



octopusinvestments

A brighter way

Backing Britain's brightest businesses

Octopus Titan VCT plc

Annual report and financial statements 2021

Find it fast

Strategic report

Highlights	2
Titan's portfolio	3
Chair's statement	4
Titan's objectives	7
How Titan works	8
Portfolio Manager's review	22
Operating responsibly	36
Section 172(1) statement	40
Risks and risk management	46
Business review	50

Governance

Board of Directors	52
Corporate governance report	54
Leadership and purpose	56
Division of responsibilities	57
Composition, succession and evaluation	58
Audit, risk and internal control	60
Remuneration	63
Directors' report	67

Financials

Directors' responsibilities statement	74
Independent auditor's report	75
Income statement	82
Balance sheet	83
Statement of changes in equity	84
Cash flow statement	86
Notes to the financial statements	87
Appendix	101
Shareholder information and contact details	105
Glossary of terms	109
Directors and advisers	110
Notice of Annual General Meeting	111
Notes	115



How Titan works p8



Portfolio Manager's review p22



Financials p73

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

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

Key dates

Interim dividend payment date	17 May 2022
Shareholder event	12pm on 7 June 2022
Annual General Meeting	12pm on 14 June 2022
Interim results to 30 June 2022 published	September 2022

Highlights

Net assets (€'000)	Profit after tax (€'000)	NAV/share
€1,373,041 2020: €1,043,325	€216,557 2020: €75,323	105.7p 2020: 97.0p
NAV + cumulative dividends	Total return (p)¹	Total return %²
197.7p 2020: 178.0p	19.7p 2020: 6.8p	20.3% 2020: 7.1%
Dividends paid in the year	Dividend yield %³	Dividend declared
11.0p 2020: 5.0p	11.3% 2020: 5.3%	3.0p 2020: 3.0p

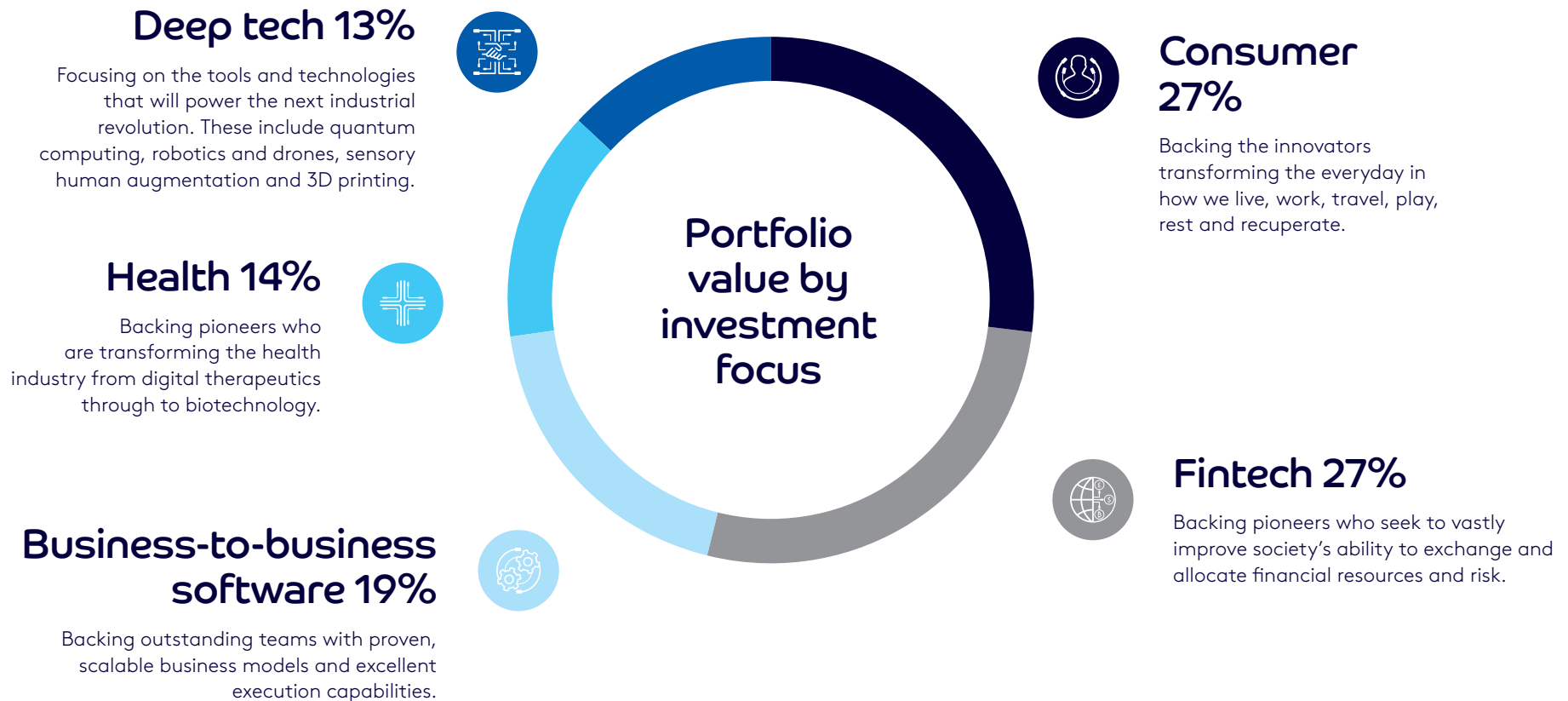
1. Total return is an alternative performance measure, calculated as movement in NAV per share in the period plus dividends paid in the period.

