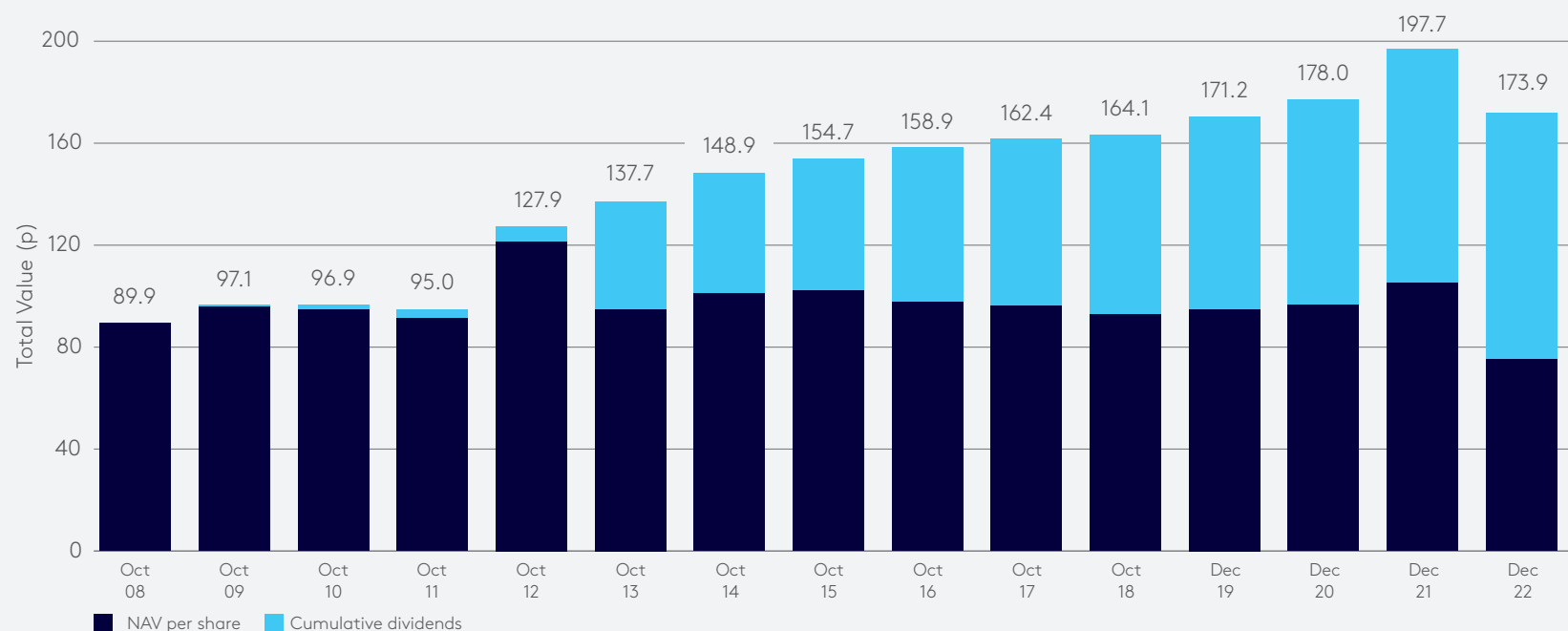
# Portfolio Manager's review

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

## Titan Total Value growth from inception

The graph below shows the performance of Titan since 31 October 2008 (Titan's first full year) in net asset value (NAV), dividends paid and NAV plus cumulative dividends paid (Total Value).

The Total Value has seen a significant increase since the end of Titan's first year (31 October 2008), as shown on the graph — from 89.9p to 173.9p at 31 December 2022. This represents an increase of 93% in value since Titan's first full year, including dividends paid since inception of 97p. Since Titan launched, a total of over £428 million has been distributed back to shareholders in the form of tax-free dividends. This includes dividends reinvested as part of the DRIS.



# Portfolio Manager's review continued

## Focus on performance

The NAV of 76.9p per share at 31 December 2022 represents a decrease in NAV of 23.8p per share versus a NAV of 105.7p per share as at 31 December 2021 (when adjusted for dividends).

The performance over the five years to 31 December 2022 is shown below:

	Year ended 31 October 2018	Period ended 31 December 2019 <sup>1</sup>	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022
NAV, p	93.1	95.2	97.0	105.7	<b>76.9</b>
Cumulative dividends paid, p	71.0	76.0	81.0	92.0	<b>97.0</b>
Total Value, p	164.1	171.2	178.0	197.7	<b>173.9</b>
Total return	1.8%	7.6%	7.1%	20.3%	<b>(22.5)%</b>
Dividend yield	5.2%	5.4%	5.3%	11.3%	<b>4.7%</b>
Equivalent dividend yield for a higher rate tax payer	7.7%	8.0%	7.8%	16.8%	<b>7.0%</b>

1. Note, the period to December 2019 was 14 months.

In total, 67 companies saw a collective decrease in valuation of £352 million. The businesses that contributed most significantly to this were Cazoo, ManyPets and Chronext. Cazoo listed on the New York Stock Exchange in August 2021 and its share price has declined since the start of 2022. That being said, from a trading perspective, Cazoo has performed well, delivering revenues of £1.25 billion in 2022 (representing a 91% year-on-year growth). Chronext has been affected by a more challenging fundraising market for companies with business-to-consumer business models. ManyPets, Titan's single largest investment, has seen its value drop in the period despite strong underlying performance, with this decline being driven by a softening of the valuation multiples of comparable companies, which has been reflected in the holding value of the company. Octopus Ventures will continue to work with these companies to help them realise their ambitions. In some cases, the support offered could include further funding, to make sure a business has the capital it needs to execute on its strategy.

Despite the reduction in Titan's NAV, 2022 saw the profitable disposal (in full or in part) of four companies (Amplience, BehavioSec, Digital Shadows and Glofox), as well as the increase in valuation of certain companies. Collectively, 40 portfolio companies drove an increase in valuation of £68 million. Please refer to the exit table in Note 10 on page 98 for more information.

The loss on Titan's cash and cash equivalent investments was £12.6 million in the year to 31 December 2022 (2021: loss of £1.5 million). The Board's objective for these investments is to generate sufficient returns through the cycle to cover costs, at limited risk to capital, however the holdings were negatively impacted by the rise in interest rates driving a lower market value on the corporate bond portfolio in particular.

# Portfolio Manager's review continued

## Disposals

In 2022, three full profitable disposals completed in the period (BehavioSec, Digital Shadows and Glofox), with one partial profitable realisation (Amplience). In total, these disposals will return £48 million to Titan in cash, shares and/or deferred amounts, with £44 million of this having been received in 2022. More information on these exits is offered below:

- in February 2022, as part of a \$100 million fundraise with an equity investment from Farview Partners and growth financing from Sixth Street, Titan sold a proportion of its shareholding in Amplience;
- in May 2022, LexisNexis Risk Solutions, a leading provider of legal and regulatory intelligence, acquired BehavioSec, a pioneer in the behavioural biometrics industry;
- in July 2022, ReliaQuest, a force multiplier of security operations, acquired Digital Shadows, a company which delivers threat intelligence for security teams; and
- in August 2022, ABC Fitness Solutions, a leading technology and related services provider for the fitness industry, acquired Glofox, a fitness management platform servicing the boutique gym and studio sector.

There have also been four disposals made at a partial loss (Fluidly was acquired by OakNorth, Trouva was sold to Made.com, Jolt was purchased by Global University Systems and part of Titan's listed holding in Eve Sleep was sold on the day it was placed into administration). Unfortunately, Whirli and WeFarm were disposed of at a full loss as they were placed into administration having been unsuccessful in securing further funding and having explored and exhausted all available options. In aggregate, these losses generated negligible proceeds (totalling £0.8 million) compared to an investment cost of £26.4 million, meaning a realised loss of £25.6 million. The underperformance of a portfolio company is always disappointing for Octopus and shareholders alike, but it's a key characteristic of a venture capital portfolio, and we believe the successful disposals will continue to significantly outweigh the losses over the medium to long term.

	Year ended 31 October 2018	Period <sup>1</sup> ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	Total
Dividends (£'000)	24,178	33,187	46,037	101,976	49,596	<b>254,974</b>
Disposal proceeds <sup>2</sup> (£'000)	22,367	26,334	23,915	221,504	62,213	<b>356,333</b>

1. Note, the period to December 2019 was 14 months.

2. Note, this table includes cash and retention proceeds received in the period.

# Portfolio Manager's review continued

## New and follow-on investments

Titan completed follow-on investments into 33 companies and made 31 new investments. Together, these totalled £157 million (made up of £52 million invested into the existing portfolio and £105 million into new companies). This compares with 31 new investments and 24 follow-on investments in 2021, together totalling £143 million. The total value of the portfolio as at 31 December 2022 is £837 million.

Below are some examples of new investments made across our seven areas of focus during the year. For a full list, please refer to the Appendix on page 106:



### Fintech

- **Cobee** is a fully digital solution that simplifies employee benefits management. Using the app and Cobee Visa card, employees have access to a range of benefits; and
- **Sidekick** offers an alternative investment platform that gives retail investors access to actively managed portfolios.



### Deep tech

- **Touchlab** has developed an electronic skin that can provide robots with the sense of touch; and
- **Unlikely AI** is developing an Artificial Intelligence (AI) platform capable of providing intelligence in a manner similar to the brain.



### Health

- **Vira** is a digital health company focused on relief for the central pain points of menopause; and
- **Little Journey** has created a digital support platform that prepares, informs and provides support for a child's healthcare procedures and clinical trials.



### Consumer

- **Onin** is a consumer app fusing calendar and communications under a single interface; and
- **Partly** has built a global platform and protocol for vehicle parts.



### B2B software

- **Velaris** is an operating system for modern customer success teams; and
- **Contingent** offers a real-time, supply chain visibility platform applicable across industries.



### Bio

- **Biofidelity** has developed technology that enables rapid, precise genomic profiling and stratification of cancer able to be performed on existing instruments; and
- **Infinitopes** has built an antigen discovery platform to develop cancer vaccines that provide better treatment outcomes.



### Climate

- **Foodsteps** offers a platform that makes it quick and affordable to calculate environmental impacts across large and complex food operations; and
- **Kita** is a carbon credit insurance company.

# Portfolio Manager's review continued



**Malcolm Ferguson**  
Partner and Titan Lead Fund Manager

## **Q** How do we think about exiting our positions?

**A** In a venture capital portfolio, a relatively small number of investments generate a significant proportion of fund performance. As a result, we have a natural tension between ensuring we facilitate the best performing companies to reach their potential (including being prepared to give them sufficient time to achieve this), and maintaining good portfolio management discipline to make sure realised proceeds materially contribute towards financing the Company's ongoing running costs and meeting its dividends targets.

Private markets are by definition illiquid, and as a result, the opportunities to sell all or some of our holding in a particular company are intermittent. We find there are opportunities for partial realisations as part of later stage funding rounds, however most realisations will be part of a full exit process, usually to a strategic buyer or private equity firm. We work closely with each portfolio company to understand and optimise its cash runway, with the goal of them maintaining flexibility over exit timing with the best interests of its shareholders in mind.

Our portfolio is large and diverse, and although we aim to take a systematic approach to supporting our portfolio, we know there is no definitive formula for success, especially when working across very different industries and stages. Often wider macroeconomic conditions can influence exits as much as factors within a company's control. We also recognise it is not always the right time to exit a position and instead continue to support the company, being alert to opportunities as they arise, and helping to proactively create these opportunities where we can through our network.

## **Q** When do we start to think about exits?

**A** We seek to invest in pioneering entrepreneurs who are looking to change an industry for the better. Not only is that an ambitious objective, but it is also one which often requires patience. As such, we understand that for our best performing companies, we may be shareholders for ten years or more. Despite that, understanding who the likely acquirers are from the outset and throughout the holding period can help inform important strategic decisions which contribute to value creation for shareholders.

As the saying goes, "companies are bought, not sold". In practice, this means that the most impactful exits we have completed are from companies which have been successful in changing their industry, either by becoming the new dominant player or by filling a strategic gap in an incumbent's offering. Many of the most successful companies are built with the intention of remaining independent, but believe it is healthy to maintain relationships with key potential acquirers. They are often commercial partners before becoming acquirers, and as such this activity can be highly productive.

We know not all companies will be as successful as we hope at the time of the initial investment. We therefore seek to realise investments in companies which are underperforming and unlikely to generate a meaningful return. It can also help to find a "soft landing" for the company's employees where the alternative may be placing the business into administration. Although generally not meaningful to investor returns, our behaviour in these scenarios is important to cement our reputation as a founder-friendly investor who entrepreneurs seek to partner with on subsequent projects.

# Portfolio Manager's review continued

## Q How do we work with portfolio company boards?

A We believe that it is important to be an active and supportive investor, so we typically appoint a non-executive director or observer to the board of our portfolio companies. This allows us to offer ongoing support at the top level of the business, be involved in key decisions and allows the opportunity for us to share any expertise and insights that we may have.

Even very experienced founders may only sell a business once or twice in their career, whereas as investors, we may be involved in five to ten exits each year. We therefore look to support our portfolio companies by sharing the learnings and experience gathered across our team, all with the objective of obtaining the best outcome for our investors and shareholders in the company overall.

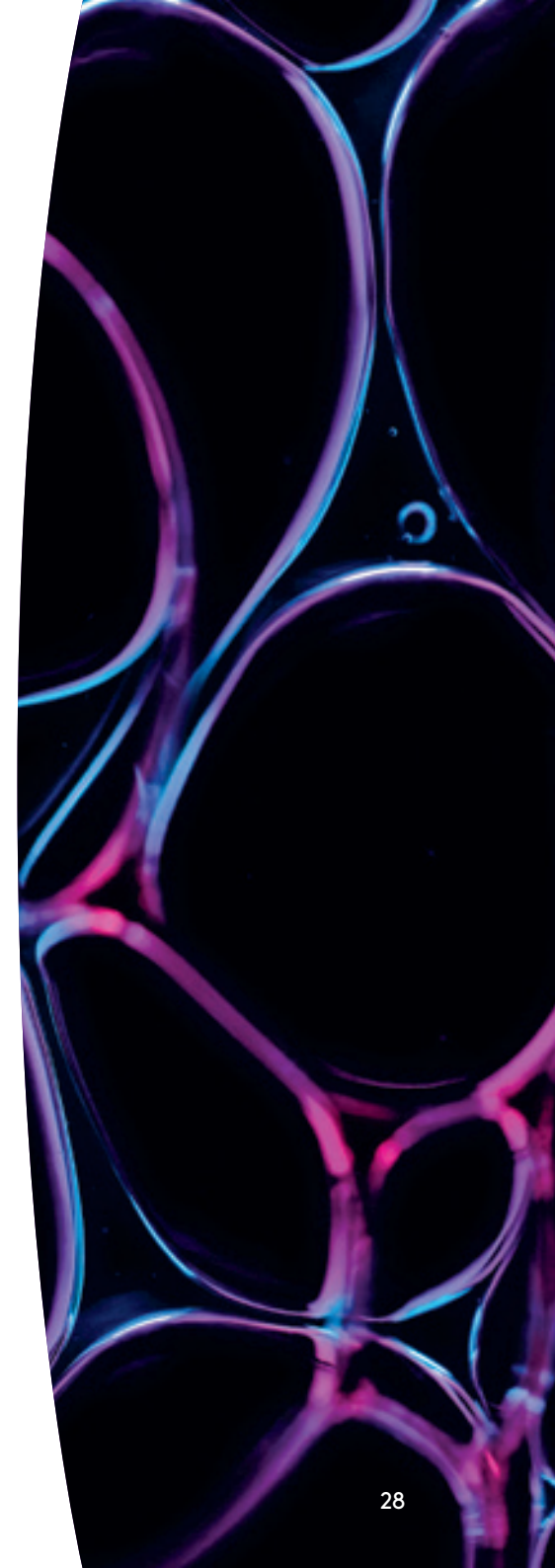
## Q Who are typically buyers for our portfolio companies?

A There are a variety of exit options for our portfolio companies. For the largest and most successful companies, these may look to list on a public stock exchange. There have only been a few of these in Titan's history so far.

More common are sales to strategic acquirers and private equity firms. Titan VCT is proud to have sold companies to many of the largest global companies, including Microsoft, Google, Amazon, Nestlé and Unilever.

Finally, we can partially realise our shareholdings in later-stage funding rounds, where existing shareholders can sell a proportion of their shareholding to accommodate new later-stage investors to the round.

Though, as already stated, not all exits result in a profitable outcome.

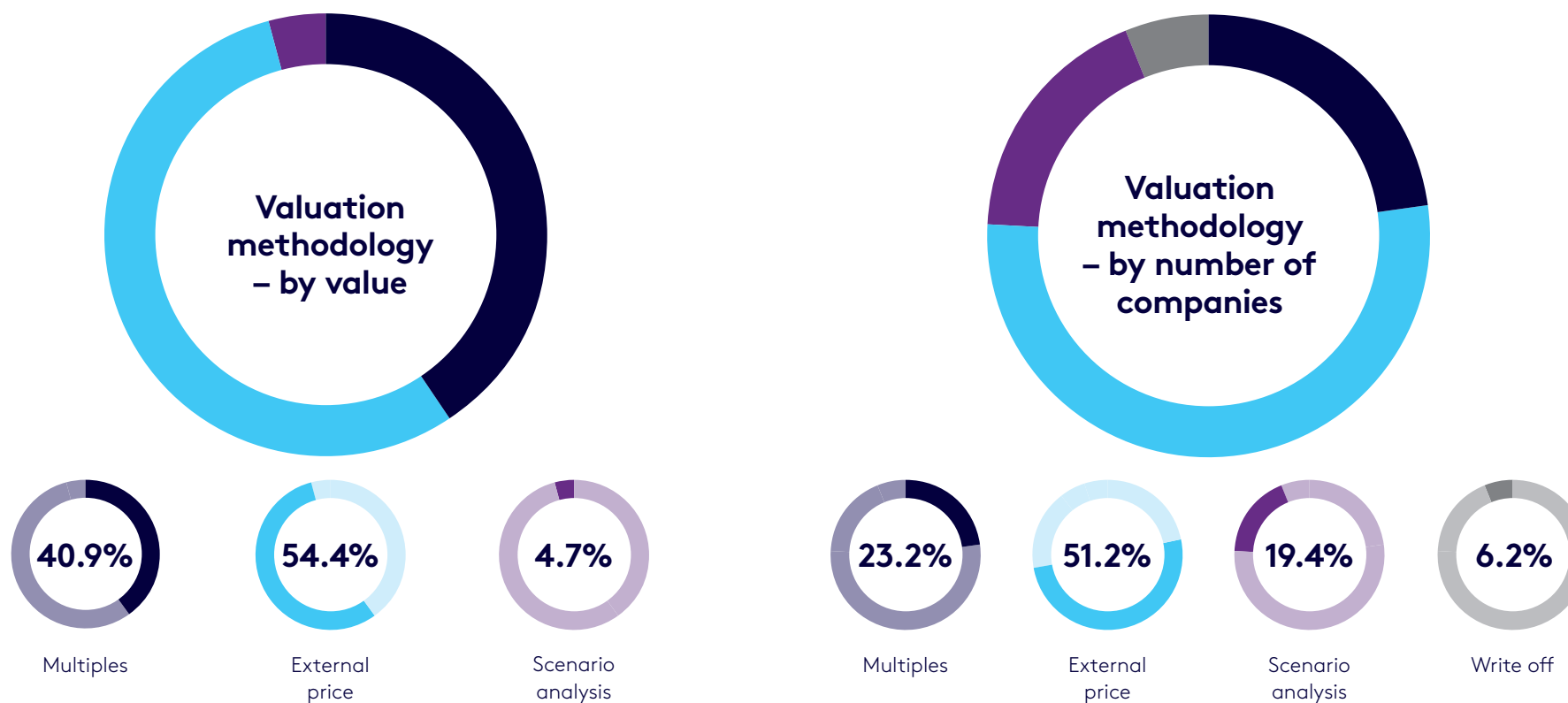




# Portfolio Manager's review continued

## Valuations

The pie charts below illustrate the split of valuation methodology (shown as a percentage of portfolio value and number of companies). 'External price' includes valuations based on funding rounds that typically completed in the last 12 months to the period end or shortly after the period end, and exits of companies where terms have been issued with an acquirer. 'External price' also includes quoted holdings, which are held at their quoted price as at the valuation date. 'Multiples' is predominantly used for valuations that are based on a multiple of revenues for portfolio companies. Where there is uncertainty around the potential outcomes available to a company, a probability weighted 'Scenario analysis' is considered. For further information please see Note 16, which only concerns the unquoted holdings in the portfolio.



# Portfolio Manager's review continued























Here, we set out the cost and valuation of the top 20 holdings of the overall portfolio. These 20 account for over 58% of the value of Titan's portfolio.

## Changes since last year

In 2021, we reported details of the top ten holdings as this made up c.50% of Titan's total portfolio value. This has now been increased to report on the top 20 to show 58% of total portfolio value.

### Key:










-  Fintech
-  Deep tech
-  Health
-  Consumer
-  B2B software
-  Bio
-  Climate

Portfolio:	Investment cost:	Total valuation including cost:
1  <b>ManyPets</b>	9,978	 102,729
2  <b>Amplience</b>	13,634	 38,786
3  <b>Permutive</b>	18,994	 38,510
4  <b>Quit Genius</b>	12,890	 33,581
5  <b>Skin+Me</b>	11,500	 32,933
6  <b>ORBEX</b>	10,298	 25,174
7  <b>Big Health</b>	12,855	 22,220
8  <b>vHive</b>	8,020	 19,766
9  <b>token</b>	12,608	 18,366
10  <b>Sofar</b>	11,496	 17,383

All values in £'000.

