

*This announcement replaces the Final Results announcement released at 18:00 on 24 April 2024 which included an incorrect reference to the dividend being paid on 24 May 2024 to shareholders on the register as at 5 May 2024. The dividend will be paid on 30 May 2024 to shareholders on the register as at 10 May 2024 (as announced on 18 March 2024). The correct dates are reflected below, all other text remains unchanged.*

## OCTOPUS TITAN VCT PLC

### Annual report and financial statements for the year ended 31 December 2023

Octopus Titan VCT plc ('Titan' and 'the Company') today announces the final results for the year to 31 December 2023 as below.

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

Octopus Titan VCT plc 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.

### Key financials

	2023	2022
Net assets (£'000)	<b>£993,744</b>	£1,051,760
Loss after tax (£'000)	<b>£(149,499)</b>	£(319,215)
NAV per share	<b>62.4p</b>	76.9p
Total value per share <sup>1</sup>	<b>164.4p</b>	173.9p
Total return per share <sup>2</sup>	<b>(9.5)p</b>	(23.8)p
Total return per share % <sup>3</sup>	<b>(12.4)%</b>	(22.5)%
Dividends paid in the year	<b>5.0p</b>	5.0p
Dividend yield % <sup>4</sup>	<b>6.5%</b>	4.7%
Dividend declared	<b>1.9p</b>	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

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.

### Highlights

- Titan's latest fundraise: £107 million
- 10-year cumulative return: +28%
- Dividends paid in 2023: 5p

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.

### 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.

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.

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). 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.

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

In addition to the AGM, 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](http://octopustitanvct.com). Alternatively, shareholders are also invited to send any questions they may have via email to [TitanAGM@octopusinvestments.com](mailto:TitanAGM@octopusinvestments.com).

### **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. 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 means 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 2022<sup>1</sup>. 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 evident<sup>2</sup>. 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. 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

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

## 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 <sup>1</sup>	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	<b>62.4</b>
Cumulative dividends paid, p	76.0	81.0	92.0	97.0	<b>102.0</b>
Total Value, p	171.2	178.0	197.7	173.9	<b>164.4</b>
Total return	7.6%	7.1%	20.3%	(22.5)%	<b>(12.4)%</b>
Dividend yield	5.4%	5.3%	11.3%	4.7%	<b>6.5%</b>
Equivalent dividend yield for a higher rate tax payer	8.0%	7.8%	16.8%	7.0%	<b>9.8%</b>

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.

### Titan total value growth from inception

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), 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.

### 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 <sup>1</sup>	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	<b>289,006</b>
Disposal proceeds <sup>2</sup> (£'000)	26,334	23,915	221,504	62,213	45,637	<b>379,603</b>

1. The period to December 2019 was 14 months.

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

## 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.

- **Awell Health** automates routine clinical tasks, synchronising data between systems and driving seamless coordination between care teams and patients.
- **Cellvoyant** is an artificial intelligence (AI) first biotechnology company creating novel stem cell-based therapies for chronic diseases.
- **Colonia Technologies** is a B2B marketplace for commercial vehicle sharing.
- **Go Autonomous** is a SaaS solution that automates over 50% B2B revenue generation that is conducted through unstructured communication channels (primarily email).
- **HelloSelf** offers a digital, personalised psychological therapy and coaching platform.
- **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.
- **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.
- **Pencil Biosciences** is a gene editing technology platform.
- **Perci Health** is the first digital and comprehensive cancer survivorship clinic.
- **Remofirst** is an Employer of Record (EOR) and compliance platform that allows companies to hire and pay employees globally.<sup>1</sup>
- **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.

1. Investment completed in 2024.

## Q&A

### *Where does Octopus Ventures source its investments from?*

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 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.

### *How does Octopus Ventures assess potential investments?*

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.

### *What are the timeframes around making an investment?*

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.

### *How does Octopus Ventures monitor Titan's portfolio companies?*

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.

## 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 table below illustrates 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.

Valuation methodology	By value	By number of companies
Multiples	58%	41
External price	26%	45
Scenario analysis	16%	38
Write-off	-	22

## Portfolio case studies

### Ibex

ibex-ai.com

Trusted cancer diagnostics for all

- 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

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

### Neat

neat.eu

Provides insurance solutions for everyday products and services

- 700 merchants worked with
- 25 products offered

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.