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

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

Titan's portfolio

Octopus' investment team is split into five areas of focus to reach and serve the best entrepreneurs out there. Each specialist investment team nurtures the depth of knowledge and connections necessary to help these pioneers build world-changing companies.



Chair's statement



- £202 million raised in 29 days in Titan's latest fundraising, meaning in 2021 Titan successfully raised £256 million.
- In 2021 we saw Titan exit seven companies for a profit – returning £237 million of gross proceeds to Titan.
- Total return over five years of 40%.
- 11p of dividends paid in the year (2020: 5p), with a further 3p dividend declared for payment in May 2022.

I am pleased to present the annual results for Titan for the year ended 31 December 2021.

The NAV per share at 31 December 2021 was 105.7p which, adjusting for dividends paid, represents a 20.3% increase from 31 December 2020. This increase reflects impressive performance across several portfolio companies and the efforts of the Octopus team and the pioneering entrepreneurs within the portfolio.

On 21 October 2021, we launched a new offer to raise up to £125 million, with an over-allotment facility of up to £75 million. We are delighted that this offer closed 29 days later having raised slightly more than £200 million. This represents our fastest fundraising by far and is a testament to the strong performance of Titan. We would like to take this opportunity to welcome all new shareholders and thank all existing shareholders for their continued support.

In addition to proceeds received from our fundraising, as summarised on page 68, Titan benefitted from seven profitable exits in the year including Depop being acquired by Etsy for \$1.625 billion and WaveOptics being sold to SNAP for over \$500 million. Collectively, the seven companies received investment of £48 million from Titan and the combined realised consideration totalled £237 million (in cash, shares and/or deferred amounts).

Alongside these exits, the year also saw some very significant further investments in the portfolio, led by new investors, including ManyPets (previously trading as BoughtByMany) raising \$350 million at a valuation of more than \$2 billion, Cazoo raising \$1.6 billion and listing on the New York Stock Exchange for \$8 billion, and Permutive raising \$75 million, led by SoftBank. More can be read on some of these raises in the Portfolio Manager's review on page 22.

In the 12 months to 31 December 2021, we utilised £325 million of our cash resources, comprising £143 million in new and follow-on investments, £102 million in dividends (net of the Dividend Reinvestment Scheme), £35 million in share buybacks, £27 million in annual investment management fees and other running costs, and an £18 million performance fee payable in respect of the year ended 31 December 2020. Together, this utilised 130% of our cash and cash equivalents at 31 December 2020. The cash and corporate bond balance of £381 million at 31 December 2021 represents 28% of net assets at that date, compared to 23% at 31 December 2020, reflecting the significant disposal proceeds in the year and that the fundraising closed in November fully subscribed, compared to previous years' typical closing dates of March or April. We anticipate that this cash level will fall to approximately £210 million, after the payment of the second interim dividend and performance fees in April.

