



octopus investments

A brighter way

Backing Britain's brightest businesses

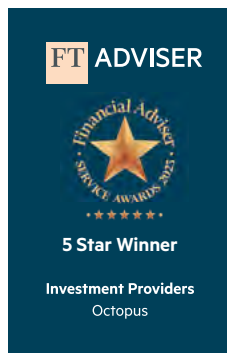
Octopus Titan VCT plc

Annual report and financial statements 2023

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

Octopus Investments awards



Find it fast

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Key dates

Interim dividend payment	30 May 2024
Shareholder event	3 June 2024
Annual General Meeting	11 June 2024
Half-yearly results published	September 2024

Financials

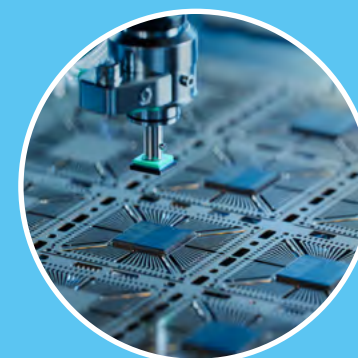
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How Titan works p11



Portfolio Manager's review p19



Financials p73

Key financials

Net assets (£'000)	Loss after tax (£'000)	NAV per share
£993,744 2022: £1,051,760	£(149,499) 2022: £(319,215)	62.4p 2022: 76.9p
Total value per share¹	Total return per share²	Total return per share %³
164.4p 2022: 173.9p	(9.5)p 2022: (23.8)p	(12.4)% 2022: (22.5)%
Dividends paid in the year	Dividend yield %⁴	Dividend declared
5.0p 2022: 5.0p	6.5% 2022: 4.7%	1.9p 2022: 3.0p

1. Total value per share is an alternative performance measure, calculated as NAV plus cumulative dividends paid since launch, as described in the glossary of terms.
2. Total return per share is an alternative performance measure, calculated as movement in NAV per share in the period plus dividends paid in the period, as described in the glossary of terms.
3. Total return % is an alternative performance measure, calculated as total return/opening NAV, as described in the glossary of terms.
4. Dividend yield is an alternative performance measure, calculated as dividends paid/opening NAV, as described in the glossary of terms.

Chair's statement



Highlights

Titan's latest fundraise

£107 million

10-year cumulative return

+28%

Dividends paid in 2023

5p

Titan's total return for the year to 31 December 2023 was -12.4% with net assets at the end of the period totalling £1.0 billion.

The Net Asset Value (NAV) per share at 31 December 2023 was 62.4p which, adjusting for dividends paid in the year, represents a net decrease of 9.5p per share from 31 December 2022 or a total return of -12.4%. This decline reflects the widespread impact of the ongoing difficult global macro environment and associated impact on capital availability for our portfolio companies. With funding conditions being more challenging, many portfolio companies have prioritised extending cash runways instead of growth, looking to either achieve profitability or delay fundraising until more favourable market conditions return. In spite of this, the underlying portfolio has shown great resilience and we have seen an overall increase in revenue generated when comparing against the prior year. Despite the decrease in NAV, the 10-year tax-free annual compound return for shareholders is 2.5%. The total value (NAV plus cumulative dividends paid per share since launch) at the end of the period was 164.4p (31 December 2022: 173.9p).

In the 12 months to 31 December 2023, we utilised £216 million of our cash resources, comprising £98 million in new and follow-on investments, £58 million in dividends (net of the Dividend Reinvestment Scheme), £32 million in share buybacks and £28 million in annual investment management fees and other running costs. The cash and corporate bond balance of £203 million at 31 December 2023 represented 20% of net assets at that date, compared to 17% at 31 December 2022.

Performance incentive fees

As the 2023 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.

Dividends

Shareholders will recall that in the half-year report, the Company announced a revised dividend policy targeting a dividend of 5% of the opening NAV per financial year supplemented by special dividends when appropriate. This revised policy aligns more closely with the Company's long term sustainability goals, which you can read more about on page 6.

Following careful consideration, I am pleased to confirm that on 18 March 2024 the Board declared a second interim dividend of 1.9p per share in respect of the year ending 31 December 2023. This will be paid on 30 May 2024 to shareholders on the register as at 10 May 2024, which equates to 3% of the Company's opening NAV as at 1 January 2024. Dividends of 5p were paid during the year which represents a tax-free yield of 6.5% on the NAV at 31 December 2022, equivalent to 9.8% for a higher rate tax payer. If you are one of the 25% of shareholders who take advantage of the Dividend Reinvestment Scheme (DRIS), your dividend will be receivable in Titan shares.

Chair's statement continued

Dividends continued

Since inception, we have now paid 102p in tax free dividends per share, excluding the recently declared dividend.

Fundraise and buybacks

We were pleased to raise over £237 million in the fundraise which closed on 5 April 2023 and on 19 October 2023, we launched a new offer to raise up to £125 million. The new offer was closed on 5 April 2024 having raised £107 million. We would like to take this opportunity to welcome all new shareholders and thank all existing shareholders for their continued support. This is a lower fundraise than in recent years but still represents the largest VCT fundraise in the market for the 2023/24 tax year. We were pleased that in the November Autumn Statement the Chancellor announced that the VCT sunset clause will be extended, meaning VCT relief will be available to subscribers for shares issued before April 2035, rather than April 2025.

During the period, Titan repurchased 47 million shares for £32 million (representing 3.0% of the net asset value as at 31 December 2022). 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

I am pleased to announce that Julie Nahid Rahman was appointed to the Board on 1 August 2023. Julie brings to the Board a wealth of experience drawn from her long career in private equity, executive search and strategy consulting.

As part of the Board's succession planning, I am also pleased to announce that on 19 April 2024, Rupert Dickinson was appointed to the Board with effect from 1 May 2024. Rupert has over 20 years' experience in the wealth and investment management industries. We look forward to benefiting from his and Julie's extensive experience.

Portfolio Manager

Malcolm Ferguson, Octopus' lead fund manager for Titan, has resigned and Jo Oliver has been appointed as Adviser to the Board on fund and strategy on an interim basis. Jo brings 15 years of experience with Octopus Ventures and the Company, having previously been the lead fund manager for Titan from November 2014 to June 2022. Since 2022, Jo has remained part of the Octopus Ventures investment team, as a Partner, on a part-time basis. Malcolm will continue to take an active role as lead fund manager of Titan until 30 April 2024, with Jo then taking

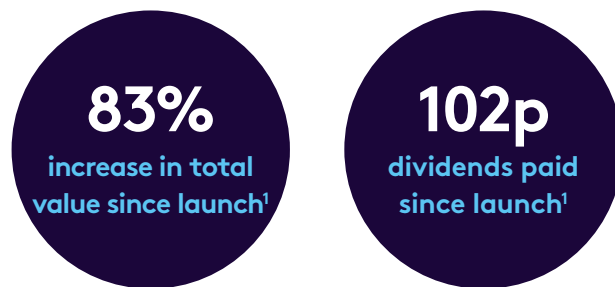
on the interim role overseeing the fund management of the Company while a process is undertaken to find a permanent replacement. The Board welcomes the breadth of experience Jo brings to Titan in this interim period. I would like to take this opportunity to thank Malcolm for his contribution to the Company and wish him well for the future.

AGM and shareholder event

The AGM will take place on 11 June 2024 from 12pm noon and will be held at the offices of Octopus Investments Limited, 33 Holborn, London, EC1N 2HT. Full details of the business to be conducted at the AGM are given in the Notice of AGM on pages 113 and 116.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions within the Notice of AGM on pages 113 and 116 using the proxy form, or electronically at 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, we are also pleased to offer shareholders the opportunity to attend an online shareholder webinar on 3 June 2024 at 2pm, to ensure 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. For details of how to sign up please see octopustitanvct.com. Alternatively, shareholders are also invited to send any questions they may have via email to TitanAGM@octopusinvestments.com.



1. Since launch in 2008

Chair's statement continued

Outlook

The decline in Titan's NAV reflects the difficult environment in which its portfolio companies are operating. Multiple factors have had an influence, including the slowing of growth across the portfolio as companies optimised for efficiency and profitability (where possible). Slowing growth has meant that the uplifts in value in certain portfolio companies have been insufficient in this period to offset some of the headwinds. There were also company-specific performance issues with companies encountering tougher trading conditions, reducing growth in revenue. This led to under-performance against expectations which translated to lower valuation multiples. Some portfolio companies attempted to raise and were unfortunately unsuccessful, leading several to be placed into administration or accept acquisition offers on unfavourable terms; more can be read on these disposals in the Portfolio Manager's review on page 21. Others had to complete funding rounds at lower valuations or structured in a way which negatively impacted some existing shareholders as they were on more dilutive terms. This reflects the increased cost of capital for investors because of higher interest rates.

When periods are more challenging, it is crucial that the portfolio companies' management teams are supported as they are a key determining factor to a company's success. The Octopus Ventures team sets itself apart as it looks to add value beyond just investment. It is actively involved in its portfolio companies, with a people and talent manager assigned to each area of focus, and a team member typically taking a seat on the board. Both offer tailored advice, work shops and strategy sessions relevant to the businesses' stage and sector. Regular board reporting allows the Octopus Ventures team to closely assess a company's progress and focussed sessions are internally led to assess trajectory and future planning. These review

points are especially important at times when the ability to source further investment is more limited and as a result, introductions to contacts and alternative investment sources can be made at the opportune time.

2023 has been another challenging year and, with the UK officially entering a recession in February 2024 and the expectation that interest rates will not start to fall until the end of 2024, it is unlikely that recovery will be near term. Analysis from Atomico's "State of European Tech 23 in 2023", shows investments in the European technology ecosystem dropped to half the levels seen in 2021, when investment volumes surpassed \$100 billion for the first time, and a 28% decline from 2022¹. This reduction is driven by many later-stage companies delaying fundraising, coupled with investors deploying funds at a significantly slower pace during periods of economic uncertainty and declining valuations. In line with this, the exit landscape has also been subdued since its peak during the final quarter of 2021, which has made it difficult to realise value in Titan's portfolio.

However, there are signs of recovery and reasons to be optimistic about the future outlook. The Standard and Poor's 500 (S&P 500) is a stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the US. This closed on 31 December 2023 with a 24% increase over the prior year, showing a renewed appetite for public equities. This positive trend was mirrored in the valuation multiples of technology companies, where signs of stabilisation and recovery were evident². These factors fuel optimism in the market. Furthermore, Titan's portfolio remains well funded with circa 48% of the portfolio NAV being comprised of companies not expecting to need further funding. This figure rises to 88% when including those companies with more than 12 months' cash runway.

1. Atomico, State of European Tech – December 23 – p.38

2. Bessemer Index

The lower valuation environment also provides more attractive opportunities to invest and add to the portfolio, which we believe will provide the foundations for positive long-term shareholder returns. Despite the decline in Titan's performance, the Board believes that the Company is well placed, with its diverse portfolio spanning different sectors, business models and stages, to navigate the challenges and our long-term view of early-stage venture capital remains positive.

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 2024

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, Business-to-Business (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

As announced in the half-yearly report, Titan now targets a regular dividend in each financial year of 5% of the NAV per share at the start of that financial year, with the potential to pay special dividends when there are significant gains from the sale of portfolio holdings.

As at the date of this report, Titan has paid total dividends of 102p per share to investors and announced a further 1.9p dividend for payment in May 2024. The 5% dividend target is not a guarantee, and no projection or forecast is expressed or implied.

Titan is the largest VCT in the market, with almost £1 billion of funds under management and a diverse portfolio of over 140 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 Skin+Me. Octopus Ventures continues to seek out and back companies with the potential to become generation-defining companies.

Titan's strength 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 due to the evergreen nature of the Company; and
- the team at Octopus Ventures has the resources and experience to provide practical support and guidance to the entrepreneurs the Company backs to increase their chances of success.



Read more about cash deployment and creating value for the long term on pages 17 and 18.

Spotlight on the portfolio

Octopus Ventures is backing the people and ideas that will change the world. The portfolio is comprised of companies that Titan believes have the power to transform the world for the better and they are diversified across stage, sector and business model.

Despite the challenging global macro-economic climate, many of the portfolio companies have been able to take advantage of new opportunities which have become available to them, completing further funding rounds, growing their client base, launching new products and services and expanding into new markets.

Some portfolio examples include:



400+

Supports 400+ brands to deliver better shopping experiences to their customers



1 billion

Its patented on-device technology is now running on over 1 billion devices a month globally



92%

Of individuals on its substance use treatment program were abstinent for three months, demonstrating the program's effectiveness in helping to manage patients' opioid use¹



96%

A single Orbex rocket launch will have up to 96% fewer emissions than a comparable launcher using fossil fuels



30,000

Has helped remove the stress of personal taxes for over 30,000 people



30+

Created the first new credit instrument in the last 30+ years

1. Source: Laura B. Monico, Megan Eastlick, Darcy Michero, Peyton Pielsticker, and Suzette Glasner. Feasibility and acceptability of a novel digital therapeutic combining behavioral and pharmacological treatment for opioid use disorder. Digital Health (Sage). Forthcoming 2024.

Spotlight on the portfolio continued

The portfolio has displayed good resilience to the global challenges:

There is breadth and depth in Titan's portfolio as it spans seven investment themes (about which more can be read on the following page) across different stages of development, sector and business model. This diversity means that Titan should be well placed to take advantage of opportunities that arise as the economy starts to recover.

£400 million

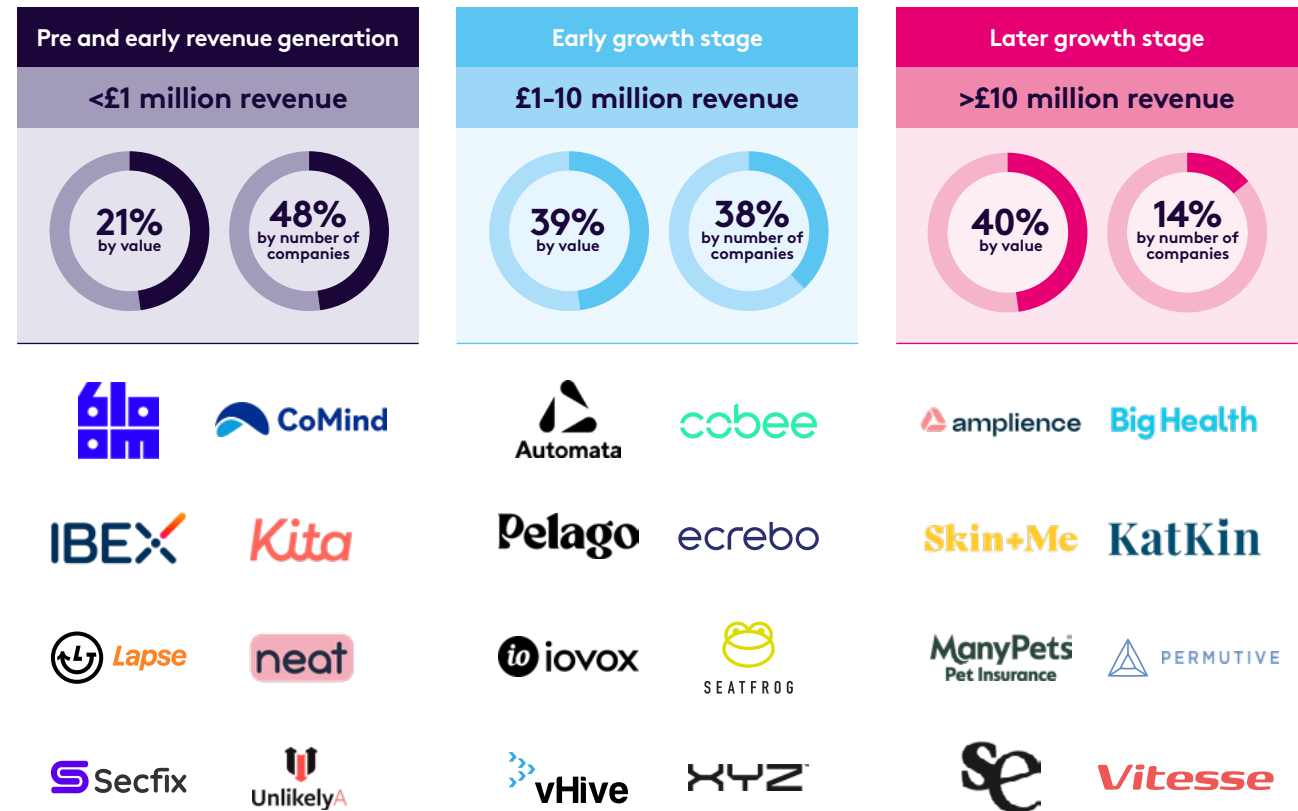
raised in investment rounds that the Company participated in

11%

increase in revenue generated by portfolio companies from 2022 to 2023¹

60%

increase in forecast revenue for calendar year 2024 versus actual received in 2023¹



¹ Based on data available for calendar year 2022 and 2023.