*Octopus investment dates:*

November 2022: Seed

### CoMind

comind.io

The future of neurotechnology is non-invasive

- 150,000+ users screened and had their brain health managed
- \$20 million raised in Series A funding round in 2023

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.

*Octopus investment dates:*

April 2021: Seed+

November 2023: Series A

### **Lapse**

[lapse.com](https://lapse.com)

"Friends not followers"

- September 2023 the top ranked app in the US across all categories
- \$30 million raised in Series A funding round in 2023

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.

*Octopus investment dates:*

December 2021: Seed

December 2021: Series A

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.

	<b>Portfolio:</b>	<b>Investment cost:</b>	<b>Total valuation including cost:</b>
1	Skin+Me	£11.5m	£48.5m
2	ManyPets	£10.0m	£47.1m
3	Amplience	£13.6m	£41.8m
4	Permutive	£19.0m	£41.2m
5	Pelago <sup>1</sup>	£17.9m	£38.6m
6	Vitesse	£10.1m	£26.6m
7	Elliptic	£9.9m	£19.0m
8	vHive	£8.0m	£18.9m
9	Token	£12.6m	£17.1m
10	XYZ	£15.3m	£15.5m
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

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

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

#### **1**

*Skin+Me*

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

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

Initial investment date:

**September 2019**

Investment cost:

**£11.5m**

	(2022: £11.5m)
Valuation:	<b>£48.5m</b>
	(2022: £32.9m)
Last submitted accounts:	<b>31 August 2022</b>
Turnover:	<b>Not available<sup>2</sup></b>
Loss before tax:	<b>£(10.6m)</b>
	(2022: £(5.5m))
Net assets:	<b>£(9.1m)</b>
	(2022: £0.3m)
Valuation methodology:	<b>Multiple</b>

## 2

*ManyPets*

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

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

Initial investment date:	<b>October 2016</b>
Investment cost:	<b>£10.0m</b>
	(2022: £10.0m)
Valuation:	<b>£47.1m</b>
	(2022: £102.7m)
Last submitted accounts:	<b>31 March 2023</b>
Turnover:	<b>£32.8m</b>
	(2022: £42.4m)
Loss before tax:	<b>£(41.8m)</b>
	(2022: £(31.9m))
Net assets:	<b>£(25.7m)</b>
	(2022: £12.6m)
Valuation methodology:	<b>Multiple</b>

## 3

*Amplience*

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

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

Initial investment date:	<b>December 2010</b>
Investment cost:	<b>£13.6m</b>
	(2022: £13.6m)
Valuation:	<b>£41.8m</b>
	(2022: £38.7m)
Last submitted accounts:	<b>30 June 2023</b>
Turnover:	<b>£14.9m</b>
	(2022: £13.4m)
Loss before tax:	<b>£(8.1m)</b>
	(2022: £(7.8m))
Net assets:	<b>£(17.4m)</b>
	(2022: £(12.1m))
Valuation methodology:	<b>Multiple</b>

## 4

*Permutive*

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

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

Initial investment date:	<b>May 2015</b>
Investment cost:	<b>£19.0m</b>
	(2022: £19.0m)
Valuation:	<b>£41.2m</b>
	(2022: £38.5m)



Last submitted accounts:	<b>31 January 2023</b>
Turnover:	<b>£9.8m</b> (2022: £7.1m)
Loss before tax:	<b>£(19.3)m</b> (2022: £(9.6)m)
Net assets:	<b>£(40.2)m</b> (2022: £(23.3)m)
Valuation methodology:	<b>Multiple</b>

**5**

*Pelago*

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

A digital health solution for managing substance use disorders.

Initial investment date:	<b>January 2020</b>
Investment cost:	<b>£17.9m</b> (2022: £12.8m)
Valuation:	<b>£38.6m</b> (2022: £33.5m)
Last submitted accounts:	<b>Not available<sup>2</sup></b>
Turnover:	<b>Not available<sup>2</sup></b>
Loss before tax:	<b>Not available<sup>2</sup></b>
Net assets:	<b>Not available<sup>2</sup></b>
Valuation methodology:	<b>Last round</b>

**6**

*Vitesse*

[www.vitessepsp.com](http://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:	<b>June 2020</b>
Investment cost:	<b>£10.1m</b> (2022: £7.1m)
Valuation:	<b>£26.6m</b> (2022: £12.3m)
Last submitted accounts:	<b>31 March 2023</b>
Consolidated turnover:	<b>£11.2m</b> (2022: £4.8m)
Consolidated loss before tax:	<b>£(5.7)m</b> (2022: £(4.5)m)
Net assets:	<b>£16.2m</b> (2022: £8.1m)
Valuation methodology:	<b>Multiple</b>

**7**

*Elliptic*

[www.elliptic.co](http://www.elliptic.co)

A digital currency custodial and physical storage offering.