Performance incentive fees

Titan's impressive performance since 31 December 2020, including the numerous and significant disposals in the year, has given rise to a performance fee being payable to Octopus of £64 million. The performance fee is calculated as 20% on net gains above the High Water Mark, the highest total return as at previous year ends, of 178p as at 31 December 2020. See Note 19 of the financial statements for further details.

Dividends

Following careful consideration, I am pleased to confirm that on 17 March 2022 the Board declared a second interim dividend of 3p per share in respect of the year ending 31 December 2021. This will be paid on 17 May 2022 to shareholders on the register as at 29 April 2022, resulting in full year dividends of 11p. This represents a tax-free yield of 17% on the NAV at 31 December 2020. As shareholders will know, our ambition is to pay an annual dividend of 5.0p per share, supplemented by special dividends when appropriate.

If you are one of the 27% of shareholders who take advantage of the Dividend Reinvestment Scheme ('DRIS'), your dividend will be received in Titan shares. This is an excellent way to achieve your investment objectives for those of you who prefer the capital value of your investment to grow, particularly given the additional tax relief received on the new shares.

Since inception, we have now paid 92p in tax-free dividends per share, excluding the recently declared dividend.

Fundraise and buybacks

In addition to our recent fundraise mentioned above, Titan successfully closed its previous offer during the year, which opened in October 2020 and which saw £121 million raised by March 2021.

During the period, Titan repurchased 33.8 million shares (representing 3.1% of the net asset value as at 31 December 2021). Further details can be found in Note 14 of the financial statements. The Board has continued to buy back shares from shareholders at no greater than a 5% discount to NAV per share. Whilst the Board will seek authority to continue to be able to buy back up to 14.99% of Titan's shares, the Directors intend that this authority will only be used for a maximum of 5% of the share capital annually.

Board of Directors

As shareholders may recall, we have maintained a policy of Board succession and last year we appointed Anthony Rockley and Gaenor Bagley to the Board. Following their appointments, I believe that, after joining the Board as Chair of Octopus Titan 2 VCT in October 2007, I should retire from the Board and so will not be seeking re-election at the forthcoming Annual General Meeting ('AGM'). It has been a pleasure to work with Octopus over the last 15 years, guiding Titan through different phases of growth and seeing it go from strength to strength.

I am pleased to announce that Tom Leader has agreed to take over as Chair and Anthony Rockley will undertake Tom's current role of Chair of the Audit Committee. I would like to take this opportunity to thank them both for taking on these roles. Jane O'Riordan, Matt Cooper and Gaenor Bagley will be continuing in their roles on the Board, and I wish the Board every success in the future.

Jo Oliver, Octopus Ventures' lead fund manager for Titan, will also be stepping back from focusing on Titan full time. He will remain involved with the Octopus Ventures team and the Titan portfolio, but in a reduced capacity. I am pleased to announce that Malcolm Ferguson (Partner at Octopus Ventures) will be the lead fund manager going forward. We would like to thank Jo for all his hard work and commitment to the success of Titan over the last 13 years.

Chair's statement continued

AGM and shareholder event

The Annual General Meeting will take place on 14 June 2022 from 12pm 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 the Meeting on pages 111 and 112.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions within the Notice of Annual General Meeting on pages 111 and 112 using the proxy form, or electronically at www.investorcentre.co.uk/eproxy. The Board has carefully considered the business to be approved at the Annual General Meeting and recommends shareholders to vote in favour of all the resolutions being proposed, as the Board will be doing.

We always welcome questions from our shareholders at the AGM but this year, 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, we are pleased to offer shareholders the opportunity to attend an online shareholder webinar. At this event we will have Jo Oliver and myself presenting on Tuesday 7 June 2022 at 12pm. For details of how to sign up please see octopustitanvct.com. Alternatively, shareholders are also invited to send any questions they may have via email to TitanAGM@octopusinvestments.com.