Titan's portfolio

Investment focus

Titan's portfolio spans seven investment areas of focus across different stages of development. Below you can read more about each area of focus and some portfolio company examples.

Fintech

Backing the startups that are redefining financial services, driving us towards a future of safe, efficient transactions that occur faster than the speed of thought.

Vitesse  Intropic

Health

Backing the businesses and people at the most ambitious frontiers of medical science. Supporting health tech startups who uncover the unknown. The people doing things we didn't think were possible, confronting taboo issues and breaking down social boundaries.

mojo **Pelago**

B2B software

Supporting industries through digitisation and automation. Advances in B2B software have an impact on every industry, bringing everyone closer to more efficient and sustainable ways of working.

Legl  PERMUTIVE

Consumer

Redefining how we live, work and play. Backing the pioneers who use tech to dramatically improve consumers' lives. They're obsessed with their customers' happiness, and dedicated to delivering authentic, unique experiences.

KatKin **TASTER** 

Deep tech

Advancing technology touches every aspect of our lives: agriculture, education, health, commerce, communication. Backing the founders who are solving deep technical problems across every industry in ways that will transform our world. They've pioneered new business models to create opportunities and invent entirely new markets.

 Puraffinity  **vHive**

Bio

Backing trailblazing founders creating a bioscience-led revolution. Advances in biosciences and molecular biology, combined with leaps forward in computer power, have laid the foundations for a revolution across sectors from therapeutics to energy.

 **pear bio**  **PENCIL**
Biosciences

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.

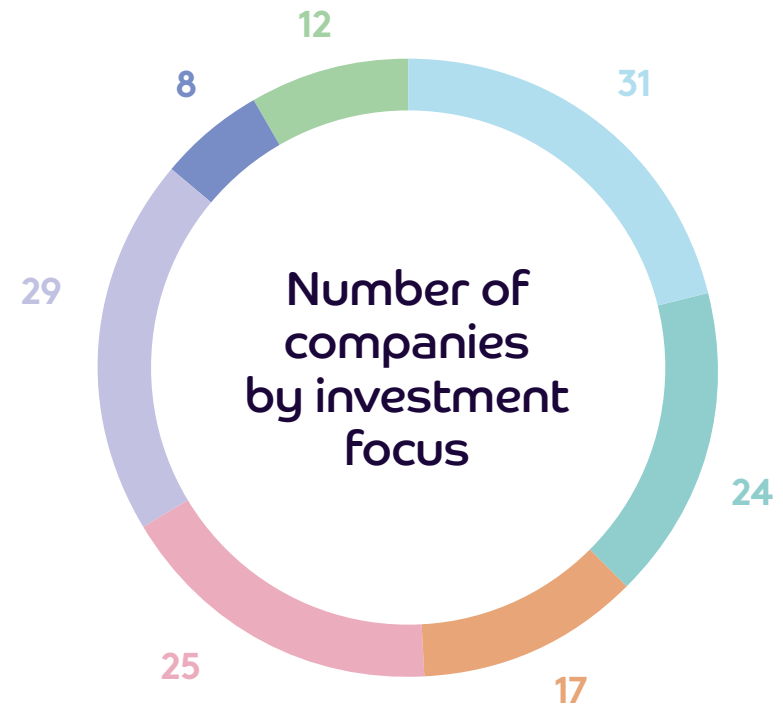
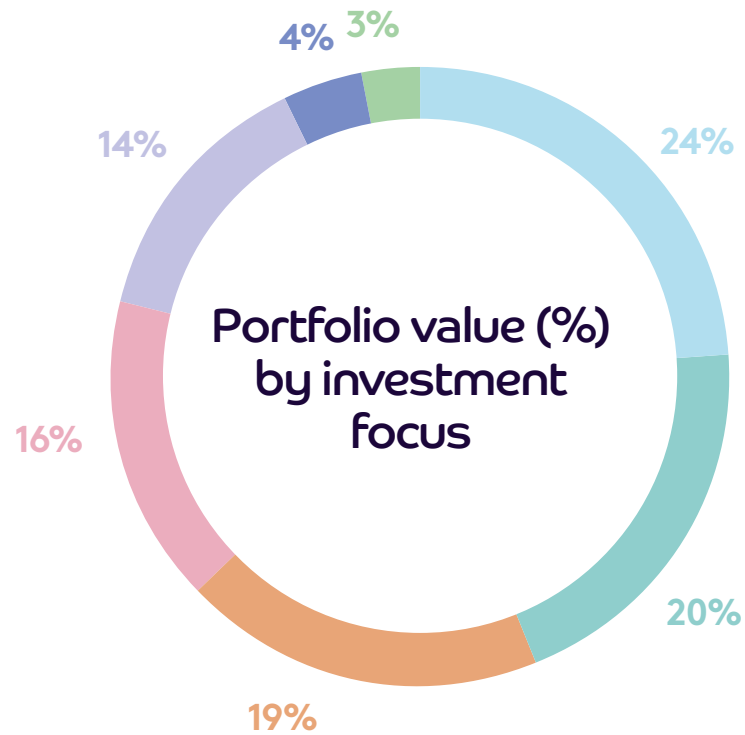
Kita  **METRIS**

Titan's portfolio continued

Investment focus continued

The pie charts below illustrate Titan's investment focus by portfolio value as a percentage and by number of portfolio companies.

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



How Titan works

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:



15-30

new early-stage investments per year



£1m-£10m

initial investment from Titan



Pioneers

with global ambitions



10x+ return

target on initial investment



Invest further

where we can enhance returns



Aiming for a 20%

initial equity stake across all Octopus Ventures mandates

How Titan works continued

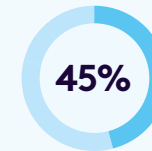
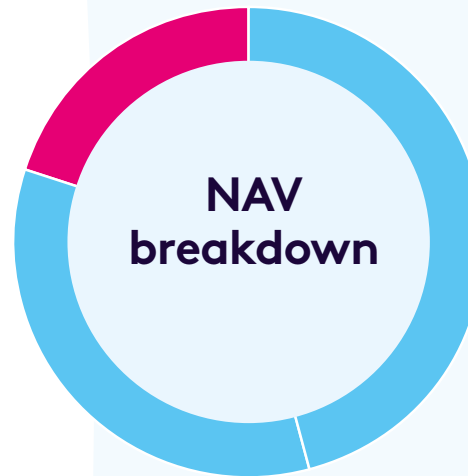
What's in a share

By owning shares in Titan you gain access to a portfolio of over 140 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. 80% is derived from the value of the underlying investments as at 31 December 2023. 20% is held as highly liquid cash in the bank, money market funds and corporate bond portfolios, 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 balance represents less than 1% and is the value of debtors less creditors.

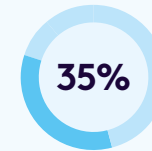


Read more in the **Financials section on pages 81 to 105.**



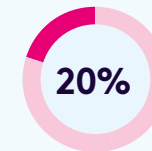
Top 20 investments

The value of the top 20 portfolio investments



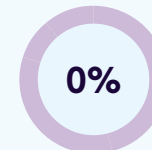
Other investments

Value of remaining portfolio investments



Cash and cash equivalents¹

Value of cash in bank, money market funds and corporate bond portfolio



Other

Value of debtors less creditors

¹ For the purpose of fund management, the corporate bond portfolio is included as cash and cash equivalents. Cash, for the purpose of the Cash Flow Statement comprises of cash at bank and money market funds.

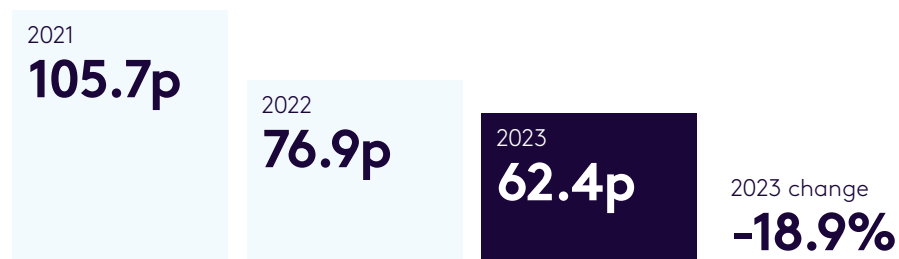
How Titan works continued

Measuring our performance continued

Titan's objective is to provide shareholders with attractive dividends and potential capital return by investing 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 which are classified as alternative performance measures (APMs) in line with Financial Reporting Council (FRC) guidance. Please see the Glossary of Terms on page 111 for further details.

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 76.9p to 62.4p. 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 2023 has been driven by a combination of the continuation of a tougher trading and fundraising environment; some externally led funding rounds into portfolio companies, which have had dilutive effects on Titan's shareholding; company specific performance issues; and a slowing of growth across the portfolio as companies optimise for efficiency and profitability (where possible).

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 5% 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 76.9p to 62.4p. Adding back the 5p of dividends paid in the year, this is a decrease of 9.5p or 12.4%. 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 19.

How Titan works continued

Measuring our performance continued

3 Dividends per share paid in the year

Titan targets a regular dividend in each financial year of 5% of the NAV per share at the start of that financial year, with the potential to pay special dividends when there are significant gains from the sale of portfolio holdings.

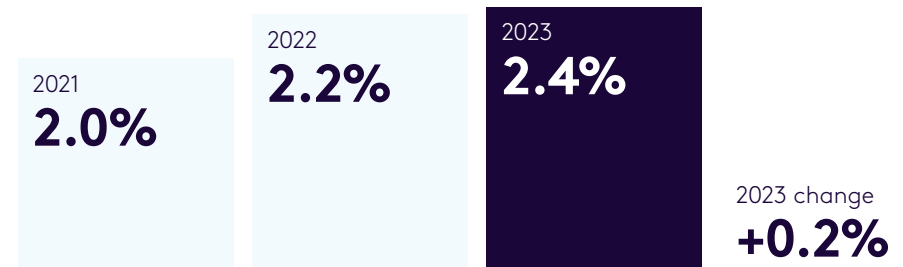


Performance over the year

Ordinary dividends of 5p were paid in the year in line with the dividend policy at the start of 2023 of a regular annual dividend of 5p per annum. The decrease since 2021 is due to the special dividend of 6.0p being declared in September 2021 and paid on 20 December 2021. As announced in the half-yearly report, Titan now targets a regular dividend of 5% of the NAV per share at the start of the financial year.

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. This is capped at 2.5%.



Performance over the year

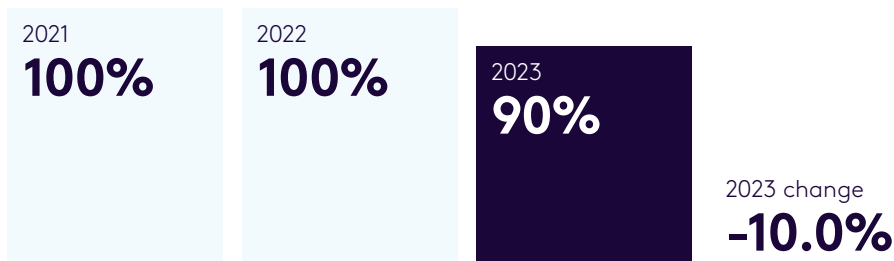
Total ongoing charges as a percentage of average net assets has increased due to the decline in the average net assets, and an increase in the running costs of the VCT. Titan's target of 2% has been removed given management fees are capped at 2% of net assets before factoring in other costs to the VCT. Titan continues to remain below the cap of 2.5%.

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, 90% 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.

The decrease in the year is due to 4 companies unfortunately becoming non-qualifying during the year, along with disposals from the previous year passing through the 12 months expiry period, known as the "grace period" in HMRC's VCT qualification rules. However, Titan continues to meet its target of at least 90% qualifying investment level.

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 2023.



Performance over the year

The Companies Act distributable reserves have increased significantly following the reduction in nominal share capital and the cancellation of the share premium balance in August 2023.

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 equivalents¹

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.

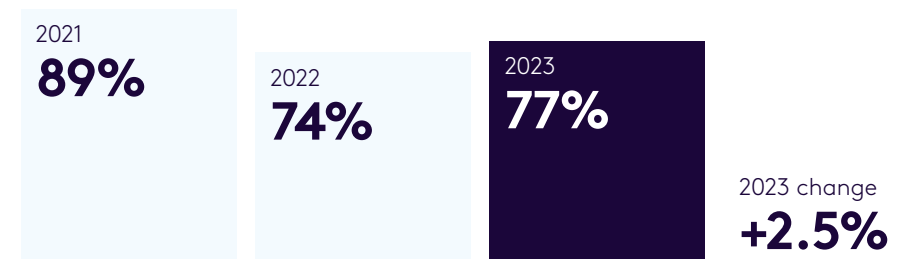


Performance over the year

The increase in cash and cash equivalents is driven by the funds raised during the year. The movement in cash and cash equivalents over the year was driven by £182 million of funds allotted and disposals of £46 million in FY 2023, offset by deployment of £98 million into new and follow-on investments, £58 million in dividends (net of DRIS), £32 million in share buybacks, £28 million in annual investment management fees and other running costs. This movement can be seen in the cash deployment bridge on page 17.

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 17.



Performance over the year

With £46 million of proceeds from exits in the year (as shown on page 21), the slight increase in the year, is due to the significant deferred disposal proceeds received from profitable exits made in 2021.

¹ For the purpose of fund management, the corporate bond portfolio is included as cash and cash equivalents. Cash, for the purpose of the Cash Flow Statement comprises of cash at bank and money market funds.

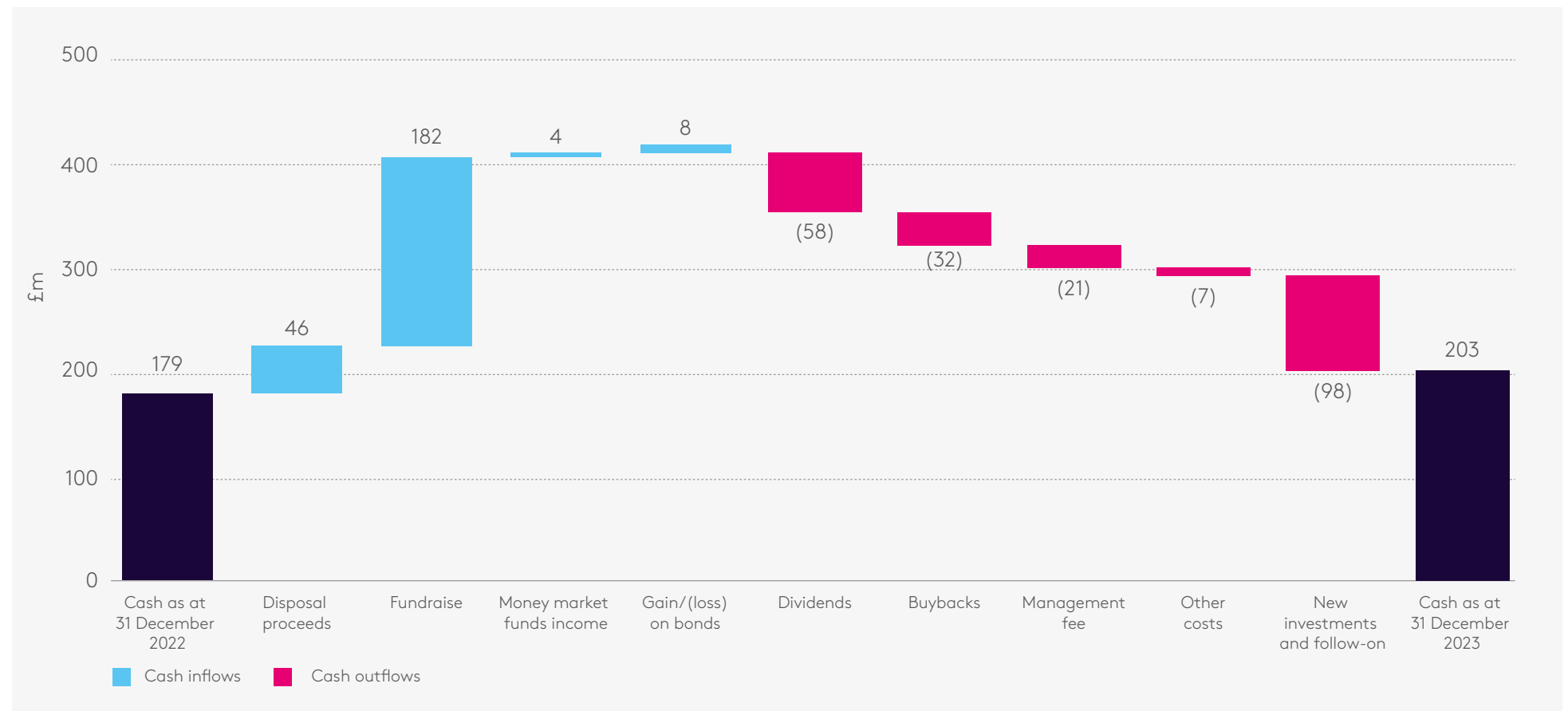
How Titan works continued

Creating value for the long term

Cash deployment

The following graph shows Titan's cash, for the purpose of the graph below, inflows and outflows during the year to demonstrate the movement from the opening to closing cash and cash equivalents.