1. Not a graphical representation of the full value of the holding.

# Portfolio Manager's review continued

Portfolio:		Investment cost:	Total valuation including cost:
11	 <b>ELLIPTIC</b>	7,724	 15,940
12	 <b>IOVOX</b>	7,206	 14,518
13	 <b>ometria</b>	11,510	 13,668
14	 <b>Legl</b>	7,325	 13,393
15	 <b>elvie</b>	6,417	 13,338
16	 <b>KatKin</b>	5,475	 12,698
17	 <b>Vitesse</b>	7,128	 12,257
18	 <b>TATUM</b>	4,190	 11,992
19	 <b>uniplaces</b> <small>uniplaces.com</small>	9,491	 10,486
20	 <b>Oribiotech</b>	9,102	 10,451

# Portfolio Manager's review continued

## Portfolio case studies



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

Permutive is a privacy-compliant advertising technology company that helps publishers and advertisers to strengthen and action their valuable data for targeting, all while keeping it safe.

Its Audience Platform uses on-device technology to access and process data quickly, accurately and anonymously. This enables a privacy-safe way of learning about consumers' behaviours online, without compromising data security or identifying them.

For many companies, General Data Protection Regulation (GDPR) made handling consumer information complicated and opened up regulatory risk. Many existing platforms were unable to adapt to the new rules, creating a gap in the market. The platform uses a form of edge computing, keeping user data safe, and minimising latency which allows for immediate insights and targeting.

### Octopus investment dates:

Initial investment: May 2015  
Latest investment: October 2021

## 70%

**The partner of choice for privacy-compliance, targeting more than 70% of the UK's top publishers**

### Customers include:

- The Times
- The Economist
- BuzzFeed
- Condé Nast



[www.orbex.space](http://www.orbex.space)

Orbex is a UK-based private, low-cost rocket company, serving the needs of the small satellite industry.

It has developed one of the world's most advanced, low carbon, high performance microlauncher rockets, with the aim of launching the first vertical rocket from UK soil and creating the first European commercial launch vehicle business.

The company is the first to use bio-propane as a fuel, which allows the rocket to reduce carbon emissions significantly compared to other similarly sized rockets. A study by the University of Exeter showed that a single launch of the Orbex Prime rocket will produce 96% lower carbon emissions than comparable space launch systems using fossil fuels. The use of biofuel has been made possible by Orbex's innovative approaches to design.

### Octopus investment dates:

Initial investment: December 2020  
Latest investment: October 2022

## £40.4 million

**raised in Series C funding round in October 2022**

## May 2022

**Orbex Prime rocket unveiled – the first full-stack rocket to be revealed in Europe**



# Portfolio Manager's review continued

## Portfolio case studies continued

**Skin+Me**
[www.skinandme.com](http://www.skinandme.com)

Skin+Me offers direct-to-consumer, prescription-strength personalised skin care treatments. Skin+Me combines medical expertise and technology to offer personalised treatment plans on a subscription basis.

Through an online consultation, customers are prescribed a bespoke treatment plan and presented with a fully customised skincare routine, without requiring a trip to the dermatologist.

The momentum behind this growth is largely driven by consumers dismissing the one-size-fits-all approach. There is also an increased awareness of sustainability amongst consumers, whereby Skin+Me strive to challenge industry standards. By using recyclable packaging and offering personalised solutions that are made-to-order, it means none goes to waste.

### Octopus investment dates:

Initial investment: September 2019  
Latest investment: December 2022

## \$17.2 billion

**The global personalised skincare market was valued at \$17.2 billion last year and is expected to hit \$38.9 billion in 2030<sup>1</sup>**

## 4.5/5 stars

**on Trustpilot (from over 6,000 reviews) as of 1 April 2023**

1. Global personalised skincare market worth \$38.9 billion by 2030, InsightAce Analytic report, January 2022.

**TATUM**
[www.tatum.com](http://www.tatum.com)

Tatum is simplifying complex blockchain operations for app developers.

Blockchain is the underlying technology that enables the existence of cryptoassets (such as Bitcoin and Ethereum) and non-fungible tokens (NFTs). All blockchains operate differently, using different mechanisms, coding languages and privacy measures, making it particularly challenging to build across multiple blockchains. Tatum's blockchain development platform allows developers to connect various blockchains and blockchain services through a single integration. It simplifies operational processes, reduces product development time for applications by up to 90% and bridges the skills gap that exists because of the relative lack of blockchain developers in the market.

## >100,000

**customers, adding over 7,000 new ones per month**

## \$592 billion

**value of the global blockchain technology market in 2021**

### Octopus investment dates:

Initial investment: November 2021  
Latest investment: August 2022



# Portfolio Manager's review continued

## Portfolio case studies continued

**ManyPets®**
[www.manypets.com](http://www.manypets.com)

ManyPets was founded in 2012 to provide a transparent and digital-first insurance experience, and in 2017 it launched its own dog and cat insurance policies.

It has become one of the fastest-growing insurance businesses in Europe by listening to pet owners and solving their insurance pain points. It was the first company to create a product for pets with pre-existing conditions and partner with a video vet service. Its tech allows it to automate payments for a significant proportion of claims and fine tune pricing to ensure a sustainable loss ratio. In 2019, it launched in Sweden and then in 2021 expanded into the US. It has moved further into the pet health space by acquiring a pet medication subscription business.

**Octopus investment dates:**

Initial investment: October 2016  
Latest investment: April 2021

**>600,000**  
pets covered globally

**85%**  
Covering 85% of the  
pet insurance market  
in the US


**Vitesse**
[www.vitessepsp.com](http://www.vitessepsp.com)

Vitesse is a market-leading settlement and liquidity management platform to hold funds and deliver international payments globally, using domestic, in-country processing.

With a focus on serving the global insurance market, the company already includes some of the world's largest insurers as customers. In 2022, the company announced a strategic deal with Lloyd's of London to improve capital efficiency across the insurance marketplace and to improve the speed of claims payment. In the same year, Vitesse won the best international payments, remittance or use of FX award at Pay360 Awards.

**Octopus investment dates:**

Initial investment: June 2020  
Latest investment: January 2022

**>£8 billion**  
settled globally to  
over 100 countries  
and payment types

**>70%**  
completed  
transactions for the  
London insurance  
market





# Portfolio Manager's review continued

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

1 

### ManyPets®

**ManyPets**
[www.manypets.com](http://www.manypets.com)

An award-winning insurtech company with a specific focus on providing better pet insurance for everyone.

Initial investment date:	<b>October 2016</b>
Investment cost:	<b>£9.9m</b> (2021: £9.9m)
Valuation:	<b>£102.7m</b> (2021: £146.9m)
Last submitted accounts:	<b>31 March 2022</b>
Turnover:	<b>£42.4m</b> (2021: £29.8m)
Loss before tax:	<b>£(31.9)m</b> (2021: £(22.3)m)
Net assets:	<b>£12.6m</b> (2021: £38.1m)
Valuation methodology:	<b>Revenue multiple</b>

2 

### Amplience

**Amplience**
[www.amplience.com](http://www.amplience.com)

Amplience is a leading headless content management system, which powers retailers' digital channels.

Initial investment date:	<b>December 2010</b>
Investment cost:	<b>£13.6m</b> (2021: £13.6m)
Valuation:	<b>£38.7m</b> (2021: £46.6m)
Last submitted accounts:	<b>30 June 2022</b>
Turnover:	<b>£13.4m</b> (2021: £11.7m)
Loss before tax:	<b>£(7.8)m</b> (2021: £(2.0)m)
Net assets:	<b>£(12.1)m</b> (2021: £(6.8)m)
Valuation methodology:	<b>Last round</b>

3 

### Permutive

**Permutive**
[www.permutive.com](http://www.permutive.com)

Permutive's publisher data platform gives its customers an in-the-moment view of everyone on their site.

Initial investment date:	<b>May 2015</b>
Investment cost:	<b>£18.9m</b> (2021: £18.9m)
Valuation:	<b>£38.5m</b> (2021: £49.5m)
Last submitted accounts <sup>2</sup> :	<b>Not available</b>
Turnover:	<b>Not available</b>
Loss before tax:	<b>Not available</b>
Net assets:	<b>Not available</b>
Valuation methodology:	<b>Revenue multiple</b>

4 

### Quit Genius

**Quit Genius**
[www.quitgenius.com](http://www.quitgenius.com)

A digital health solution for managing substance use disorders.

Initial investment date:	<b>January 2020</b>
Investment cost:	<b>£12.8m</b> (2021: £12.8m)
Valuation:	<b>£33.5m</b> (2021: £29.8m)
Last submitted accounts <sup>2</sup> :	<b>Not available</b>
Turnover:	<b>Not available</b>
Loss before tax:	<b>Not available</b>
Net assets:	<b>Not available</b>
Valuation methodology:	<b>Last round</b>

1. These are numbers per latest public filings. Latest figures have not been disclosed.

2. Information not publicly available.

# Portfolio Manager's review continued

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

5 

### Skin+Me

Skin+Me

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

Skin+Me offers direct-to-consumer, personalised skincare.

Initial investment date:	<b>September 2019</b>
Investment cost:	<b>£11.5m</b> (2021: £4.0m)
Valuation:	<b>£32.9m</b> (2021: £17.5m)
Last submitted accounts:	<b>31 August 2021</b>
Turnover:	<b>Not available</b>
Loss before tax:	<b>£(5.5)m</b> (2021: £(2.3)m)
Net assets:	<b>£0.3m</b> (2021: £5.8m)
Valuation methodology:	<b>Last round</b>

6 

### ORBEX

Orbex

[www.orbex.space](http://www.orbex.space)

Orbex designs and constructs small, orbital rockets to service the growing small satellite launch market.

Initial investment date:	<b>December 2020</b>
Investment cost:	<b>£10.2m</b> (2021: £4.5m)
Valuation:	<b>£25.1m</b> (2021: £10.3m)
Last submitted accounts:	<b>31 December 2021</b>
Consolidated turnover:	<b>\$0.6m</b> (2021: \$0.9m)
Consolidated loss before tax:	<b>\$(5.9)m</b> (2021: \$(0.8)m)
Consolidated net assets:	<b>\$12.3m</b> (2021: \$16.9m)
Valuation methodology:	<b>Last round</b>

7 

### Big Health

Big Health

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

A digital medicine company delivering cognitive behavioural therapy to sufferers of mental health problems.

Initial investment date:	<b>June 2016</b>
Investment cost:	<b>£12.8m</b> (2021: £12.8m)
Valuation:	<b>£22.2m</b> (2021: £26.4m)
Last submitted accounts:	<b>31 December 2021</b>
Consolidated turnover:	<b>\$20.3m</b> (2021: \$13.4m)
Consolidated loss before tax:	<b>\$(12.9)m</b> (2021: \$(13.5)m)
Consolidated net assets:	<b>\$79.6m</b> (2021: \$23.9m)
Valuation methodology:	<b>Revenue multiple</b>

8 

### vHive

vHive Tech Ltd

[www.vhive.ai](http://www.vhive.ai)

vHive enables businesses to deploy autonomous drone hives to digitise their field assets and operations.

Initial investment date:	<b>May 2019</b>
Investment cost:	<b>£8.0m</b> (2021: £3.9m)
Valuation:	<b>£19.7m</b> (2021: £13.7m)
Last submitted accounts:	<b>31 December 2021</b>
Consolidated turnover:	<b>\$2.4m</b> (2021: \$0.8m)
Consolidated loss before tax:	<b>\$(3.0)m</b> (2021: £(2.8)m)
Consolidated net assets:	<b>\$2.3m</b> (2021: \$4.5m)
Valuation methodology:	<b>Last round</b>

1. These are numbers per latest public filings. Latest figures have not been disclosed.

# Portfolio Manager's review continued

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



### Token

[www.token.io](http://www.token.io)

A leading Open Banking solution, focused on payments.

Initial investment date:	<b>March 2017</b>
Investment cost:	<b>£12.6m</b> (2021: £8.4m)
Valuation:	<b>£18.3m</b> (2021: £11.1m)
Last submitted group accounts:	<b>31 December 2021</b>
Turnover:	<b>Not available</b>
Loss before tax:	<b>Not available</b>
Net assets:	<b>£0.5m</b> (2021: £0.4m)
Valuation methodology:	<b>Revenue multiple</b>



### Sofar Sounds Limited

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

Sofar Sounds organises small, intimate music performances in unique spaces across the globe.

Initial investment date:	<b>January 2015</b>
Investment cost:	<b>£11.4m</b> (2021: £11.4m)
Valuation:	<b>£17.3m</b> (2021: £15.3m)
Last submitted group accounts:	<b>31 December 2021</b>
Consolidated turnover:	<b>\$5.8m</b> (2021: \$2.8m)
Consolidated loss before tax:	<b>\$(11.8)m</b> (2021: \$(12.2)m)
Consolidated net assets:	<b>\$5.8m</b> (2021: \$6.2m)
Valuation methodology:	<b>Last round</b>

1. These are numbers per latest public filings. Latest figures have not been disclosed.

# Portfolio Manager's review continued

## Outlook

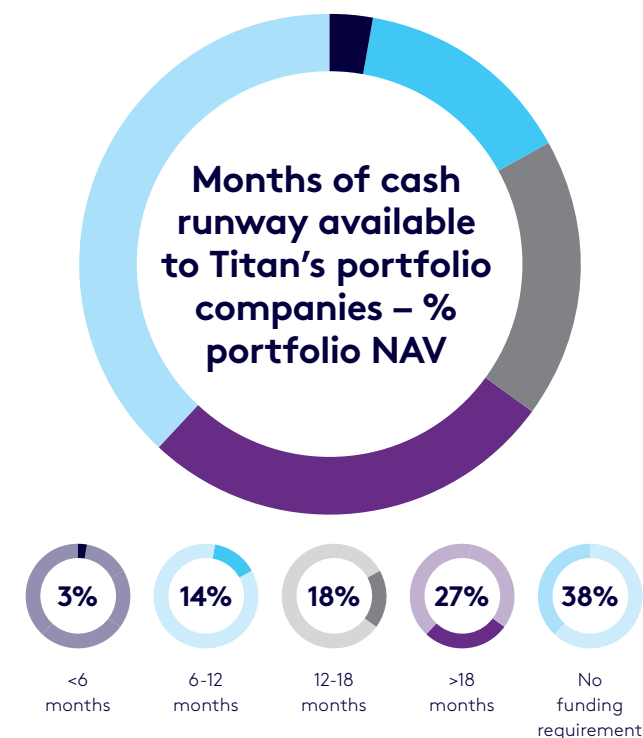
Having enjoyed consistent growth since inception, with especially strong performance over the three years to 31 December 2021, the decline in Titan's NAV is of course disappointing. The headwinds we have encountered over the past 12 months have been particularly strong and we have seen many existing issues intensify. Valuations of the portfolio companies are reflective of this environment. Titan's unquoted portfolio companies are valued in accordance with the IPEV valuation guidelines. This means we value the portfolio at fair value, which is the price we expect people would be willing to buy or sell an asset for, assuming they had all the information we have available; are knowledgeable parties with no pre-existing relationship; and that the transaction is carried out under the normal course of business. On top of this, several of Titan's portfolio companies have been affected by the challenges the economic backdrop has created, with costs increasing and consumer confidence and spending declining. As a result, valuations have been reappraised in line with all these factors.

Despite this decline in performance, we are reassured by the continued fundraising success of our portfolio companies as well as the resilience, ambition and drive displayed by extraordinary management teams behind them. The pie chart shows the percentage split across Titan's NAV of the cash runway available to its portfolio companies. Almost 40% of the portfolio is not expected to require further funding, and almost 85% has cash runway of at least 12 months – this should ensure that the portfolio is well capitalised to navigate the challenging fundraising environment. The strong deployment rate over the past 12 months, with 31 new investments completing, shows us that exciting and novel businesses are still founded in turbulent times. These investments have been made into early-stage, tech-enabled businesses with high-growth potential. These types of companies should thrive in challenging periods as barriers to adopting new technologies lessen, there is a greater acceptance of change and as talent availability improves.

As well as these new investments, we can see that many of Titan's existing portfolio companies are maturing, growing their customer base, winning new contracts, hiring new talent, and developing their technologies. So, although we are currently in a more challenging exit environment, when conditions improve in the future, we believe there should be opportunities for companies to take the next steps on their growth journey. Successful exits enable Titan to realise the growth a portfolio company has achieved over its investment lifespan. Please see page 27 where we answer some questions surrounding our exit process.

To be able to support portfolio companies in their ambition to change the world, we believe we should be an active investor, offering more than just financial support. You will have read about our in-house Talent team and how they lend their expertise and knowledge to support our companies on pages 8 and 9. We work to equip the management teams with the platforms and tools they need to succeed. It is typical for a member of the Octopus Ventures team to join the Board of a portfolio company to provide ongoing support. We believe that the management team are the key determining factor for a company's success, and this support is an investment in the future, designed to bolster resilience so that our portfolio companies can weather periods of disruption, and to help them develop the culture and capabilities they need to drive ongoing success. And it sets Octopus Ventures apart, offering us a competitive advantage in winning the best investment opportunities and proving our value beyond just investment.

The past 12 months have been a period of immense change on a global scale, and Titan has understandably been affected by this. Looking ahead, we are confident that many portfolio companies have the potential to build upon their successes to date. We back businesses from a wide range of sectors, at different investment stages, and we think this breadth of scope will provide Titan with the opportunities it needs to succeed in the future and return to its previous growth trajectory.



# Operating responsibly

Titan has a policy in place, which is set by the Board, to make sure Octopus Ventures considers responsible investment within investment decisions in relation to Octopus Titan VCT.

The policy ensures Octopus Ventures follows a three-step approach to responsible investment which is aligned with Octopus Group's responsible investment policy.

Please view the Company's policy here:

[octopusinvestments.com/titan-responsible-investment-policy/](https://octopusinvestments.com/titan-responsible-investment-policy/)

## Octopus Ventures' initiatives:

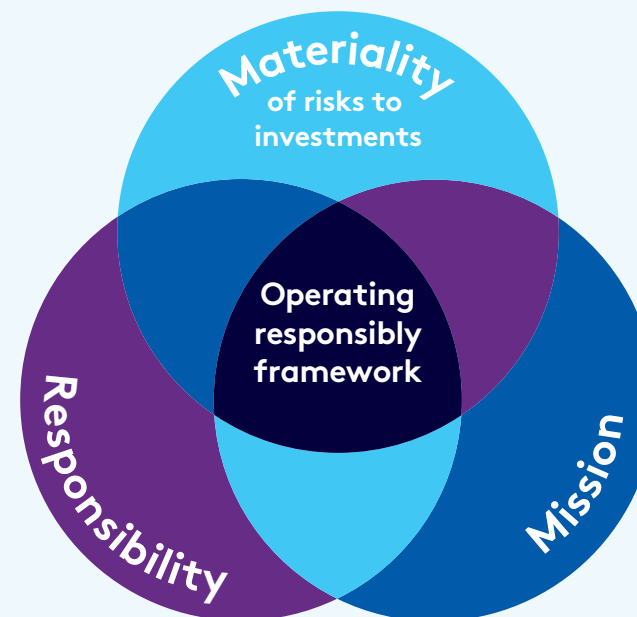
### Female diversity pledge:

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

### Greenhouse gases:

Octopus Ventures engage with all portfolio companies on their greenhouse gases and give them access to appropriate complimentary tools to support their understanding of their carbon footprint.

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



This framework considers:

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

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

# Operating responsibly continued

## Materiality of risks to investments

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

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

## Mission

Titan's mission is to invest in the ideas, industries and people that will change the world – backing pioneering entrepreneurs building companies that are using technology to shape the future. Whilst Titan doesn't target specific sustainability goals or objectives, Octopus Investments track the number, amount invested and the value of companies in Titan's portfolio that are aligned with Octopus Group's three sustainable themes: building a sustainable planet, revitalising healthcare and empowering people.