Outlook

I am pleased to announce such an impressive uplift in NAV per share over the last 12 months, especially with the persistent and ever-changing backdrop that the Covid-19 pandemic has created. The macro environment of the past two years has seen an unprecedented level of global change with the pandemic often forcing faster adoption of new technologies as well as a surge in demand for change, which has given many businesses the opportunity and platform to thrive. Some of the companies within the portfolio have benefitted from this rapidly changing landscape, as evidenced by the successful exits from some such as Depop, WaveOptics, Semafone and Conversocial and the growth of others such as ManyPets, Permutive and Quit Genius, detailed further in the Portfolio Manager's review on page 22. On the other hand, other industries have been impacted more deeply and some portfolio companies are still working hard to recover to pre-pandemic trading levels, such as The Plum Guide and Secret Escapes operating in the travel industry, or even reassessing their business models. As we now look set to face another uncertain time with the conflict in Ukraine, the team at Octopus Ventures will continue to work closely with the portfolio to ensure a good understanding of the impact associated with each company and we of course hope for a swift resolution to the crisis.

I was delighted earlier in the year to be able to announce the payment of a special dividend, which means 11p of cumulative dividends will be paid in relation to the performance of Titan in 2021. 2021 has been an impressive and exciting year for Titan, with a record-breaking fundraising; an impressive array of profitable exits, as summarised on pages 10 and 11 of the report; and 31 new investments completing.

This was recognised with Titan winning the Venture Capital Trust of the Year at the GP Bullhound Investor Allstars awards, a great accolade. I am sure shareholders would like to join the Board in thanking the Octopus Ventures team for these excellent results.

In 2021, the Octopus Ventures team began to deploy the Ventures EIS Service alongside Titan into qualifying opportunities and to date 24 co-investments have been made from two tranches of this service. A Knowledge Intensive (KI) EIS Fund was recently announced, and this is currently being raised alongside a new VCT, the Future Generations VCT, both of which may invest alongside Titan where a company meets the mandate of all funds. This new VCT is looking to back businesses which Octopus Ventures believes will address one of three sustainable themes to both help drive real societal change, as well as having the potential to offer financial return. Titan will continue to invest mainly in UK-based tech-enabled companies with global ambitions and the potential to grow quickly, and where an opportunity also meets the new VCT's mandate, that fund may co-invest with Titan. We are pleased with how Octopus Ventures is managing this process in accordance with the allocation policy which has been agreed with the Board, including the retention of Titan's rights to invest further in existing portfolio companies where it chooses to do so. The Board believes that the increase of funds for new and follow-on investments could be a competitive advantage and differentiating factor when investing, whilst also enabling Titan to focus on its sustainable growth objective.

Titan deployed £143 million into new and follow-on opportunities in the year, which brings the total number of companies in the portfolio to 107 at 31 December 2021. To be able to support the deployment rate and number of companies in the portfolio, the Octopus Ventures team has scaled up in line with this growth with seven new investment professionals joining the team and eight additional operational staff. Its talent team, which supports the portfolio's entrepreneurs on their journey to scale their businesses, now has individuals assigned to the five areas of investment focus, allowing them to be experts in their specific area. The diversity and volume of exciting new deals completed in 2021 and the upcoming pipeline of opportunities is testament to the work the investment team continues to put into sourcing, securing and working with such businesses successfully. VCTs have long provided a compelling opportunity for UK investors to provide funding for such 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 Ventures team on behalf of all shareholders for their hard work, without which Titan would not continue to achieve such performance.



John Hustler
Chair

21 April 2022

Titan's objectives

- 1 Invest in pioneering companies**
Titan's investment strategy aims to back the next generation of entrepreneurs leading technology and tech-enabled businesses in five dedicated areas – health, fintech, deep tech, consumer and business-to-business software.
- 2 Long-term sustainability of the VCT**
Over the long term, Titan targets:
 - maintaining a NAV per share of at least 90p after the payment of dividends;
 - generating sufficient cash from realisations within the portfolio to cover share buybacks, dividends and operating costs; and
 - capital raised from fundraising predominantly utilised for new and follow-on investments.
- 3 Regular tax-free dividend**
Titan targets regular dividends of 5p per annum with the potential to pay special dividends as investments are realised at a significant profit. As at the date of this document Titan has paid total dividends of 92p per share to investors and announced a further 3p of dividends for payment in May 2022.

However, this is not a guarantee, and no projection or forecast is expressed or implied.



