

## Octopus AIM VCT plc

### Final Results

Octopus AIM VCT plc today announces the final results for the year ended 28 February 2025.

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

#### Financial summary

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

<sup>1</sup>NAV per share is calculated on the underlying assets less liabilities of the Company divided by the number of shares.

<sup>2</sup>Total return is an alternative performance measure calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period.

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

<sup>4</sup>Ongoing charges is an alternative performance measure calculated using the AIC recommended methodology.

#### Chairâ€™s statement

##### Introduction

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

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

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

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

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

##### Performance

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

The AIM marketâ€™s underperformance compared to other UK indices over the past three years underscores investorsâ€™ aversion to risk during periods of market instability and equity outflows. Investors have preferred larger more defensive companies in traditional liquid sectors,

rather than significant exposure to new technology, healthcare and biotech growth stocks (sectors that form a large part of your portfolio's investments). Venture Capital Trusts (VCTs) face additional investment restrictions and must ensure they are invested in qualifying stocks. The FTSE AIM Index, while not a perfect replica, remains the most appropriate broad equity benchmark for comparison due to the nature of its underlying holdings. The FTSE SmallCap and All-Share indices provide a broader market context.

### **Dividends**

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

### **Board changes**

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

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

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

### **Cancellation of share premium account**

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

### **Dividend reinvestment scheme**

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

### **Share buybacks**

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

### **Share issues**

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

### **VCT status**

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

### **Annual General Meeting (AGM)**

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

### **Outlook**

After a prolonged period of underperformance, there are reasonable grounds for hoping that prospects for the AIM market should improve in the current financial year. Key potential drivers of improvement include regulatory reforms that facilitate investment, the recent Mansion House Accord which commits major pension providers to direct £25 billion into UK growth assets by 2030, the possible reform of VCT rules and a pipeline of IPOs and M&A activity expected to restore investor confidence. Additionally, anticipated interest rate cuts and government initiatives targeting

innovation sectors such as technology, healthcare, and green energy are creating a more supportive environment. While geopolitical uncertainties persist, these combined factors position AIM for a potential rebound, which could offer attractive opportunities for growth-focused investors.

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

Neal Ransome  
Chair

## **Investment Manager's review**

### **Introduction**

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

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

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

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

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

### **The Alternative Investment Market (AIM)**

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

Consequently, the pace of IPOs on AIM remained subdued, with only 10 IPOs during the period compared to 17 in the previous financial year. While the number of exits remained broadly in line with historical levels, there has been an increasing trend of companies migrating to the main market or signalling their intention to do so. Examples of this include Gamma Communications plc and Brooks Macdonald Group plc, both of

which are held in the portfolio. The total number of companies listed on AIM stood at 669 as of the end of February, representing a 9.8% decline year-on-year.

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

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

## Performance

Adding back the 9.9p of dividends paid in the year, the Company's NAV total return fell by 4.4% during the year. This compares with a fall in the FTSE AIM Index of 2.6%, a rise in the FTSE SmallCap (excluding investment companies) of 10.7% and a rise in the FTSE All-Share Index of 18.4%, all on a total return basis. The FTSE All-Share was lifted by strong performance of financials, consumer staples, pharmaceuticals and aerospace and defence. Financials were driven by the large banks who benefitted from improved margins as a result of the continued higher interest rate environment. Standout categories of consumer staples included tobacco and personal care where demand was resilient. The pharmaceuticals sector was primarily driven by the continued strong performance of AstraZeneca, which has an outsized impact due to being one of the largest companies in the index. Aerospace and Defence was fuelled by increasing interest in the sector due to the ongoing heightened geopolitical uncertainty which is likely to result in a significant increase in investment, particularly in Europe as the EU seeks to reduce its reliance on the US. The outperformance of the FTSE All-Share Index, driven by these sectors, was largely fuelled by the share price performance of larger more established companies with investors taking more defensive positioning due to the increased uncertainty. This trend of outperformance by traditional industries was similar for both the FTSE SmallCap (excluding investment companies) and the FTSE AIM All-Share though returns were less pronounced, markedly so for AIM. This variance in performance is somewhat explained when accounting for the differences in market cap scale of these indexes and considering the context of the additional headwinds faced by AIM. For both smaller indexes financials and consumer staples were also amongst the best performing sectors, alongside consumer services and industrials for the FTSE Small Cap (excluding investment companies) and basic materials and technology for the FTSE AIM All-Share Index. While technology does not necessarily fit well in this list this is explained by AIM's larger weighting towards technology.