Initial investment date:	<b>July 2014</b>
Investment cost:	<b>£9.9m</b> (2022: £7.7m)
Valuation:	<b>£19.0m</b> (2022: £15.9m)
Last submitted accounts:	<b>31 March 2023</b>
Consolidated turnover:	<b>£9.6m</b> (2022: £6.1m)
Consolidated loss before tax:	<b>£(27.1)m</b> (2022: £(15.0)m)

Net assets:	<b>£10.6m</b>
	(2022: £36.8m)
Valuation methodology:	<b>Multiple</b>

## 8

*vHive Tech Ltd*

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

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

Initial investment date:	<b>May 2019</b>
Investment cost:	<b>£8.0m</b>
	(2022: £8.0m)
Valuation:	<b>£18.9m</b>
	(2022: £19.7m)
Last submitted accounts:	<b>31 December 2022</b>
Consolidated turnover:	<b>\$6.4m</b>
	(2022: \$2.4m)
Consolidated loss before tax:	<b>\$(3.5)m</b>
	(2022: \$(3.0)m)
Consolidated net assets:	<b>\$28.2m</b>
	(2022: \$2.3m)
Valuation methodology:	<b>Multiple</b>

## 9

*Token*

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

A leading open banking solution, focused on payments.

Initial investment date:	<b>March 2017</b>
Investment cost:	<b>£12.6m</b>
	(2022: £12.6m)
Valuation:	<b>£17.1m</b>
	(2022: £18.3m)
Last submitted group accounts:	<b>31 December 2022</b>
Turnover:	<b>Not available<sup>2</sup></b>
Loss before tax:	<b>Not available<sup>2</sup></b>
Net assets:	<b>£0.7m</b>
	(2022: £0.5m)
Valuation methodology:	<b>Multiple</b>

## 10

*XYZ Reality*

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

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

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

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

2. Information not publicly available.

## 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 ago<sup>1</sup>.

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.

## 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

<i><b>Risk</b></i>	<i><b>Mitigation</b></i>	<i><b>Change</b></i>
<i>Investment performance:</i> 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.	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	Increased exposures reflected in the previous unquoted period remain due to the difficult macro environment and challenging trading conditions for some portfolio companies continuing.

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. The Board and Octopus are reviewing the fee structure.

<b><i>Risk</i></b>	<b><i>Mitigation</i></b>	<b><i>Change</i></b>
<i>VCT qualifying status:</i>		
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.	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.	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.

<b><i>Risk</i></b>	<b><i>Mitigation</i></b>	<b><i>Change</i></b>
<i>Loss of key people:</i>		
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.	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.	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.

<b><i>Risk</i></b>	<b><i>Mitigation</i></b>	<b><i>Change</i></b>
<i>Operational:</i>		
The Board is reliant on the Portfolio Manager to manage investments effectively, and manage the services of a number of third parties, in particular the registrar, depositary and tax advisers. A failure of the systems or controls at Octopus or third-party providers could lead to an inability to provide accurate reporting and accounting and to ensure adherence to VCT rules.	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.	No overall change in risk exposure on balance.

<b><i>Risk</i></b>	<b><i>Mitigation</i></b>	<b><i>Change</i></b>
<i>Information security:</i>		
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.	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.	No overall change on balance, although cyber threat remains a significant risk area faced by all service providers.

<b><i>Risk</i></b>	<b><i>Mitigation</i></b>	<b><i>Change</i></b>
<i>Economic:</i>		
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	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	Increased exposures reflected in the previous period remain as economic uncertainty persists through high inflation, high interest rates and other economic factors.

conditions or the sectors in which they operate. This could result in a reduction in the value of Titan's assets.

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.

<b>Risk</b>	<b>Mitigation</b>	<b>Change</b>
<i>Legislative:</i>		
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.	The Portfolio Manager engages with HM Treasury and industry bodies to demonstrate the positive benefits of VCTs in terms of growing early-stage companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation.	Risk exposure has continued to reduce since the previous period following the extension of the sunset clause to 2035 being agreed.