Read more about cash deployment and creating value for the long term on pages 20 and 21

How Titan works

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

Titan is the largest VCT in the market, with over £1.3 billion of funds under management and a diverse portfolio of over 100 companies. Titan's proud history of backing some of the UK's most successful entrepreneurs includes early investments in Depop, WaveOptics and ManyPets, and through the investment team, called Octopus Ventures, it continues to search out and back companies with the potential to become household names.

Titan's success can be attributed to three things:

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

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

The team back pioneering entrepreneurs who are changing the world. Its areas of focus encompass Health, Fintech, Deep tech, Consumer and Business-to-business software.

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

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

The Octopus Ventures team work with the entrepreneurs they back by holding workshops on strategy, advising on sales and marketing plans, and providing connections to other companies who can help their businesses grow. The quality of a portfolio management team can make or break a young business, which is why Octopus Ventures has expanded its in-house Talent team supporting the portfolio companies. The Talent team's sole focus is on partnering and supporting its portfolio companies' leaders to help them be better, faster.

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



Spotlight on exits

The Octopus Ventures team helps companies grow, but continued support is important beyond scaling. As portfolio companies take their next steps on their growth journeys, the team ensures that they continue to realise value for Titan's shareholders. This could mean sourcing a suitable trade buyer, as seen with Snap Inc's acquisition of WaveOptics and Etsy Inc's acquisition of Depop, or identifying opportunities to list their shares on a public market, as Cazoo did on the New York Stock Exchange earlier this year.

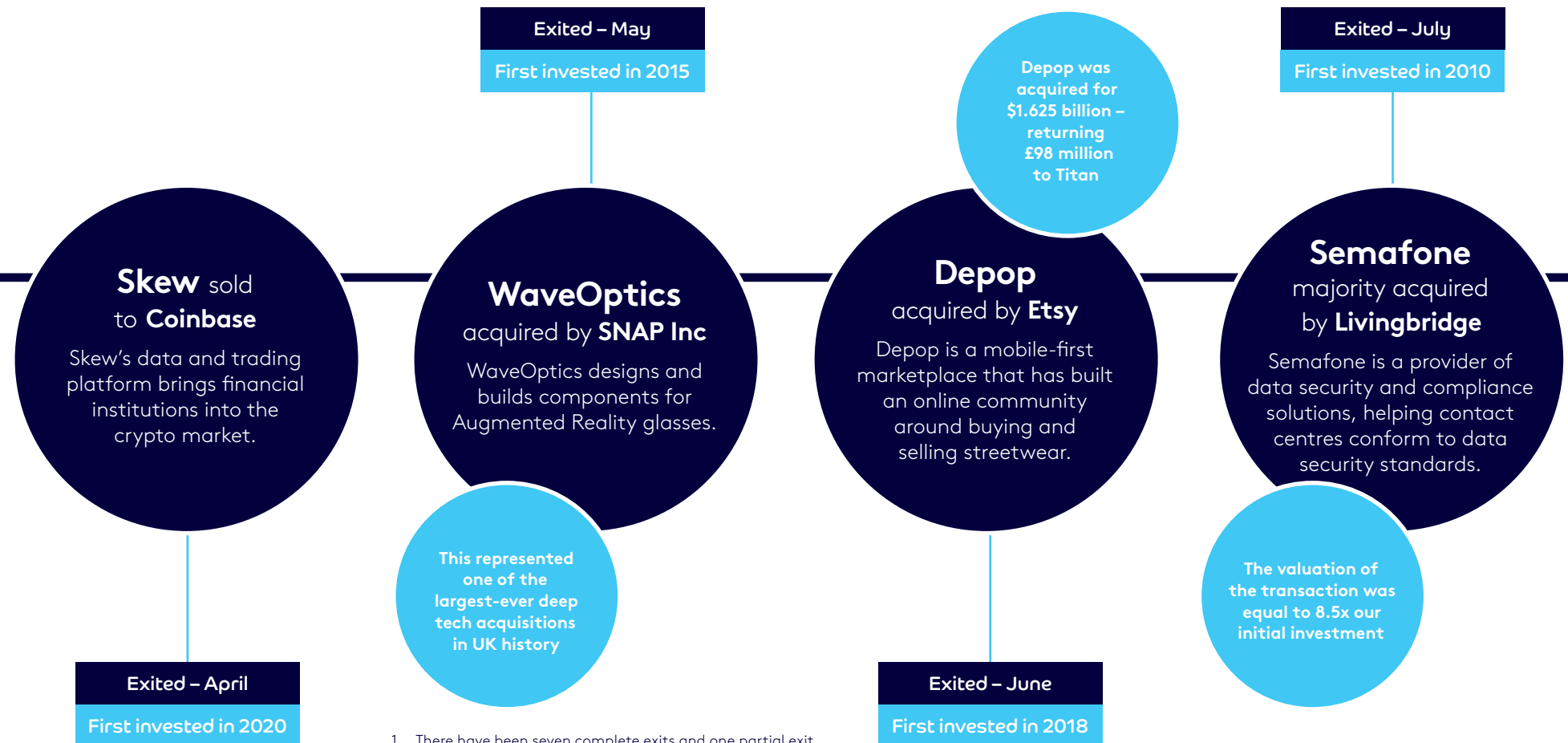
Each company in the Titan portfolio has its own unique needs, which is why a tailored approach is so important. This means thinking carefully about timings, and potential partners. Patience is crucial, as it means Titan can support companies throughout their growth journey and back management teams as they seize the right opportunities at the right time. This year Livingbridge, a private equity firm, completed a majority investment in Semafone, part of the Titan portfolio since 2010. Not all funds have the capacity to wait this long for the right moment, but that doesn't mean Titan can't also move quickly. Skew, which offers analytics for cryptocurrency markets, was sold to Coinbase Inc, a secure, US-based online platform for buying, selling and storing cryptocurrency, just a year after Titan's investment.