The cash and cash equivalents balance includes cash at bank, funds in money market accounts, and corporate bonds.

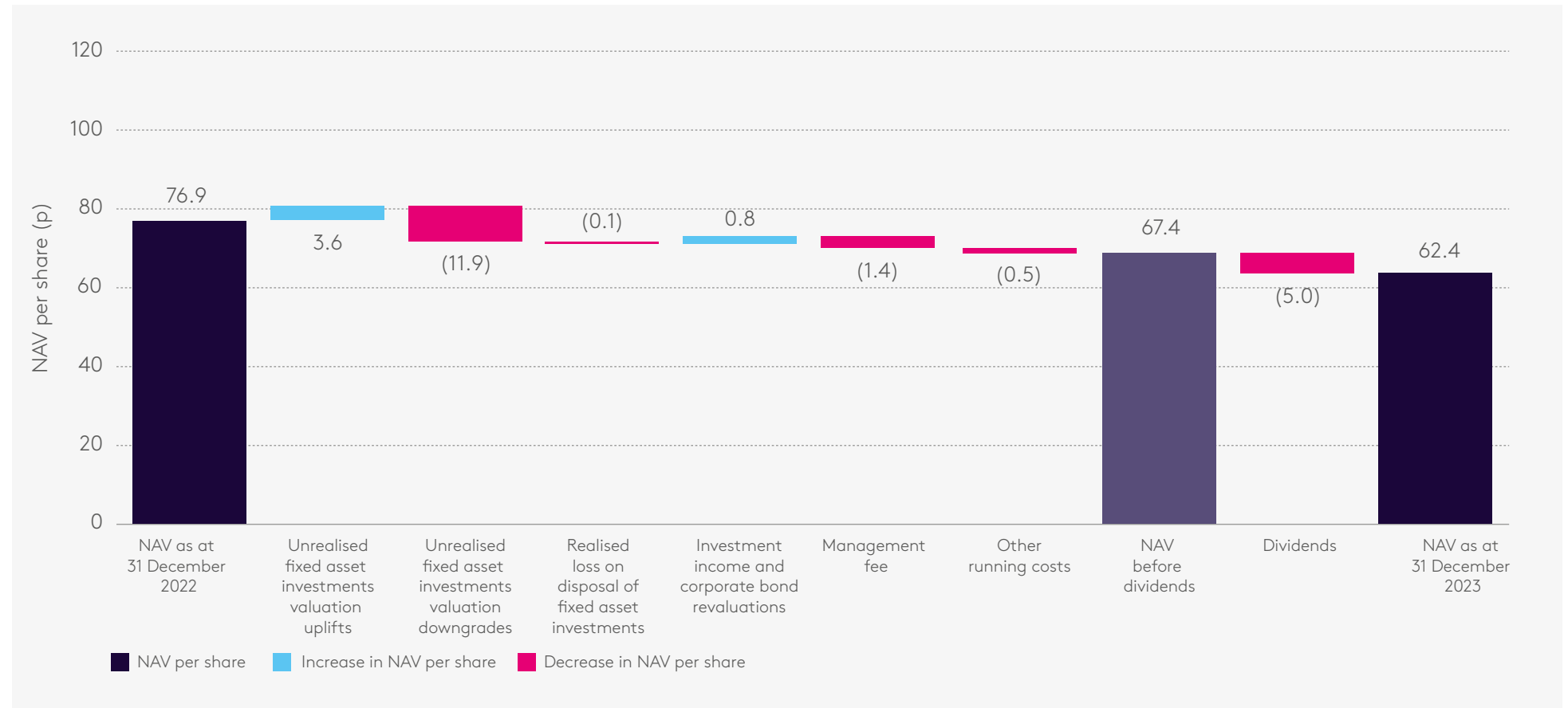


How Titan works continued

Creating value for the long term continued

Titan total value movement

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 open communication. Our annual and half year updates are designed to keep you informed about the progress of your investment.

Focus on performance

The NAV of 62.4p per share at 31 December 2023 represents a decrease in NAV of 9.5p per share versus a NAV of 76.9p per share as at 31 December 2022, after adding back dividends paid during the year of 5p (2022: 5p) per share, a decrease of 12.4% in the year.

The performance over the five years to 31 December 2023 is shown below:

	Period ended 31 December 2019 ¹	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023
NAV, p	95.2	97.0	105.7	76.9	62.4
Cumulative dividends paid, p	76.0	81.0	92.0	97.0	102.0
Total value, p	171.2	178.0	197.7	173.9	164.4
Total return	7.6%	7.1%	20.3%	(22.5)%	(12.4)%
Dividend yield	5.4%	5.3%	11.3%	4.7%	6.5%
Equivalent dividend yield for a higher rate tax payer	8.0%	7.8%	16.8%	7.0%	9.8%

1. The period to December 2019 was 14 months.

The decrease in valuation over 2023 has been driven by the downward valuation movements across 80 companies which saw a collective decrease in valuation of £189 million. The businesses that contributed most significantly to this were ManyPets, Orbex and Elvie. These three valuation movements account for 42% of the total decline in the reporting period. ManyPets has been implementing changes to drive higher efficiency and target profitability in the short term at the expense of growth. The company has also needed to drive significant price increases in response to high vet fee inflation thereby hurting customer retention figures, further impacting growth. Comparable companies with lower growth rates tend to attract lower valuation multiples and this has impacted the holding value of ManyPets, which, given the size of the holding, has driven a meaningful downward movement. Orbex has seen a decline in value due to the technical risk surrounding it

successfully launching a rocket later in 2024, a significant milestone for the business for it to secure further funding. Elvie's decline in value is due to a need to raise further funding, which will occur at significantly dilutive terms given challenging trading as a result of consumer confidence declining, increased competition and some product launch delays.

Octopus Ventures believes that many of the companies which have seen decreased valuations in the year have the potential to overcome the issues they face and get their growth plans back on track. Octopus Ventures will continue to work with them to help them realise their ambitions. In some cases, the support offered could include further funding, to ensure a business has the capital it needs to execute on its strategy.

Conversely, 38 companies saw an increase in valuation in the period, delivering a collective increase in valuation of £57 million. These valuation increases reflect businesses

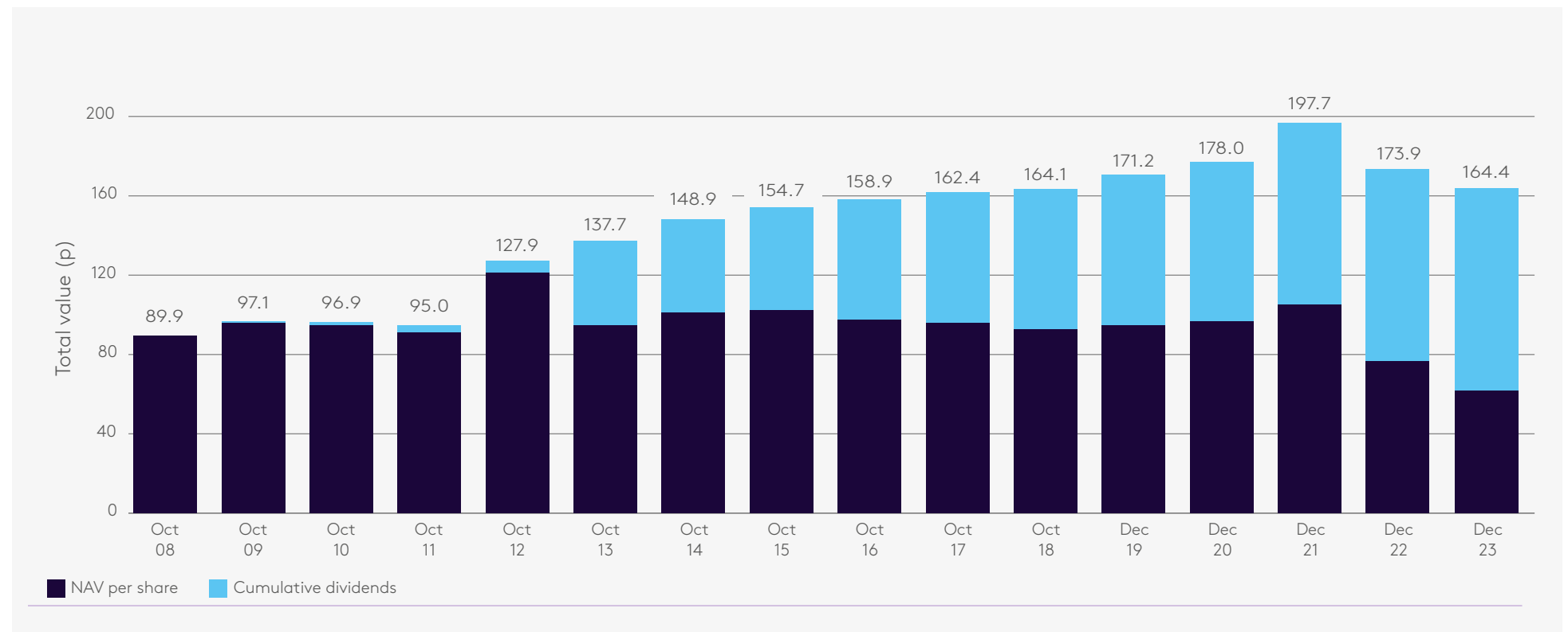
which have successfully concluded further funding rounds, grown revenues or met certain important milestones. Notable strong performers in the portfolio include Pelago, Vitesse and Skin+Me. Pelago has grown strongly and successfully concluded a further funding round in 2023, while Vitesse and Skin+Me have both shown impressive capital efficient growth. These strong performers demonstrate that there are opportunities available for companies to thrive, and Titan's diverse portfolio allows different routes for each company to succeed in their market.

The gain on Titan's uninvested cash reserves was £12.9 million in the year to 31 December 2023 (31 December 2022: loss of £12.6 million), primarily driven by fair value movements in the corporate bond portfolio and returns on money market funds. The Board's objective for these investments is to generate sufficient returns through the cycle to cover costs, at limited risk to capital.

Portfolio Manager's review continued

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). Despite the reduction in NAV in the year, 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 164.4p at 31 December 2023. This represents an increase of 83% in value since Titan's first full year including 102p of dividends paid since inception. Since Titan launched, a total of over £506 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

Disposals

One full profitable disposal completed in the year with iSize being acquired by Sony Interactive Entertainment in November 2023. In the year, Titan also received deferred proceeds from the sale of WaveOptics (to SNAP Inc in 2021), Conversocial (to Verint Systems Inc in 2021), Glofox (to ABC Fitness Solutions in 2022), Digital Shadows (to ReliaQuest in 2022) and Skew (to Coinbase in 2021). Liquidation proceeds were also received in the reporting period when Third Eye was dissolved. In 2023, these disposals, deferred and liquidation proceeds have returned £46 million to Titan in cash, shares and/or deferred amounts.

In January 2023, Arena Flowers (the UK's number one rated ethical flower delivery company) acquired and merged with portfolio company Patch. As a result, Titan now holds shares in the combined business. The businesses are highly complementary, and the growth potential and synergies create opportunities to deliver value to the stakeholders of the enlarged group.

There have been three disposals made at a loss: Commazero was acquired by Weavr (Paystratus Group Limited); Chronext sold to a Swiss investment group; and ByMiles was acquired by Direct Line Group. In aggregate, these losses generated negligible proceeds compared to an investment cost of £16 million.

Unfortunately, Troglo (trading as LVNDR) was placed into administration having been unsuccessful in securing further funding and having explored and exhausted all available options. In the year, Third Eye and Phasor Solutions were fully dissolved having been placed into administration in previous reporting periods.

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.

In these more demanding periods, it is especially important that we are an active investor, offering more than just financial support. We have our in-house people and talent team who lend their expertise and knowledge to support our portfolio companies with both their recruitment and team structuring. They also help build strong foundations to grow and develop the business with robust processes and policies being established early on and providing platforms and tools to help them succeed. It is typical for a member of the Octopus Ventures team to join the Board of a portfolio company to provide ongoing, tailored support, including introducing companies to key contacts to partner with on the next stage on their growth journey.

	Period ended 31 December 2019 ¹	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2023	Total
Dividends (£'000)	33,187	46,037	101,976	49,596	58,210	289,006
Disposal proceeds ² (£'000)	26,334	23,915	221,504	62,213	45,637	379,603

1. The period to December 2019 was 14 months.

2. This table includes cash and retention proceeds received in the period.

Portfolio Manager's review continued

New and follow-on investments

Titan completed 22 new investments and made 18 follow-on investments in 2023. Together, these totalled £98 million (made up of £54 million into new companies and £44 million invested into the existing portfolio). This compares with 31 new investments and 33 follow-on investments in 2022, together totalling £157 million. This slowing of investment rate is a result of a reduced volume of founders seeking funding as they look to reduce reliance on further funding, or take steps to make their existing capital go further. The total value of the portfolio as at 31 December 2023 is £791 million.

Below are some examples of our new investments. For a full list of investments which completed in the year, please refer to the appendix on page 102:



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



HelloSelf offers a digital, personalised psychological therapy and coaching platform.



Perci Health is the first digital and comprehensive cancer survivorship clinic.



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



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



Remofirst is an Employer of Record (EOR) and compliance platform that allows companies to hire and pay employees globally.¹



Colonia Technologies is a B2B marketplace for commercial vehicle sharing.



Onibi is creating an online game called Jam Land. It is a mobile-first, 3D game, focused on exploration, creation and social. Based in an ocean world governed by physics, with islands, flying structures and creatures; and built for short game play loops.



Vypercore is developing a new processor design which allows memory usage to be managed more efficiently and securely by moving memory allocation from software to hardware.



Go Autonomous is a SaaS solution that automates over 50% B2B revenue generation that is conducted through unstructured communication channels (primarily email).



Pencil Biosciences is a gene editing technology platform.



Fintech



DeepTech



Health



Consumer



B2B software



Bio



Climate

1. Investment completed in 2024.

Portfolio Manager's review continued

Q&A

Q Where does Octopus Ventures source its investments from?

A The team receive inbound approaches from entrepreneurs across all stages of development and sectors. We engage with thousands of companies seeking investment and go on to invest in less than 1% of these. We also proactively research the best-in-class founders and businesses which are looking to fundraise within our seven areas of focus and reach out to the teams to learn more and understand if they meet our investment criteria. In-line with our female diversity pledge (of which more can be read about on page 36) we have launched different initiatives to help drive engagement with female entrepreneurs to ensure we offer an equal opportunity to assess female founded and led businesses. Sometimes we can meet a business which may not be right for our investment at that point in time, but we offer the company constructive feedback and give guidance on milestones so that they can come back to us and we can reassess in the future. As well as entrepreneurs we haven't worked with before, a great endorsement of our reputation is founders we have previously partnered with often returning to us to back their next businesses.

Q How does Octopus Ventures assess potential investments?

A After reviewing pitch materials and having an introductory call with a business, if we feel the opportunity is truly pioneering and led by an incredible management team, we invite them to pitch to our investment team – allowing the company to tell us their story and to ask any questions. If positive, we will then spend time evaluating in more detail the key elements of the company ranging from team and hiring plans, product and technology, financials, sales pipeline and competitive landscape among other matters. In parallel, we will frequently speak to partners, customers and relevant third parties to help us assess the opportunity. The final step in our process is to invite the management team to a final pitch to our Investment Committee, made up of senior investment professionals within the Octopus Ventures team. Following that meeting, if we have built sufficient conviction in the team and opportunity, we will put forward terms upon which we will invest in the business. Once terms are agreed, we will complete confirmatory due diligence alongside Director checks and negotiation of the investment legal documents, which govern how we will work with the company post-investment.