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

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

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

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

On a positive note, many companies in the portfolio delivered strong trading performances during the period, contributing positively to overall returns. Breedon Group plc was the largest contributor, announcing its long-anticipated expansion into the US market through the acquisition of BMC Enterprises Inc., a leading regional supplier of ready-mixed concrete, aggregates, and building products. This acquisition provides a valuable foothold, positioning Breedon well for further expansion in a growing but fragmented US market. Performance in Ireland was strong, delivering growth in profitability which helped offset a slightly weaker performance in Great Britain, their largest region, where there was weaker demand exacerbated further by adverse weather. Beeks Financial Cloud Group plc continued to demonstrate excellent revenue growth, driven by a series of significant contract wins and extensions. Nasdaq was confirmed as an Exchange Cloud customer, and Grupo Bolsa Mexicana de Valores became the fourth customer to adopt the Exchange Cloud product. With a strong pipeline and expanding customer base, Beeks remains well

positioned to deliver sustained growth through contract expansions and new customer acquisitions. Netcall plc continued its double digit revenue growth, demonstrating the demand for its cloud solutions, which drive efficiency resulting in better customer outcomes. The company completed the acquisitions of Govtech and Parble, enhancing and complementing the existing suite of Liberty solutions and creating cross-selling opportunities which underpin future revenue growth. Diaceutics delivered another excellent performance, growing revenues at more than 30% while also increasing the quality and visibility of earnings with an improvement in the proportion of revenues which are recurring. The company won three further enterprise wide engagements, taking the total to seven, including a first commercialisation partner engagement where Diaceutics is the primary partner for a customer launching a precision medicine.

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

### **Portfolio activity**

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

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

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

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

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

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

### **Liquidity**

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

### **VCT regulations**

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

In order to qualify, companies must:

• have fewer than 250 full-time equivalent employees;

• have less than Â£15 million of gross assets at the time of investment and no more than Â£16 million immediately post investment;

• be less than seven years old from the date of their first commercial sale (or ten years if a knowledge intensive company) if raising State Aided (i.e. VCT) funds for the first time;

• not receive more than Â£5 million state aided funds in the previous twelve months (Â£10 million for a knowledge intensive company from 6 April 2018), or more than the lifetime limit of Â£12 million (Â£20 million for a knowledge intensive company); and

• produce a business plan to show that the funds are being raised for growth and development.

### **Outlook and future prospects**

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

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

The Octopus Quoted Companies team

### **Viability statement**

In accordance with provision 4.31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Company over a longer period than the twelve months required by the "going concern" provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company has raised funds under an offer for subscription which closed to new applications on 27 March 2025 and, under VCT rules, subscribing investors are required to hold their investment for a five-year period in order to benefit from the associated tax reliefs. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a five-year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the emerging and principal risks facing the Company and its current position. This includes the impact of the cost of living crisis, the unstable economic environment and any other risks which may adversely impact its business model, future performance, solvency or liquidity. Particular consideration was given to the Company's reliance on, and close working relationship with, the Investment Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