Successful exits like these enable Titan to realise the growth that the portfolio companies have achieved over Titan's investment lifespan. This has been a fantastic year for exits. Stakes in seven Titan companies were sold at a profit – a record for Titan. This result has been passed on to Titan's shareholders in the form of a special dividend, which was paid on 20 December 2021.

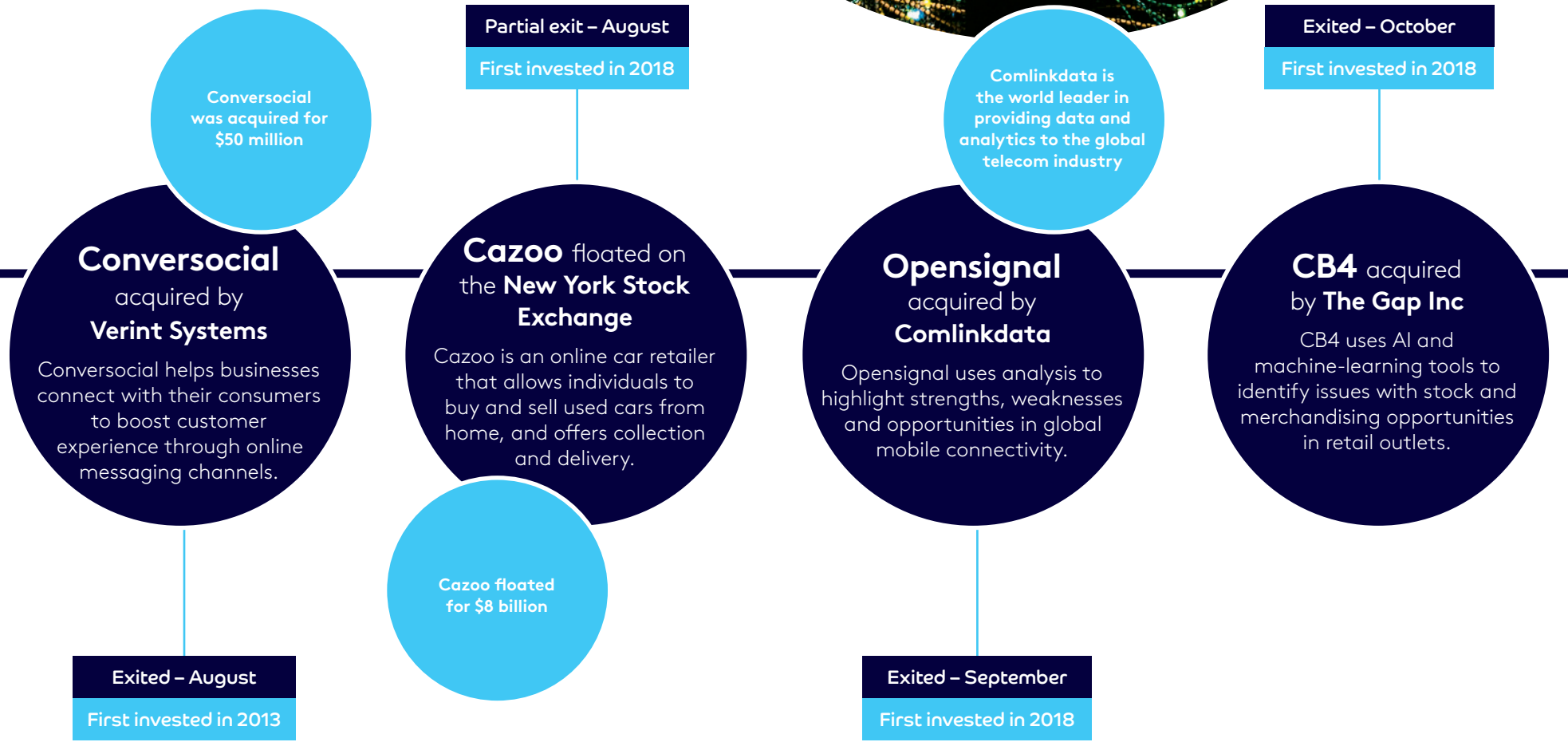
How Titan works continued

Spotlight on exits continued

Titan benefitted from an impressive number of profitable exits during 2021. Collectively, these companies received investment of £48 million from Titan, and the combined realised consideration totalled £237 million (in cash, shares and/or deferred amounts). Here's a closer look at how the exits broke down¹:



1. There have been seven complete exits and one partial exit following the listing of Cazoo. Titan still holds Cazoo shares.



How Titan works continued

Investment strategy

What and who Titan invests in:

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



As an investment team, this means:



25+

new early-stage