Portfolio Manager's review continued

Q&A

Q What are the timeframes around making an investment?

A We would expect a typical investment process to take around three months from initial meeting to completion of the investment, but we are often in contact with a management team for months if not years before making our initial investment. An existing relationship prior to investment allows both parties to ensure there is a good fit, ahead of working together, in many instances this can span many years. We recognise that fundraising is a necessity for early-stage companies, and that it puts a huge strain on a business which is typically short on resource and time. As a result, we are always focused on trying to make the investment process as smooth and frictionless as possible whilst ensuring due process is followed.

Q How does Octopus Ventures monitor Titan's portfolio companies?

A Our typical investment horizon is seven to ten years, and early-stage companies will often need several rounds of funding and support before an exit. So, we don't just make an investment, but we also actively participate in the company's growth plans. Usually, someone from Octopus Ventures sits on the board of the companies in which we invest, allowing them to play a prominent role in the company's ongoing development and share their expertise and learnings. In addition, we focus on two core value-add initiatives – firstly, we work hard to help the founders raise their next funding round, through investor introductions and fundraising advice. Secondly, we understand that, as with many companies, the quality of the team can make or break a young business, so we support this with a dedicated in-house people and talent team. Their contributions range from establishing best-in-class recruitment processes, to finding appropriate coaches for the senior leadership team, to selectively supporting recruitment efforts for key roles.

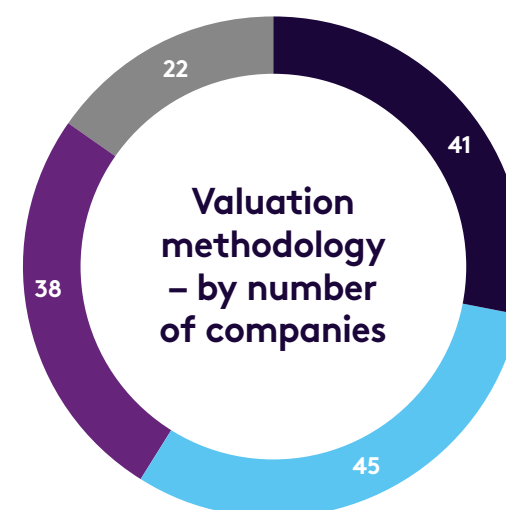
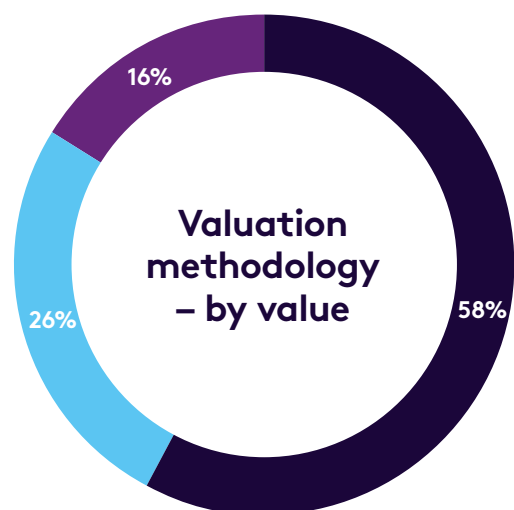
Portfolio Manager's review continued

Valuations

Titan's unquoted portfolio companies are valued in accordance with UK GAAP accounting standards and the International Private Equity and Venture Capital (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 available we do; are knowledgeable parties with no pre-existing relationship; and that the transaction is carried out under the normal course of business.

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 by the year end or shortly after the year 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.



● Multiples ● External price ● Scenario analysis ● Write-off

Portfolio Manager's review continued

Portfolio case studies



ibex-ai.com



Trusted cancer diagnostics for all

Ibex is transforming cancer diagnostics with artificial intelligence (AI). The company was founded in 2016 with the aim to ensure that every patient can receive accurate, timely and personalised cancer diagnosis. Its AI platform (named Galen) is deployed worldwide, supporting pathologists and providers with AI insights that help improve the quality and accuracy of diagnosis and drive better efficiencies with optimised lab workflows. Galen helps pathologists detect and grade breast, prostate, and gastric cancer. Galen is integrated with third-party digital pathology software solutions, scanning platforms and laboratory information systems, its workflows deliver automated high-quality insights that enhance patient safety, increase physician confidence and boost productivity.

Octopus investment dates:

March 2021: Series B
July 2023: Series C

**Used everyday
at health systems,
hospitals and
laboratories in the US,
UK, Europe, Asia and
Australia**

**Partnerships
with industry leaders
such as AstraZeneca,
Philips and Roche**

**\$55 million
raised in Series C
funding round in 2023**



neat.eu



Provides insurance solutions for everyday products and services

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

**700
merchants worked
with**

**25
products offered**

Octopus investment dates:

November 2022: Seed



Portfolio Manager's review continued

Portfolio case studies



comind.io



lapse.com



The future of neurotechnology is non-invasive

CoMind's mission is to redefine how the brain is measured and treated to optimise patient outcomes across the care continuum. It is creating a ground-breaking neuromonitoring device designed to continuously measure cerebral physiological signals non-invasively, many of which are inaccessible today. This simple, non-invasive measurement at the patient's bedside will enable better diagnostics and treatment for complex neurological conditions.

150,000+
users screened and had their brain health managed

\$20 million
raised in Series A funding round in 2023

Octopus investment dates:

April 2021: Seed+
November 2023: Series A



"Friends not followers"

Lapse is an app inspired by film photography; users take photos using a retro image filter allowing close friends to view their private photo journal. Lapse was built in reaction to social media companies creating platforms where people can feel compelled to curate their lives for strangers rather than for sharing memories. It launched in 2021 and is available on iOS in the US, Canada and the UK. It is still in early access stage, meaning potential users must be invited by users already on the platform to ensure that everyone has a great experience, allowing the app to develop and refine based on user experience and feedback.

September 2023

the top ranked app in the US across all categories

\$30 million
raised in Series A funding round in 2023

Octopus investment dates:

December 2021: Seed
December 2023: Series A

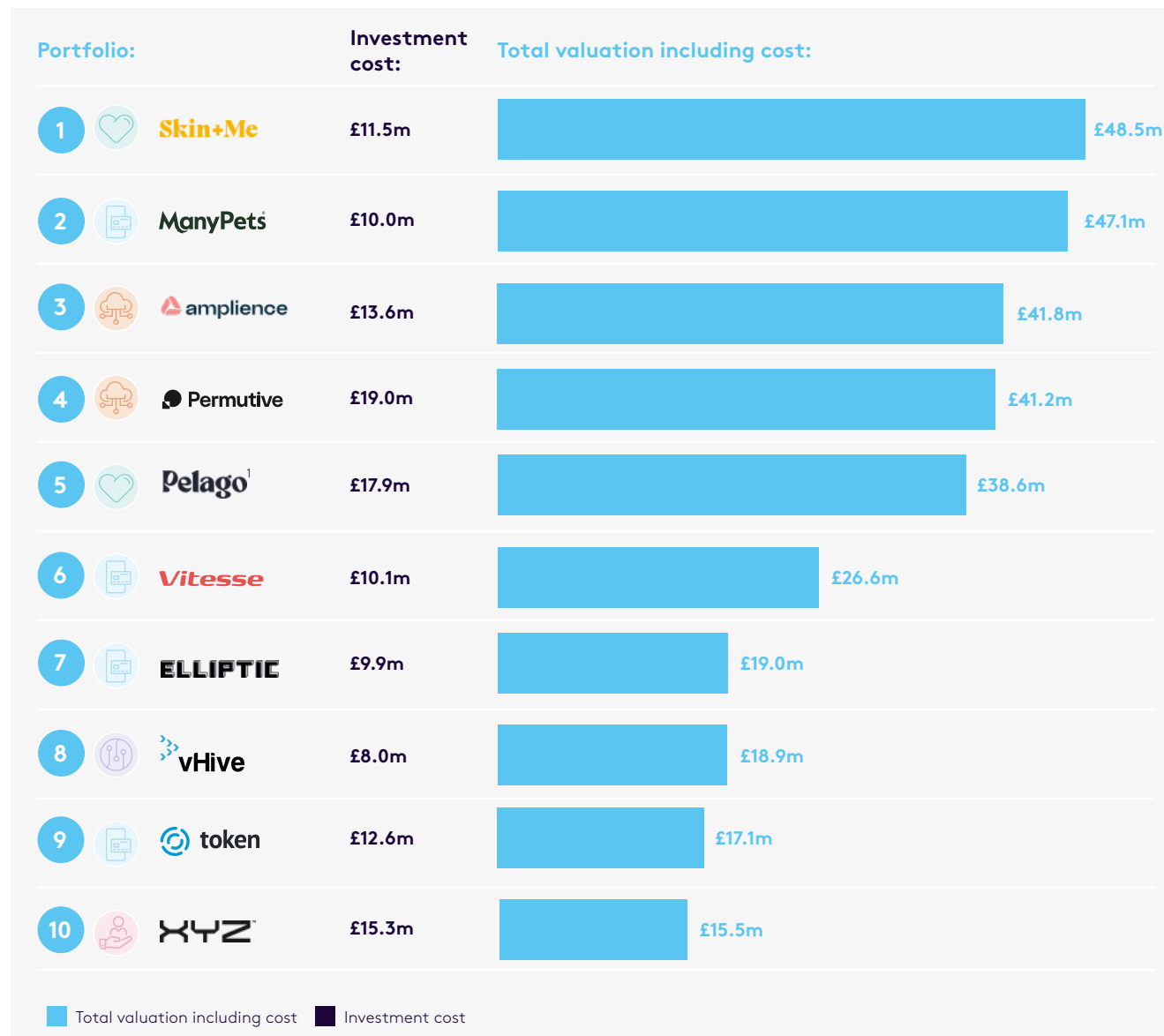


Portfolio Manager's review continued

We are disappointed to report a net decrease in the value of the portfolio of £132 million since 31 December 2022, excluding additions and disposals. This represents a decline of 16% on the value of the portfolio at the start of the year. Here, we set out the cost and valuation of the top 20 holdings, which account for 56% of the value of the portfolio.











Key:

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



1. Digital Therapeutics, Inc., formerly Quit Genius, has rebranded as Pelago.

Portfolio Manager's review continued

Portfolio:	Investment cost:	Total valuation including cost:
11  ORBEX	£10.3m	£15.3m
12  Big Health	£12.9m	£14.4m
13  Legl	£7.3m	£13.8m
14  iovox	£7.2m	£13.5m
15  ometria	£11.5m	£13.2m
16  IBEX	£11.8m	£12.5m
17  KatKin	£8.2m	£12.0m
18  Lapse	£8.0m	£11.8m
19  Sofar	£11.5m	£11.7m
20  Automata	£12.3m	£11.7m

■ Total valuation including cost
 ■ Investment cost

7 of the top 10 investments have increased in value

Portfolio Manager's review continued

Top 10 investments in detail¹

1 

Skin+Me

Skin+Me

www.skinandme.com

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

Initial investment date: **September 2019**

Investment cost: **£11.5m**
(2022: £11.5m)

Valuation: **£48.5m**
(2022: £32.9m)

Last submitted accounts: **31 August 2022**

Turnover: **Not available²**

Loss before tax: **£(10.6)m**
(2022: £(5.5)m)

Net assets: **£(9.1)m**
(2022: £0.3m)

Valuation methodology: **Multiple**

2 

ManyPets

ManyPets

www.manypets.com

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

Initial investment date: **October 2016**

Investment cost: **£10.0m**
(2022: £10.0m)

Valuation: **£47.1m**
(2022: £102.7m)

Last submitted accounts: **31 March 2023**

Turnover: **£32.8m**
(2022: £42.4m)

Loss before tax: **£(41.8)m**
(2022: £(31.9)m)

Net assets: **£(25.7)m**
(2022: £12.6m)

Valuation methodology: **Multiple**

3 

amplience

Amplience

www.amplience.com

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

Initial investment date: **December 2010**

Investment cost: **£13.6m**
(2022: £13.6m)

Valuation: **£41.8m**
(2022: £38.7m)

Last submitted accounts: **30 June 2023**

Turnover: **£14.9m**
(2022: £13.4m)

Loss before tax: **£(8.1)m**
(2022: £(7.8)m)

Net assets: **£(17.4)m**
(2022: £(12.1)m)

Valuation methodology: **Multiple**

4 

Permutive

Permutive

www.permutive.com

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

Initial investment date: **May 2015**

Investment cost: **£19.0m**
(2022: £19.0m)

Valuation: **£41.2m**
(2022: £38.5m)

Last submitted accounts: **31 January 2023**

Turnover: **£9.8m**
(2022: £7.1m)

Loss before tax: **£(19.3)m**
(2022: £(9.6)m)

Net assets: **£(40.2)m**
(2022: £(23.3)m)

Valuation methodology: **Multiple**

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

2. Information not publicly available.

Portfolio Manager's review continued

Top 10 investments in detail¹ continued

5 

Pelago

Pelago	
www.pelagohealth.com	
A digital health solution for managing substance use disorders.	
Initial investment date:	January 2020
Investment cost:	£17.9m (2022: £12.8m)
Valuation:	£38.6m (2022: £33.5m)
Last submitted accounts:	Not available²
Turnover:	Not available²
Loss before tax:	Not available²
Net assets:	Not available²
Valuation methodology:	Last round

6 

Vitesse

Vitesse	
www.vitessepsp.com	
A settlement and liquidity management platform to hold funds and deliver international payments globally, using domestic, in-country processing.	
Initial investment date:	June 2020
Investment cost:	£10.1m (2022: £7.1m)
Valuation:	£26.6m (2022: £12.3m)
Last submitted accounts:	31 March 2023
Consolidated turnover:	£11.2m (2022: £4.8m)
Consolidated loss before tax:	£(5.7)m (2022: £(4.5)m)
Net assets:	£16.2m (2022: £8.1m)
Valuation methodology:	Multiple

7 

ELLIPTIC

Elliptic	
www.elliptic.co	
A digital currency custodial and physical storage offering.	
Initial investment date:	July 2014
Investment cost:	£9.9m (2022: £7.7m)
Valuation:	£19.0m (2022: £15.9m)
Last submitted accounts:	31 March 2023
Consolidated turnover:	£9.6m (2022: £6.1m)
Consolidated loss before tax:	£(27.1)m (2022: £(15.0)m)
Net assets:	£10.6m (2022: £36.8m)
Valuation methodology:	Multiple

8 

vHive

vHive Tech Ltd	
www.vhive.ai	
vHive enables businesses to deploy autonomous drone hives to digitise their field assets and operations.	
Initial investment date:	May 2019
Investment cost:	£8.0m (2022: £8.0m)
Valuation:	£18.9m (2022: £19.7m)
Last submitted accounts:	31 December 2022
Consolidated turnover:	\$6.4m (2022: \$2.4m)
Consolidated loss before tax:	\$(3.5)m (2022: \$(3.0)m)
Consolidated net assets:	\$28.2m (2022: \$2.3m)
Valuation methodology:	Multiple

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

2. Information not publicly available.

Portfolio Manager's review continued

Top 10 investments in detail¹ continued



Token

www.token.io

A leading open banking solution, focused on payments.

Initial investment date:	March 2017
Investment cost:	£12.6m (2022: £12.6m)
Valuation:	£17.1m (2022: £18.3m)
Last submitted group accounts:	31 December 2022
Turnover:	Not available²
Loss before tax:	Not available²
Net assets:	£0.7m (2022: £0.5m)
Valuation methodology:	Multiple



XYZ Reality

www.xyzreality.com

Has developed a cloud-based engineering grade augmented reality (AR) software platform and hardware for the construction industry.

Initial investment date:	June 2021
Investment cost:	£15.3m (2022: £8.5m)
Valuation:	£15.5m (2022: £8.5m)
Last submitted group accounts:	31 March 2023
Turnover:	£2.7m (2022: £1.1m)
Loss before tax:	£(8.2)m (2022: £(5.6)m)
Net assets:	£8.2m (2022: £15.9m)
Valuation methodology:	Last round

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

2. Information not publicly available.

Portfolio Manager's review continued

Outlook

The decline in Titan's NAV is disappointing and looking ahead in 2024, there remain headwinds which need to be navigated, notably around the lack of capital, especially at the later stages for driving growth. We have seen the impact on our portfolio companies with their growth slowing, leading to slower valuation appreciation. This has limited their ability to raise follow-on funding at attractive terms or achieve successful exits at appealing valuations. Both the funding and exit environment have been subdued as businesses look to preserve cash and focus on achieving profitability. According to Pitchbook (a provider of private markets data), European funding in 2023 fell to roughly €57 billion, down from €105 billion in 2022 and VC firms raised €16 billion compared to €28 billion a year ago¹.