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

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

## Risk and risk management

### Principal risks, risk management and regulatory environment

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

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

Risk	Mitigation
<b>Investment performance:</b> The focus of the Company's investments is into VCT qualifying companies quoted on AIM and the AQSE, which by their nature entail a higher level of risk and lower liquidity than investments in larger quoted companies.	The Investment Manager has significant experience and a strong track record of investing in AIM and AQSE companies, and appropriate due diligence is undertaken on every new investment. The overall risk in the portfolio is mitigated by maintaining a wide spread of holdings in terms of financing stage, age, industry sector and business models. The Board reviews the investment portfolio with the Investment Manager on a regular basis.
<b>VCT qualifying status risk:</b> The Company is required at all times to observe the conditions for the maintenance of HMRC approved VCT status. The loss of such approval could lead to the Company and its investors losing access to the tax benefits associated with VCT status and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. The ability of the fund to invest is dependent on the pipeline of qualifying investments.	<p>Prior to investment, the Investment Manager seeks assurance from the Company's VCT status adviser that the investment will meet the legislative requirements for VCT investments.</p> <p>On an ongoing basis, the Investment Manager monitors the Company's compliance with VCT regulations on a current and forecast basis to ensure ongoing compliance with VCT legislation. Regular updates are provided to the Board throughout the year.</p> <p>The VCT status adviser formally reviews the Company's compliance with VCT regulations on a bi-annual basis and reports their results to the Board.</p>
<b>Operational risk:</b> The Board is reliant on the Investment Manager to manage investments effectively, and manage the services of a number of third parties, in particular the registrar and tax advisers. A failure of the systems or controls at the Investment Manager or third-party providers could lead to an inability to provide accurate reporting and to ensure adherence to VCT and other regulatory rules.	The Board reviews the system of internal control, both financial and non-financial, operated by the Investment Manager (to the extent the latter are relevant to the Company's internal controls). These include controls that are designed to ensure that the Company's assets are safeguarded, that proper accounting records are maintained, and that regulatory reporting requirements are met. Feedback on other third parties is reported to the Board on at least an annual basis, including adherence to Service Level Agreements where relevant.
<b>Information security:</b> A loss of key data could result in a data breach and fines. The Board is reliant on the Investment Manager and third parties to take appropriate measures to prevent a loss of confidential customer information.	Annual due diligence is conducted on third parties which includes a review of their controls for information security. The Investment Manager has a dedicated information security team and a third party is engaged to provide continual protection in this area. A security framework is in place to help prevent malicious events. The Investment Manager reports to the Board on an annual basis to update them on relevant information security arrangements. Significant and relevant information security breaches are escalated to the Board when they occur.
<b>Economic:</b> Events such as an economic recession, movement in interest rates, inflation, political instability and rising living costs could cause volatility in the market, adversely impacting the valuation of investments. This could result in a reduction in the value of the Company's assets.	<p>The Company invests in a diverse portfolio of companies across a range of sectors, which helps to mitigate against the impact of performance in any one sector. The Company also maintains adequate liquidity to make sure it can continue to provide follow-on investment to those portfolio companies which require it and which is supported by the individual investment case.</p> <p>The Investment Manager monitors the impact of macroeconomic conditions on an ongoing basis and provides updates to the Board at least quarterly.</p>
<p><b>Legislative:</b> A change to the VCT regulations could adversely impact the Company by restricting the companies the Company can invest in under its current strategy. Similarly, changes to VCT tax reliefs for investors could make VCTs less attractive and impact the Company's ability to raise further funds.</p> <p>Failure to adhere with other relevant legislation and regulation could result in reputational damage and/or fines.</p>	<p>The Investment Manager engages with HM Treasury and industry bodies to demonstrate the positive benefits of VCTs in terms of growing UK companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation.</p> <p>The Investment Manager employs individuals with expertise across the legislation and regulation relevant to the Company. Individuals receive ongoing training and external experts are engaged where required.</p>
<b>Liquidity/cash flow risk:</b> The risk that the Company's available cash will not be sufficient to meet its financial obligations. The Company invests in smaller companies, which are inherently less liquid than stocks on the main market.	The Investment Manager prepares cash flow forecasts to make sure cash levels are maintained in accordance with policies agreed with the Board. The Company's overall liquidity levels are monitored on a quarterly basis by the Board, with close monitoring of available cash resources. The Company

Therefore, these may be difficult to realise for their fair market value at short notice.	maintains sufficient cash and readily realisable securities, including money market funds and OEICs, which can be accessed at short notice. As at 28 February 2025, 17.8% of net assets were held in cash and cash equivalents and 12.4% in OEICs, realisable in seven business days.
<b>Valuation risk:</b> For smaller companies or illiquid shares, establishing a fair value can be difficult due to the lack of readily available market data for similar shares, resulting in a limited number of external reference points.	<p>Investments in companies traded on AIM and AQSE are valued by the Investment Manager using closing bid prices as reported on Bloomberg. Where investments are in unquoted companies or where there are indicators bid price is not appropriate, alternative valuation techniques are used in accordance with the IPEV guidelines.</p> <p>Valuations of unquoted portfolio companies are performed by appropriately experienced staff, with detailed knowledge of both the portfolio company and the market in which it operates. These valuations are then subject to review and approval by the Octopus Valuations Committee, comprised of staff who are independent of the Investment team and with relevant knowledge of unquoted company valuations. The Board reviews valuations after they have been agreed by the Octopus Valuations Committee.</p> <p>Investment in FP Octopus UK Micro Cap Growth Fund, FP Octopus UK Multi Cap Income Fund and FP Octopus UK Future Generations Fund are all valued with reference to the daily prices which are published by Fund Partners, the Authorised Corporate Director.</p>

### Emerging risks

The Board has considered emerging risks. The Board seeks to mitigate emerging risks and those noted below by setting policy, regular review of performance and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

The following are some of the potential emerging risks that the Board and the Investment Manager are currently monitoring:

• Geo-political protectionism

• Climate change.