<b>Risk</b>	<b>Mitigation</b>	<b>Change</b>
<i>Liquidity:</i>		
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.	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.	Risk exposure has continued to increase, reflecting economic uncertainty, the impact on fundraising and the risk of disposal failures.

<b>Risk</b>	<b>Mitigation</b>	<b>Change</b>
<i>Valuation:</i>		
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.	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.	Risk exposure remains unchanged from the previous period due to economic uncertainty within valuation modelling.

<b>Risk</b>	<b>Mitigation</b>	<b>Change</b>
<i>Foreign currency exposure:</i>		
Investments held and revenues generated in other currencies may not generate the expected level of returns due to changes in foreign exchange rates.	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.	Risk exposure has not changed since the previous period.

## 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 above.

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.

### **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

## Income statement

	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	—	(1,870)	(1,870)	—	66	66
Gain on disposal of current asset investments	—	355	355	—	—	—
Loss on valuation of fixed asset investments	—	(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	4,467	—	4,467	864	—	864
Investment management fee	(1,054)	(20,028)	(21,082)	(1,125)	(21,383)	(22,508)
Other expenses	(6,264)	—	(6,264)	(7,060)	—	(7,060)
Foreign exchange translation	—	(1,548)	(1,548)	—	6,570	6,570
<b>Loss before tax</b>	<b>(2,851)</b>	<b>(146,648)</b>	<b>(149,499)</b>	<b>(7,321)</b>	<b>(311,894)</b>	<b>(319,215)</b>
Tax	—	—	—	—	—	—
<b>Loss after tax</b>	<b>(2,851)</b>	<b>(146,648)</b>	<b>(149,499)</b>	<b>(7,321)</b>	<b>(311,894)</b>	<b>(319,215)</b>
<b>Loss per share – basic and diluted</b>	<b>(0.2)p</b>	<b>(9.7)p</b>	<b>(9.9)p</b>	<b>(0.6)p</b>	<b>(24.0)p</b>	<b>(24.6)p</b>

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

Titan has no other comprehensive income for the period.

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

## Balance sheet

	As at 31 December 2023		As at 31 December 2022	
	£'000	£'000	£'000	£'000
Fixed asset investments		790,819		827,449
Current assets:				
Money market funds	91,172		58,701	
Corporate bonds	108,669		104,244	
Applications cash <sup>1</sup>	17,842		23,299	
Cash at bank	2,970		16,120	
Debtors	1,802		47,374	
		222,455		249,738
Current liabilities	(19,530)		(25,427)	
Net current assets		202,925		224,311
<b>Net assets</b>		<b>993,744</b>		<b>1,051,760</b>
Share capital		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
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NAV per share	62.4p	76.9p
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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 <sup>1</sup> £'000	Capital reserve realised <sup>1</sup> £'000	Capital reserve unrealised £'000	Revenue reserve <sup>1</sup> £'000	Total £'000
As at 1 January 2023	1,368	92,896	27	887,288	(53,430)	160,634	(37,023)	1,051,760
<b>Comprehensive income for the year:</b>								
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)
<b>Contributions by and distributions to owners:</b>								
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
<b>Other movements:</b>								
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	—	—



<b>Balance as at 31 December 2023</b>	<b>1,594</b>	<b>45,780</b>	<b>74</b>	<b>1,025,614</b>	<b>(89,570)</b>	<b>51,674</b>	<b>(41,422)</b>	<b>993,744</b>
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1. Reserves are available for distribution, subject to the restrictions.

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

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

1. Reserves are available for distribution, subject to the restrictions.

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

## Cash flow statement

	<b>Year to 31 December 2023</b> £'000	<b>Year to 31 December 2022</b> £'000
<b>Reconciliation of profit to cash flows from operating activities</b>		
Loss before tax	(149,499)	(319,215)
Decrease/(increase) in debtors <sup>1</sup>	3,671	(5,666)
Decrease in creditors	(440)	(64,514)
Gain on disposal of current asset investments	(355)	—
(Gain)/loss on valuation of current asset investments	(8,098)	12,682
Gain on disposal of fixed asset investments	(1,111)	(66)
Loss on valuation of fixed asset investments	131,655	284,465
<b>Outflow from operating activities</b>	<b>(24,177)</b>	<b>(92,314)</b>
<b>Cash flows from investing activities</b>		
Purchase of current asset investments	—	(6,679)
Sale of current asset investments	4,028	—
Purchase of fixed asset investments	(97,650)	(156,973)
Proceeds from sale of fixed asset investments	45,637	62,213