We do not anticipate an end to the slowdown in the near term, but green shoots of recovery are evident, with public markets starting to rally and investor interest starting to return in some markets. We also believe more challenging periods, such as these, can create opportunities for great investments to be made and it can increase our ability to build meaningful strategic stakes in existing portfolio companies where we believe there is real opportunity for value growth over the coming years.

As stated in the Chair's Statement, Malcolm Ferguson, Octopus' lead Fund Manager for Titan, has resigned and Jo Oliver has assumed the role, on an interim basis, until a full-time lead Fund Manager has been appointed. Malcolm has been a great asset to the Company and we wish him the best in his new role. Jo was previously in this role for the period 2014-2022 and has worked in the team for 15 years. He will work alongside the 30 investment professionals focusing on Titan offering almost 300 years of collective investment experience supported by 25 operations team members.

Titan is well placed in this environment with its evergreen structure as it can take a long-term view. With the support of its shareholders, Titan can be patient and support companies throughout their growth journey and back management teams as they seize the right opportunities at the right time. As we continue to meet with extraordinary entrepreneurs and invest in truly disruptive innovation, Titan is well placed to take advantage of and navigate these difficult times.

1. Pitchbook Report - total VC market data, not just technology.



Operating responsibly

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

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

Please view the Company's RI policy here:

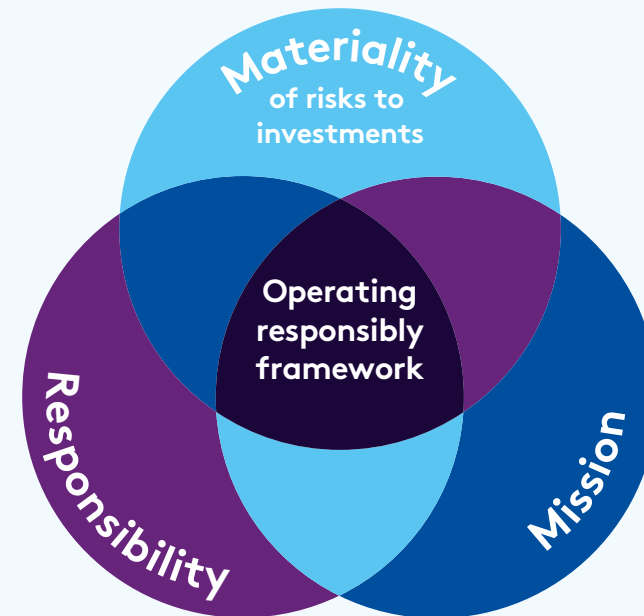
[Octopus Titan VCT plc Responsible Investment Policy](#)

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

Signatory of:



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



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.

Operating responsibly continued

Materiality of risks to investments

Titan has a RI policy to make sure environmental, social and governance risks of the Company'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, an RI 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 back businesses with the power to transform the world for the better. Whilst the Company doesn't target specific sustainability goals or objectives, Octopus Investments tracks the number, amount invested and value of companies in Titan's portfolio that are aligned with Octopus Investments' three investment themes: building a sustainable planet, revitalising healthcare and empowering people.

Responsibility

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

The team endeavours to ensure that all portfolio companies:

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

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

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

Operating responsibly continued

The Portfolio Manager's initiatives

Female diversity pledge:

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

Progress made:

- Between 1 January 2023 and 31 December 2023, 31% of the companies that Octopus Ventures met with had at least one founder who identified as female.
- Initiatives the investment team have launched to help drive engagement with female entrepreneurs include:
 - › offering 'office hours' to answer questions, offering feedback to support entrepreneurs who may not normally have access to this type of forum;
 - › working more actively with earlier-stage angel networks and incubators, as this earlier stage of investment has typically a higher proportion of female founders; and
 - › participating in industry-wide groups and events to improve awareness and communicate our commitment to supporting female founders.
- 24% of the portfolio companies have at least one female founder as at 31 December 2023.

Greenhouse gases (GHG):

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

Progress made:

- The long-term goal is to reduce portfolio emissions to minimise climate-related risks (see page 37). Currently, of the 131 companies contacted throughout 2021 and 2022 requesting their participation, 114 companies have supplied one year's data – either being their 2021 or 2022 emissions data. 2023 data is currently being requested. Below is a breakdown of GHG emissions reported on the carbon monitoring tool provided by Octopus to the portfolio companies. An explanation for the different scopes can be read on page 38:

GHG emissions in tonnes tCO₂e

	2023 <small>(based on 2022 full year data, 58 companies measured)</small>	2022 <small>(based on 2021 full year data, 40 companies measured)</small>
Scope 1 and 2	702.23	431.84

The increase seen in the Scope 1 and 2 emissions is due to a 45% increase in the number of portfolio companies utilising the carbon accounting tool.

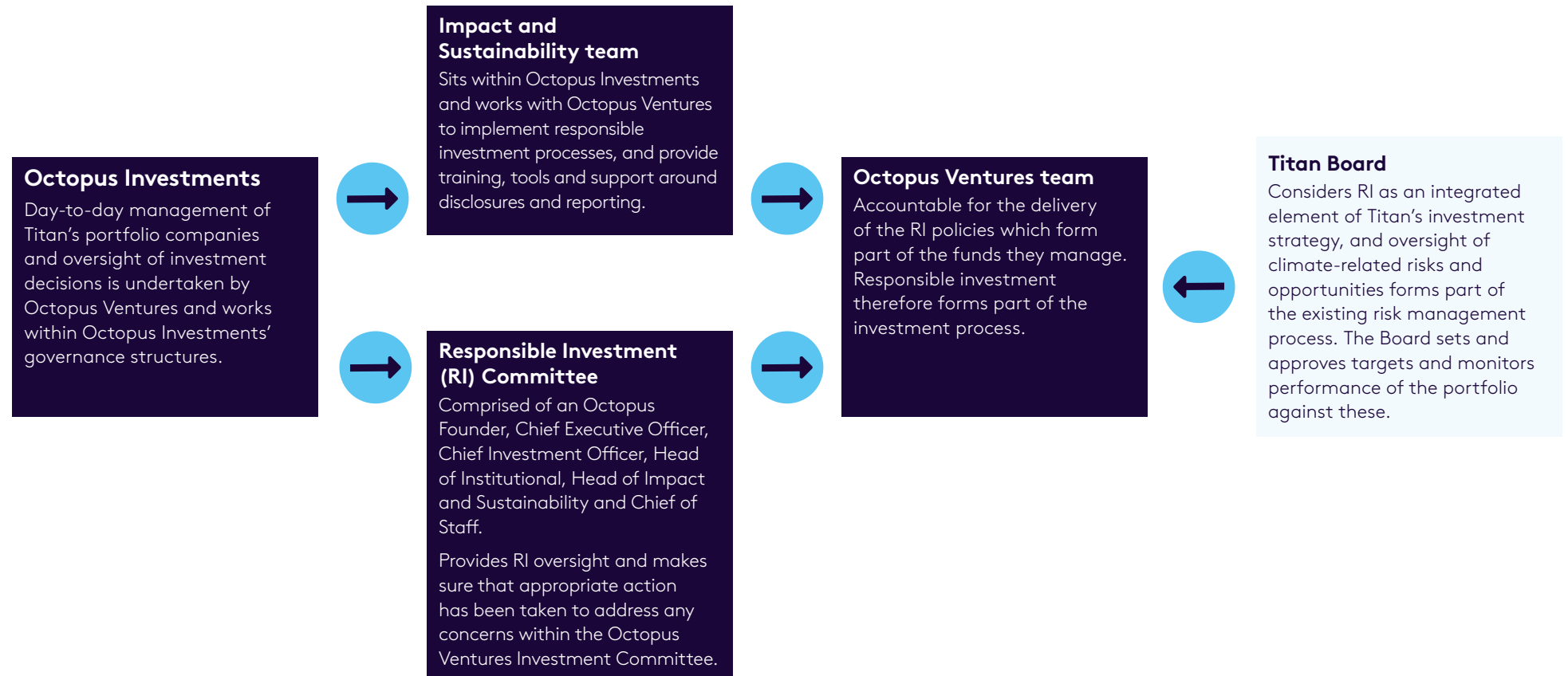
As yet, there are no company year-on-year comparisons available to assess whether there have been any increases in emissions from a company. However, when this data is available, if there are any increases these will be discussed with the portfolio company to ascertain the reasons and whether any actions need to be taken.

Operating responsibly continued

Climate-related risks and opportunities

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

Governance



Operating responsibly continued

Strategy

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

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

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 the Company has no employees or operations, it is not responsible for any direct emissions. Titan is not responsible for direct emissions, but does report on financed emissions.

In 2021, Octopus set a 2023 Net Zero target, more of which can be read about and its progress here;

<https://octopusgroup.com/net-zero-plan/>

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 the Titan portfolio, the Octopus Ventures team have taken steps to measure the portfolio companies' Scope 1 and 2 (GHG) emissions by providing them with access to a carbon measurement tool that will provide the companies with details of their carbon footprint. 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.



Operating responsibly continued

Human rights issues

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

Whistleblowing

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

Bribery Act

Octopus has 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 Business Review on page 50. 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 buyback of shares, dividend policy, Director appraisal and succession, financial reporting, RIS announcements, compliance with UK Listing Authority rules and FCA regulations.

Culture

The Directors seek to apply the Responsible Investment principles adopted by Octopus Ventures and these values help to define the culture and relationship with the investment team. There is a culture of openness and transparency in the relationship between Octopus Ventures and the Directors, and clear policies covering, for instance, investment process and conflicts, laying out 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 Directors' responsibilities statement on page 73. In the year to 31 December 2023, 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 half-yearly reports, prospectus and other shareholder information are published on the Octopus Investments website [octopustitanvct.com](https://www.octopustitanvct.com). Details of the portfolio, the investment team and other insights are published on the Octopus Ventures website [octopusventures.com](https://www.octopusventures.com). Shareholder enquiries are handled promptly by Octopus Investments. Shareholder complaints data is reviewed periodically by the Board. 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 Board ensure transparency of fee disclosures for Titan and review the compliance of Octopus with Consumer Duty regulations.

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; 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 34, 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

The Board reviews Octopus Ventures' diversity and talent management processes and 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 recruitment, retention and engagement, 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.

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

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 2023

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) a regular dividend in each financial year of 5% of the NAV per share at the start of that financial year, with the potential to pay special dividends when there are significant gains from the sale of portfolio holdings;
 - 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 5% per share overall return to shareholders, whereas iii) and iv) provide 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.

Section 172(1) statement continued

The impact of key decisions on stakeholders in 2023 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 periodically by an external third party, 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. In the period this review was carried out by PwC. A new external third party reviewer has since been selected and Grant Thornton now undertakes this review. 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 2023

S172 matters/stakeholders considered:

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

The Board reviewed cash forecasts to April 2025 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 October 2023, the Board approved a fundraise of £125 million with a £75 million over-allotment facility for the 2023/24 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;
- challenging market conditions for private company fundraising and exits;
- geo-political instability; and
- climate change.

Principal risks




Risk	Mitigation	Change ¹
<p>Investment performance: 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 appointed to the board of a portfolio company using a risk-based approach, considering the size of the company within the Titan portfolio and the engagement levels of other investors. 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 when necessary in a portfolio company's ongoing development and strategy. This included the impact of the Silicon Valley Bank collapse in the last year, and the ongoing impact of geopolitical uncertainty 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 via a performance incentive fee for exceeding certain performance hurdles, as detailed in Note 19 on page 99. The Board and Octopus are reviewing the fee structure.</p>	<p>— =</p> <p>Increased exposures reflected in the previous period remain due to the difficult macro environment and challenging trading conditions for some portfolio companies continuing.</p>

1. Since 31 December 2022, = indicates no change, ↑ indicates an increase and ↓ indicates a decrease.




Risks and risk management continued

Risk	Mitigation	Change ¹
<p>VCT qualifying status: 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> Decreased exposures reflected in the previous period remain. VCT status monitoring by independent advisers continues to reduce the risk of an issue causing a loss of VCT status.</p>
<p>Loss of key people: 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> Loss of the lead fund manager and increased exposures reflected in the previous period remain due to the absence of a performance fee and reduced levels of capital raising compared to previous periods.</p>
<p>Operational: 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, depository 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> No overall change in risk exposure on balance.</p>

Risks and risk management continued

Risk	Mitigation	Change ¹
<p>Information security: 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> No overall change on balance, although cyber threat remains a significant risk area faced by all service providers.</p>
<p>Economic: 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> Increased exposures reflected in the previous period remain as economic uncertainty persists through high inflation, high interest rates and other economic factors.</p>
<p>Legislative: 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 HM Treasury and industry bodies to demonstrate the positive benefits of VCTs in terms of growing early-stage companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation.</p>	<p> Risk exposure has continued to reduce since the previous period following the extension of the sunset clause to 2035 being agreed.</p>

Risks and risk management continued

Risk	Mitigation	Change ¹
<p>Liquidity: The risk that Titan's available cash will not be sufficient to meet its financial obligations. Titan invests in 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 2023, these investments were valued at £199,841,000 (2022: £162,945,000), which represents 20% (2022: 17%) of the net assets of Titan. The Board also review the cash runway in the portfolio.</p>	<p> Risk exposure has continued to increase, reflecting economic uncertainty, the impact on fundraising and the risk of disposal failures.</p>
<p>Valuation: 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> Risk exposure remains unchanged from the previous period due to economic uncertainty within valuation modelling.</p>
<p>Foreign currency exposure: 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> Risk exposure has not changed since the previous period.</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 the Directors are sure that Titan satisfies all VCT 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 19 to 33 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 107.

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 68.

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 2023 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.

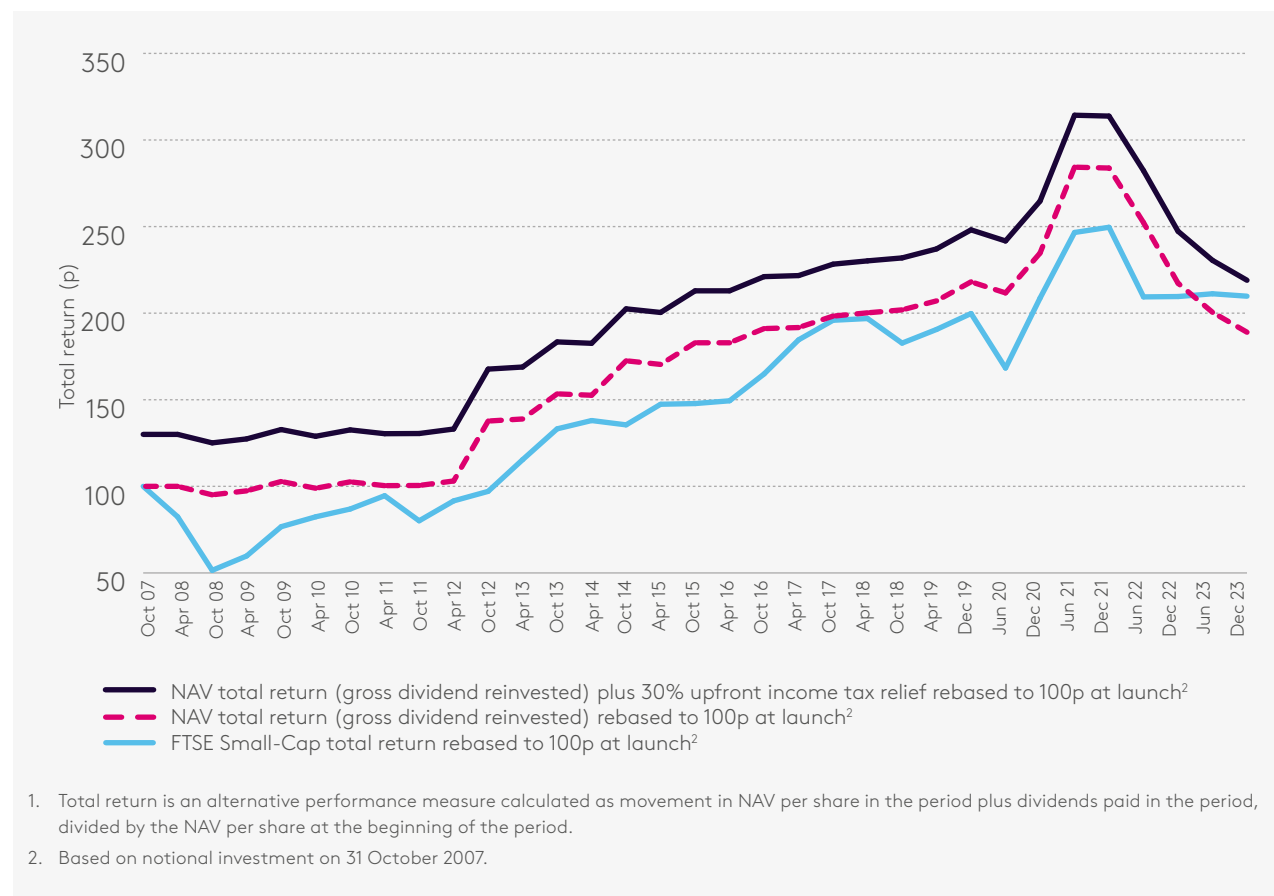
The Strategic Report was approved on behalf of the Board by:



Tom Leader
Chair

24 April 2024

Net asset value and share price total return since launch against the FTSE Small-Cap Index total return¹



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 2023 is 9.9p (2022: loss of 24.6p per share). Further details can be found in the earnings per share note of the financial statements on page 90.