## Responsibility

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

The team make sure that all portfolio companies:

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

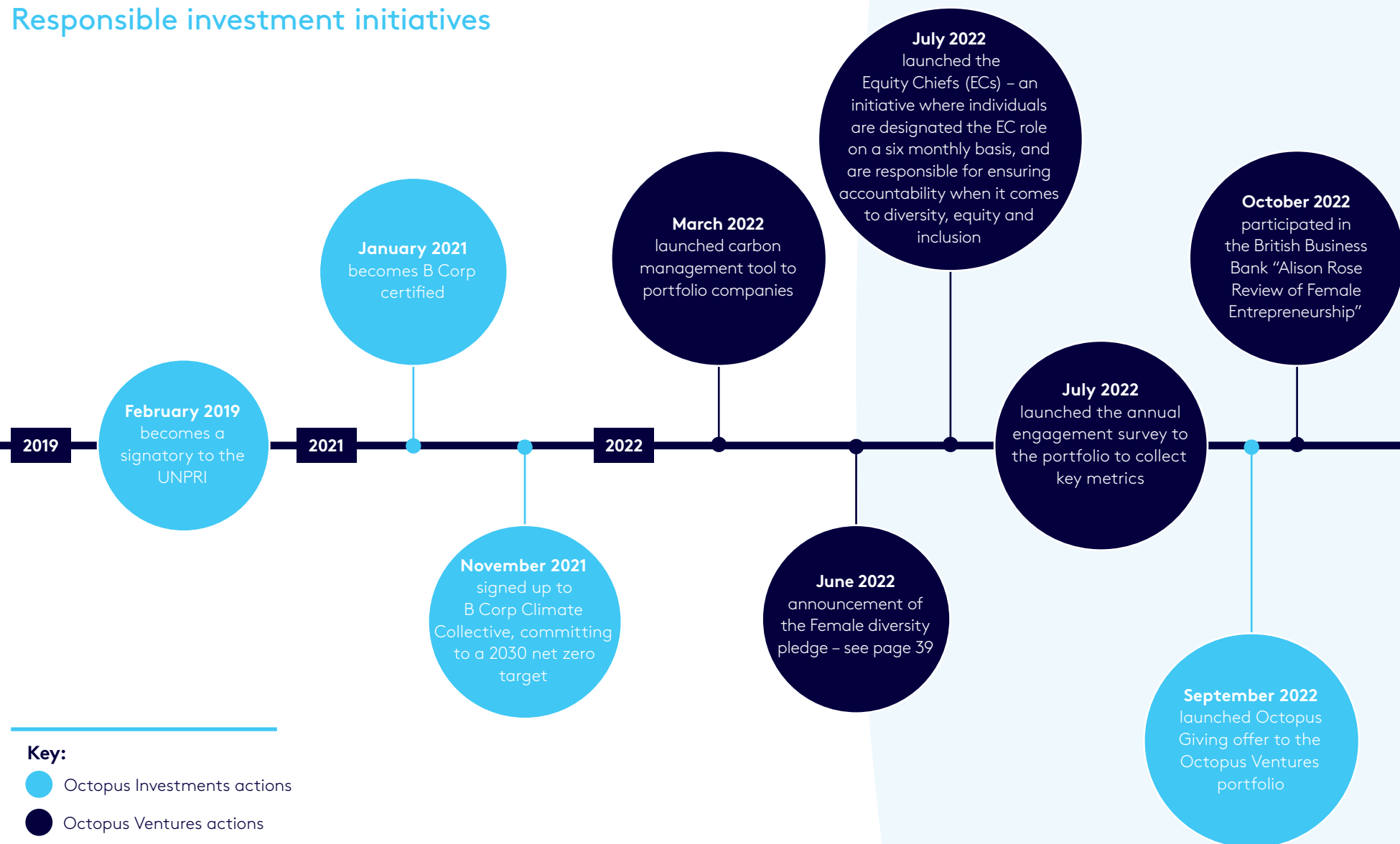
Octopus Investments has created an Engagement Tool which is sent to all of Titan's portfolio companies to help the Octopus Ventures investment team understand whether a portfolio company considers its wider stakeholders (community, customers, people, planet and shareholders) within decision-making, and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

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



# Operating responsibly continued

## Responsible investment initiatives

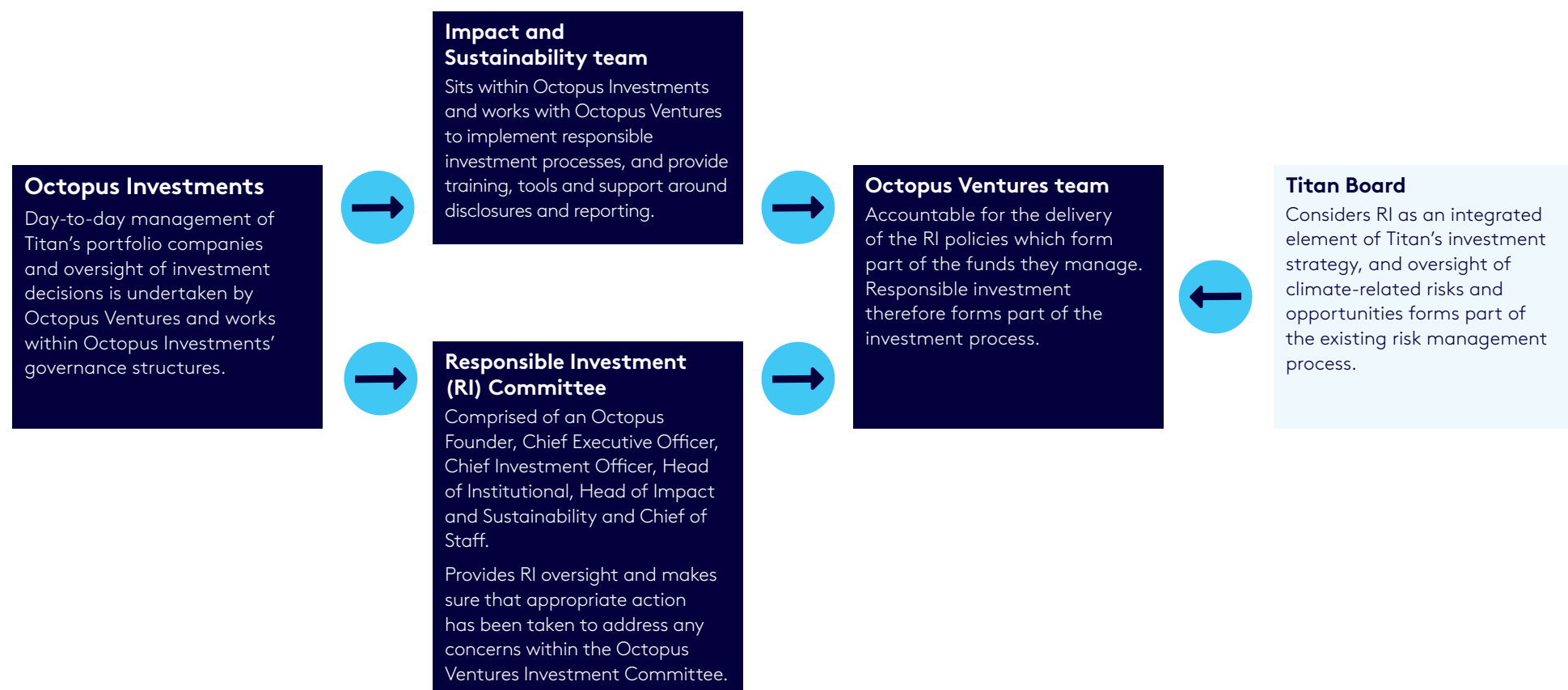


# Operating responsibly continued

## Climate-related risks and opportunities

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

## Governance



# Operating responsibly continued

## Strategy

### Portfolio

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

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

### Titan

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

### 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 team assess how well the risk is managed by the portfolio company. Where appropriate, this is raised to the Investment Committee as part of the investment process and is continually monitored.

## Metrics and targets

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

To understand the carbon emissions of Titan's portfolio, the Octopus Ventures team have taken steps to measure the portfolio companies' Scope 1 and 2 greenhouse gas (GHG) emissions by providing them with access to a carbon measurement tool that will provide the companies with details of their carbon footprint. Scope 1 emissions are those directly from company-owned and controlled resources. Scope 2 emissions are indirect emissions from the generation of purchased energy from a utility provider. Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain. Whilst Octopus supports portfolio companies in measuring some Scope 3 emissions such as purchased goods and services and business travel, this is an area where it is looking to grow its capability to support the portfolio companies that are looking to measure their full scope.

While the ultimate goal is to reduce portfolio emissions to minimise these risks, the immediate goal is to increase data coverage to 100% (currently 25% of Titan's portfolio companies have been measured) within the next two years.

Current greenhouse gas emissions (tonnes CO<sub>2</sub>e):

- Scope 1: 102.13
- Scope 2: 201.74



# Operating responsibly continued

## Gender and diversity

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

## Human rights issues

The Board seeks to conduct Titan's affairs responsibly. Titan 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, Titan does not maintain specific policies in relation to these matters.

## Whistleblowing

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

## Bribery Act

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



# Section 172(1) statement

This report sets out how the Directors have had regard to promoting the success of Titan for the benefit of its stakeholders as a whole, and in making their decisions to have regard to, but not limited to, a list of six factors contained within this section of the Companies Act 2006:

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

## Business strategy

The success of Titan is driven by its investment policy and liquidity strategy which is set out in the Strategic Report on page 55. The Portfolio Manager prepares a detailed budget which is approved by the Board on an annual basis and reviewed regularly, and forms the basis for Titan's resource planning and deployment decisions.

When considering business strategy, the Board also considers other matters such as the interests of its various stakeholders and the long-term impact of its actions on Titan's future and reputation.

## The Board

The Board adopts the 2019 AIC Code of Corporate Governance which provides a framework for the governance of investment companies such as Titan.

It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management of the Company to a Portfolio Manager, and to outsource administration, accounting and company secretarial services. The Board then engages with the Portfolio Manager in setting, approving and overseeing the execution of the business strategy and related policies.

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 Titan's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility and governance; compliance and legal matters. The Board has set financial KPIs relating to portfolio performance. The Board formally reviews the performance of the Portfolio Manager, in relation to both investment and non-investment services, on an annual basis.

The investment policy and investment process, including the management of conflicts of interest and the allocations policy, have also been agreed and documented.

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

## Culture

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



# Section 172(1) statement continued

## Business ethics and governance

The Board is responsible for ensuring that the activities of Titan and its various investments are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of Titan. Further detail can be found in the Statement of Directors' Responsibilities on page 78. In the year to 31 December 2022 no areas of concern have been flagged in this regard.

## Relations with key stakeholders

The requirement for Titan to consider the interests of its key stakeholders is limited as it does not have any employees. The Board considers Octopus to be its key business partner as it has responsibility for the provision of investment management, administration, custody and company secretarial services.

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

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

# Section 172(1) statement continued

## Our key stakeholders

### Shareholders

#### Why we engage

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

#### How we engage

The annual and interim reports, prospectus and other shareholder information are published on the Octopus Investments website **octopustitanvct.com**. Details of the portfolio, the investment team and other insights are published on the Octopus Ventures website **octopusventures.com**. Shareholder enquiries are handled promptly by Octopus Investments. The Chair responds to communications addressed to the Board. The Directors aim to make sure that the annual report and financial statements are fair, balanced and understandable, and that sufficient information is provided to shareholders to assess Titan's performance, business approach and strategy.

The shareholder event also provides the opportunity for shareholders to receive an update on the portfolio and to meet members of the investment team.

### Portfolio companies

#### Why we engage

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

#### How we engage

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

### Octopus and suppliers

#### Why we engage

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

#### How we engage

Titan engages with Octopus and its third-party suppliers on the basis of proven track record with observance of minimum levels of performance, ethics and governance in order to create value and mitigate risk. Octopus attends all Board meetings with regular updates on investment performance, risks and non-investment services activities as well as ad hoc analysis as requested by the Board. The Board has a positive and open relationship with Octopus and annually, following a review, votes on retaining Octopus as the Portfolio Manager. A variety of independent professional advisers are utilised by Titan to help with certain activities, including regulatory and legal compliance, for example lawyers; tax advisers; corporate brokers; and auditors.



# Section 172(1) statement continued

## Our key stakeholders continued

### Community and environment

#### Why we engage

Titan aims to back pioneering entrepreneurs, leading technology and tech-enabled businesses, to shape the world we live in. The Board considers it important that Titan has a responsible approach to investing as set out in the framework on page 39, taking account of environmental, social and governance matters. Titan's investment operations create employment, aid economic growth, generate tax revenues and produce wealth, thus benefitting the community and economy overall.

#### How we engage

Apart from the Board's recognition that the responsible investment policy should help to mitigate the impacts of climate change, the Board has moved to a largely paperless operation over the past three years and utilises conferencing platforms where appropriate.

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

### Government and regulators

#### Why we engage

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

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

#### How we engage

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

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

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

# Section 172(1) statement continued

## The impact of key decisions on stakeholders in 2022

Key decisions and actions during the year which have required the Directors to consider applicable Section 172 factors include:

### Long-term strategy

**S172 matters/stakeholders considered:**

**(a) (b) (d) (f)**

The targets below have been agreed with the Portfolio Manager as part of the long-term strategy of Titan:

- i) regular dividends of 5p per annum with the potential to pay special dividends as investments are realised at a significant profit;
  - ii) maintaining a NAV per share of at least 90p after the payment of dividends;
  - iii) generating sufficient cash from realisations within the portfolio to cover share buybacks, dividends and operating costs; and
  - iv) capital raised from fundraising predominantly utilised for new and follow-on investments.
- i) and ii) should provide a minimum 5p per share overall return to shareholders, whereas iii) and iv) provides that cash raised from shareholders should be solely directed to investment in the portfolio, and not in support of operating costs. The effect for shareholders will be to provide them ongoing returns via dividends whilst maintaining the value of their holdings.

### Communication with shareholders

**S172 matters/stakeholders considered:**

**(a) (b) (e) (f)**

During the Covid-19 pandemic, shareholder events, in which the Portfolio Manager provides an update, were introduced when the AGM could not be held in person due to social distancing restrictions. Following the success of these shareholder events, they have continued despite restrictions no longer being in place. Attendance at these events is significantly higher than at AGMs, and still provides shareholders with an opportunity to put questions to the Chair and Portfolio Manager.

Since 2022, AGMs have again been held as physical meetings at the Company's registered office.

# Section 172(1) statement continued

## The impact of key decisions on stakeholders in 2022 continued

### Reviewing the conflicts of interest and fund allocation policies

S172 matters/stakeholders considered:

(a) (b) (c) (d) (f)

There is an external review, conducted annually by PwC, of the Octopus Conflicts of Interest framework. This was introduced in 2021 following the decision by Octopus to launch new products which may co-invest with Titan. The Board continue to engage with Octopus on this matter with a regular review of allocation policies.

A number of recommendations classed as medium or low risk were made by PwC and adjustments to the Octopus Investments framework have been made to address these as appropriate.

### Fundraising launch in 2022

S172 matters/stakeholders considered:

(a) (b) (c) (f)

The Board reviewed cash forecasts to April 2024 in order to evaluate the cash needs over that period set against retaining a sufficient cash buffer to operate Titan, support the portfolio with follow-on capital and to take advantage of new investment opportunities as they arise. In November 2022, the Board approved a fundraise of £175 million with a £75 million over-allotment facility for the 2022/23 tax year.

### Key – Section 172 matters considered

- (a) The likely consequence of any decision in the long term.
- (b) The interests of Titan's shareholders.
- (c) The need to act fairly between portfolio companies.
- (d) The need to foster Titan's relationships with government and regulators.
- (e) The impact of Titan's operations on the community and the environment.
- (f) The desirability of Titan maintaining a reputation for high standards of business conduct.

# Risks and risk management

The Board assesses the risks faced by Titan and, as a board, reviews the mitigating controls and actions, and monitors the effectiveness of these controls and actions.

## Emerging and principal risks, and risk management


### 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 management and the Board are currently monitoring:

- adverse changes in global macroeconomic environment;
- high market valuation;
- geo-political instability; and
- climate change.




### Principal risks

Risk	Mitigation	Change
<p><b>Investment performance:</b></p> <p>The focus of Titan's investments is into unquoted, small and medium-sized VCT qualifying companies which, by their nature, entail a higher level of risk and shorter cash runway than investments in larger quoted companies.</p>	<p>Octopus has significant experience and a strong track record of investing in early-stage unquoted companies, and appropriate due diligence is undertaken on every new investment. A member of the Octopus Ventures team is typically appointed to the board of a portfolio company, and regular board reports are prepared by the portfolio company's management and examined by the Manager. This arrangement, in conjunction with its portfolio talent team's active involvement, allows Titan to play a prominent role in a portfolio company's ongoing development and strategy. This includes the impact of Covid-19, and the current situation in Ukraine, on portfolio companies. 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 Portfolio Manager on a regular basis. The Portfolio Manager is incentivised to make sure Titan performs well, via a performance incentive fee (charged annually) for exceeding certain performance hurdles, as detailed in Note 19 on page 104.</p>	<p></p> <p>Increased due to the difficult macro environment and challenging trading conditions for some portfolio companies.</p>

# Risks and risk management continued

Risk	Mitigation	Change
<p><b>VCT qualifying status:</b></p> <p>Titan is required at all times to observe the conditions for the maintenance of approved VCT status. The loss of such approval could lead to Titan and its investors losing access to the various tax benefits associated with VCT status and investment.</p>	<p>Octopus tracks Titan's qualifying status regularly throughout the year, and reviews this at key points including investment, realisation. This status is reported to the Board at each Board meeting. The Board has also engaged external independent advisers to undertake an independent VCT status monitoring role.</p>	<p></p> <p>Given the level of independent verification, a systemic issue which would result in the loss of VCT status is considered less likely and therefore a decreased risk.</p>
<p><b>Loss of key people:</b></p> <p>The loss of key investment staff by the Portfolio Manager could lead to poor fund management and/or performance due to lack of continuity or understanding of Titan.</p>	<p>The Portfolio Manager has a broad team experienced in and focused on early-stage investing. This mitigates the risk of any one individual with the required skill set and knowledge of venture capital investing, and the portfolio specifically, leaving. Key investment staff are also incentivised via the performance incentive fee.</p>	<p></p> <p>An increase in risk exposure reflects a reduction in performance fees potentially increasing attrition.</p>
<p><b>Operational:</b></p> <p>The Board is reliant on the Portfolio Manager to manage investments effectively, and manage the services of a number of third parties, in particular the registrar, depositary and tax advisers. A failure of the systems or controls at Octopus or third-party providers could lead to an inability to provide accurate reporting and accounting and to ensure adherence to VCT rules.</p>	<p>The Board reviews the system of internal controls, both financial and non-financial, operated by Octopus (to the extent the latter are relevant to Titan's internal controls). These include controls designed to make sure that Titan's assets are safeguarded and that proper accounting records are maintained.</p>	<p></p> <p>No overall change in risk exposure on balance.</p>

# Risks and risk management continued

Risk	Mitigation	Change
<p><b>Information security:</b></p> <p>A loss of key data could result in a data breach and fines. The Board is reliant on Octopus and third parties to take appropriate measures to prevent a loss of confidential customer information.</p>	<p>Annual due diligence is conducted on third parties which includes a review of their controls for information security. Octopus has a dedicated information security team and a third party is engaged to provide continual protection in this area. A security framework is in place to help prevent malicious events.</p>	<p></p> <p>No overall change on balance, although cyber threat remains a significant risk area faced by all service providers.</p>
<p><b>Economic:</b></p> <p>Events such as an economic recession and movement in interest rates could adversely affect some smaller companies' valuations, as they may be more vulnerable to changes in trading conditions or the sectors in which they operate. This could result in a reduction in the value of Titan's assets.</p>	<p>Titan invests in a diverse portfolio of companies, across a range of sectors, which helps to mitigate against the impact on any one sector. Titan 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.</p>	<p></p> <p>Continued uncertainty in an environment that includes high inflation, high interest rates and other economic factors.</p>
<p><b>Legislative:</b></p> <p>A change to the VCT regulations could adversely impact Titan by restricting the companies Titan can invest in under its current strategy. Similarly, changes to VCT tax reliefs for investors could make VCTs less attractive and impact Titan's ability to raise further funds.</p>	<p>The Portfolio Manager engages with HMT and industry bodies to demonstrate the positive benefits of VCTs in terms of growing early-stage companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation. The changes to VCT regulations in 2018 largely benefitted Titan as there were increased annual and lifetime investment limits introduced for Knowledge Intensive companies (i.e. those that have a high proportion of Research and Development or innovation spend), and many of the companies in which Titan invests qualify as such companies.</p>	<p></p> <p>Reduced slightly, reflecting a sentiment that the sunset clause is likely to be removed, although political uncertainty remains.</p>

# Risks and risk management continued

Risk	Mitigation	Change
<p><b>Liquidity:</b></p> <p>The risk that Titan's available cash will not be sufficient to meet its financial obligations. Titan invests into smaller unquoted companies, which are inherently illiquid as there is no readily available market for these shares. Therefore, these may be difficult to realise for their fair market value at short notice.</p>	<p>Titan's liquidity risk is managed on a continuing basis by Octopus in accordance with policies and procedures agreed by the Board. Titan's overall liquidity risks are monitored on a quarterly basis by the Board, with frequent budgeting and close monitoring of available cash resources. Titan maintains sufficient investments in cash and readily realisable securities to meet its financial obligations. At 31 December 2022, these investments were valued at £162,945,000 (2021: £198,373,000), which represents 15% (2021: 14%) of the net assets of Titan.</p>	<p>↑</p> <p>Increased to reflect the potential knock-on effects of economic uncertainty, including impacts on fundraising and the risk of disposal failures.</p>
<p><b>Valuation:</b></p> <p>The portfolio investments are valued in accordance with International Private Equity and Venture Capital (IPEV) valuation guidelines. This means companies are valued at fair value. As the portfolio comprises smaller unquoted companies, establishing fair value can be difficult due to the lack of a readily available market for the shares of such companies and the potentially limited number of external reference points.</p>	<p>Valuations of portfolio companies are performed by appropriately experienced staff, with detailed knowledge of both the portfolio company and the market it operates in. These valuations are then subject to review and approval by Octopus' Valuation Committee, comprised of staff who are independent of Octopus Ventures with relevant knowledge of unquoted company valuations, as well as Titan's Board of Directors.</p>	<p>↑</p> <p>An increase in valuation risk reflects greater economic uncertainty within valuation modelling.</p>
<p><b>Foreign currency exposure:</b></p> <p>Investments held and revenues generated in other currencies may not generate the expected level of returns due to changes in foreign exchange rates.</p>	<p>Octopus and the Board regularly review the exposure to foreign currency movement to make sure the level of risk is appropriately managed. Investments are primarily made in GBP, EUR and USD so exposure is limited to a small number of currencies. On realisation of investments held in foreign currencies, cash is translated to GBP shortly after receiving the proceeds to limit the amount of time exposed to foreign currency fluctuations.</p>	<p>↓</p> <p>Reduced exposure due to the realisation of investments held in foreign currencies during the year.</p>



# Business review

## Investment policy

Titan's focus is on providing early-stage, development and expansion funding to unquoted companies. Titan typically makes an initial investment of £1 million to £10 million and will make further follow-on investments into existing portfolio companies. The intention is to hold a portfolio of largely unquoted technology and tech-enabled companies.

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

The Directors control the overall risk of the portfolio by ensuring that Titan has exposure to a diversified range of portfolio companies from a number of different technology and tech-enabled sectors. Concentration risk is mitigated by ensuring that at the point of investment no more than 15% of Titan by value will be in any one investment. Any borrowing by Titan for the purposes of making investments will be in accordance with Titan's Articles of Association.

The investment profile is expected to be:

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

## Non-VCT qualifying investments

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

## VCT qualifying investments

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

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

A review of the investment portfolio and of market conditions during the period is included in the Chair's Statement and Portfolio Manager's Review which form part of the Strategic Report on pages 23 to 38 respectively.