### Gender and diversity

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

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

#### Gender identity or sex

	Number of Board members	Percentage of Board	of the Number of senior positions on the Board (CEO, CFO, SID and Chair)
Men	2	50%	Not applicable
Women	2	50%	
Not specified/prefer not to say	-	-	

#### Ethnic background

	Number of Board members	Percentage of Board	of the Number of senior positions on the Board (CEO, CFO, SID and Chair)
White British or other White (including minority white groups)	4	100%	Not applicable
Mixed/Multiple Ethnic Groups	-	-	
Asian/Asian British	-	-	
Black/African/Caribbean/Black British	-	-	
Other ethnic group	-	-	



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

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

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

### **Directors' responsibilities statement**

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

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

In preparing these financial statements, the Directors are required to:

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

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

In so far as each of the Directors is aware:

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

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

### **Website publication**

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

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

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

• the financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and

• the annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that it faces.

By Order of the Board

## Income statement

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

The "Total" column of this statement represents the statutory income statement of the Company prepared in accordance with the accounting policies detailed in the Notes to the financial statements; the supplementary revenue return and capital return columns have been prepared in accordance with the AIC Statement of Recommended Practice.

All revenue and capital items in the above statement derive from continuing operations.

The Company has only one class of business and derives its income from investments made in shares and securities and money market funds, as well as OEIC funds.

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

The accompanying notes are an integral part of the Financial Statements.

## Balance sheet

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

<sup>1</sup>Cash held but not yet allotted.

The accompanying notes are an integral part of the Financial Statements.

## Statement of changes in equity

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

	Share capital	Share premium	Capital redemption reserve	Special distributable reserves <sup>1</sup>	Capital reserve realised <sup>1</sup>	Capital reserve unrealised	Revenue reserve <sup>1</sup>	Total
Â	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000	Â£â€™000
As at 1 March 2023	1,798	18,924	279	118,015	(23,143)	27,545	(2,196)	141,222
<b>Comprehensive income for the year:</b>	Â	Â	Â	Â	Â	Â	Â	Â
Management fee allocated as capital expenditure	-	-	-	-	(1,666)	-	-	(1,666)
Current period gain on disposal	-	-	-	-	571	-	-	571
Current period loss on revaluation of investments	-	-	-	-	-	(17,459)	-	(17,459)
Profit after tax	-	-	-	-	-	-	824	824
Total comprehensive loss for the year	-	-	-	-	(1,095)	(17,459)	824	(17,730)
<b>Contributions by and</b>	Â	Â	Â	Â	Â	Â	Â	Â

**distributions****to owners:**

Repurchase and cancellation of own shares	(62)	-	62	(4,083)	-	-	-	(4,083)
Issue of shares	302	20,082	-	-	-	-	-	20,384
Share issue costs	-	(1,158)	-	-	-	-	-	(1,158)
Dividends paid	-	-	-	(9,526)	-	-	-	(9,526)
Total contributions by and distributions to owners:	240	18,924	62	(13,609)	-	-	-	5,617
<b>Other movements:</b>	Â	Â	Â	Â	Â	Â	Â	Â
Cancellation of share premium	-	(19,807)	-	19,807	-	-	-	-
Prior yearsâ€™ holding gains now realised	-	-	-	-	2,871	(2,871)	-	-
Transfer in reserves	-	-	-	-	(3,255)	3,255	-	-
Total other movements	-	(19,807)	-	19,807	(384)	384	-	-
<b>Balance as at 29 February 2024</b>	<b>2,038</b>	<b>18,041</b>	<b>341</b>	<b>124,213</b>	<b>(24,622)</b>	<b>10,470</b>	<b>(1,372)</b>	<b>129,109</b>

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

The accompanying notes are an integral part of the Financial Statements.