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 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.



Julie Nahid Rahman

Non-Executive Director

Julie is currently an external advisor to McKinsey's life sciences and healthcare private equity practices. She brings 25 years of experience across a diverse mix of industries from top tier global firms including private equity, executive search and strategy consulting. Julie was previously a member of the European healthcare practice at Spencer Stuart leading senior executive and board appointments for life sciences companies and healthcare funds. Prior to executive search, she spent a decade as an investor at Visium Healthcare Partners and Paul Capital Healthcare providing creative growth capital to life sciences companies. Julie began her career as a strategy consultant with Bain & Company advising healthcare and private equity clients.

Julie holds an MBA from Harvard Business School and graduated from the Massachusetts Institute of Technology with her MSc in materials science (MIT Langer Lab) and her BSc in chemical engineering.



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 almost 30 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 since 27 November 2014.



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. 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 19 October 2023 and closed on 5 April 2024, raising £107 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 46 to 49.

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 2028. 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 57](#)

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 58](#)

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 59](#)

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 61](#)

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 65](#)

Leadership and purpose

Board of Directors

Titan currently has a Board of five Non-Executive Directors, all of whom are considered to be independent.

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 Business Review on page 50.

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:

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.

	Board meeting attendance	Audit Committee meeting attendance	Nomination and Remuneration Committee meeting attendance	Management Engagement Committee meeting attendance
Matt Cooper ¹	2/5	n/a	n/a	n/a
Jane O'Riordan	6/7	3/4	1/2	1/1
Tom Leader	7/7	4/4	2/2	1/1
Lord Rockley	7/7	4/4	2/2	1/1
Gaenor Bagley	7/7	4/4	2/2	1/1
Julie Nahid Rahman ²	2/2	1/1	1/1	-

1. Matt Cooper resigned as a Director on 14 June 2023.

2. Julie Nahid Rahman was appointed as a Director on 1 August 2023.

Division of responsibilities

Board committees

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

The Audit Committee is responsible for the appropriateness of Titan's financial reporting, the performance of the auditor and the management of the internal control and business risk systems. All Directors are members of the Audit Committee which is chaired by Lord Rockley. The Audit Committee believes that Lord Rockley 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 61 to 63.

The Management Engagement Committee 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 Directors.

The Nomination and Remuneration Committee, comprising all 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 65 to 67.

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.



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 election at the next AGM. All Directors are required to submit themselves for re-election at least every three years.

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, Tom Leader and Gaenor Bagley will stand for re-election at the 2024 AGM. Julie Nahid Rahman will be standing for election.

	Date of original appointment	Date of last election/re-election	Due date for re-election
Jane O'Riordan	27/11/2014	AGM 2023	AGM 2025
Tom Leader	08/08/2018	AGM 2022	AGM 2024
Lord Rockley	08/04/2021	AGM 2023	AGM 2025
Gaenor Bagley	07/06/2021	AGM 2022	AGM 2024
Julie Nahid Rahman	01/08/2023	n/a	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 Limited, who are independent of Titan, were engaged in the recruitment of Julie Nahid Rahman who was appointed to the Board on 1 August 2023. The Board have undertaken a further recruitment process, using Trust Associates Limited, and announced the appointment of Rupert Dickinson as a Director with effect from 1 May 2024.

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 or her 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

Gender and diversity

The Board of Directors is comprised of two male and three female 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.

As per Listing Rule 9.8.6R (9)(a) 60% of individuals on the Company's Board are women. As the Company is externally managed, the roles of CEO or CFO do not exist. As a consequence of this no senior Board positions are held by a woman in the Company. Furthermore, 20% of the Board is comprised of persons from a minority ethnic background.

The tables below which report on gender identity/sex and ethnic background as at 31 December 2023 are included for completeness.

Gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and chair)
Men	2	40%	Not applicable
Women	3	60%	- see note
Not specified/ prefer not to say	—	—	

Ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and chair)
White British or other White (including minority white groups)	4	80%	Not applicable - see note
Mixed/ Multiple Ethnic Groups	—	—	
Asian/ Asian British	1	20%	
Black/ African/ Caribbean/ Black British	—	—	
Other ethnic group, including Arab	—	—	
Not specified/ prefer not to say	—	—	

Independence

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

Length of service of the Chair and other Directors is one of a number of factors taken into account when considering the contribution and ongoing independence of the Board, both individually and in terms of overall composition. The Board considers the experience, range of skills, knowledge of 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 performance evaluation is undertaken of the Board as a whole, its committees and the Directors. For 2023 this was done using the Boardforms Limited platform, which utilised a series of online questionnaires. 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 in relation to non-investment services, including finance and company secretarial. The results of the evaluation are discussed with Octopus. Further details can be found in the Report of the Management Engagement Committee on page 64.

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 2023 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 53 and 54.

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. Chris Meyrick was appointed as audit partner for the 2023 year-end audit following rotation requirements for the previous audit partner to be rotated off.

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. The 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 2023, 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 the 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 half-yearly results statements prior to Board approval;
- reviewing the external auditor's audit findings report to the Committee on the annual financial statements;
- reviewing Titan's going concern as referred to on page 56; 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 2023 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.

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. 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 2023.



Lord Rockley
Audit Committee Chair
24 April 2024

Management Engagement Committee

Management Engagement Committee report

The Management Engagement Committee was established to evaluate the performance of the Manager and other third-party service providers engaged by 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 best 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 best 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 best interests of shareholders.



Gaenor Bagley
Management Engagement Committee Chair

24 April 2024

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 2023. 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 74 to 80.

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 66. 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 June 2023. Accordingly, the Policy will be put to shareholders for approval at the 2026 AGM.

Annual remuneration report

This remuneration report is subject to approval by a simple majority of shareholders at the AGM in June 2024, as in previous years.

Remuneration continued

Directors' remuneration report continued

Statement of voting at the Annual General Meeting

The 2022 Directors' remuneration report was presented to the AGM in June 2023 and received shareholder approval following a vote on a show of hands. Of the 16,270,015 votes received, those for the resolution totalled 87.55%, 7.67% of votes were at the discretion of the Chair and 4.78% of the votes cast were against, with 481,991 votes withheld.

The Directors' remuneration policy was approved at the AGM in June 2023. Of the 16,270,015 votes received, those for the resolution totalled 86.65%, 7.76% of votes were at the discretion of the Chair and 5.59% of the votes cast were against, with 663,009 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 71.

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 51 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 19 in the Portfolio Manager's Review.

Directors' emoluments (audited)

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000	2023 change	2022 change	2021 change
John Hustler ¹	—	19	40	(100)%	(53)%	0%
Matt Cooper ²	—	—	—	—	—	—
Jane O'Riordan	37	36	33	3%	9%	0%
Mark Hawkesworth ³	—	—	18	(100)%	(100)%	(49)%
Tom Leader (Chair)	45	42	34	7%	24%	3%
Anthony Rockley	40	38	24	5%	58%	—
Gaenor Bagley	37	36	18	3%	100%	—
Julie Nahid Rahman ⁴	15	—	—	100%	—	—
Total	174	171	167	(82)%	38%	(46)%

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

2. Matt Cooper's fees were paid by Octopus Investments Limited from 1 May 2016 and ended upon his resignation as a Director on 14 June 2023.

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

4. Julie Nahid Rahman was appointed as a Director on 1 August 2023.

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. Following a review, the following fee rates were agreed with effect from 1 April 2024 (previous fees shown in brackets): Chair of the Board £49,500 (£45,000), Chair of the Audit Committee £44,000 (£40,000), and all other Directors £40,700 (£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 2024 £
Chair	45,000
Chair of the Audit Committee	40,000
Non-Executive Director	37,000

Relative importance of spend on pay

The actual expenditure in the current year is as follows:

	Year to 31 December 2023 £'000	Year to 31 December 2022 £'000
Total dividends paid	77,763	66,220
Total buybacks	32,422	41,192
Total Directors' fees	174	171
Total expenses	27,346	29,568

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 2023	Year to 31 December 2022
Matt Cooper ¹	n/a	2,353,220
Jane O'Riordan	152,379	130,607
Tom Leader	46,662	32,797
Lord Rockley	76,670	42,904
Gaenor Bagley	23,526	14,793
Julie Nahid Rahman ²	4,466	n/a

1. Matt Cooper resigned as a Director on 14 June 2023.

2. Julie Nahid Rahman was appointed as a Director on 1 August 2023.

There have been no changes in the Directors' share interests between 31 December 2023 and the date of this report.

All of the Directors' shares were held beneficially except 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 2024

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2023.

The Corporate Governance Report on pages 55 and 56 and the Audit Committee Report on pages 61 to 63 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 53 and 54.

In accordance with the Articles of Association and the AIC Code, Julie Nahid Rahman offers herself for election. Tom Leader and Gaenor Bagley 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.

No Director has an interest in any contract to which Titan is a party.

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 39 for our statement on whistleblowing.

Bribery Act

Please refer to page 39 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 107.

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

Environment policy and greenhouse gas emissions

Refer to pages 34 to 39 in the Strategic Report for our RI policy and greenhouse gas emissions.

Share capital

Titan's Ordinary share capital as at 31 December 2023 comprised 1,593,601,092 (2022: 1,367,949,929) Ordinary shares of 0.1p each. No shares were held in Treasury.

Share issues

During the period 272,547,045 shares were issued.

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 consideration of £91 million. This Offer closed on 5 April 2023.

On 19 October 2023, 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 2023, 55,469,950 shares had been issued for a total gross consideration of £38 million. This Offer closed on 5 April 2024.

Share buybacks

During the 12-month period, Titan purchased 46,895,882 shares, with a nominal value of £46,896, for cancellation at a weighted average price of 69.1p per share for a total consideration of £32 million, which represents 2.9% of the shares in issue at the prior year end (2022: 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). 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 2023 can be found in Note 17 of the financial statements on page 98.

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 8 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in 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 8 renews the Directors' authority to allot Ordinary shares. Such authority would expire 15 months from the passing of the Resolution, unless previously renewed, varied or revoked by Titan in general meeting, 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 9 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 15 months from the passing of the Resolution, unless previously renewed, varied or revoked by Titan in general meeting. The Board intends to utilise this authority to issue shares from time to time under the DRIS.

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

Directors' authority to make market purchases of its own shares

The authority proposed under Resolution 12 is required so that the Directors may make purchases of up to 251,483,617 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 12 will expire 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 13.

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 46 to 49, 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 2023 AGM to make market purchases of up to 14.99% of the issued Ordinary share capital at any time up to the 2024 AGM and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2024 AGM as set out in the Notice of AGM.

Relations with shareholders

Shareholders will have the opportunity to attend the Annual General Meeting which will be held on 11 June 2024 at 12.00 noon. The meeting will be for voting only. Titan will also be holding a virtual shareholders event on 3 June 2024 at 2.00 p.m. 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.

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 that came into force in 2023. Firms subject to Consumer Duty must ensure they are acting to deliver good outcomes and that this is reflected in their strategies, governance, leadership and policies. 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 24 April 2024.



Tom Leader
Chair

24 April 2024

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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.

Insofar 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 2024

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 2023 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 2023 which comprise Income Statement, the Balance sheet, the Statement of changes in equity, the Cashflow statement and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with 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 including tenders and reappointments is six years, covering the years ended 31 October 2018 to 31 December 2023. 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 as well as contingencies and commitments.
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- Evaluating the Directors' method of assessing the going concern in light of market conditions.

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

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

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

Independent auditor's report continued

to the members of Octopus Titan VCT plc

Overview

		2023	2022
Key audit matters	Valuation of unquoted investments	✓	✓
Materiality	Company financial statements as a whole £19,800,000 (2022: £21,200,000) based on 2% (2022: 2%) of net assets adjusted for significant uninvested cash arising from fundraising in the year.		

An overview of the scope of our audit

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

Key audit matters

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

Key audit matter

Valuation of unquoted investments (Note 10 to the financial statements)

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

There is an inherent risk of management override arising from the unquoted investment valuations being prepared by the Portfolio Manager, who is remunerated based on the value of the net assets of the fund, as shown in note 3.

How the scope of our audit addressed the key audit matter

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

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

For all unquoted investments in our sample we:

Challenged whether the valuation methodology was 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 investee companies.

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

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

For investments sampled that were valued using less subjective valuation techniques (external offers and price of recent investment reviewed for indicators of changes in fair value since the funding round) 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 investee 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 investee 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 scenario analysis) we:

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

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

Key observations

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	
	2023 £m	2022 £m
Materiality	19,800,000	21,200,000
Basis for determining materiality	2% of Adjusted Net assets.	
Rationale for the benchmark applied	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 spread of reasonable alternative possible valuations, we have applied a percentage of 2% of net assets adjusted for significant fundraising in the year.	
Performance materiality	14,900,000	15,900,000
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £990,000 (2022: £1,100,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Independent auditor's report continued

to the members of Octopus Titan VCT plc

Corporate governance statement

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

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

Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 56; 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 56.

Other Code provisions

- Directors' statement on fair, balanced and understandable set out on page 68;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 46-49;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 63; and
- The section describing the work of the audit committee set out on pages 61-62.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report

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

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

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

Directors' remuneration

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

Corporate governance statement

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

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

Independent auditor's report continued

to the members of Octopus Titan VCT plc

Other Companies Act 2006 reporting continued

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

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

Matters on which we are required to report by exception We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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;

Independent auditor's report continued

to the members of Octopus Titan VCT plc

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

- 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 and a sample of legal invoices throughout the period for instances of non-compliance with laws and regulations.

Fraud

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

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 be valuation of unquoted investments and management override of controls.

Our procedures in respect of the above included:

- In addressing the risk of valuation of unlisted investments, the procedures set out in the Key Audit Matter section in our report were performed;
- In addressing the risk of management override of control, we:
 - Considered the opportunity and incentive to manipulate accounting entries and target tested relevant adjustments made in the period end financial reporting process;
 - Reviewed for significant transactions outside the normal course of business;
 - Reviewed the significant judgements made in the unlisted investment valuations and considering whether the valuation methodology is the most appropriate;
 - Considered any indicators of bias in our audit as a whole; and
 - Performed a review of unadjusted audit differences, if any, for indications of bias or deliberate misstatement.