## Liquidity strategy

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

- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to cover the running costs of Titan as they fall due;
- to support a consistent dividend flow; and
- to assist liquidity in the shares through the buyback facility.

Liquidity in Titan is primarily driven by profitable exits and fundraising activities.

## VCT regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Internally. This is measured on a continuous basis and it is also reviewed by Shoosmiths LLP every six months, who perform a comprehensive validation exercise. One of the primary purposes of the investment policy is to make sure Titan continues to qualify and is approved as a VCT by HMRC. The main criteria to which Titan must adhere to are detailed on page 111.

Titan will continue to ensure its compliance with the qualification requirements.

# Business review continued

## Titan performance

The Board is responsible for Titan's investment strategy and performance, although the management of the investment portfolio is delegated to Octopus through the Investment Management Agreement, as referred to in the Directors' Report on page 73.

The graph compares the NAV total return and share price total return (gross dividends reinvested) of Titan over the period from October 2007 to December 2022 with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes, given the nature of the underlying investments. The Board wishes to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the HMRC rules.

Titan will continue to ensure its compliance with the qualification requirements.

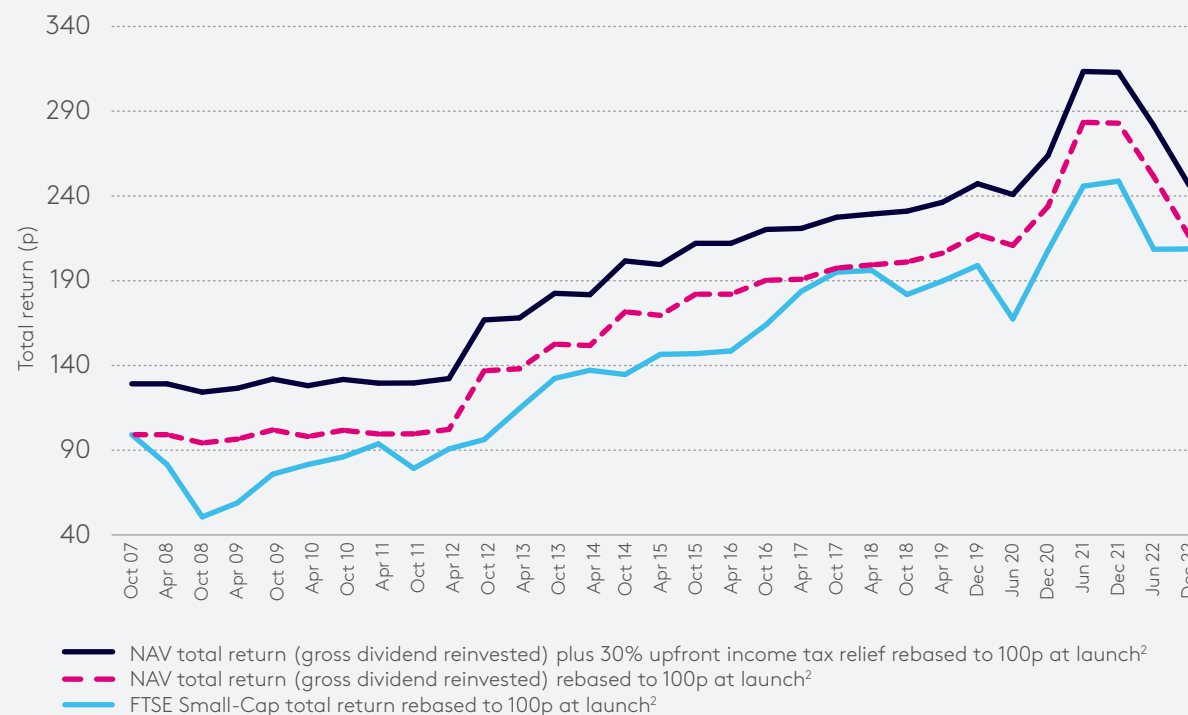
The Strategic Report was approved on behalf of the Board by:

*Tom Leader*

**Tom Leader**  
Chair

24 April 2023

## NAV and share price total return since launch<sup>1</sup>



1. 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.
2. Based on notional investment on 31 October 2007.

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

The loss per share for the year ended 31 December 2022 is (24.3)p (2021: earnings of 19.3p per share). Further details can be found in Note 8 of the financial statements on page 95.

# Governance

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# Board of Directors



**Tom Leader**

## Non-Executive Chair

Tom has over 30 years' private equity experience. He is currently Head of Caledonia Private Capital (part of Caledonia Investments plc). Before Caledonia, Tom worked at Nova Capital Management, Baring Private Equity Partners and Morgan Grenfell Private Equity. Tom started his career in the management consultancy practice of Coopers & Lybrand. Tom is a Non-Executive Director of Stonehage Fleming Family & Partners Limited and 7IM Holdings Limited. Separately, he is Non-Executive Chair of Penox Group GmbH.



**Gaenor Bagley**

## Non-Executive Director

Following a 30-year career in professional services, where she held a variety of leadership positions including at board level, Gaenor now has a portfolio of non-executive director roles. Her other current roles include: Non-Executive Director, Chair of Audit Committee and Chair of Remuneration Committee, Zopa Bank Limited; Non-Executive Director, National Audit Office; Chair, The Kemnal Academies Trust; external member of Council, Cambridge University. The majority of Gaenor's professional career has been as a M&A tax adviser with PwC as part of the tax practice. In 2011 she was appointed to the executive board of PwC UK to be Head of People, with responsibilities for developing the firm's People and Corporate Social Responsibility strategy. Alongside this role she was the Global Head of Learning and Development, responsible for the development strategy for the PwC network firms. From July 2016 until her retirement in December 2017, Gaenor was Head of Corporate Purpose at PwC UK, leading on PwC's Corporate Social Responsibility agenda.



**Matt Cooper**

## Non-Executive Director

Matt currently works as a Non-Executive Chair and/or Director with a range of public and private companies. These currently include Intrepid Owls Ltd, CatchApp Ltd, VouchedFor Ltd and Live Tech Games Ltd. Matt's areas of expertise include corporate strategy formulation, brand and marketing and implementation, organisational culture and design, and executive coaching and leadership. Previously, Matt was Principal Managing Director of Capital One Bank Europe plc until leaving the company in 2001. Originally from New Jersey, Matt graduated first in his class in Chemistry from Princeton University in 1988. Matt was a director of Octopus Titan VCT 1 plc from 29 October 2007 to 27 November 2014, in addition to being a director of Titan from 29 October 2007 to date. He was also Chair of Octopus Capital Limited from July 2001 until September 2022.

Matt will be retiring from the Board at the AGM.

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

# Board of Directors continued



**Jane O'Riordan**

## Non-Executive Director

Jane is currently Chair of Turtle Bay Hospitality, Caravan Restaurants and of Flight Club Darts. Jane was previously a director of Yellowwoods Associates UK Limited, where she was involved in the strategic development of companies such as Nando's, Gourmet Burger Kitchen, Pizza Express/Gondola and others. Before Yellowwoods, Jane was a director with Braxton Associates, the then strategic consulting division of Deloitte & Touche. In addition to over 29 years of private equity, venture capital and management consulting experience, Jane worked for three years with British Aerospace as a spacecraft systems engineer. Jane has a BSc in mechanical engineering and an MBA from Harvard Business School. Jane was Director and Chair of Octopus Titan VCT 5 plc from 17 November 2010 to 27 November 2014 and has been a director of Titan from 27 November 2014 to date.



**Lord Rockley**

## Non-Executive Director

Anthony is a qualified chartered accountant and former partner at KPMG. He joined KPMG in 1983 and held various positions throughout his career, most notably within the banking sector and latterly as the lead audit partner in KPMG's Private Equity Group (PEG) which he was instrumental in establishing. He led PEG Audit until his retirement as a partner in 2015. Anthony was a member of the British Venture Capital Association working party and was key in the development of the first valuation guidelines for the industry. He was also a member of the International Private Equity and Venture Capital Guidelines Board between 2005 and 2014. He has an MA in Natural Sciences from Cambridge University.



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



# Corporate governance report

## The Board of Directors has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance.

The Association of Investment Companies Code of Corporate Governance (the 'AIC Code'), issued by the AIC in February 2019, addresses the principles and provisions set out in the UK Corporate Governance Code (the 'UK Code'), issued by the Financial Reporting Council (FRC) in July 2018, as well as setting out additional provisions on issues that are of specific relevance to Titan. The FRC has confirmed that members of the AIC, who report against the AIC Code, will be meeting their obligations in relation to the UK Code and the associated disclosure requirements under paragraph 9.8.6 of the Listing Rules. The AIC Code is available on the AIC's website [www.theaic.co.uk](http://www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the principles and provisions set out in the UK Code to make them relevant for investment companies.

Corporate governance within the closed-ended investment company industry differs from that of other companies. In addition, VCTs differ from most other investment companies in that they have, developed over many years, a complex range of additional legal, tax and regulatory requirements.

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

- outsources all day-to-day activities (such as portfolio management, administration, accounting, custody and company secretarial). This means that it is governed entirely by a Board of Non-Executive Directors. In these circumstances, the proper oversight of these relationships is the key aspect of achieving good corporate governance;
- does not have executive directors or employees. As a consequence, the only 'corporate memory' is that of the Non-Executive Directors; and
- does not have customers, only shareholders.

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

In practice, most of the time spent by the board of a well-functioning investment company should be spent on matters of general corporate governance (e.g. the investment strategy, policy and performance), which applies to Titan.

Titan is committed to maintaining high standards in corporate governance. With the exception of the items outlined below, the Directors consider that Titan has, throughout the year under review, complied with the provisions set out in the AIC Code:

- Titan does not have a Senior Independent Director; this is not considered necessary;
- the Chair is a member of the Audit Committee, having been Chair of the Audit Committee until June 2022. The Directors believe this is appropriate to benefit from his skills and knowledge;
- the Chair is also Chair of the Nomination and Remuneration Committee, which the Directors consider to be appropriate given the small number of independent Directors and tenure of those on the Board;
- the Directors do not stand for annual re-election in order to make sure experience is retained on the Board; and
- Titan has no major shareholders, so shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the AGM, or other designated shareholder events, but are welcome to contact the Board or Octopus at any time.

# Corporate governance report continued

## Viability statement

In accordance with the FRC UK Corporate Governance Code published in 2018 and provision 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of Titan over a period of five years, consistent with the expected investment hold period of a VCT investor. A fundraising was launched on 10 November 2022 and closed on 5 April 2023, raising £237 million. Under VCT rules, subscribing investors are required to hold their investment for a five-year period in order to benefit from the associated tax reliefs. The Board regularly considers strategy, including investor demand for Titan'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 Titan and its current position, including risks which may adversely impact its business model, future performance, solvency or liquidity, and focused on the major factors which affect the economic, regulatory and political environment. Particular consideration was given to Titan's reliance on, and close working relationship with, the Portfolio Manager. The principal risks faced by Titan and the procedures in place to monitor and mitigate them are set out on pages 51 to 54.

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

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

Based on this assessment the Board confirms that it has a reasonable expectation that Titan will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 December 2027. The Board is mindful of the ongoing risks and will continue to make sure that appropriate safeguards are in place, in addition to monitoring the cash flow forecasts to ensure Titan has sufficient liquidity.

## Going concern

Titan's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report. Further details on the management of financial risk may be found in Note 16 to the financial statements.

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

## Board leadership and purpose

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

 Read more on page 62

## Division of responsibilities

As all day-to-day activities are outsourced, the Board ensures proper oversight in order to achieve good corporate governance.

 Read more on page 63

## Composition, succession and evaluation

The Board makes sure it is balanced with the appropriate skills and maintains a succession plan. Its performance and composition are considered annually.

 Read more on page 64

## Audit, risk and internal control

Titan's strategy is determined by the Board, taking account of the need to avoid unnecessary or unacceptable risks. The Audit Committee is appointed to oversee this process on behalf of the Board.

 Read more on page 66

## Remuneration

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

 Read more on page 70



# Leadership and purpose

## Board of Directors

Titan currently has a Board of five Non-Executive Directors, four of whom are considered to be independent. Matt Cooper is not considered to be independent due to his role as Chair of Octopus Capital Limited, the parent company of Octopus Investments Limited, Titan's Portfolio Manager, from 1 July 2001 to 14 September 2022.

The Board meets regularly, at least six 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 as set out in the Strategic Report on page 55.

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- approval of the annual report and the unaudited half-yearly report;
- the appointment, evaluation, removal and remuneration of Octopus;
- the performance of Titan, including monitoring of the discount of the NAV to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

During the period the following meetings were held:

	Board meeting attendance	Audit Committee meeting attendance	Nomination and Remuneration Committee meeting attendance
John Hustler <sup>1</sup>	4/4	1/1	n/a
Matt Cooper	5/8	n/a	n/a
Jane O'Riordan	8/8	3/3	1/1
Tom Leader	8/8	3/3	1/1
Gaenor Bagley	8/8	3/3	1/1
Lord Rockley	8/8	3/3	1/1

1. John Hustler resigned as a Director on 14 June 2022.

Additional meetings were held as required to address specific issues including considering investment recommendations from Octopus, allotments and purchases of its own shares.

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 Titan. He facilitates the effective contribution of the Directors and makes sure that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

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

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

# Division of responsibilities

## Board committees

The Board has appointed three committees to make recommendations to the Board in specific areas:

The Audit Committee consists of four independent Directors. The Audit Committee believes that Lord Rockley, current Chair of the Audit Committee, possesses appropriate and relevant financial experience. The Board considers that the members of the Committee are independent and collectively have the skills and experience required to discharge their duties effectively. The Audit Committee Report is given on pages 66 to 68.

The Management Engagement Committee, which was established towards the end of the financial year, assists the Board in evaluating the performance of the Portfolio Manager and other third-party service providers engaged by the Company. The Management Engagement Committee is chaired by Gaenor Bagley and comprises all independent Directors.

The Nomination and Remuneration Committee, comprising all independent Directors and chaired by Tom Leader, considers the selection and appointment of Directors to the Board and its committees. The Committee considers composition and succession, appointing new members on merit, measured against objective criteria with due regard for the benefits of gender and diversity. The Committee also has responsibility for setting the remuneration policy for the Non-Executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 70 to 72.

## Key Board activities and decisions during the year

### Creation of additional distributable reserves

Distributable reserves are required to pay dividends and facilitate share buybacks. The Board will continue to seek to create more reserves with the ongoing process of cancelling share premium, with the appropriate resolution being put to shareholders at the AGM. Following the external review of reserves undertaken in 2021, the capital redemption reserve was cancelled and the nominal value of Ordinary shares reduced, as approved by shareholders at the AGM held in June 2022.

### Review of governance arrangements

Following a review of Titan's governance arrangements, it was agreed that a Management Engagement Committee be established to assist the Board in evaluating the performance of the Portfolio Manager and third-party service providers. The remit of the Nominations Committee was also extended to include remuneration and new terms of reference for the Committee agreed. In addition, it was agreed that the annual Board evaluation process would be done on a more formal basis with a questionnaire approach, as opposed to the individual and collective discussion approach of previous years.

# Composition, succession and evaluation

Titan's Articles of Association require that one-third of Directors should retire by rotation each year and seek re-election at the AGM, and that Directors appointed by the Board should seek re-appointment at the next AGM. All Directors are required to submit themselves for re-election at least every three years with the exception of Matt Cooper who stands for re-election annually as he is not considered to be independent as he was Chair of Octopus Capital Limited, the parent company of Octopus Investments Limited, Titan's Portfolio Manager, until his resignation in September 2022. Matt Cooper was originally appointed to the Board on 29 October 2007; he will not be standing for re-election this year as he will be retiring from the Board at the conclusion of the AGM.

The practice mentioned above was followed during the year under review. However, although Directors stood for election less than three years ago, in this instance the Articles of Association require the longest-serving Directors to stand. Accordingly, Jane O'Riordan and Lord Rockley will stand for election at the 2023 AGM.

	Date of original appointment	Date of last election/re-election	Due date for re-election
Jane O'Riordan	27/11/2014	AGM 2021	AGM 2023
Tom Leader	08/08/2018	AGM 2022	AGM 2024
Lord Rockley	08/04/2021	AGM 2021	AGM 2023
Gaenor Bagley	07/06/2021	AGM 2022	AGM 2024

## Board succession

The Directors recognise the importance of ensuring the Board remains independent, and collectively has sufficient breadth of experience and expertise to appropriately represent Titan's shareholders' best interests, particularly given the continued growth in complexity of Titan. Trust Associates have been engaged for the recruitment of a new Non-Executive Director, who is expected to be appointed to the Board later in the year, with the process being led by the Nomination and Remuneration Committee.

## Appointment and replacement of Directors

A person may be appointed as a Director of Titan by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or re-appointed a Director at any general meeting unless they are recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to Titan of the intention to propose that person for appointment or re-appointment in the form and manner set out in Titan's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director by the members at a general meeting held in the interval since his appointment as a Director) is to be subject to election as a Director of Titan by the members at the first AGM following his or her appointment. At each AGM one-third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act 2006 allows shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and Titan. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in Titan's Articles of Association.

# Composition, succession and evaluation continued

## Independence

The Directors believe that, in line with the AIC Code, all members of the Board identified as independent are so in character and judgement with respect to their duties to the shareholders. Following the AGM, Jane O’Riordan will be the longest-serving independent Board member, having served on the Board for nine years since her initial appointment. She is still considered to be independent in the absence of a connection with the Portfolio Manager or any of Titan’s advisers.

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 Titan and its operating environment and diversity of the Directors. Accordingly, the Board’s policy on tenure is that the term the Chair and other Directors serve on the Board should not be restricted to a fixed time limit in order to ensure sufficient corporate memory and consistent adherence to strategy.

## Performance evaluation

Each year a formal performance evaluation is undertaken of the Board as a whole, its committees and the Directors in the form of one-to-one meetings between the Chair and each Director. The Directors were made aware of the annual performance evaluation on their appointment. The Chair provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. There were no issues requiring action in the period. The performance of the Chair was evaluated by the other Directors. As a result of the evaluation, the Board considers that all Directors continue to make an effective contribution and have the requisite skills and experience to continue to provide able leadership and direction for Titan.

The Board also conducts an evaluation of Octopus, as the Portfolio Manager, and feedback of the results of the evaluation is provided to Octopus.



# Audit, risk and internal control

## Audit Committee report

This report is submitted in accordance with the AIC Code in respect of the year ended 31 December 2022 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 Titan'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 pages 58 and 59.

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

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

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

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

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

### Auditor appointment

When considering whether to recommend the appointment or re-appointment of the external auditor, the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms. The current auditor was appointed on 15 March 2018 following a competitive tender process. Vanessa Bradley, the current audit partner, has been involved for five years. Due to rotation requirements, a new audit partner will be appointed for the 2023 year-end audit.

### Auditor independence and objectivity

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

The Committee reviews the information and assurances provided by the auditor on its compliance with the relevant ethical standards. No non-audit services were provided by the auditor in the period under review.

# Audit, risk and internal control continued

## Audit Committee report continued

### Auditor evaluation

The effectiveness of the external audit is assessed as part of the Board and Committee evaluation process which is conducted annually. The Committee also challenges the auditor when present at a Committee meeting, if appropriate.

### Internal audit

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

The Committee monitors the significant risks at each meeting and Octopus engages closely with the auditor to mitigate the risks and the resultant impact.

### Matters considered by the Audit Committee

During the year ended 31 December 2022, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of Titan's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing Octopus' statement of internal controls in relation to Titan's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of the regulatory compliance of Octopus;
- reviewing the appropriateness of Titan's accounting policies;
- reviewing Titan's draft annual financial and interim results statements prior to Board approval;
- reviewing the external auditor's audit findings report to the Committee on the annual financial statements;
- reviewing Titan's going concern as referred to on page 61; and
- reviewing in detail the valuation of the investment portfolio and supporting data.

The Committee has considered the whole annual report and financial statements for the year ended 31 December 2022 and has reported to the Board that it considers them to be fair, balanced and understandable, providing the information necessary for shareholders to assess Titan's financial position, performance, business model and strategy.

### Significant risks

The Audit Committee is responsible for considering and reporting on any significant risks that arise in relation to the audit of the financial statements.

The Committee and the auditor have identified the most significant risks for Titan as:

- valuation of investment portfolio: The Committee gives special audit consideration to the valuation of investments and supporting data provided by Octopus. The impact of this risk would be a large gain or loss in Titan's results. The valuations are supported by the portfolio companies' accounts and third-party evidence which gives comfort to the Audit Committee.
- management override of financial controls: The Committee reviews all significant accounting estimates that form part of the financial statements and considers any material judgements applied by management during the completion of the financial statements.
- recognition of revenue from investments: Investment income is Titan's source of revenue. Revenue is recognised when Titan's right to the return is established in accordance with the Statement of Recommended Practice. Octopus confirms to the Audit Committee that the revenues are recognised appropriately.

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

# Audit, risk and internal control continued

## Audit Committee report continued

### Internal controls

The Directors have overall responsibility for keeping under review the effectiveness of Titan's systems of risk management and internal controls. The purpose of these controls is to make sure that proper accounting records are maintained, Titan'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 systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve the business objectives. These internal controls have been in place throughout the period under review and up to the date of this report.

The Board regularly reviews financial results and investment performance with Octopus. Octopus identifies the investment opportunities, monitors the portfolio of investments and manages the assets of Titan on a discretionary basis.

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

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by Titan and have reviewed the effectiveness of the risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. The Board does not consider it appropriate to have an internal audit function due to the nature of Titan's transactions as this would not be an appropriate control for a VCT.

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from Titan's accounts require the authority of two approved signatories from Octopus. Further to this, the audit partner has open access to Titan's Directors and Octopus is subject to regular review by the Octopus Compliance Department.

### Financial risk management

Titan is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 16 of the financial statements.

The Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements to 31 December 2022.