**Cash flow statement**

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

<b>Closing cash and cash equivalents</b>	<b>24,850</b>	34,921
Â	Â	Â
<b>Cash and cash equivalents is represented by:</b>	Â	Â
Cash at bank	<b>2,296</b>	1,276
Applications cash	<b>4,350</b>	4
Money market funds	<b>18,204</b>	33,641
<b>Â Total cash and cash equivalents</b>	<b>24,850</b>	34,921

The accompanying notes are an integral part of the Financial Statements.

### Events after the end of the reporting period

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

The following shares have been allotted since the year end:

â€¢Â Â Â Â Â Â Â 27 March 2025: 8,893,138 shares at a price of 52.2p per share.

â€¢Â Â Â Â Â Â Â 22 May 2025: 43,183 shares at a price of 50.1p per share.

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

â€¢Â Â Â Â Â Â Â 20 March 2025: 1,053,974 shares at a price of 47.37p per share.

â€¢Â Â Â Â Â Â Â 16 April 2025: 888,536 shares at a price of 45.45p per share.

â€¢Â Â Â Â Â Â Â 15 May 2025: 590,908 shares at a price of 47.27p per share.

â€¢Â Â Â Â Â Â Â 19 June 2025: 774,234 shares at a price of 49.59p per share.

### Notes to the financial statements

#### 1. Significant accounting policies

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

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

#### Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (GAAP), including Financial Reporting Standard 102 â€“ The Financial Reporting Standard applicable in the United Kingdom and Republic of Irelandâ€™ (â€“FRS 102â€™), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) â€“Financial Statements of Investment Trust Companies and Venture Capital Trusts (issued 2014 and updated in July 2022).â€™

The significant accounting policies have remained unchanged from those set out in the Companyâ€™s 2024 annual report and accounts.

#### 2. Income

##### Accounting policy

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

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

#### Disclosure

Â	<b>28</b>	29
	<b>February</b>	February
Â	<b>2025</b>	2024
Â	<b>Â£â€™000</b>	Â£â€™000
Dividends receivable from fixed asset investments	<b>906</b>	866
Loan note interest receivable	<b>111</b>	41
Income receivable on money market securities	<b>1,192</b>	1,153
Â	<b>2,209</b>	2,060

#### 3. Investment management fees

Â	<b>28 February 2025</b>			<b>29 February 2024</b>		
Â	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>	<b>Revenue</b>	<b>Capital</b>	<b>Total</b>
Â	<b>Â£â€™000</b>	<b>Â£â€™000</b>	<b>Â£â€™000</b>	<b>Â£â€™000</b>	<b>Â£â€™000</b>	<b>Â£â€™000</b>
Investment management fee	<b>518</b>	<b>1,561</b>	<b>2,079</b>	555	1,666	2,221

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

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

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

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

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

The management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term return in the form of income and capital gains, respectively, from the Company's investment portfolio.

#### 4. Other expenses

##### Accounting policy

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

##### Disclosure

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

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

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

#### 5. Tax

##### Accounting policy

Current tax is recognised for the amount of income tax payable in respect of the taxable profit/(loss) for the current or past reporting periods using the current UK corporation tax rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the 'marginal' basis as recommended in the SORP.

Deferred tax is recognised on an undiscounted basis in respect of all timing differences that have originated but not reversed at the balance sheet date, except as otherwise indicated.

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

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

## Disclosure

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

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

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

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

## 6. Dividends

### Accounting policy

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

## Disclosure

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

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

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

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

financial statements.

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

## 7. Earnings per share

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

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

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

## 8. Net asset value per share

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

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

## 9. Related party transactions

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

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

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

## 10. 2025 financial information

The figures and financial information for the year ended 28 February 2025 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 28 February 2025 have been audited but have not yet been delivered to the Registrar of Companies. The Auditors' report on the 2025 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.

## 11. 2024 financial information

The figures and financial information for the year ended 29 February 2024 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.

## 12. Annual Report and financial statements

The Annual Report and financial statements will be posted to shareholders in June and will be available on the Company's website. The Notice of Annual General Meeting is contained within the Annual Report.

## 13. General information

Registered in England & Wales. Company No. 03477519  
LEI: 213800C5JHJUQLAFP619

## 14. Directors

Neal Ransome (Chair), Andrew Boteler, Joanne Parfrey, and Louise Nash



**15. Secretary and registered office**

Octopus Company Secretarial Services Limited  
33 Holborn, London EC1N 2HT