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

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

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

Use of our report

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

Chris Meyrick (Senior Statutory Auditor)

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

24 April 2024

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

Income statement

	Notes	Year to 31 December 2023			Year to 31 December 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/gain on disposal of fixed asset investments	10	—	(1,870)	(1,870)	—	66	66
Gain on disposal of current asset investments		—	355	355	—	—	—
Loss on valuation of fixed asset investments	10	—	(131,655)	(131,655)	—	(284,465)	(284,465)
Gain/(loss) on valuation of current asset investments		—	8,098	8,098	—	(12,682)	(12,682)
Investment income	2	4,467	—	4,467	864	—	864
Investment management fee	3	(1,054)	(20,028)	(21,082)	(1,125)	(21,383)	(22,508)
Other expenses	4	(6,264)	—	(6,264)	(7,060)	—	(7,060)
Foreign exchange translation		—	(1,548)	(1,548)	—	6,570	6,570
Loss before tax		(2,851)	(146,648)	(149,499)	(7,321)	(311,894)	(319,215)
Tax	6	—	—	—	—	—	—
Loss after tax		(2,851)	(146,648)	(149,499)	(7,321)	(311,894)	(319,215)
Loss per share – basic and diluted	8	(0.2)p	(9.7)p	(9.9)p	(0.6)p	(24.0)p	(24.6)p

- 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 2023		As at 31 December 2022	
		£'000	£'000	£'000	£'000
Fixed asset investments	10		790,819		827,449
Current assets:					
Money market funds	12		91,172		58,701
Corporate bonds	12		108,669		104,244
Applications cash ¹	13		17,842		23,299
Cash at bank			2,970		16,120
Debtors	11		1,802		47,374
			222,455		249,738
Current liabilities	13		(19,530)		(25,427)
Net current assets			202,925		224,311
Net assets			993,744		1,051,760
Share capital	14		1,594		1,368
Share premium			45,780		92,896
Capital redemption reserve			74		27
Special distributable reserve			1,025,614		887,288
Capital reserve realised			(89,570)		(53,430)
Capital reserve unrealised			51,674		160,634
Revenue reserve			(41,422)		(37,023)
Total equity shareholders' funds			993,744		1,051,760
NAV per share	9		62.4p		76.9p

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 2024 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 ¹ £'000	Capital reserve realised ¹ £'000	Capital reserve unrealised £'000	Revenue reserve ¹ £'000	Total £'000
As at 1 January 2023	1,368	92,896	27	887,288	(53,430)	160,634	(37,023)	1,051,760
Comprehensive income for the year:								
Management fees allocated as capital expenditure	—	—	—	—	(20,028)	—	—	(20,028)
Current year loss on disposal of fixed asset investments	—	—	—	—	(1,870)	—	—	(1,870)
Current year gain on disposal of current asset investments	—	—	—	—	355	—	—	355
Loss on fair value of fixed asset investments	—	—	—	—	—	(131,655)	—	(131,655)
Gain on fair value of current asset investments	—	—	—	—	—	8,098	—	8,098
Loss after tax	—	—	—	—	—	—	(2,851)	(2,851)
Foreign exchange translation	—	—	—	—	—	—	(1,548)	(1,548)
Total comprehensive income for the year	—	—	—	—	(21,543)	(123,557)	(4,399)	(149,499)
Contributions by and distributions to owners:								
Share issue (includes DRIS)	273	207,132	—	—	—	—	—	207,405
Share issue costs	—	(5,737)	—	—	—	—	—	(5,737)
Repurchase of own shares	(47)	—	47	(32,422)	—	—	—	(32,422)
Dividends paid (includes DRIS)	—	—	—	(77,763)	—	—	—	(77,763)
Total contributions by and distributions to owners	226	201,395	47	(110,185)	—	—	—	91,483
Other movements:								
Share premium cancellation	—	(248,511)	—	248,511	—	—	—	—
Prior year current asset losses now realised	—	—	—	—	(355)	355	—	—
Transfer between reserves	—	—	—	—	(14,242)	14,242	—	—
Total other movements	—	(248,511)	—	248,511	(14,597)	14,597	—	—
Balance as at 31 December 2023	1,594	45,780	74	1,025,614	(89,570)	51,674	(41,422)	993,744

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 ¹ £'000	Capital reserve realised ¹ £'000	Capital reserve unrealised £'000	Revenue reserve ¹ £'000	Total £'000
As at 1 January 2022	129,850	201,163	9,759	642,873	(14,122)	439,790	(36,272)	1,373,041
Comprehensive income for the year:								
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)
Contributions by and distributions to owners:								
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)
Other movements:								
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	—	—
Balance as at 31 December 2022	1,368	92,896	27	887,288	(53,430)	160,634	(37,023)	1,051,760

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 2023 £'000	Year to 31 December 2022 £'000
Reconciliation of profit to cash flows from operating activities			
Loss before tax		(149,499)	(319,215)
Decrease/(increase) in debtors ¹	11	3,671	(5,666)
Decrease in creditors	13	(440)	(64,514)
Gain on disposal of current asset investments	10	(355)	—
(Gain)/loss on valuation of current asset investments	12	(8,098)	12,682
Gain on disposal of fixed asset investments	10	(1,111)	(66)
Loss on valuation of fixed asset investments	10	131,655	284,465
Outflow from operating activities		(24,177)	(92,314)
Cash flows from investing activities			
Purchase of current asset investments		—	(6,679)
Sale of current asset investments		4,028	—
Purchase of fixed asset investments	10	(97,650)	(156,973)
Proceeds from sale of fixed asset investments	10	45,637	62,213
Outflow from investing activities		(47,985)	(101,439)
Cash flows from financing activities			
Movement in applications account	13	(5,457)	20,669
Dividends paid (net of DRIS)		(58,210)	(49,596)
Purchase of own shares	14	(32,422)	(41,192)
Share issues (net of DRIS)		187,852	90,982
Share issue costs		(5,737)	(2,260)
Inflow from financing activities		86,026	18,603
Increase/(decrease) in cash and cash equivalents		13,864	(175,150)
Opening cash and cash equivalents		98,120	273,270
Closing cash and cash equivalents		111,984	98,120
Cash and cash equivalents comprise			
Cash at bank		2,970	16,120
Applications cash	13	17,842	23,299
Money market funds	12	91,172	58,701
Closing cash and cash equivalents		111,984	98,120

1. Movement in debtors, net of disposal proceeds received in the year £45.6 million, with £3.7 million relating to current year disposals and £41.9 million relating to prior year disposals. 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 GBP (£) to the nearest £'000. The functional currency is also GBP (£).

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 2022 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 line with the Board's expected long-term return in the form of income and capital gains respectively from Titan's investment portfolio.

Notes to the financial statements continued

1. Principal accounting policies continued

Cash and cash equivalents

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

Financing strategy and capital structure

Capital management is monitored and controlled by forecasting income and expenditure over both the short and medium-term to enable investments to be made whilst maintaining short-term liquidity. The investments being managed include equity and 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 12 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 £301,000 during the year (2022: profit of £11,000) and its aggregate capital and reserves during the year amounted to £11,674,000 (2022: £11,373,000).

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 2023 £'000	Year to 31 December 2022 £'000
Money market funds	4,154	577
Loan note interest receivable	313	287
Total investment income	4,467	864

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 2023			Year to 31 December 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,054	20,028	21,082	1,125	21,383	22,508

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 2023 £'000	Year to 31 December 2022 £'000
Ongoing adviser and non-advised charges	2,370	3,085
Non-investment services fee ¹	2,020	1,893
Other fees	480	537
Listing fees	401	236
Depositary fees	270	336
Registrar's fees	200	149
Directors' remuneration ²	192	190
Audit fees	191	144
D&O insurance	123	117
Impairment of accrued loan note interest receivable	17	373
Total	6,264	7,060

1. For further information please see note 19.
2. 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 2023 the ongoing charges were 2.4% of net assets (2022: 2.2%). 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 £174,000 (2022: £171,000). Employers' National Insurance contributions paid during the year were £18,000 (2022: £19,000). The highest paid Director received £45,000 (2022: £42,000). 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 (2022: five).

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 (2022: £nil).

	Year to 31 December 2023 £'000	Year to 31 December 2022 £'000
Loss on ordinary activities before tax	(149,499)	(319,215)
Current tax at 23.5% (2022: 19%)	(35,163)	(60,568)
Effects of:		
Non-taxable income	(977)	—
Non-taxable capital loss	29,418	56,368
Non-deductible expenses	71	64
Excess management expenses on which deferred tax not recognised	7,070	5,450
Tax rate differences ¹	(419)	(1,314)
Total current tax charge	—	—

1. 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 £214,949,000 (2022: £186,669,000) are estimated to be carried forward at 31 December 2023 (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 £53,737,000 (2022: £46,667,000) 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 2023 £'000	Year to 31 December 2022 £'000
Dividends paid in the year		
Previous year's second interim dividend – 3.0p (2022: 3.0p)	46,127	38,700
Current year's interim dividend – 2.0p (2022: 2.0p)	31,636	27,520
Total	77,763	66,220
Dividends in respect of the year		
Interim dividend – 2.0p (2022: 2.0p)	31,636	27,520
Second interim dividend – 1.9p (2022: 3.0p)	31,876	41,038
Total	63,512	68,558

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

The second interim dividend of 1.9p for the period ending 31 December 2023 will be paid on 30 May 2024 to shareholders on the register on 10 May 2024, this equates to 3% of the Company's opening NAV per share.

8. Earnings per share

	Year to 31 December 2023			Year to 31 December 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
Loss attributable to Ordinary shareholders (£'000)	(2,851)	(146,648)	(149,499)	(7,321)	(311,894)	(319,215)
Loss per Ordinary share (p)	(0.2)p	(9.7)p	(9.9)p	(0.6)p	(24.0)p	(24.6)p

The total earnings per share is based on 1,506,111,802 (2022: 1,297,081,006) 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 2023	31 December 2022
Net assets (£)	993,744,000	1,051,760,000
Ordinary shares in issue	1,593,601,092	1,367,949,929
NAV per share (p)	62.4	76.9

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

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 2023 are summarised below and in Note 16.

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 2022. 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	8,963	730,639	739,602
Cumulative revaluation	(6,724)	94,571	87,847
Valuation at 1 January 2023	2,239	825,210	827,449
Movement in the period:			
Purchases at cost	—	97,650	97,650
Disposal proceeds ¹	—	(3,736)	(3,736)
Gain on disposal of investments ²	—	1,111	1,111
Revaluation in period	(1,229)	(130,426)	(131,655)
Valuation at 31 December 2023	1,010	789,809	790,819
Book cost at 31 December 2023	17,168	735,874	753,042
Cumulative revaluation at 31 December 2023	(16,158)	53,935	37,777
Valuation at 31 December 2023	1,010	789,809	790,819

1. Proceeds realised from exits made during the accounting year. Disposal proceeds presented on the Cash Flow Statement of £45.6 million are the cash proceeds received in the year, relating to disposals during the year (£3.7 million) as well as retentions received (£41.9 million) in relation to disposals made in prior years.
2. Deferred proceeds no longer receivable of £2.9 million were written off during the year and have been recognised against the (loss)/gain on disposal of investments on the Income Statement.

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
Patch Gardens Limited (trading as Patch) ¹	Consumer	Jun 2018	4,472	Arena Online Limited (Arena)	Jan 2023
Commazero Limited	Fintech	Jul 2021	1,785	Weavr (Paystratus Group Limited)	Mar 2023
Chronext AG ²	Consumer	Jun 2016	7,708	Swiss investment group	Apr 2023
By Miles	Fintech	Feb 2019	6,732	Direct Line Group	Apr 2023
iSize Limited	Climate	Apr 2021	2,625	Sony Interactive Entertainment	Nov 2023

1. Patch Gardens Limited was a share for share exchange with Arena Online Limited for £nil consideration.
2. Sold to an external consortium led by a Swiss investment group.

At 31 December 2023, there were no commitments in respect of fixed asset investments not yet completed (2022: none).

Notes to the financial statements continued

11. Debtors

	31 December 2023 £'000	31 December 2022 £'000
Deferred consideration (non-current) ¹	328	2,592
Deferred consideration (current) ¹	466	44,364
Interest receivable on loans included in fixed asset investments	584	288
Prepayments	211	87
Other debtors	213	43
Total	1,802	47,374

1. Disposal proceeds on investments made during the year for which the disposal proceeds have not been received by year end. The decrease in deferred consideration of £46.1 million during the year relates to deferred consideration of £41.9 million received, most notably £40.1 million, in relation to the disposal of WaveOptics in 2021. £2.9 million of deferred proceeds has been written off and £1.3 million relates to FX revaluation movement during the year.

12. Current asset investments



Accounting policy

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise of cash at bank and money market funds.

Current asset investments on the Balance Sheet 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, within seven days. 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.

	31 December 2023 £'000	31 December 2022 £'000
Money market funds	91,172	58,701
Corporate bonds	108,669	104,244
Total current asset investments	199,841	162,945

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 2023, there were no commitments in respect of current asset investments approved by the Portfolio Manager but not yet completed (2022: none).

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 2023 £'000	31 December 2022 £'000
Accruals	1,670	2,097
Trade creditors	18	31
Applications cash ¹	17,842	23,299
Total	19,530	25,427

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.

Notes to the financial statements continued

14. Share capital

	31 December 2023 £'000	31 December 2022 £'000
Allotted and fully paid up: 1,593,601,092 (2022: 1,367,949,929) Ordinary shares of 0.1p	1,594	1,368

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 12 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 63 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

	31 December 2023 '000	31 December 2022 '000
0.1p Ordinary shares		
Brought forward	1,367,950	1,298,498
Shares issued – fundraise	244,860	97,225
Shares issued – DRIS ¹	27,687	17,237
Shares repurchased for cancellation	(46,896)	(45,010)
Carried forward	1,593,601	1,367,950

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 year 272,547,045 shares were issued at an average price of 78.6p per share (2022: 114,461,503 shares were issued at a price of 96.9p). The gross consideration received for these shares was £207 million (£202 million net) including DRIS (2022: £108 million gross, £105 million net).

Titan repurchased 46,895,882 Ordinary shares for cancellation at a weighted average price of 69.1p (2022: 45,009,970 shares at a price of 92.9p) at a cost of £32 million (2022: £41 million).

The total nominal value of the shares repurchased during the financial year was £46,896, representing 0.0% of the issued share capital at the year end (2022: £1,864,442 representing 0.1%).

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 2023 £'000	31 December 2022 £'000
Brought forward	796,835	592,479
Movement in period	97,787	204,356
Carried forward	894,622	796,835

During the year there was a share premium cancellation amounting to £249 million (2022: £212 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 2023:

	31 December 2023 £'000	31 December 2022 £'000
Financial assets held at fair value through profit or loss		
Fixed asset investments	790,819	827,449
Corporate bonds	108,669	104,244
Money market funds	91,172	58,701
Total	990,660	990,394
Financial assets at amortised cost		
Applications cash ¹	17,842	23,299
Cash at bank	2,970	16,120
Other debtors	213	43
Disposal proceeds (deferred consideration)	794	46,956
Interest receivable on loans included in fixed asset investments	584	288
Total	22,403	86,706
Financial liabilities at amortised cost		
Trade creditors	18	31
Unallotted cash ¹	17,842	23,299
Total	17,860	23,330

1. Applications cash or 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 55 and 56, 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 102 to 106.

79.5% (2022: 78.2%) by value of Titan's net assets (99.9% 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% overall decrease in the valuation of the unquoted investments at 31 December 2023 would have decreased net assets for the year by £197,452,000 (2022: £206,302,000) 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

45.8% of net assets (57.5% of portfolio value) is valued using revenue-based multiples, including PRI calibration. An increase in the multiple used by 5% would increase the net asset value by 1.9% (£18,823,000). Conversely, a decrease in the multiple used by 5% would decrease the net asset value by 1.9% (£19,022,000). The 5% sensitivity used provides the most meaningful impact of average multiple changes across the portfolio.

20.3% of net assets (25.5% of portfolio value) is valued using Price of Recent Investment (PRI) multiples, and an increase in the PRI used by 5% would increase the net asset value by 1.0% (£9,573,000). 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.

31.0% of net assets (38.9% of portfolio value) is exposed to changes in the foreign exchange rate, of which 16.7% of net assets is exposed to USD, 4.4% is exposed to EUR, while 10.0% is exposed to more than one foreign currency. An increase in the rate of 5% would decrease the net asset value by 1.1% (£11,350,000). Conversely, a decrease in the rate of 5% would increase the net asset value by 1.3% (£12,591,000). 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 2023			As at 31 December 2022		
	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	6,186	9.44%	4.9	3,183	7.25%	4.4

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 2023. 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 5.25% at 31 December 2023. The amounts held in floating rate investments at the balance sheet date were as follows:

	31 December 2023 £'000	31 December 2022 £'000
Money market funds	91,172	58,701

A 1% increase in the base rate would increase income receivable from these investments and the net assets for the year by £912,000 (2022: £587,000).

Credit risk

There was no significant concentration of credit risk to counterparties at 31 December 2023. By fair value, no individual investment exceeded 4.9% (2022: 9.8%) of Titan's net assets at 31 December 2023.

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 2023, Titan's financial assets exposed to credit risk comprised of the following:

	31 December 2023 £'000	31 December 2022 £'000
Cash at bank	2,970	16,120
Applications cash	17,842	23,299
Money market funds	91,172	58,701
Corporate bonds	108,669	104,244
Fixed rate investments in unquoted companies	6,186	3,183
Total	226,839	205,547

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 2023, these investments were valued at £199,841,000 (2022: £162,945,000).

17. Post-balance sheet events

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

- 5 new investments completed totalling £14.1 million;
- 7 follow-on investments completed totalling £7.0 million;
- the NAV as at 31 December 2023 of 62.4p was announced on 18 March 2024 and was used for recent share transactions;
 - 78.9 million shares were issued on 28 March 2024 at an allotment price of 66.1p per share under the Offer which closed on 5 April 2024;
 - 28.7 million shares were issued on 5 April 2024 at an allotment price of 66.1p per share under the Offer which closed on 5 April 2024; and
 - 23.5 million shares were bought back on 22 March 2024 at a price of 59.6p per share.