**Lord Rockley**  
Audit Committee Chair

24 April 2023



# Management Engagement Committee

## Management Engagement Committee report

In December 2022, the Board established a Management Engagement Committee to help in evaluating the performance of the Manager and other third-party service providers engaged by Titan. The Committee is chaired by Gaenor Bagley, and comprises all the independent Directors.

The Committee's responsibilities are:

- to review, at least annually, the contractual relationships with the Manager and terms of the management agreement, to make sure they are competitive and in the interests of shareholders as a whole, making recommendations to the Board on any variation to the terms which it considers necessary or appropriate;
- to review, at least annually, the performance of the Manager and describe its decisions and rationale in the annual report;
- to consider whether the appointment of the Manager continues to be in the interests of shareholders;
- if it considers it necessary or appropriate, to negotiate/re-negotiate terms with the Manager;
- to review the standard of services provided by the Manager, whether under the terms of the management agreement, the non-investment services agreement (which covers administrative, company secretarial, sales and marketing activities) or simply as part of a non-contractual obligation of understanding;
- to review, monitor and evaluate, at least annually, the performance of the Company's third-party service providers in meeting their obligations under their respective agreements and to ensure their continued competitiveness and effectiveness, making recommendations on any variation to the terms which it considers necessary or appropriate;
- to assess the Company's third-party service providers in their role as stakeholders and whether there is an appropriate level of engagement with them; and
- to consider any points of conflict which may arise for the providers of services to the Company.

The Committee met subsequent to the period end and confirmed the continued appointment of Octopus, on the agreed terms, was in the interests of shareholders.

*Gaenor Bagley*

**Gaenor Bagley**  
Management Engagement Committee Chair  
24 April 2023

# Remuneration

## Directors' remuneration report

### Introduction

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in respect of the year ended 31 December 2022. The reporting requirements entail two sections be included, a policy report and an annual remuneration report, which are presented below.

Titan's auditor, BDO LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 79 to 85.

### Consideration by the Directors of matters relating to Directors' remuneration

The Board has appointed the Nomination and Remuneration Committee to consider remuneration; historically this was considered by the Board. The Directors have 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 Boards of Directors of other VCTs. The Directors' remuneration paid during the period is set out on page 71. Titan 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 regularly, at least six times a year, and on other occasions as necessary, to deal with the important aspects of Titan's affairs. Directors are appointed with the expectation that they will serve for at least a period of three years. All Non-Executive Directors retire at the first general meeting after election and thereafter one-third of all Directors are subject to retirement by rotation at subsequent AGMs. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

Each Director received a letter of appointment which is subject to termination by the Director or Titan on three months' notice in writing. Copies of letters of appointment are held at the Company's registered office. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

Titan's policy is that the fees payable to the Directors should reflect the time spent by the Board on Titan's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chair of the Board and the Chair of the Audit Committee to be paid higher fees than the other Directors in recognition of their more onerous roles.

The policy is to review these rates from time to time. Due to the nature of Titan, there are no employees other than the Directors and so no such issues to consider when determining the Directors' remuneration.

The maximum level of Directors' remuneration is currently fixed by Titan's Articles of Association, not to exceed £300,000 in aggregate.

Titan's policy is for the Directors to be remunerated in the form of fees, payable quarterly 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 Articles of Association also entitle the Directors to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors; however, no other remuneration or compensation was paid or payable by Titan during the year to any of the current Directors.

The Directors' remuneration policy was approved by shareholders at the AGM held in May 2020. Accordingly, the Policy will be put to shareholders for approval at the 2023 AGM.

### Annual remuneration report

This remuneration report is subject to approval by a simple majority of shareholders at the AGM in June 2023, as in previous years.

# Remuneration continued

## Directors' remuneration report continued

### Statement of voting at the Annual General Meeting

The 2021 Directors' remuneration report was presented to the AGM in June 2022 and received shareholder approval following a vote on a show of hands. Of the 17,137,637 votes received, those for the resolution totalled 85.7%, 10.0% of votes were at the discretion of the Chair and 4.3% of the votes cast were against, with 150,842 votes withheld.

The Directors' remuneration policy was approved at the AGM in May 2020. Of the 17,087,626 votes received, those for the resolution totalled 86.55%, 8.67% of votes were at the discretion of the Chair and 4.78% of the votes cast were against, with 397,084 votes withheld.

The proxy forms returned to the registrars contained no explanation for the votes against the resolution.

Shareholders' views are always welcome and considered by the Board. The methods of contacting the Board are set out in the Directors' Report on page 76.

### Company performance

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

The performance graph on page 56 also shows the performance of the NAV and Total Value of Titan. Further details of Titan's performance are shown in the table on page 24 in the Portfolio Manager's Review.

### Directors' emoluments (audited)

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

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	2022 change	2021 change	2020 change
John Hustler <sup>1</sup>	19	40	40	(53)%	0%	0%
Matt Cooper <sup>2</sup>	—	—	—	—	—	—
Jane O'Riordan	36	33	33	9%	0%	0%
Mark Hawkesworth <sup>3</sup>	—	18	35	(100)%	(49)%	0%
Tom Leader (Chair)	42	34	33	24%	3%	0%
Anthony Rockley	38	24	—	58%	—	—
Gaenor Bagley	36	18	—	100%	—	—
<b>Total</b>	<b>171</b>	<b>167</b>	<b>141</b>			

1. John Hustler resigned as a Director on 14 June 2022.

2. Matt Cooper's fees have been paid by Octopus Investments Limited since 1 May 2016.

3. Mark Hawkesworth resigned as a Director on 7 June 2021.

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

The Chair of the Board and the Chair of the Audit Committee receive additional remuneration over the basic Directors' fee in recognition of the additional responsibilities and time commitment required of their roles. From 1 April 2022, Directors' fees have been paid at the following rates: Chair of the Board £45,000; Chair of the Audit Committee £40,000; and all other Directors £37,000.

# Remuneration continued

## Directors' remuneration report continued

Dividends paid to Directors in the year as a result of their shareholdings in Titan are shown in Note 20 of the financial statements.

	Expected fees for the year to 31 December 2023 £
Chair	<b>45,000</b>
Chair of the Audit Committee	<b>40,000</b>
Non-Executive Director	<b>37,000</b>

### Relative importance of spend on pay

The actual expenditure in the current period is as follows:

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Total dividends paid	<b>66,220</b>	135,969
Total buybacks	<b>41,192</b>	34,519
Total Directors' fees	<b>171</b>	167
Total expenses	<b>29,568</b>	27,963

There were no other significant payments during the 12-month period relevant to understanding the relative importance of spend on pay.

### Statement of Directors' shareholdings (audited)

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

	Year to 31 December 2022	Year to 31 December 2021
Matt Cooper	<b>2,353,220</b>	1,911,287
Jane O'Riordan	<b>130,607</b>	113,592
Tom Leader	<b>32,797</b>	23,070
Lord Rockley	<b>42,904</b>	19,172
Gaenor Bagley	<b>14,793</b>	8,912

There have been no changes in the Directors' share interests between 31 December 2022 and the date of this report.

All of the Directors' shares were held beneficially except for Matt Cooper who holds his shares in a nominee account and Jane O'Riordan who holds 41,267 shares in a nominee account.

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

By Order of the Board



**Tom Leader**  
Chair

24 April 2023

# Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

The Corporate Governance Report on pages 60 and 61 and the Audit Committee Report on pages 66 to 68 form part of this Directors' Report.

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

## Directors

Brief biographical notes on the Directors are given on pages 58 and 59.

Matt Cooper is not considered to be independent due to his role as Director and Chair of Octopus Capital Limited, the parent company of Octopus Investments Limited, Titan's Portfolio Manager, from 1 July 2001 to 14 September 2022. As a non-independent Director he has stood for re-election annually as required by Listing Rule 15.2.13A. However, Matt Cooper will be retiring from the Board at the conclusion of the 2023 AGM and therefore not standing for re-election.

Jane O'Riordan and Lord Rockley will be standing for re-election this year.

## Directors' and Officers' liability insurance

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

## Management

Titan has in place an agreement with Octopus AIF Management Limited to act as Manager. Octopus AIF Management Limited has in turn appointed Octopus Investments Limited to act as Portfolio Manager to Titan (responsible for portfolio management and the day-to-day running of Titan). These agreements are central to Titan's ability to continue in business. The principal terms of the management agreement with Octopus are set out in Notes 3 and 19 of the financial statements.

Octopus also provides secretarial and administrative services to Titan. BNP Paribas Trust Corporation has been appointed as depositary to Titan. BNP Paribas provides cash monitoring, safekeeping of financial instruments and other assets and oversight duties.

The Directors confirm that, in their opinion, the continuing appointment of Octopus as Portfolio Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the ability of Octopus to produce satisfactory investment performance in the future. They also considered the length of the notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided, as set out above. Details of the fees paid to Octopus in respect of services provided are detailed in Note 19 of the financial statements.

With the exception of Matt Cooper, no Director has an interest in any contract to which Titan is a party. Matt Cooper was the Chair of Octopus Capital Limited until his resignation on 14 September 2022.

Titan has established a performance incentive scheme whereby Octopus is entitled to an annual performance-related incentive fee if certain performance criteria are met. Further details of this scheme are disclosed within Note 19 of the financial statements.

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

# Directors' report continued

## Whistleblowing

Please refer to page 44 for our statement on whistleblowing.

## Bribery Act

Please refer to page 44 for our statement on the Bribery Act.

## VCT regulation

Compliance with required rules and regulations is considered when all investment decisions are made. Titan is further monitored on a continual basis to ensure compliance. The main criteria to which it must adhere are detailed on page 111.

Titan will continue to ensure its compliance with the qualification requirements.

## Environment policy and greenhouse gas emissions

Refer to pages 39 to 44 in the Strategic Report for our Responsible Investment policy and greenhouse gas emissions.

## Share capital

Titan's Ordinary share capital as at 31 December 2022 comprised 1,367,949,929 (2021: 1,298,498,396) Ordinary shares of 0.1p each. No shares were held in Treasury.

At the 2022 Annual General Meeting a resolution was approved that the issued share capital of Titan be reduced by cancelling and extinguishing capital to the extent of 9.9p on each issued fully paid-up share and reducing the nominal value of each share from 10p to 0.1p and the amount by which the share capital is so reduced would be used to create a pool of distributable reserves for Titan.

## Share issues

During the period 114,461,503 shares were issued.

On 21 October 2021 an Offer for subscription to raise up to £125 million in aggregate with an over-allotment facility of £75 million was launched. As at 31 December 2021, 172,285,599 shares had been issued for a total consideration of £200 million. This Offer is now closed.

On 10 November 2022 an Offer for subscription to raise up to £175 million in aggregate with an over-allotment facility of £75 million was launched. As at 31 December 2022, 94,306,911 shares had been issued for a total gross consideration of £91 million. This Offer closed on 5 April 2023.

## Share buybacks

During the 12-month period, Titan purchased 45,009,970 shares, with a nominal value of £1,864,442, for cancellation at a weighted average price of 92.9p per share for a total consideration of £41 million, which represents 3.5% of the shares in issue at the prior year end (2021: 33,816,980 shares, with a nominal value of £3,381,698, for cancellation at a weighted average price of 102.1p per share for a total consideration of £35 million). These were repurchased in accordance with Titan's share buyback facility in order to assist the marketability of the shares and to prevent the shares trading at a wide discount to the NAV.

## Post balance sheet events

A full list of post balance sheet events since 31 December 2022 can be found in Note 17 of the financial statements on page 103.

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

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

- a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by Titan;
- b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of Titan 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 Titan. 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.



# Directors' report continued

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

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 Titan's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by Titan requiring information about interests in its shares), Titan 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, Titan 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 Titan'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 Titan's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required).

The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which Titan 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 Titan's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

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

The authority proposed under Resolution 7 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 Titan in a tax-efficient manner without it having to incur substantial costs. Any consequent modest increase in the size of Titan 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 Titan's investment policy and may be used, in part, to purchase Ordinary shares in the market.

Resolution 7 renews the Directors' authority to allot Ordinary shares. Such authority would expire at the later of the conclusion of the next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the Resolution, giving the Directors authority to allot up to 25% of Titan's issued share capital as at the date of the Notice of AGM. This authority is in addition to existing authorities. The Board intends to utilise this authority in respect of the fundraising activities of Titan.

Resolution 8 renews the Directors' authority to allot Ordinary shares in connection with the Dividend Re-Investment Scheme up to 5% of Titan's issued share capital as at the date of the Notice of AGM. Such authority would expire at the later of the conclusion of the next AGM following the passing of this Resolution and the expiry of 15 months from the passing of the Resolution. The Board intends to utilise this authority to issue shares from time to time under the DRIS.

Resolutions 9 and 10 renew and extend the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. These Resolutions would authorise the Directors, until the conclusion of the next AGM of Titan following the passing of these Resolutions or, if later, on the expiry of 15 months from the passing of these Resolutions, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders. These powers will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole. This authority is in addition to existing authorities.

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

The authority proposed under Resolution 11 is required so that the Directors may make purchases of up to 233,371,367 Ordinary shares, representing approximately 14.99% of Titan's issued share capital as at the date of the Notice of AGM. Any shares bought back under this authority will be at a price determined by the Board (subject to a minimum price of 0.1p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board.



# Directors' report continued

## Directors' authority to make market purchases of its own shares continued

The authority conferred by Resolution 10 will expire on the earlier of the conclusion of the next AGM of Titan following the passing of this Resolution and 15 months from the date of the passing of the Resolution unless renewed, varied or revoked by Titan in a general meeting and will be in addition to existing authorities. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole.

## 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 Titan to create (subject to Court approval) a pool of distributable reserves. A Special Resolution to this effect is being proposed at Resolution 12.

## Substantial shareholdings

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

## Independent auditor

BDO LLP were originally appointed as auditor on 15 March 2018 and offer themselves for re-appointment as auditor. A resolution to re-appoint BDO LLP will be proposed at the forthcoming AGM.

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

## Financial risk management

Titan is exposed to the risks arising from its operational and investment activities. Further details can be found in the principal risks detailed on pages 51 to 54, and in Note 16 of the financial statements.

## Share buybacks

Subject to the provisions of the Companies Act 2006, the Articles of Association of Titan and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of Titan is to be managed by the Directors, who may exercise all the powers of Titan, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of Titan its powers to purchase its own shares to the extent permitted by shareholders. Authority was given at Titan's 2022 AGM to make market purchases of up to 14.99% of the issued Ordinary share capital at any time up to the 2023 AGM and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2023 AGM as set out in the Notice of Meeting.

## Relations with shareholders

Shareholders will have the opportunity to attend the Annual General Meeting which will be held on 14 June 2023 at 12.00 noon. The meeting will be for voting only. Titan will also be holding a virtual shareholders event on 7 June 2022 at 12.00 noon where there will be a presentation by the Board and Portfolio Manager as well as an opportunity to ask questions. To register please see [octopustitanvct.com](https://octopustitanvct.com).

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, the team at Octopus will be pleased to answer any questions you may have and can be contacted on 0800 316 2295.

## Consumer Duty

The Directors are cognisant of the Portfolio Manager's obligations to comply with the FCA's Consumer Duty rules and principles introduced in 2022 and coming into force in 2023. Firms subject to Consumer Duty must ensure they are acting to deliver good outcomes and that this is reflected in their strategies, governance, leadership and policies. The Portfolio Manager is currently undergoing a review of its existing practices to identify areas which it must update to bring in line with the Consumer Duty principles. Titan is not directly captured by Consumer Duty, however the Directors will continue to receive updates on how the Portfolio Manager is meeting its obligations.

## Information given in the Strategic Report

Information on dividends and likely future development has not been given in the Directors' Report as equivalent disclosure has been given in the Strategic Report.

The Directors' Report was approved on behalf of the Board on 20 April 2023.



Tom Leader  
Chair

24 April 2023

# Financials

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# Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (GAAP), including Financial Reporting Standard 102 – 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (FRS 102), (United Kingdom accounting standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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

In so far as each of the Directors is aware:

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

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

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

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

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the annual report and financial statements (including the Strategic Report), give a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



**Tom Leader**  
Chair

24 April 2023

# Independent auditor's report

to the members of Octopus Titan VCT plc

## Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Octopus Titan VCT Plc (the 'Company') for the year ended 31 December 2022 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

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

## Independence

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 15 March 2018 to audit the financial statements for the year ended 31 October 2018 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 October 2018 to 31 December 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the VCT compliance reports prepared by management's expert during the 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 volatility caused by the current macroeconomic uncertainties.

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 12 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.

# Independent auditor's report continued

to the members of Octopus Titan VCT plc

## Overview

		2022	2021
<b>Key audit matters</b>	Valuation of unquoted investments	✓	✓
<b>Materiality</b>	<b>Company financial statements as a whole</b> £21,200,000 (2021: £23,900,000) based on 2% (2021: 2%) of adjusted net assets. Adjusted net assets is the net asset value adjusted for the cash that has been recently raised from funding during the year, where applicable.		

## 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	
<b>Valuation of unquoted investments (Notes 10 and 12 to the financial statements)</b>	<p>We consider the valuation of investments to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the unquoted investment valuations.</p> <p>There is also an inherent risk of management override arising from the unquoted investment valuations being prepared by the Portfolio Manager, who is remunerated based on the value of the net assets of the fund, as shown in note 3.</p>	<p>Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique.</p> <p>For all Investments in our sample we:</p> <p>Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation (IPEV) Guidelines and the applicable accounting standards. We have recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the portfolio companies.</p>

# Independent auditor's report continued

to the members of Octopus Titan VCT plc

## Key audit matter continued

### Valuation of unquoted investments (Notes 10 and 12 to the financial statements) continued

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

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

For investments sampled that were valued using less subjective valuation techniques (price of recent investment and calibration to price of recent investment reviewed for changes in fair value) we:

- verified the cost or price of recent investment to supporting documentation;
- considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the portfolio company;
- considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the portfolio company and the milestones and assumptions set out in the investment proposal; and
- considered whether the price of recent investment is supported by alternative valuation techniques.

For investments sampled that were valued using more subjective techniques (revenue multiples and calibration to revenue multiple) we:

- challenged and corroborated the inputs to the valuation with reference to management information of portfolio companies, market data and our own understanding and assessed the impact of the estimation uncertainty concerning these assumptions and the disclosure of these uncertainties in the financial statements;
- reviewed the historical financial statements and any recent management information available to support assumptions about maintainable revenues used in the valuations;
- considered the revenue multiples applied and the discounts applied by reference to observable listed company market data; and
- challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue multiple applied in arriving at the valuations adopted by considering the individual performance of portfolio companies against plan and relative to the peer group, the market and sector in which the portfolio 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 consider the investment valuations to be appropriate considering the level of estimation uncertainty.

# Independent auditor's report continued

to the members of Octopus Titan VCT plc

## Our application of materiality

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

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

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

	Company financial statements	
	2022 £m	2021 £m
<b>Materiality</b>	<b>£21,200,000</b>	<b>£23,900,000</b>
<b>Basis for determining materiality</b>	<b>2% of adjusted net assets</b>	<b>2% of adjusted net assets</b>
<b>Rationale for the benchmark applied</b>	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of adjusted net assets. The benchmark used is lower than the net asset value to take into account cash that has been recently raised from fund raising, where applicable.	
<b>Performance materiality</b>	<b>£15,900,000</b>	<b>£17,900,000</b>
<b>Basis for determining performance materiality</b>	75% of materiality	
<b>Rationale for the percentage applied for performance materiality</b>	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.	

## Lower testing threshold

While the majority of long-term returns are expected to arise from capital, we note that ongoing costs and revenue returns are still important to users of the financial statements, despite being considerably smaller in magnitude. As a result, we determined a lower testing threshold for those items impacting revenue return of £2,200,000 (2021: £9,130,000) based on 10% of expenditure (2021: 10% of expenditure).

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £1,100,000 (2021: £1,300,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.



# Independent auditor's report continued

to the members of Octopus Titan VCT plc

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

### Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 59; and
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 59.

## Other Code provisions

- Directors' statement on fair, balanced and understandable set out on Page 75;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 50;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 66; and
- The section describing the work of the Audit Committee set out on page 64.

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

### Directors' remuneration

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

# Independent auditor's report continued

to the members of Octopus Titan VCT plc

## Other Companies Act 2006 reporting continued

### 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

We gained an understanding of the Company and the industry in which it operates and held discussions with the Portfolio Manager and those charged with governance in order to obtain an understanding of the Company's policies and procedures regarding compliance with laws and regulations. We have therefore considered the significant laws and regulations to be the Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ('the SORP') and updated in 2022 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures in respect of the above included:

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

# Independent auditor's report continued

to the members of Octopus Titan VCT plc

## Auditor's responsibilities for the audit of the financial statements continued

### Fraud

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

Our risk assessment procedures included:

- enquiry with the Portfolio Manager and those charged with governance regarding any known or suspected instances of fraud;
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- considering management fees and performance targets and the related financial statement areas impacted by these.

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

Our procedures in respect of the above included:

- the procedures set out in the Key Audit Matters section above;
- obtaining independent evidence to support the ownership of a sample of investments;
- recalculating investment management fees in total;
- obtaining independent confirmation of bank balances; and
- tested journals posted in preparation of the financial statements and evaluating whether there was evidence of bias by the Portfolio Manager and Directors that represented a risk of material misstatement due to fraud.