investments per year



£1-10m

initial investment from
Titan VCT



20%

targeted initial
equity stake



**10x+
return**

targeted on initial
investment



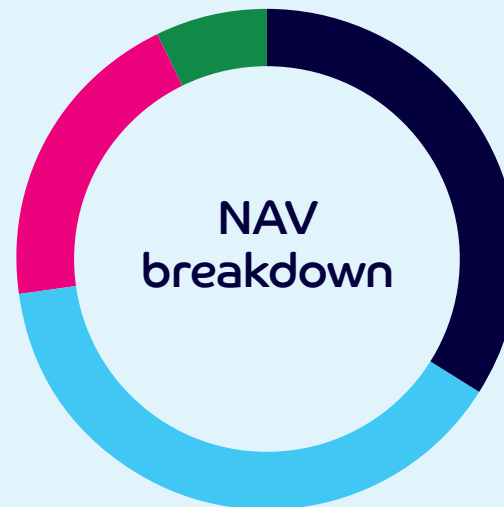
**Invest
further**

where we can
enhance returns

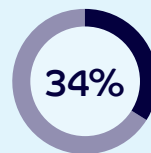
What's in a share

By owning shares in Titan VCT you gain access to a portfolio of over 100 early-stage companies with high-growth potential operating across a diverse range of sectors.

The value of your shares is calculated as the Net Asset Value (NAV) which is the combined value of all the assets owned by Titan after deducting the value of its liabilities. The NAV is comprised of different elements, as shown in the diagram. 73% is derived from the value of the underlying investments. 20% is held as highly liquid cash in the bank and money market funds which is required for investments. The upcoming pipeline of investments is closely monitored to ensure that there is always cash available for funding companies. The remaining 7% of the value is lower-risk corporate bonds, net creditors and debtors.