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 £2,370,000 were expensed during the period (2022: £3,085,000) and there was £1,404,000 (2022: £1,622,000) outstanding at the period end.

There were £nil contingencies, guarantees or financial commitments as at 31 December 2023 (2022: £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 £21,082,000 (2022: £22,508,000) 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 £2,020,000 (2022: £1,893,000) 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 year, the total value has decreased to 164.4p, representing a total loss of 9.5p. Therefore, the high water mark for the 2024 financial year remains at 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 2023 (2022: £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 2023, no Titan shares were held by OINL (2022: no shares) as beneficial owner. Throughout the period to 31 December 2023, OINL purchased 1,883,000 shares (2022: 729,000 shares) at a cost of £1,563,000 (2022: £678,000) and sold 1,883,000 shares (2022: 737,000 shares) for proceeds of £1,353,000 (2022: £672,000). 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.

The Directors received the following dividends from Titan:

	Year to 31 December 2023 £	Year to 31 December 2022 £
John Hustler (Chair until 14 June 2022)	–	5,569
Matt Cooper	–	117,661
Jane O'Riordan	6,901	6,530
Tom Leader (Chair since 14 June 2022)	1,889	1,640
Lord Rockley	2,776	2,145
Julie Nahid Rahman	89	-
Gaenor Bagley	901	740

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
Mr & Mrs Oliver Ltd (trading as Skin+Me)	20.6%
Many Group Ltd (trading as ManyPets)	7.5%
Amplience Limited	21.0%
Permutive Inc.	17.8%
Digital Therapeutics (trading as Pelago, formerly Quit Genius)	14.5%
Vitesse PSP Limited	15.0%
Elliptic Enterprises Limited	11.3%
vHive Tech Limited	19.0%
Token.IO Limited	13.3%
XYZ Reality Limited	15.4%

Notes to the financial statements continued

21. Voting rights and equity management continued

At 31 December 2023, the Company held significant investments, amounting to 20% or more of the equity capital of an undertaking, in the following companies:

Significant investments	Equity investment (Ordinary shares)	Investment in loan stock and preference shares	Total investment (at cost) £'000	% equity held by Titan
Zenith Holding Company Limited ¹	8,963	–	8,963	100.0%
Dead Happy Limited	6,300	350	6,650	35.1%
Seatfrog UK Holdings Limited	9,630	–	9,630	30.6%
lovox Limited	7,206	–	7,206	29.4%
Surrey NanoSystems Limited	6,918	–	6,918	27.3%
Uniplaces Limited	2,532	6,959	9,491	26.8%
Phoelex Limited	6,025	–	6,025	25.2%
Smartkem Limited ²	12,195	–	12,195	24.0%
Imophoron Limited	2,295	–	2,295	23.0%
CRED Investment Holdings Limited	4,000	–	4,000	21.8%
Dogtooth Technologies Limited	4,739	–	4,739	21.8%
Ampliance Limited	13,634	–	13,634	21.0%
Mr & Mrs Oliver Limited (trading as Skin+Me)	11,500	–	11,500	20.6%
AudioTelligence Limited	4,000	–	4,000	20.3%
Nanosyrinx Limited	2,750	–	2,750	20.2%
The Justice Platform Inc. (trading as Legl)	–	7,325	7,325	20.1%

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

2. Smartkem is a publicly listed 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 2023. Details of the top ten investments can be found on pages 30 to 32.

	Investment focus	Investment cost as at 31 December 2023 £'000 ¹	Amount invested in the year to 31 December 2023 £'000
Fixed asset investments			
Permutive Inc. ³	B2B software	18,994	-
Digital Therapeutics (trading as Pelago, formerly Quit Genius)	Health	17,868	4,978
XYZ Reality Limited ³	Consumer	15,299	6,800
Amplience Limited	B2B software	13,634	-
Big Health Limited ³	Health	12,855	-
Token.IO Limited ³	Fintech	12,608	-
Automata Technologies Limited ³	Health	12,254	3,754
Smartkem Limited ³	Deep tech	12,195	-
Ibex Medical Analytics	Health	11,785	4,637
Ometria Limited	B2B software	11,510	-
Mr & Mrs Oliver Limited (trading as Skin+Me) ³	Health	11,500	-
Sofar Sounds Limited ⁵	Consumer	11,496	-
PLU&M Limited	Consumer	11,050	-
Orbital Express Launch Limited (trading as Orbex)	Deep tech	10,298	-
Vitesse PSP Limited	Fintech	10,124	2,996
Many Group Limited (trading as ManyPets) ³	Fintech	9,978	-
Elliptic Enterprises Limited ³	Fintech	9,913	2,189
Seatfrog UK Holdings Limited	Consumer	9,630	1,000
Uniplaces Limited ⁵	Consumer	9,491	-
Ori Biotech Limited	Bio	9,102	-
Zenith Holding Company Limited ²	Consumer	8,963	-
Codasip	Deep tech	8,633	-
Appear Here Limited ⁵	Consumer	8,509	-
Intropic Limited ³	Fintech	8,394	-
CurrencyFair Limited (trading as Zai) ³	Fintech	8,381	-
Antidote Technologies Limited ³	Health	8,251	-
Anikin Limited (trading as KatKin)	Consumer	8,166	2,691

Appendix continued

Fixed asset investments	Investment focus	Investment cost as at 31 December 2023 £'000¹	Amount invested in the year to 31 December 2023 £'000
Allplants Limited	Climate	8,150	-
AllTaster Limited (trading as Taster) ³	Consumer	8,127	671
vHive Tech Limited	Deep tech	8,020	-
Lapse Limited ³	Consumer	7,954	3,704
The Justice Platform Inc. (trading as Legl)	B2B software	7,325	-
Picsoneye Segmentation Innovation Limited (trading as Edgify)	Deep tech	7,208	-
lovox Limited ³	B2B software	7,206	-
CoMind Technologies Limited ³	Deep tech	7,125	3,750
Sprout.ai Limited	Fintech	7,092	1,092
Surrey NanoSystems Limited ³	Deep tech	6,918	-
Stackin Inc.	Fintech	6,840	-
Papercup Technologies Limited ³	Deep tech	6,800	-
Partly	Consumer	6,769	-
Minoro Limited (trading as Kleene.ai) ³	B2B software	6,724	-
Dead Happy Limited ³	Fintech	6,650	350
Chiaro Technology Limited (trading as Elvie) ³	Health	6,417	-
Biofidelity Limited ³	Bio	6,343	-
Flock Limited	Fintech	6,160	6,160
Phoelex Limited	Deep tech	6,025	-
Olio Exchange Limited	Climate	6,000	-
Origami Energy Limited ³	Climate	5,947	-
Bondaval Limited ³	Fintech	5,899	-
Haiper Limited	Consumer	5,863	5,863
Overture Life, Inc.	Health	5,813	-
Artesian Solutions Limited (trading as FullCircl) ³	B2B software	5,481	-
Messier 31 Inc. (trading as Pngme) ³	Fintech	5,429	-
Quantum Motion Technologies Limited	Deep tech	5,149	3,651
Memrise Inc.	Consumer	5,144	-
Lifescore Music Limited ³	Deep tech	5,100	-
Tympa Health Technologies Limited ³	Health	5,006	5,006
Cazoo Limited ³	Consumer	4,973	-

Appendix continued

Fixed asset investments	Investment focus	Investment cost as at 31 December 2023 £'000¹	Amount invested in the year to 31 December 2023 £'000
Impatients N.V. (trading as MyTomorrows) ³	Health	4,905	-
Michelson Diagnostics Limited ³	Health	4,795	-
Perk Finance S.L. (trading as Cobee) ³	Fintech	4,786	1,165
HelloSelf Limited	Health	4,756	4,756
Dogtooth Technologies Limited	Deep tech	4,739	-
Inflow Holdings Inc. ³	Health	4,500	-
ThoughtRiver Limited	Deep tech	4,500	-
Raylo Group Limited ³	Climate	4,500	-
Positron Technologies Limited (trading as Tax Scouts)	Fintech	4,500	-
Arena Online Limited	Consumer	4,472	-
The Faction Collective SA ³	Consumer	4,464	-
Secret Escapes Limited ⁴	Consumer	4,256	-
Tatum Blockchain Services s.r.o. ³	Fintech	4,190	-
Smiler BV ³	Consumer	4,099	-
Mosaic Smart Data Limited	Fintech	4,015	-
AudioTelligence Limited	Deep tech	4,000	-
CRED Investment Holdings Limited	Fintech	4,000	-
Slamcore Limited	Deep tech	3,875	-
Contingent & Future Technologies Limited ³	B2B software	3,825	-
Living Optics Limited ³	Deep tech	3,819	-
Unmade Limited	Deep tech	3,800	-
Altitude Angel Limited	Deep tech	3,800	-
Unlikely AI ³	Deep tech	3,783	-
Ourotech Limited (trading as Pear Bio) ³	Bio	3,755	3,755
Merge Holdings Limited ³	Fintech	3,740	-
Medisafe Project Limited ³	Health	3,664	-
Vira Health Limited ³	Health	3,632	-
Puraffinity Limited ³	Deep tech	3,617	3,617
Orca Computing Limited ³	Deep tech	3,500	-
Inrupt Inc.	Fintech	3,495	-
HURR ³	Climate	3,174	624

Appendix continued

Fixed asset investments	Investment focus	Investment cost as at 31 December 2023 £'000¹	Amount invested in the year to 31 December 2023 £'000
InfiniTopes Limited ³	Bio	3,004	-
Trafi Limited ³	Climate	2,965	-
Bloom App Limited ³	Consumer	2,857	-
Ecrebo Limited ³	B2B software	2,857	-
Metrasens Limited ³	Deep tech	2,819	-
Correcto ESP, S.L. ³	Consumer	2,765	2,765
Nanosyrinx Limited	Bio	2,750	-
CellVoyant Technology Limited ³	Bio	2,488	2,488
Caprera Limited (trading as Collectiv Food)	Climate	2,471	-
Intrepid Owls Limited (trading as Rest-Less)	Fintech	2,427	-
Onibi Inc.	Consumer	2,375	2,375
Elo Health Inc. ³	Health	2,344	2,344
ONIN Limited ³	Consumer	2,340	-
Apheris AI GmbH ³	B2B software	2,322	-
Imophoron Limited ³	Bio	2,295	595
Streetbees.com Limited ³	B2B software	2,229	-
Touchlab Limited ³	Deep tech	2,125	-
Total Food Control Limited (trading as Lollipop) ³	Consumer	2,125	-
Manantial Limited (trading as Velaris) ³	B2B software	2,040	-
Colonia Technologies	B2B software	2,020	2,020
Uniq Health Limited (trading as Tuune)	Health	1,900	-
Go Autonomous ApS	B2B software	1,845	1,845
Invierno AB (trading as Vinter) ³	Fintech	1,776	-
Awell Health BV ³	Health	1,725	1,725
Foodsteps Limited ³	Climate	1,700	-
Ufonia Limited ³	Health	1,664	-
Intrinsic Semiconductor Technologies Limited ³	Deep tech	1,641	-
Walking on Earth ³	Consumer	1,615	-
Pencil Biosciences Limited ³	Bio	1,557	1,557
Segura Systems Limited ³	B2B software	1,470	-
Pivotal Future Limited ³	Climate	1,430	1,430

Appendix continued

Fixed asset investments	Investment focus	Investment cost as at 31 December 2023 £'000¹	Amount invested in the year to 31 December 2023 £'000
Neat SAS ⁵	Fintech	1,426	-
Minimum Corporation ³	Climate	1,393	-
Sidekick Money Limited ³	Fintech	1,351	-
Ribbon Technologies Limited (trading as Wondering) ³	Consumer	1,351	-
Pulse Platform UK Limited (previously Aire Labs Limited)	Fintech	1,332	-
Kita Earth Limited ³	Climate	1,289	-
Oto Health Inc. ³	Health	1,286	-
Multiplay AI Limited	Fintech	1,283	-
Mojo Men Limited ³	Health	1,275	-
Bkwai Limited ³	Deep tech	1,275	-
I.F. Technology Limited (trading as Integrated Finance) ³	Fintech	1,275	-
Mindset Technologies Limited (trading as Lets Mindstep) ³	Health	1,258	238
Anansi Technology Limited ³	Fintech	1,151	251
Perci Health Limited ³	Health	1,078	1,078
Secfix ³	B2B software	1,013	1,013
Phlux Technology Limited ³	Deep tech	937	-
Avione Saving & Investment Limited (trading as Belong) ³	Fintech	850	-
TYTN (trading as TitanML) ³	Deep tech	840	840
Hapi Plan Technologies Limited ³ (trading as Nosso) ³	Fintech	765	-
AgileRL Limited	B2B software	749	749
Little Journey Limited ³	Health	703	-
Vypercore Limited ³	Deep tech	703	703
M10 Networks ³	Fintech	626	-
Metris Energy, Inc. ³	Fintech	425	425
Excession Technologies Limited ³	Deep tech	298	-
Total fixed asset investments		721,367	97,650

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.

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;
- £90.5 million (£88.2 million net of expenses) during the year to 31 December 2022; and
- £187.9 million (£182.2 million net of expenses) during the year to 31 December 2023.

The Offer for Subscription was closed to new applicants on 5 April 2024 having raised £107 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 19 to 33 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'¹ (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/.

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 opposite 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
30 June 2023	68.2p	3.0p	168.2p
31 December 2023	62.4p	2.0p	164.4p

Shareholder information and contact details continued

Dividends continued

A dividend of 1.9p per share will be paid on 30 May 2024 to shareholders on the register on 10 May 2024.

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 (23 April 2024)	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/. Computershare's contact details are provided on page 112.

Other information for shareholders

Shareholders can obtain a full copy of Titan's annual report as well as previously published annual reports and half-yearly reports on the Octopus website at 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/.

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.

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.

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 88 but excludes irrecoverable VAT, exceptional costs, trail commission and performance fees by the average net assets in the period.

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.

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.

Total return per share (APM)

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

Total value per share (APM)

Total value per share is calculated as NAV plus cumulative dividends paid since launch.

Money Market Fund (MMF)

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

Net asset value or NAV

The value of 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.

Directors and advisers

Board of Directors

Tom Leader (Chair)
Jane O’Riordan
Lord Rockley
Gaenor Bagley
Julie Nahid Rahman

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

Manager

Octopus AIF Management Limited
33 Holborn
London
EC1N 2HT
Tel: 0800 316 2295
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
Apex Plaza
Forbury Road
Reading
RG1 1SH

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
www-uk.computershare.com/investor/

Depositary

BNP Paribas Trust Corporation UK Limited
10 Harewood 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 33 Holborn, London, EC1N 2HT on Tuesday, 11 June 2024 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 10 to 13 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 2023.
2. To approve the Directors' Remuneration Report.
3. To re-elect Tom Leader as a Director.
4. To re-elect Gaenor Bagley as a Director.
5. To elect Julie Nahid Rahman as a Director.
6. To elect Rupert Dickinson as a Director.
7. 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 8 and 9 as Ordinary Resolutions and Resolutions 10 to 13 as Special Resolutions:

8. Authority to allot relevant securities

THAT, in addition to existing authorities, the Directors 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 419,418,975 Ordinary shares in the Company ('Shares') (representing approximately 25% of the Shares in issue as at 23 April 2024), 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. 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 83,883,795 Shares in connection with the Company's Dividend Reinvestment Scheme (representing approximately 5% of the Shares in issue as at 23 April 2024), provided that the authority conferred by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting) save that this authority shall allow the Company to make, before the expiry of this authority, any offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry and the Directors may allot Shares in pursuance of any such offer or agreement notwithstanding the expiry of such authority.

10. Empowerment to make allotments of equity securities

THAT, conditional upon the passing of Resolution 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).

Notice of Annual General Meeting continued

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

THAT, conditional upon the passing of Resolution 9 above and in addition to existing authorities, the Directors of the Company be and 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 9 above, as if Section 561 of the Act did not apply to any such allotment and so that: (a) reference to allotment of equity securities in this Resolution shall be construed in accordance with Section 560(2) of the Act; and (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power. The power provided by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

12. Authority to make market purchases

THAT, in addition to existing authorities, the Company be and is hereby generally and unconditionally authorised to make 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 251,483,617 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 2025; 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.

13. 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 2024

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**, 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**. 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 23 April 2024 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 1,677,675,900 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23 April 2024 are 1,677,675,900.



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