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.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

### Use of our report

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

### Vanessa-Jayne Bradley (Senior Statutory Auditor)

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

24 April 2023

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

# Income statement

	Notes	Year to 31 December 2022			Year to 31 December 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	—	66	66	—	76,520	76,520
(Loss)/gain on valuation of fixed asset investments	10	—	(284,465)	(284,465)	—	232,864	232,864
Loss on valuation of current asset investments		—	(12,682)	(12,682)	—	(1,475)	(1,475)
Investment income	2	864	—	864	500	—	500
Investment management fee	3	(1,125)	(21,383)	(22,508)	(1,033)	(19,635)	(20,668)
Performance fee	3	—	—	—	—	(63,943)	(63,943)
Other expenses	4	(7,060)	—	(7,060)	(7,295)	—	(7,295)
Foreign exchange translation		—	6,570	6,570	—	54	54
<b>(Loss)/profit before tax</b>		<b>(7,321)</b>	<b>(311,894)</b>	<b>(319,215)</b>	<b>(7,828)</b>	<b>224,385</b>	<b>216,557</b>
Tax	6	—	—	—	—	—	—
<b>(Loss)/profit after tax</b>		<b>(7,321)</b>	<b>(311,894)</b>	<b>(319,215)</b>	<b>(7,828)</b>	<b>224,385</b>	<b>216,557</b>
<b>(Loss)/earnings per share – basic and diluted</b>	8	<b>(0.6)p</b>	<b>(24.0)p</b>	<b>(24.6)p</b>	<b>(0.7)p</b>	<b>20.0p</b>	<b>19.3p</b>

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

Titan has no other comprehensive income for the period.

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

# Balance sheet

	Notes	As at 31 December 2022		As at 31 December 2021	
		£'000	£'000	£'000	£'000
Fixed asset investments	10		<b>827,449</b>		1,005,353
Current assets:					
Money market funds	12	<b>58,701</b>		88,126	
Corporate bonds	12	<b>104,244</b>		110,247	
Applications cash <sup>1</sup>	13	<b>23,299</b>		2,630	
Cash at bank		<b>16,120</b>		182,514	
Debtors	11	<b>47,374</b>		53,443	
			<b>249,738</b>		436,960
Current liabilities	13	<b>(25,427)</b>		(69,272)	
Net current assets			<b>224,311</b>		367,688
<b>Net assets</b>			<b>1,051,760</b>		1,373,041
Share capital	14		<b>1,368</b>		129,850
Share premium			<b>92,896</b>		201,163
Capital redemption reserve			<b>27</b>		9,759
Special distributable reserve			<b>887,288</b>		642,873
Capital reserve realised			<b>(53,430)</b>		(14,122)
Capital reserve unrealised			<b>160,634</b>		439,790
Revenue reserve			<b>(37,023)</b>		(36,272)
<b>Total equity shareholders' funds</b>			<b>1,051,760</b>		1,373,041
<b>NAV per share</b>	9		<b>76.9p</b>		105.7p

1. Funds raised from investors since Titan opened for new investment which have not been allotted as at year end.

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

The statements were approved by the Directors and authorised for issue on 24 April 2023 and are signed on their behalf by:



Tom Leader  
Chair

Company Number 06397765

# Statement of changes in equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserve <sup>1</sup> £'000	Capital reserve realised <sup>1</sup> £'000	Capital reserve unrealised £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>As at 1 January 2021</b>	<b>107,502</b>	<b>564,308</b>	<b>6,377</b>	<b>150,007</b>	<b>(66,167)</b>	<b>309,706</b>	<b>(28,498)</b>	<b>1,043,235</b>
<b>Comprehensive income for the year:</b>								
Management fees allocated as capital expenditure	—	—	—	—	(19,635)	—	—	(19,635)
Current year gain on disposal of fixed asset investments	—	—	—	—	76,520	—	—	76,520
Gain on fair value of fixed asset investments	—	—	—	—	—	232,864	—	232,864
Gain on fair value of current asset investments	—	—	—	—	—	(1,475)	—	(1,475)
Loss after tax	—	—	—	—	—	—	(7,828)	(7,828)
Foreign exchange translation	—	—	—	—	—	—	54	54
Performance fee	—	—	—	—	(63,943)	—	—	(63,943)
Total comprehensive income for the year	—	—	—	—	(7,058)	231,389	(7,774)	216,557
<b>Contributions by and distributions to owners:</b>								
Share issue (includes DRIS)	25,730	264,963	—	—	—	—	—	290,693
Share issue costs	—	(6,956)	—	—	—	—	—	(6,956)
Repurchase of own shares	(3,382)	—	3,382	(34,519)	—	—	—	(34,519)
Dividends paid (includes DRIS)	—	—	—	(93,767)	(42,202)	—	—	(135,969)
Total contributions by and distributions to owners	22,348	258,007	3,382	(128,286)	(42,202)	—	—	113,249
<b>Other movements:</b>								
Share premium cancellation	—	(621,152)	—	621,152	—	—	—	—
Prior year fixed asset gains now realised	—	—	—	—	101,305	(101,305)	—	—
Total other movements	—	(621,152)	—	621,152	101,305	(101,305)	—	—
<b>Balance as at 31 December 2021</b>	<b>129,850</b>	<b>201,163</b>	<b>9,759</b>	<b>642,873</b>	<b>(14,122)</b>	<b>439,790</b>	<b>(36,272)</b>	<b>1,373,041</b>

1. Reserves are available for distribution, subject to the restrictions tabled in Note 15 of the financial statements.

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

# Statement of changes in equity continued

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserve <sup>1</sup> £'000	Capital reserve realised <sup>1</sup> £'000	Capital reserve unrealised £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
<b>As at 1 January 2022</b>	<b>129,850</b>	<b>201,163</b>	<b>9,759</b>	<b>642,873</b>	<b>(14,122)</b>	<b>439,790</b>	<b>(36,272)</b>	<b>1,373,041</b>
<b>Comprehensive income for the year:</b>								
Management fees allocated as capital expenditure	—	—	—	—	(21,383)	—	—	(21,383)
Current year gain on disposal of fixed asset investments	—	—	—	—	66	—	—	66
Loss on fair value of fixed asset investments	—	—	—	—	—	(284,465)	—	(284,465)
Loss on fair value of current asset investments	—	—	—	—	—	(12,682)	—	(12,682)
Loss after tax	—	—	—	—	—	—	(7,321)	(7,321)
Foreign exchange translation	—	—	—	—	—	—	6,570	6,570
Total comprehensive income for the year	—	—	—	—	(21,317)	(297,147)	(751)	(319,215)
<b>Contributions by and distributions to owners:</b>								
Share issue (includes DRIS)	1,299	106,307	—	—	—	—	—	107,606
Share issue costs	—	(2,260)	—	—	—	—	—	(2,260)
Repurchase of own shares	(1,864)	—	1,864	(41,192)	—	—	—	(41,192)
Dividends paid (includes DRIS)	—	—	—	(66,220)	—	—	—	(66,220)
Total contributions by and distributions to owners	(565)	104,047	1,864	(107,412)	—	—	—	(2,066)
<b>Other movements:</b>								
Share premium cancellation	—	(212,314)	(11,596)	223,910	—	—	—	—
Reduction in the nominal value of share capital	(127,917)	—	—	127,917	—	—	—	—
Prior year fixed asset gains now realised	—	—	—	—	9,575	(9,575)	—	—
Transfer between reserves	—	—	—	—	(27,566)	27,566	—	—
Total other movements	(127,917)	(212,314)	(11,596)	351,827	(17,991)	17,991	—	—
<b>Balance as at 31 December 2022</b>	<b>1,368</b>	<b>92,896</b>	<b>27</b>	<b>887,288</b>	<b>(53,430)</b>	<b>160,634</b>	<b>(37,023)</b>	<b>1,051,760</b>

1. Reserves are available for distribution, subject to the restrictions tabled in Note 15 of the financial statements.

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



# Cash flow statement

	Notes	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
<b>Reconciliation of profit to cash flows from operating activities</b>			
(Loss)/profit before tax		(319,215)	216,557
Increase in debtors		(5,666)	(28)
(Decrease)/increase in creditors	13	(64,514)	46,600
Loss on valuation of current asset investments	12	12,682	1,475
Gain on disposal of fixed asset investments		(66)	(76,520)
Loss/(gain) on valuation of fixed asset investments	10	284,465	(232,864)
<b>Outflow from operating activities</b>		<b>(92,314)</b>	<b>(44,780)</b>
<b>Cash flows from investing activities</b>			
Purchase of current asset investments		(6,679)	(21,840)
Purchase of fixed asset investments	10	(156,973)	(142,831)
Proceeds from sale of fixed asset investments	10	62,213	220,324
<b>(Outflow)/inflow from investing activities</b>		<b>(101,439)</b>	<b>55,653</b>
<b>Cash flows from financing activities</b>			
Movement in applications account	13	20,669	(983)
Dividends paid (net of DRIS)		(49,596)	(101,976)
Purchase of own shares	14	(41,192)	(34,519)
Share issues		90,982	256,700
Share issue costs		(2,260)	(6,956)
<b>Inflow from financing activities</b>		<b>18,603</b>	<b>112,266</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(175,150)</b>	<b>123,139</b>
Opening cash and cash equivalents		273,270	150,131
<b>Closing cash and cash equivalents</b>		<b>98,120</b>	<b>273,270</b>
<b>Cash and cash equivalents comprise</b>			
Cash at bank		16,120	182,514
Applications cash	13	23,299	2,630
Money market funds	12	58,701	88,126
<b>Closing cash and cash equivalents</b>		<b>98,120</b>	<b>273,270</b>

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

# Notes to the financial statements

## 1. Principal accounting policies

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

Titan has been approved as a Venture Capital Trust by HMRC under Section 259 of the Income Taxes Act 2007. The shares of Titan were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 28 December 2007 and can be found under the TIDM code OTV2. Titan is premium listed.

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

The financial statements are presented in sterling (£) to the nearest £'000. The functional currency is also sterling (£).

### Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (GAAP), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (July 2022)'.

The principal accounting policies have remained unchanged from those set out in Titan's 2021 annual report and financial statements. A summary of the principal accounting policies is set out in the notes.

Titan presents its Income Statement in a tri-columnar format to give shareholders additional detail of the performance of Titan, split between items of a revenue or capital nature as required by the SORP.

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments, 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.

Capital valuation policies are those that are most important to the manifestation of Titan's financial position and that require the application of subjective and complex judgements, 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 critical accounting policies that are declared will not necessarily result in material changes to the financial statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by Titan are disclosed in the notes below. Whilst not all of the significant accounting policies require subjective or complex judgements, Titan considers that the following accounting policies should be considered critical.

Titan has designated all fixed asset investments as being held at fair value through profit or loss; therefore all gains and losses arising from investments held are taken to the Income Statement in the period in which they occur. Accordingly, all interest income, fee income, expenses and investment gains and losses are attributable to assets designated as being at fair value through profit or loss. Corporate bonds (part of current asset investments) are held at fair value through profit or loss.

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

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

### Revenue and capital

The revenue column of the Income Statement includes revenue income and revenue expenses. The capital column includes changes in fair value of investments, as well as gains and losses on disposal and any capital dividends received. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement. Investment management fees are split between revenue (5%) and capital (95%) in the same way that the income streams are derived.

# Notes to the financial statements continued

## 1. Principal accounting policies continued

### Cash and cash equivalents

Cash and cash equivalents comprises cash at bank and other highly liquid short-term investments with a maturity of three months or less at the date of acquisition. The carrying amount approximates fair value.

### Financing strategy and capital structure

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

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

Titan does not have any externally imposed capital requirements.

The value of the managed capital is indicated in Note 15. The Board considers the distributable reserves and the total return for the period when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 14.99% of the issued Ordinary share capital of Titan in accordance with Special Resolution 11 in order to maintain sufficient liquidity in the VCT.

### Financial instruments

Titan's principal financial assets are its investments and the policies in relation to those assets are set out 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 directly to equity.

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

This is addressed in Note 10.

### Reserves

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

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

**Special distributable reserve** – includes realised profits and cancelled share premium available for distribution, subject to compliance with VCT rules.

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

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

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

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

### Subsidiaries

Zenith Holding Company is a wholly-owned subsidiary of Titan, but owing to the exemption permitted under FRS 102 to not have to consolidate investment companies held as part of an investment portfolio (Section 9 of FRS 102, paragraphs 9.9(b) and 9.9B), Titan has not consolidated the assets and liabilities of Zenith Holding Company. Zenith Holding Company made a profit of £10,513 during the period (2021: (11,158,934)) and its aggregate capital and reserves during the period amounted to £11,372,628 (2021: 11,383,141).

# Notes to the financial statements continued

## 2. Investment income



### Accounting policy

Investment income includes interest earned on money market funds. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when Titan's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market funds are recognised so as to reflect the effective interest rate, provided there is no reasonable doubt that payment will be received in due course.

### Disclosure

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Money market funds	577	3
Loan note interest receivable	287	497
<b>Total investment income</b>	<b>864</b>	500

## 3. Investment management fees



### Accounting policy

For the purposes of the revenue and capital columns in the Income Statement, the management fee has been allocated 5% to revenue and 95% to capital, in line with the Board's expected long-term return in the form of income and capital gains respectively from Titan's investment portfolio.

### Disclosure

	Year to 31 December 2022			Year to 31 December 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,125	21,383	22,508	1,033	19,635	20,668
Performance fee	—	—	—	—	63,943	63,943
<b>Total</b>	<b>1,125</b>	<b>21,383</b>	<b>22,508</b>	<b>1,033</b>	<b>83,578</b>	<b>84,611</b>

The performance fee has been wholly attributed to capital. For more details please refer to Note 19.

The Portfolio Manager provides investment management services through agreements with Octopus AIF Management Limited and Titan. It also provides non-investment services to Titan under a non-investment services agreement. No compensation is payable if the agreement is terminated by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within Note 19 of the financial statements.

## 4. Other expenses



### Accounting policy

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

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

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
Ongoing adviser charges and trail commission	3,085	3,202
Accounting and administration services	1,893	1,723
Impairment of accrued loan note interest receivable	373	572
Listing fees	236	447
Depository fees	336	278
Registrar's fees	149	188
Directors' remuneration <sup>1</sup>	190	179
D&O insurance	117	143
Audit fees	144	104
Other fees	537	459
<b>Total</b>	<b>7,060</b>	<b>7,295</b>

1. Includes employers' NI.

# Notes to the financial statements continued

## 4. Other expenses continued

Total ongoing charges are capped at 2.5% of net assets. For the year to 31 December 2022 the ongoing charges were 2.2% of net assets (2021: 2.0%). This is calculated by summing the expenses incurred in the period (excluding ongoing IFA charges and non-recurring expenses) divided by the average NAV throughout the period.

## 5. Directors' remuneration

Total Directors' fees paid during the year were £171,000 (2021: £167,000). Employers' National Insurance contributions paid during the year were £19,000 (2021: £12,000). The highest paid Director received £42,000 (2021: £40,000). None of the Directors received any other remuneration or benefit from Titan during the period. Titan has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the period was five (2021: six).

## 6. Tax on ordinary activities



### Accounting policy

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

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

## Disclosure

The corporation tax charge for the period was £nil (2021: £nil).

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
(Loss)/Profit on ordinary activities before tax	<b>(319,215)</b>	216,557
Current tax at 19% (2021: 19%)	<b>(60,568)</b>	41,146
<b>Effects of:</b>		
Non-taxable income	—	(11)
Non-taxable capital loss/(gain)	<b>56,368</b>	(58,503)
Non-deductible expenses	<b>64</b>	47
Zenith Holding Company distribution <sup>1</sup>	—	4,750
Excess management expenses on which deferred tax not recognised	<b>5,450</b>	16,540
Tax rate differences <sup>2</sup>	<b>(1,314)</b>	(3,969)
<b>Total current tax charge</b>	<b>—</b>	<b>—</b>

1. In 2021, £25 million was distributed from Zenith Holding Company to Titan following the sale of Calastone, which is taxable income for Titan.
2. Tax rate difference due to tax charge for the year being calculated at 19% and excess management expenses on which deferred tax is not recognised being calculated at 25%.

Unrelieved tax losses of £186,669,000 (2021: £164,870,000) are estimated to be carried forward at 31 December 2022 (subject to completion of Titan's tax return) and are available for offset against future taxable income, subject to agreement with HMRC. Titan has not recognised the deferred tax asset of £46,667,000 (2021: £41,218,000) in respect of these tax losses because there is insufficient forecast taxable income in excess of deductible expenses to utilise these losses carried forward. There is no expiry period on these deductible expenses under the UK HMRC legislation.

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

# Notes to the financial statements continued

## 7. Dividends



### Accounting policy

Dividends payable are recognised as distributions in the financial statements when Titan's liability to make the 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

	Year to 31 December 2022 £'000	Year to 31 December 2021 £'000
<b>Dividends paid in the year</b>		
Previous year's second interim dividend – 3.0p (2021: 3.0p)	<b>38,700</b>	33,629
Current period's interim dividend – 2.0p (2021: 8.0p)	<b>27,520</b>	102,340
	<b>66,220</b>	135,969
<b>Dividends in respect of the year</b>		
Interim dividend paid – 2.0p (2021: 8.0p)	<b>27,520</b>	102,340
Second interim dividend – 3.0p (2021: 3.0p)	<b>41,038</b>	38,955
	<b>68,558</b>	141,295

The figures above include dividends elected to be reinvested through the DRIS.

The second interim dividend of 3.0p for the period ending 31 December 2022 will be paid on 24 May 2023 to shareholders on the register on 5 May 2023.

## 8. Earnings per share

	Year to 31 December 2022			Year to 31 December 2021		
	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/profit attributable to Ordinary shareholders (£'000)	<b>(7,321)</b>	<b>(311,894)</b>	<b>(319,215)</b>	(7,828)	224,385	216,557
(Loss)/profit per Ordinary share (p)	<b>(0.6)p</b>	<b>(24.0)p</b>	<b>(24.6)p</b>	(0.7)p	20.0p	19.3p

The total earnings per share is based on 1,297,081,006 (2021: 1,122,053,322) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

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

## 9. Net asset value per share

	31 December 2022	31 December 2021
Net assets (£)	<b>1,051,760,000</b>	1,373,040,000
Ordinary shares in issue	<b>1,367,949,929</b>	1,298,498,396
NAV per share (p)	<b>76.9</b>	105.7

# Notes to the financial statements continued

## 10. Fixed asset investments



### Accounting policy

Titan's principal financial assets are its fixed asset 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 are managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board. Accordingly, as permitted by FRS 102, the investments are measured as being at fair value through profit or loss (FVTPL) on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. Titan's investments are measured at subsequent reporting dates at fair value.

In the case of unquoted investments, fair value is established by using measures of value such as price of recent transaction, earnings or revenue-based multiples, discounted cash flows and net assets. This is consistent with IPEV capital valuation guidelines. Where price of recent transaction is used, the valuation is calibrated to a valid methodology.

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. Fixed returns on non-equity shares and debt securities which are held at fair value are computed using the effective interest rate, to distinguish between the interest income receivable (which is disclosed as interest income within the revenue column of the Income Statement) and other fair value movements arising on these instruments (which are disclosed as holding gains within the capital column of the Income Statement).

Investments deemed to be associates due to the shareholding and level of influence exerted over the portfolio company are measured at fair value using a consistent methodology to the rest of Titan's portfolio as permitted by FRS 102 and highlighted in the SORP (paragraph 32).

In 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 Titan 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. Titan's quoted investments are included in Level 1.

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. Titan holds no such investments in the current or prior year.

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. Titan's unquoted investments are included in Level 3 in the current and prior year.



# Notes to the financial statements continued

## 10. Fixed asset investments continued

### Fair value hierarchy continued

There has been one transfer between these classifications in the year (2021: one). The change in fair value of Titan's investments for the current and previous year has been recognised through the Income Statement.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 December 2022 are summarised below and in Note 12.

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at 'fair value through profit and loss' (FVTPL). All investments held by Titan are classified as FVTPL and measured in accordance with the International Private Equity and Venture Capital Valuation (IPEV) guidelines, as updated in December 2018 (and as updated by Special Valuation guidance issued in March 2020). For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

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

- (i) the price of a recent investment (PRI), if resulting from an orderly transaction, is assumed to represent fair value as of the transaction date. At every subsequent measurement date, the PRI may remain an appropriate indicator of fair value, however as its validity is eroded over time, adequate consideration will be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the portfolio company. We may solely rely on PRI for certain investments where other valuation methodologies may not be possible, notably where there are no current or short-term future revenues expected;
- (ii) where a recent transaction is not deemed to be representative of fair value, a market approach may be considered. This technique involves the application of an appropriate multiple to a performance measure (typically revenue, but potentially also EBITDA) in order to derive the value of the business:
  - appropriate multiples will usually be derived by reference to a current market-based multiple, as reflected in market valuations of comparable quoted companies or the price at which comparable companies have changed ownership, to the extent this information is publicly available; or calibration to the PRI validates that the valuation techniques using

contemporaneous market inputs generate fair value at the investment date and that the same valuation techniques using updated market inputs as of each subsequent reporting date will generate fair value at each such date. This approach will notably help capture any risks associated with a lack of liquidity in the minority holding of an unquoted investment and may be further adjusted to reflect the trading performance of the portfolio company versus expectations as at the investment.

- (iii) premiums, to the extent that they are considered capital in nature, and that they will be received upon repayment of loan stock investments, are accrued at fair value when Titan receives the right to the premium and when considered recoverable;
- (iv) for investments in early or development stages, where there are no current or short-term future revenues expected, the most appropriate valuation approach to measure fair value may be based on calibrating the latest pricing round using qualitative milestones. These milestones provide a directional indication of the movement in fair value;
- (v) where a number of discreet outcomes can be expected for an investment, a simplified probability-weighted expected return model may be used to determine fair value.
- (vi) where appropriate, an income approach may be used.