<b>Outflow from investing activities</b>	<b>(47,985)</b>	<b>(101,439)</b>
<b>Cash flows from financing activities</b>		
Movement in applications account	(5,457)	20,669
Dividends paid (net of DRIS)	(58,210)	(49,596)
Purchase of own shares	(32,422)	(41,192)
Share issues (net of DRIS)	187,852	90,982
Share issue costs	(5,737)	(2,260)
<b>Inflow from financing activities</b>	<b>86,026</b>	<b>18,603</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>13,864</b>	<b>(175,150)</b>
Opening cash and cash equivalents	98,120	273,270
<b>Closing cash and cash equivalents</b>	<b>111,984</b>	<b>98,120</b>
<b>Cash and cash equivalents comprise</b>		
Cash at bank	2,970	16,120
Applications cash	17,842	23,299
Money market funds	91,172	58,701
<b>Closing cash and cash equivalents</b>	<b>111,984</b>	<b>98,120</b>

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)’.

### *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).

### 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*

<b>Year to</b>	<b>Year to</b>
<b>31</b>	<b>31</b>

	<b>December 2023 £'000</b>	December 2022 £'000
Money market funds	<b>4,154</b>	577
Loan note interest receivable	<b>313</b>	287
<b>Total investment income</b>	<b>4,467</b>	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*

	<b>Year to 31 December 2023</b>			<b>Year to 31 December 2022</b>		
	<b>Revenue £'000</b>	<b>Capital £'000</b>	<b>Total £'000</b>	<b>Revenue £'000</b>	<b>Capital £'000</b>	<b>Total £'000</b>
Investment management fee	<b>1,054</b>	<b>20,028</b>	<b>21,082</b>	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 the Annual Report and 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.

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

1. For further information please see note 9.

2. Includes employers' NI.

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. 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)
<b>Effects of:</b>		
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 <sup>1</sup>	(419)	(1,314)
<b>Total current tax charge</b>	—	—

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.

## 6. 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
<b>Dividends paid in the year</b>		
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
<b>Total</b>	<b>77,763</b>	<b>66,220</b>
<b>Dividends in respect of the year</b>		
Interim dividend – 2.0p (2022: 2.0p)	31,636	27,520
Second interim dividend – 1.9p (2022: 3.0p)	31,876	41,038
<b>Total</b>	<b>63,512</b>	<b>68,558</b>

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.

## 7. 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.

## 8. 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

## 9. 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/>.

## 10. 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:

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

## 11. 2023 financial information

The figures and financial information for the year ended 31 December 2023 are extracted from the Company's annual financial statements for the period and do not constitute statutory accounts. The Company's annual financial statements for the year to 31 December 2023 have been audited but have not yet been delivered to the Registrar of Companies. The Auditors' report on the 2023 annual financial statements was unqualified, did not include a reference to any matter to which the auditors drew attention without qualifying the report, and did not contain any statements under Sections 498(2) or 498(3) of the Companies Act 2006.

## 12. 2022 financial information

The figures and financial information for the period ended 31 December 2022 are compiled from an extract of the published financial statements for the period and do not constitute statutory accounts. Those financial statements have been delivered to the Registrar of Companies and included the Auditors' report which was unqualified, did not include a reference to any matter to which the auditors drew attention without qualifying the report, and did not contain any statements under Sections 498(2) or 498(3) of the Companies Act 2006.

## 13. Annual Report and financial statements

The Annual Report and financial statements will be posted to shareholders in early May and will be available on the Company's website, [octopustitanvct.com](http://octopustitanvct.com). The Notice of Annual General Meeting is contained within the Annual Report.

## 14. General information

Registered in England & Wales. Company No. 06397765  
LEI: 213800A671KGG6PVYW75

## 15. Directors

Tom Leader (Chair), Jane O'Riordan, Lord Rockley, Gaenor Bagley and Julie Nahid Rahman.

## 16. Secretary and registered office

Octopus Company Secretarial Services Limited  
6<sup>th</sup> Floor, 33 Holborn, London EC1N 2HT