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

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

# Notes to the financial statements continued

## 10. Fixed asset investments continued

### Disclosure

	Level 1: Quoted investments £'000	Level 3: Unquoted investments £'000	Total £'000
Valuation and net book amount:			
Book cost	9,124	614,342	623,466
Cumulative revaluation	68,295	313,592	381,887
<b>Valuation at 1 January 2022</b>	<b>77,419</b>	<b>927,934</b>	<b>1,005,353</b>
Movement in the period:			
Purchases at cost	—	156,973	156,973
Disposal proceeds <sup>1</sup>	(2)	(50,476)	(50,478)
(Loss)/gain on disposal of investments	(28)	94	66
Revaluation in period	(75,150)	(209,315)	(284,465)
<b>Valuation at 31 December 2022</b>	<b>2,239</b>	<b>825,210</b>	<b>827,449</b>
Book cost at 31 December 2022	8,963	730,639	739,602
Cumulative revaluation at 31 December 2022	(6,724)	94,571	87,847
<b>Valuation at 31 December 2022</b>	<b>2,239</b>	<b>825,210</b>	<b>827,449</b>

1. Consists of both cash proceeds (£45.8 million) and retention proceeds (£4.6 million) in relation to exits made during the accounting year. Disposal proceeds presented on the cash flow statement of £62.2 million are the cash proceeds received in the year, relating to disposals during the year (£45.8 million) as well as retentions received (£16.4 million) in relation to disposals made in prior years.

The investment portfolio is managed with capital growth as the primary focus. The loan and equity investments are considered to be one instrument due to the legal binding stated within the investment agreements and so they are combined in the table shown above.

Unquoted investments in the portfolio are considered Level 3 assets, such that their values are not directly observable but are estimated using a combination of valuation methodologies which notably extrapolate from observable market data for comparable assets. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Portfolio Manager's Review. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in Note 16.

### Exits

Name of company	Area of investment focus	Year of first investment	Total investment cost £'000	Acquirer	Date of exit
Amplience Limited <sup>1</sup>	B2B software	Dec 2010	13,634	Farview Content LP	Feb 2022
BehavioSec Inc (trading as BehavioSec)	Deep tech	Sep 2014	4,229	LexisNexis® Risk Solutions	Apr 2022
Streethub Limited (trading as Trouva)	Consumer	Dec 2013	10,513	Made.Com Design Ltd	May 2022
Fluidly Limited	B2B software	Sep 2017	2,299	OakNorth International (UK) Limited	May 2022
Digital Shadows Ltd	B2B software	Sep 2017	9,702	ReliaQuest	Jun 2022
Zappy Ltd (trading as Glofox)	B2B software	May 2019	5,090	ABC Fitness	Aug 2022
Casual Speakers Limited (trading as Jolt)	Consumer	Jun 2018	6,258	Global University Systems	Sep 2022
Eve Sleep plc <sup>2</sup>	Consumer	Oct 2015	4,151	Administration	Oct 2022

1. Amplience was a partial disposal and Titan still holds shares.

2. Eve Sleep was a partial disposal and Titan still holds shares.

At 31 December 2022, there were no commitments in respect of investments not yet completed (2021: none).

# Notes to the financial statements continued

## 11. Debtors

	31 December 2022 £'000	31 December 2021 £'000
Deferred consideration (non-current) <sup>1</sup>	2,592	49,828
Deferred consideration (current) <sup>1</sup>	44,364	2,840
Interest receivable on loans included in fixed asset investments	288	486
Prepayments	87	64
Other debtors	43	225
<b>Total</b>	<b>47,374</b>	<b>53,443</b>

1. Disposal proceeds on investments made during the year for which the disposal proceeds have not been received by year end, the majority of which relates to the Wave Optics disposal which occurred in 2021. The decrease in deferred consideration of £5.7 million since 2021 is due to deferred consideration of £16.3 million being received during the year, offset by £4.6 million deferred consideration related to disposals in 2022 that was still outstanding at year end and a £6.0 million foreign exchange gain.

## 12. Current asset investments



### Accounting policy

Current asset investments comprise money market funds and corporate bonds, which are designated as FVTPL. 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 current asset investments are readily convertible into cash at the option of Titan. The current asset investments are held for trading, are actively managed and the performance is evaluated in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board.

## Disclosure

	31 December 2022 £'000	31 December 2021 £'000
Money market funds	58,701	88,126
Corporate bonds	104,244	110,247
<b>Total</b>	<b>162,945</b>	<b>198,373</b>

Money market funds and corporate bonds held at year end sit within Level 1 of the fair value hierarchy for the purposes of FRS 102, as set out in Note 10.

At 31 December 2022 and 31 December 2021, there were no commitments in respect of current asset investments approved by the Portfolio Manager but not yet completed.

## 13. Current liabilities



### Accounting policy

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

	31 December 2022 £'000	31 December 2021 £'000
Accruals	2,097	2,630
Trade creditors	31	63,955
Applications cash <sup>1</sup>	23,299	2,687
<b>Total</b>	<b>25,427</b>	<b>69,272</b>

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

Included within trade creditors is an amount of £nil (2021: £63,943,000) relating to a performance fee payable to the Portfolio Manager. For more details please refer to Note 19.

# Notes to the financial statements continued

## 14. Share capital

	31 December 2022 £'000	31 December 2021 £'000
Allotted and fully paid up: 1,367,949,929 (2021: 1,298,498,396) Ordinary shares of 0.1p <sup>1</sup>	<b>1,368</b>	129,850

1. As granted on 5 July 2022, there was a reduction in the nominal value of the Company's issued share capital from 10p per Ordinary share to 0.1p per Ordinary share.

The capital of Titan is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 6. Titan is not subject to any externally imposed capital requirements.

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

The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 14.99% of the issued Ordinary share capital of Titan as at the date of the AGM for the period to the next AGM in accordance with Special Resolution 11 in order to maintain sufficient liquidity in Titan's shares.

Capital management is monitored and controlled using the internal control procedures set out on page 68 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

	31 December 2022 '000	31 December 2021 '000
<b>0.1p Ordinary shares</b>		
Brought forward	<b>1,298,498</b>	1,075,024
Shares issued – fundraise	<b>97,225</b>	225,165
Shares issued – DRIS <sup>1</sup>	<b>17,236</b>	32,126
Shares repurchased for cancellation	<b>(45,010)</b>	(33,817)
<b>Carried forward</b>	<b>1,367,949</b>	1,298,498

1. The Dividend Reinvestment Scheme (DRIS) allows shareholders to elect to receive Ordinary shares instead of a dividend. This is explained further in the Shareholder Information and Contact Details at the back of this report.

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

During the period 114,461,503 shares were issued at an average price of 96.9p per share (2021: 257,291,278 shares were issued at a price of 116.6p). The gross consideration received for these shares was £108 million (£105 million net) including DRIS (2021: £291 million gross, £284 million net).

Titan repurchased 45,009,970 Ordinary shares for cancellation at a weighted average price of 92.9p (2021: 33,816,980 shares at a price of 102.1p) at a cost of £41 million (2021: £35 million).

The total nominal value of the shares repurchased during the financial year was £1,864,442, representing 0.1% of the issued share capital at the year end (2021: £3,381,698 representing 3.1%).

## 15. Reserves

When Titan revalues its investments during the year, any gains or losses arising are credited or charged to the Income Statement. Unrealised gains/losses are then transferred to the 'Capital reserve unrealised'. When an investment is sold, any balance held on the 'Capital reserve unrealised' is transferred to the 'Capital reserve realised' as a movement in reserves.

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

	31 December 2022 £'000	31 December 2021 £'000
Brought forward	<b>592,479</b>	55,342
Movement in period	<b>204,356</b>	537,137
<b>Carried forward</b>	<b>796,835</b>	592,479

During the year there was a share premium cancellation amounting to £212 million (2021: £621 million). This was carried out with the approval of shareholders for the purposes of creating sufficient distributable reserves.

The purpose of the special distributable reserve is to create a reserve which is capable of being used by Titan to pay dividends and for the purpose of making repurchases of its own shares in the market (subject to the above restriction) with a view to narrowing the discount to NAV at which Titan's Ordinary shares trade.

# Notes to the financial statements continued

## 16. Financial instruments and risk management

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

### Classification of financial instruments

Titan held the following categories of financial instruments, all of which are included in the Balance Sheet at fair value, at 31 December 2022:

	31 December 2022 £'000	31 December 2021 £'000
<b>Financial assets held at fair value through profit or loss</b>		
Fixed asset investments	827,449	1,005,353
Corporate bonds	104,244	110,247
Money market funds	58,701	88,126
<b>Total</b>	<b>990,394</b>	<b>1,203,726</b>
<b>Financial assets at amortised cost</b>		
Applications cash <sup>1</sup>	23,299	2,630
Cash at bank	16,120	182,514
Other debtors	43	225
Disposal proceeds	46,956	52,668
Interest receivable on loans included in fixed asset investments	288	486
<b>Total</b>	<b>86,706</b>	<b>238,523</b>
<b>Financial liabilities at amortised cost</b>		
Trade creditors	31	12
Unallotted cash <sup>1</sup>	23,299	2,630
<b>Total</b>	<b>23,330</b>	<b>2,642</b>

1. Applications cash and unallotted cash is cash received from investors by Titan but not yet allotted.

Fixed asset investments (see Note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with IPEV guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the Balance Sheet. The Directors believe that the fair value of these assets held at the year end is equal to their book value.

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

Titan's strategy for managing investment risk is determined with regard to Titan's investment objective, as outlined on page 6. The management of market risk is part of the investment management process and is a central feature of venture capital investment. Titan's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance Statement on pages 60 and 61, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of Titan's assets is regularly monitored by the Board.

Details of Titan's investment portfolio at the balance sheet date are set out on pages 106 to 110.

78.2% (2021: 67.6%) by value of Titan's net assets (99.7% of portfolio value) comprises investments in unquoted companies held at fair value. The valuation methods used by Titan include the application of a multiples ratio derived from listed companies with similar characteristics, and other market derived valuations, and consequently the value of the unquoted element of the portfolio can be indirectly affected by movements in the prices of quoted investments, such as those listed on the London Stock Exchange. A 25% (2021: 25%) overall decrease in the valuation of the unquoted investments at 31 December 2022 would have decreased net assets for the year by £206,302,406 (2021: £231,983,000) and an equivalent change in the opposite direction would have increased net assets for the year by the same amount.

# Notes to the financial statements continued

## 16. Financial instruments and risk management continued

### Market risk continued

32.2% of net assets (40.9% of portfolio value) is valued using revenue-based multiples, including PRI calibration. An increase in the multiple used by 10% would increase the net asset value by 2.9% (£30,362,224). Conversely, a decrease in the multiple used by 10% would decrease the net asset value by 2.9% (£30,546,798). The 10% sensitivity used provides the most meaningful impact of average multiple changes across the portfolio.

42.5% of net assets (54.1% of portfolio value) is valued using PRI multiples, and an increase in the PRI used by 5% would increase the net asset value by 2.1% (£22,291,997). Conversely, a decrease in the PRI used by 5% would have a minimal impact on the portfolio value given the majority of investments have downside protection achieved through structuring. The 5% sensitivity used provides the most meaningful impact of average PRI changes across the portfolio.

34.5% of net assets (37.4% of portfolio value) is exposed to changes in the foreign exchange rate, of which 22.8% of net assets is exposed to USD, 3.4% is exposed to EUR, while 8.3% is exposed to more than one foreign currency. An increase in the rate of 5% would decrease the net asset value by 1.2% (£12,810,684). Conversely, a decrease in the rate of 5% would increase the net asset value by 1.4% (£13,416,894). The 5% sensitivity used provides the most meaningful impact of average foreign exchange rate changes across the portfolio.

### Interest rate risk

Some of Titan's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, Titan 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 fixed interest-bearing financial instruments:

	As at 31 December 2022			As at 31 December 2021		
	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed (years)	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed (years)
Fixed rate investments in unquoted companies	3,183	7.25%	4.4	8,010	6.59%	4.9

Due to the relatively short period to maturity of the fixed rate investments held within the portfolio, it is considered that an increase or decrease of 1% in the base rate as at the reporting date would not have had a significant effect on Titan's net assets for the year.

### Floating rate

Titan's floating rate investments comprise interest-bearing money market funds as at 31 December 2022. Titan's cash held at bank earns no interest due to the HMRC VCT rule which prohibits a VCT from earning more than 30% of its income in non-VCT qualifying income, and interest earned on bank balances is non-qualifying income. The benchmark rate which determines the rate of interest receivable on Titan's money market investment is the Bank of England base rate, which was 3.5% at 31 December 2022. The amounts held in floating rate investments at the balance sheet date were as follows:

	31 December 2022 £'000	31 December 2021 £'000
Money market funds	58,701	88,126
<b>Total</b>	<b>58,701</b>	<b>88,126</b>

A 1% increase in the base rate would increase income receivable from these investments and the net assets for the year by £587,000 (2021: £881,000).

### Credit risk

There were no significant concentrations of credit risk to counterparties at 31 December 2022. By fair value, no individual investment exceeded 9.8% (2021: 11%) of Titan's net assets at 31 December 2022.

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 Titan. The Portfolio Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.



# Notes to the financial statements continued

## 16. Financial instruments and risk management continued

### Credit risk continued

At 31 December 2022, Titan's financial assets exposed to credit risk comprised of the following:

	31 December 2022 £'000	31 December 2021 £'000
Cash at bank	16,120	182,514
Applications cash	23,299	2,630
Money market funds	58,701	88,126
Corporate bonds	104,244	110,247
Fixed rate investments in unquoted companies	3,183	8,010
<b>Total</b>	<b>205,547</b>	391,527

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

The investments in money market funds and corporate bonds are uncertified.

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

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

### Liquidity risk

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

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

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

Titan maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 December 2022 these investments were valued at £179,062,000 (2021: £380,290,000).

## 17. Post balance sheet events

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

- 13 new investments completed totalling £36.1 million;
- 6 follow-on investments completed totalling £9.3 million;
- the NAV as at 31 December 2022 of 76.9p was announced on 4 April 2023 as a correction to the NAV announced on 29 March 2023 and was used for recent share transactions;
  - 135.3 million shares were issued on 29 March 2023 at an allotment price of 81.7p under the Offer which closed on 5 April 2023;
  - 0.5 million shares were issued on 4 April 2023 at a corrected allotment price of 81.4p under the Offer which closed on 5 April 2023;
  - 53.4 million shares were issued on 5 April 2023 at an allotment price of 81.4p under the Offer which closed on 5 April 2023;
- full disposal of Patch Gardens Limited in January 2023 in exchange for shares in Arena Online Limited; and
- full disposal of Commazero Limited in February 2023 to Paystratus Group Limited.

## 18. Contingencies, guarantees and financial commitments

Provided that an intermediary continues to act for a shareholder and the shareholder continues to be the beneficial owner of the shares, intermediaries will be paid an annual IFA commission of 0.5% of advised investors' gross NAV from Titan. IFA charges of £3,084,000 were expensed during the period (2021: £3,202,000) and there was £1,622,000 (2021: £1,932,000) outstanding at the period end.

There were £nil contingencies, guarantees or financial commitments as at 31 December 2022 (2021: £nil).



# Notes to the financial statements continued

## 19. Transactions with the Manager and Portfolio Manager

Since 1 September 2017, Titan has been classified as a full-scope Alternative Investment Fund under the Alternative Investment Fund Management Directive (the 'AIFM Directive'). As a result, since 1 September 2017, Titan's investment management agreement was assigned by way of the deed of novation from Octopus Investments Limited to Octopus AIF Management Limited to act as Manager (an authorised alternative investment fund manager responsible for ensuring compliance with the AIFM Directive). Octopus AIF Management Limited has in turn appointed Octopus Investments Limited to act as Portfolio Manager to Titan (responsible for portfolio management and the day-to-day running of Titan). These agreements ensure the same personnel are managing Titan's portfolio both before and after 1 September 2017.

Titan paid Octopus AIF Management Limited £22,508,000 (2021: £20,668,000) in the period as a management fee. The annual management charge (AMC) is based on 2% of Titan's NAV in respect of existing funds but in respect of funds raised by Titan under the 2018 Offer and thereafter (and subject to Titan having a cash reserve of 10% of its NAV), the AMC on uninvested cash is the lower of either (i) the actual return that Titan receives on its cash and funds that are the equivalent of cash (which currently consist of corporate bonds and money market funds) subject to a 0% floor and (ii) 2% of Titan's NAV. The AMC is payable quarterly in advance and calculated using the latest published NAV of Titan and the number of shares in issue at each quarter end.

Octopus provides non-investment services to the Company and receives a fee for these services which is capped at the lower of (i) 0.3% per annum of the Company's NAV or (ii) the administration and accounting costs of the Company for the year ended 31 December 2020 with inflation increases in line with the Consumer Price Index. During the period, the Company paid £1,893,000 (2021: £1,723,000) to Octopus for the non-investment services.

In addition, Octopus is entitled to performance-related incentive fees. The incentive fees were designed to ensure that there were significant tax-free dividend payments made to shareholders as well as strong performance in terms of capital and income growth, before any performance-related fee payment was made.

Due to performance in the period, the Total Value has decreased to 173.9p, representing a total loss of 23.8p.

The High Water Mark for FY 2023 will therefore be 197.7p. If, on a subsequent financial year end, the performance value of Titan falls short of the High Water Mark on the previous financial year end, no performance fee will arise. If, on a subsequent financial year end, the performance exceeds the previous best High Water Mark of Titan, the Manager will be entitled to 20% of such excess in aggregate.

Octopus received £nil in the period to 31 December 2022 (2021: £0.1 million) in regard to arrangement and monitoring fees in relation to investments made on behalf of Titan. Since 31 October 2018, Octopus no longer receives such fees in respect of new investments or any such new fees in respect of further investments into portfolio companies in which Titan invested on or before 31 October 2018, with any such fees received after that time being passed to Titan.

The cap relating to Titan's total ongoing charges ratio, that is the regular, recurring costs of Titan expressed as a percentage of its NAV, above which Octopus has agreed to pay, is 2.5%, and is calculated in accordance with the AIC Guidelines.

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

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

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

# Notes to the financial statements continued

## 20. Related party transactions

Titan owns Zenith Holding Company Limited, which owns a share in Zenith LP, a fund managed by Octopus.

In the year, Octopus Investments Nominees Limited (OINL) has purchased Titan shares from shareholders to correct administrative issues, on the understanding that shares will be sold back to Titan in subsequent share buybacks. As at 31 December 2022, no Titan shares were held by OINL (2021: 7,637 shares) as beneficial owner. Throughout the period to 31 December 2022, OINL purchased 729,365 shares (2021: 24,359 shares) at a cost of £678,000 (2021: £27,000) and sold 737,002 shares (2021: 16,816 shares) for proceeds of £672,000 (2021: £18,000). This is classed as a related party transaction as Octopus, the Portfolio 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.

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

Matt Cooper, a Non-Executive Director of Titan, was the Chair of Octopus Capital Limited until his resignation on 14 September 2022. Matt Cooper owned shares in Octopus Group Holdings Ltd during the year, which have been fully disposed of as at year end. The Directors received the following dividends from Titan:

	Year to 31 December 2022 £	Year to 31 December 2021 £
Tom Leader (Chair since 14 June 2022)	1,640	2,148
John Hustler (Chair until 14 June 2022)	5,569	11,983
Matt Cooper	117,661	207,754
Jane O'Riordan	6,530	11,347
Mark Hawkesworth (resigned on 7 June 2021)	1,061	10,659
Lord Rockley	2,145	1,427
Gaenor Bagley	740	713

## 21. Voting rights and equity management

The following table shows the percentage of voting rights held by Titan for each of the top ten investments held in Titan. Titan has no other substantial interests that require separate disclosure.

Investments	% equity held by Titan
Many Group Ltd (trading as ManyPets)	7.5%
Amplience Limited	23.6%
Permutive Inc.	17.9%
Digital Therapeutics, Inc. (trading as Quit Genius)	15.4%
Mr & Mrs Oliver Ltd (trading as Skin+Me)	20.6%
Orbital Express Launch Limited (trading as Orbex)	11.5%
Big Health Limited	10.8%
vHive Tech Limited	19.0%
Token.IO Limited	14.1%
Sofar Sounds Limited	10.7%

At 31 December 2022, the Company held significant investments, amounting to 20% or more of the equity capital of an undertaking, in the following companies:

	£'000	£'000	£'000	Registered address
	Equity investment (Ordinary shares)	Investment in loan stock and preference shares	Total investment (at cost)	
Zenith Holding Company Limited <sup>1</sup>	8,963	0	8,963	94 Solaris Avenue Camana Bay Grand Cayman KY1-1108
Amplience	6,121	7,513	13,634	Tower House 10 Southampton Street London WC2E 7HA
Mr & Mrs Oliver Ltd (trading as Skin+Me)	11,500	0	11,500	The Battleship Building 179 Harrow Road, London England, W2 6NB

1. See Note 1 for further information on Titan's relationship with Zenith Holding Company.

# Appendix

## Investment portfolio

The table below sets out the investment cost and the amount invested in the year for the portfolio as at 31 December 2022. Details of the top ten investments can be found on pages 35 to 37.

		Investment cost as at 31 December 2022 £'000 <sup>1</sup>	Amount invested in the year to 31 December 2022 £'000
<b>Fixed asset investments</b>			
Permutive Inc. <sup>3</sup>	B2B software	18,994	—
Amplience Limited	B2B software	13,634	—
Digital Therapeutics (trading as Quit Genius)	Health	12,890	—
Big Health Limited <sup>3</sup>	Health	12,855	—
Token.IO Ltd <sup>3</sup>	Fintech	12,608	4,186
Smartkem Limited <sup>3</sup>	Deep tech	12,195	1,442
Ometria Limited	B2B software	11,510	—
Mr & Mrs Oliver Ltd (trading as Skin+Me)	Health	11,500	7,500
Sofar Sounds Limited <sup>3</sup>	Consumer	11,496	95
PLU&M Limited	Consumer	11,050	550
Orbital Express Launch Limited (trading as Orbex)	Deep tech	10,298	5,748
Bought By Many Limited (trading as ManyPets) <sup>3</sup>	Fintech	9,978	—
Uniplaces Limited <sup>3</sup>	Consumer	9,491	—
Ori Biotech Limited	Bio	9,102	—
Zenith Holding Company Limited <sup>2</sup>	Consumer	8,963	—
Codasip	Deep tech	8,633	8,633
Seatfrog UK Holdings Limited	Consumer	8,631	408
Appear Here Limited <sup>3</sup>	Consumer	8,509	—
XYZ Reality Limited <sup>3</sup>	Consumer	8,500	—
Automata Technologies Limited <sup>3</sup>	Health	8,500	8,500
Intropic Limited <sup>3</sup>	Fintech	8,394	8,394
CurrencyFair Limited (trading as Zai) <sup>3</sup>	Fintech	8,381	—
Antidote Technologies Ltd <sup>3</sup>	Health	8,251	—
Allplants Limited	Climate	8,150	900
vHive Tech Ltd	Deep tech	8,020	4,024
Elliptic Enterprises Limited <sup>3</sup>	Fintech	7,724	—

# Appendix continued

		Investment cost as at 31 December 2022 £'000 <sup>1</sup>	Amount invested in the year to 31 December 2022 £'000
<b>Fixed asset investments</b>	<b>Investment focus</b>		
Chronext AG	Consumer	7,708	—
AllTaster Limited (trading as Taster) <sup>3</sup>	Consumer	7,456	3,772
The Justice Platform Inc. (trading as Legl)	B2B software	7,325	3,325
Picsoneye Segmentation Innovation Limited (trading as Pixoneye)	Deep tech	7,208	1,400
Iovox Limited <sup>3</sup>	B2B software	7,206	—
Ibex Medical Analytics	Health	7,148	—
Vitesse PSP Ltd	Fintech	7,128	2,128
Surrey NanoSystems Limited <sup>3</sup>	Bio	6,918	—
Stackin Inc	Fintech	6,840	—
Papercup Technologies Limited <sup>3</sup>	Deep tech	6,800	6,800
Partly	Consumer	6,769	6,769
By Miles Limited	Fintech	6,732	—
Minoro Limited (trading as Kleene.ai) <sup>3</sup>	B2B software	6,724	—
Chiaro Technology Limited (trading as Elvie) <sup>3</sup>	Health	6,417	—
Biofidelity Ltd <sup>3</sup>	Bio	6,343	—
Dead Happy Limited <sup>3</sup>	Fintech	6,300	2,600
Casual Speakers Limited (trading as Jolt) <sup>5</sup>	Consumer	6,258	189
Phoelex Ltd	Deep tech	6,025	—
Olio Exchange Limited	Climate	6,000	—
Sprout.ai Limited	Fintech	6,000	—
Origami Energy Limited <sup>3</sup>	Climate	5,947	—
Bondaval Limited <sup>3</sup>	Fintech	5,899	3,349
Overture Life, Inc	Health	5,813	—
Artesian Solutions Limited (trading as Full Circl) <sup>3</sup>	B2B software	5,481	—
Anikin Ltd (trading as KatKin)	Consumer	5,475	675
Messier 31 Inc (trading as Pngme)	Fintech	5,429	—
Memrise Inc	Consumer	5,144	—
Lifescore Music Limited <sup>3</sup>	Deep tech	5,100	5,100
Cazoo Limited <sup>3</sup>	Consumer	4,973	—

# Appendix continued

		Investment cost as at 31 December 2022 £'000 <sup>1</sup>	Amount invested in the year to 31 December 2022 £'000
<b>Fixed asset investments</b>	<b>Investment focus</b>		
Impatients N.V. (trading as MyTomorrows) <sup>3</sup>	Health	4,905	200
Michelson Diagnostics Limited <sup>3</sup>	Health	4,795	—
Dogtooth Technologies Limited	Deep tech	4,739	—
Inflow Holdings Inc <sup>3</sup>	Health	4,500	4,500
ThoughtRiver Limited	Deep tech	4,500	—
Raylo Group Limited <sup>3</sup>	Climate	4,500	—
Positron Technologies Limited	Fintech	4,500	500
Patch Gardens Limited	Consumer	4,472	300
The Faction Collective SA <sup>3</sup>	Consumer	4,464	—
Secret Escapes Limited <sup>4</sup>	Consumer	4,256	—
Lapse Ltd <sup>3</sup>	Consumer	4,250	—
Tatum Blockchain Services s.r.o.	Fintech	4,190	2,042
Smiler BV	Consumer	4,099	4,099
Mosaic Smart Data Limited	Fintech	4,015	1,235
AudioTelligence Limited	Deep tech	4,000	—
CRED Investment Holdings Limited	Fintech	4,000	1,000
Slamcore Limited	Deep tech	3,875	1,325
Contingent & Future Technologies Ltd <sup>5</sup>	Fintech	3,825	—
Living Optics <sup>3</sup>	Deep tech	3,819	3,819
Unmade Ltd	Deep tech	3,800	—
Altitude Angel Ltd	Deep tech	3,800	—
Unlikely AI	Deep tech	3,783	3,783
Merge Holdings Ltd <sup>3</sup>	Fintech	3,740	3,740
Medisafe Project Limited <sup>3</sup>	Health	3,664	—
Vira Health Limited <sup>3</sup>	Health	3,632	3,632
Perk Finance (trading as Cobee) <sup>3</sup>	Fintech	3,621	3,621
Orca Computing Limited <sup>3</sup>	Deep tech	3,500	3,500
Inrupt Inc.	Fintech	3,495	—
CoMind Technologies Limited <sup>3</sup>	Deep tech	3,375	—

# Appendix continued

	Investment focus	Investment cost as at 31 December 2022 £'000 <sup>1</sup>	Amount invested in the year to 31 December 2022 £'000
<b>Fixed asset investments</b>			
Infinitopes <sup>3</sup>	Bio	3,004	3,004
Trafi Limited <sup>3</sup>	Climate	2,965	—
Bloom App Limited <sup>3</sup>	Consumer	2,857	2,857
Ecrebo Limited <sup>3</sup>	B2B software	2,857	—
Metrasens Limited <sup>3</sup>	Deep tech	2,819	—
Nanosyrinx Ltd	Health	2,750	1,375
iSize Limited <sup>3</sup>	Climate	2,625	—
HURR <sup>3</sup>	Climate	2,550	—
Caprera Ltd (trading as Collectiv Food)	Climate	2,471	471
Intrepid Owls Limited (trading as Rest Less)	Fintech	2,427	900
ONIN Limited	Consumer	2,340	2,340
Apheris <sup>3</sup>	B2B software	2,322	2,322
Streetbees.com Limited <sup>3</sup>	B2B software	2,229	—
Touchlab Limited <sup>3</sup>	Deep tech	2,125	2,125
Total Food Control Ltd (trading as Lollipop) <sup>3</sup>	Consumer	2,125	—
Manantial Ltd t/a Velaris	B2B software	2,040	2,040
Uniq Health Limited	Health	1,900	—
Commazero Ltd <sup>3</sup>	Fintech	1,785	—
Invierno AB (trading as Vinter) <sup>3</sup>	Fintech	1,776	1,776
Foodsteps Ltd <sup>3</sup>	Climate	1,700	1,700
Imophoron Limited <sup>3</sup>	Bio	1,700	—
Ufonia Limited <sup>3</sup>	Health	1,664	1,664
Intrinsic <sup>3</sup>	Deep tech	1,641	1,641
Walking on Earth <sup>3</sup>	Consumer	1,615	—
Quantum Motion Technologies Limited	Deep tech	1,498	—
Segura Systems Limited <sup>3</sup>	B2B software	1,470	—
Neat <sup>3</sup>	Fintech	1,426	1,426
Minimum Corporation <sup>3</sup>	Climate	1,393	634
Sidekick Money Ltd <sup>3</sup>	Fintech	1,351	1,351

# Appendix continued

		Investment cost as at 31 December 2022 £'000 <sup>1</sup>	Amount invested in the year to 31 December 2022 £'000
<b>Fixed asset investments</b>	<b>Investment focus</b>		
Ribbon Technologies Ltd <sup>3</sup>	Consumer	1,351	1,351
Aire Labs Limited	Fintech	1,332	—
Kita Earth <sup>3</sup>	Climate	1,289	1,289
Oto Health Inc <sup>3</sup>	Health	1,286	1,286
Multiply AI Limited	Fintech	1,283	—
Mojo Men Ltd <sup>3</sup>	Health	1,275	—
Bkwai Ltd <sup>3</sup>	Deep tech	1,275	—
I.F. Technology Ltd (trading as Integrated Finance) <sup>3</sup>	Fintech	1,275	—
Mindset Technologies Limited <sup>3</sup>	Health	1,020	—
Phlux Technology Ltd <sup>3</sup>	Deep tech	937	937
Anansi Technology Limited <sup>3</sup>	Fintech	900	—
Avione Saving & Investment Ltd <sup>3</sup>	Fintech	850	—
Hapi Plan Technologies Ltd (trading as Nosso) <sup>3</sup>	Fintech	765	—
Little Journey Limited <sup>3</sup>	Health	703	703
Troglo Ltd (trading as LVNDR) <sup>3</sup>	Health	680	—
M10 Networks <sup>3</sup>	Fintech	626	—
Excession Technologies Limited <sup>3</sup>	Deep tech	298	—
<b>Total fixed asset investments</b>		<b>649,507</b>	<b>156,973</b>

1. Investment cost reflects the amount invested into each portfolio company from Titans 1 – 5 before the 2014 merger and from Titan after the merger. This is different to the book cost (as per Note 10 to the financial statements) which includes the holding gains/(losses) on assets which transferred from Titans 1, 3, 4 and 5 to Titan 2 (now Titan) during the 2014 merger, as Titan purchased these assets at fair value.

2. Owns stake in Secret Escapes Limited.

3. These companies have also been invested into by other funds managed by Octopus.

4. The figures for Secret Escapes relate to Titan's direct investment only.

5. Disposed during the year as disclosed in the exit table in Note 10 on page 98.



# Shareholder information and contact details

Octopus Titan VCT 2 plc was renamed Octopus Titan VCT plc on 27 November 2014 following the merger with Octopus Titan VCT 1 plc, Octopus Titan VCT 3 plc, Octopus Titan VCT 4 plc and Octopus Titan VCT 5 plc on the same date.

Titan was incorporated on 12 October 2007. In collaboration with Octopus Titan VCT 1 plc, over £30.8 million in aggregate (£29.5 million net of expenses) was raised through an Offer for Subscription during the year to 31 October 2008. Since then, further funds have been raised through fundraises as follows:

- £1.4 million (£1.3 million net of expenses) during the year to 31 October 2010;
- £1.4 million (£1.3 million net of expenses) during the year to 31 October 2012;
- £4.8 million (£4.6 million net of expenses) during the year to 31 October 2013;
- £10.8 million (£10.4 million net of expenses) during the year to 31 October 2014;
- £54.7 million (£52.6 million net of expenses) during the year to 31 October 2015;
- £99.8 million (£96.3 million net of expenses) during the year to 31 October 2016;
- £124.1 million (£119.9 million net of expenses) during the year to 31 October 2017;
- £204.9 million (£198.4 million net of expenses) during the year to 31 October 2018;
- £289.6 million (£279.7 million net of expenses) during the period to 31 December 2019;
- £131.4 million (£127.8 million net of expenses) during the year to 31 December 2020;
- £256.3 million (£249.3 million net of expenses) during the year to 31 December 2021; and
- £90.5 million (£88.2 million net of expenses) during the year to 31 December 2022.

The Offer for Subscription was closed to new applicants on 5 April 2023 having raised £237 million.

Further details of Titan's progress are discussed in the Chair's Statement and Portfolio Manager's Review on pages 3 to 5 and 23 to 38 respectively.

## Venture Capital Trusts (VCTs)

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

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

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

In order to maintain its approval Titan 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 its investments must comprise 'qualifying holdings'<sup>1</sup> (as defined in the legislation); at least 70% of the 80% of qualifying holdings must be invested in Ordinary shares with no preferential rights (for money allotted before April 2011, the limit is 30% for new investments);
- no single investment made can exceed 15% of Titan's Total Value; 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 (£10 million for knowledge-intensive companies) invested in any one year in new shares or securities in an unquoted company (or companies quoted on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

# Shareholder information and contact details continued

## Dividends

Dividends are paid by Computershare Investor Services PLC ('Computershare') on behalf of Titan. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque 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/](http://www-uk.computershare.com/investor/).

Queries relating to dividends, shareholdings or requests for mandate forms should be directed to Computershare by calling **0370 703 6324**. Calls to this number cost the same as a normal local or national landline call and may be included in your service provider's tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare Investor Services PLC are open between 8.30am-5.30pm, Monday to Friday excluding public holidays in England and Wales.

Computershare can be contacted in writing at:

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

The table below shows the NAV per share and lists the dividends that have been paid since the launch of Titan:

Period ended	NAV	Dividends paid in period	NAV + cumulative dividends (Total Value)
30 April 2008	95.0p	—	95.0p
31 October 2008	89.9p	—	89.9p
30 April 2009	91.5p	0.5p	92.0p
31 October 2009	96.1p	0.5p	97.1p
30 April 2010	92.0p	0.5p	93.5p
31 October 2010	94.9p	0.5p	96.9p
30 April 2011	92.1p	0.75p	94.85p
31 October 2011	91.5p	0.75p	95.0p
30 April 2012	92.8p	1.0p	97.3p
31 October 2012	121.9p	1.5p	127.9p
30 April 2013	88.7p	34.0p	128.7p
31 October 2013	95.2p	2.5p	137.7p
30 April 2014	92.2p	2.5p	137.2p
31 October 2014	101.4p	2.5p	148.9p
30 April 2015	97.7p	2.5p	147.7p
31 October 2015	102.7p	2.0p	154.7p
30 April 2016	95.7p	7.0p	154.7p
31 October 2016	97.9p	2.0p	158.9p
30 April 2017	95.2p	3.0p	159.2p
31 October 2017	96.4p	2.0p	162.4p
30 April 2018	94.3p	3.0p	163.3p
31 October 2018	93.1p	2.0p	164.1p
30 April 2019	92.4p	3.0p	166.4p
31 December 2019	95.2p	2.0p	171.2p
30 June 2020	89.5p	3.0p	168.5p
31 December 2020	97.0p	2.0p	178.0p
30 June 2021	113.9p	3.0p	197.9p
31 December 2021	105.7p	8.0p	197.7p
30 June 2022	91.3p	3.0p	186.3p
31 December 2022	76.9p	2.0p	173.9p

# Shareholder information and contact details continued

## Dividends continued

A second interim dividend of 3p per share will be paid on 24 May 2023 to shareholders on the register on 5 May 2023.

Titan also offers a Dividend Reinvestment Scheme (DRIS). Any shareholder wishing to reinvest their dividends, who has not already elected to do so, can request a DRIS instruction form by calling Computershare on 0370 703 6324. The application form can also be found on the Octopus Investments Limited website:

**www.octopusinvestments.com**. If you are uncertain about your current DRIS position, please call Computershare on the number above or complete a new form.

## Share price

Titan's share price can be found on various financial websites including **www.londonstockexchange.com**, with the following TIDM/EPIC code:

## Ordinary shares

TIDM/EPIC code	OTV2
Latest share price (21 April 2023)	73.5p

## Buying and selling shares

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

## Buyback of shares

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

Octopus Client      0800 316 2295  
Relations Team      investorsupport@octopusinvestments.com

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

Chris Lloyd   020 7886 2716   chris.lloyd@panmure.com  
Paul Nolan   020 7886 2717   paul.nolan@panmure.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; and
- no need to include VCT dividends in annual tax returns.

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

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

# 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 Titan's registrar, Computershare, under the signature of the registered holder or via the Computershare Investor Centre at: **[www-uk.computershare.com/investor/](http://www-uk.computershare.com/investor/)**. Computershare's contact details are provided on page 116.

## Other information for shareholders

Shareholders can obtain a full copy of Titan's annual report as well as previously published annual reports and interim reports on the Octopus website at **[octopustitanvct.com](http://octopustitanvct.com)**.

All other statutory information can also be found here.

## Electronic communications

We also publish reports and accounts and all other correspondence electronically. This cuts the cost of printing and reduces the impact on the environment. If, in future, you would prefer to receive an 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 6324**. Alternatively you can sign up to receive e-communications via the Computershare Investor Centre at: **[www-uk.computershare.com/investor/](http://www-uk.computershare.com/investor/)**.

## Warning to shareholders

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

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

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

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

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

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

# Glossary of terms

## Alternative performance measure (APM)

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

## Net asset value or NAV

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

## Net asset value per share or NAV per share

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

## Dividend yield (APM)

Dividend yield is calculated as dividends paid per share in the period divided by the opening NAV per share.

## Ongoing charges ratio (APM)

The ongoing charges ratio has been calculated using the AIC recommended methodology and excludes irrecoverable VAT, exceptional costs, trail commission and performance fees. 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 Titan in the future.

This is calculated by dividing the ongoing expenses, which includes the expenses listed out in Note 4 on page 94 but excludes irrecoverable VAT, exceptional costs, trail commission and performance fees by the average net assets in the period.

## Total return (APM)

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

## Sustainability % of Titan (APM)

Sustainability % is calculated as the proportion of Titan's costs that are covered by realisations over the preceding three years. The costs of the VCT include the share buybacks, ordinary dividends and operating costs in the year.

# Directors and advisers

## Board of Directors

Tom Leader (Chair)  
Jane O'Riordan  
Matt Cooper  
Lord Rockley  
Gaenor Bagley

## Company Number

Registered in England & Wales  
No. 06397765

## Legal Entity Identifier (LEI)

213800A67IKGG6PVYW75

## Secretary and Registered Office

Octopus Company Secretarial Services Limited  
33 Holborn  
London  
EC1N 2HT

## Portfolio Manager

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

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

## Manager

Octopus AIF Management Limited  
33 Holborn  
London  
EC1N 2HT  
Tel: 0800 316 2295  
[www.octopusinvestments.com](http://www.octopusinvestments.com)

## Corporate Broker

Panmure Gordon (UK) Limited  
40 Gracechurch Street  
London  
EC3V 0BT  
Tel: 020 7886 2500

## Independent Auditor

BDO LLP  
55 Baker Street  
London  
W1U 7EU

## Tax Adviser

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

## VCT Status Adviser

Shoosmiths LLP (appointed on 24/02/2022)  
1 Bow Churchyard  
London  
EC4M 9DQ

## Bankers

HSBC Bank plc  
31 Holborn  
London  
EC1N 2HR

## Registrars

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

Tel: 0370 703 6324

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

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

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

## Depository

BNP Paribas Trust Corporation UK Limited  
10 Avenue  
London  
NW1A 6AA

# Notice of Annual General Meeting

Notice is hereby given that the AGM of Octopus Titan VCT plc will be held at One Moorgate Place, London, EC2R 6EA on Wednesday, 14 June 2023 at 12.00 noon for the purposes of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9 to 12 will be proposed as Special Resolutions:

## Ordinary Business

1. To receive and adopt the annual report and the audited financial statements for the year to 31 December 2022.
2. To approve the Directors' remuneration policy.
3. To approve the Directors' Remuneration Report.
4. To re-elect Jane O'Riordan as a Director.
5. To re-elect Lord Rockley as a Director.
6. To re-appoint BDO LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

## Special Business

To consider and, if thought fit, pass Resolutions 7 and 8 as Ordinary Resolutions and Resolutions 9 to 12 as Special Resolutions:

7. Authority to allot relevant securities

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 Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot up to a maximum of 389,211,753 Ordinary shares in the Company ('Shares') (representing approximately 25% of the Shares in issue as at 21 April 2023), 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.

8. 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 up to a maximum of 77,842,351 Shares in connection with the Company's Dividend Reinvestment Scheme (representing approximately 5% of the Shares in issue as at 21 April 2023), 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.

9. Empowerment to make allotments of equity securities

THAT, conditional upon the passing of Resolution 7 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 7 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).



# Notice of Annual General Meeting continued

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

THAT, conditional upon the passing of Resolution 8 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 8 above, as if Section 561 of the Act did not apply to any such allotment and so that: (a) reference to allotment of equity securities in this Resolution shall be construed in accordance with Section 560(2) of the Act; and (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power. The power provided by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

## 11. Authority to make market purchases

THAT, in addition to existing authorities, the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of s693(4) of the Act) of Shares provided that:

- a) the maximum number of Shares so authorised to be purchased shall not exceed 233,371,367 Shares, representing approximately 14.99% of the present issued Shares as at the date of this notice;
- b) the minimum price which may be paid for a Share shall be its nominal value;
- c) the maximum price, exclusive of expenses, which may be paid for a Share is an amount equal to the higher of (i) 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;
- d) the authority conferred by this Resolution shall (unless previously renewed, varied or revoked in general meeting) expire on the date falling 15 months after the passing of this Resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2024; and

- e) the Company may enter into a contract to purchase its Shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of this authority and the Company may make a purchase of its Shares in pursuance of any such contract.

## 12. Cancellation of share premium account

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.

By Order of the Board

**Tom Leader**

Chair

24 April 2023

# 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 registrars of the Company, **Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY** or alternatively, you may register your proxy electronically at **[www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy)**, in each case, so as to be received by no later than 48 hours (excluding non-working days) before the time the AGM is scheduled to begin. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form.
- Appointment of a proxy, or any CREST proxy instruction (as described in paragraph (d) below) will not preclude a member from subsequently attending and voting at the meeting should he or she choose to do so. This is the only acceptable means by which proxy instructions may be submitted electronically.
- d) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- e) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person') should be aware that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- f) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.
- Questions from our shareholders in relation to the AGM can be sent via email to **[TitanAGM@octopusinvestments.com](mailto:TitanAGM@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.

# Notice of Annual General Meeting continued

## Notes: continued

- h) Under Sections 338 and 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
- (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting; and/or
  - (ii) to include in the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

- (i) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);
- (ii) it is defamatory of any person; or
- (iii) it is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

- i) A copy of the Notice of AGM and the information required by Section 311A of the Companies Act 2006 is included on the Company's website, **octopustitanvct.com**. 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 21 April 2023 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 1,556,847,012 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 21 April 2023 are 1,556,847,012.



Designed by  
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