Read more in the Financials section on pages 82-86



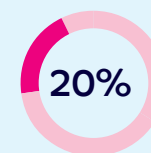
Top 10

The value of the top 10 investments as at 31 December 2021



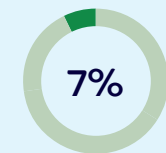
Other investments

Value of other portfolio investments as at 31 December 2021



Cash

Value of cash in bank and money market funds



Other

Value of corporate bond portfolio, debtors less creditors

How Titan works continued

Creating value

How Titan looks to create value for shareholders

What makes Titan different



The Octopus Ventures team

One of Europe's most experienced investment teams with 23 investment professionals focusing on Titan, offering over 390 years of combined experience.



Scale

Total assets under management (AUM) of over £1.3 billion, making Titan the largest VCT in the UK (as at 31 December 2021).



An established and diversified portfolio

A portfolio of over 100 early-stage, high-growth, tech-enabled companies operating across a wide variety of industries.

What the Octopus Ventures team do

1 How Octopus Ventures finds portfolio companies

1. Active network management and deal monitoring
2. Proprietary technology used to support deal sourcing
3. 2,300+ opportunities reviewed
4. 330+ preliminary meetings
5. 25+ new investments per year

2 Ongoing support

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

3 Mitigating risk

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

How cash is managed

Read more > page 20

How Titan's portfolio companies are supported along the journey

Read more > page 29

Why responsible investment matters

Read more > page 36

Measuring our performance

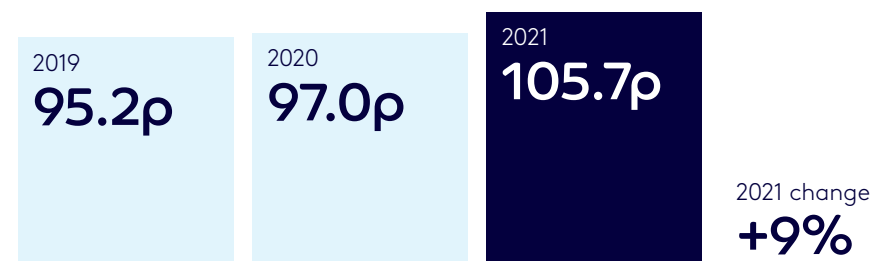
As a VCT, Titan's objective is to provide shareholders with attractive dividends and potential capital return by investing its funds in a broad spread of unquoted UK companies which meet the relevant criteria for VCTs.

The Board has identified eight key performance measures to assess Titan's success in meeting these objectives. Some of these are classified as alternative performance measures (APMs) in line with Financial Reporting Council (FRC) guidance. The Glossary of terms on page 109 has further details:

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

1 NAV per share

The NAV per share of Titan is the sum of the underlying assets less the liabilities of Titan divided by the total number of shares in issue. Titan's target is for the NAV (net of dividend payments) to stay flat or increase slightly with shareholders able to achieve capital growth through reinvesting dividends through the DRIS.



Performance over the year

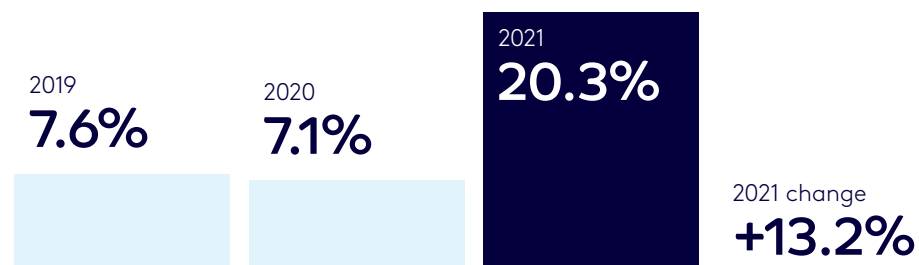
The NAV per share has increased from last year's value of 97.0p to 105.7p. This increase is driven by gains in the portfolio, offset by the 11.0p of dividends paid in the year.

How Titan works continued

Measuring our performance continued

2 Total return per share

Total return per share is calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period. Total return on the NAV per share enables shareholders to evaluate more clearly the performance of Titan, as it reflects the underlying value of the portfolio at the reporting date. This is the most widely used measure of performance in the VCT sector. Titan's target is for the total return per share to increase by at least 5p per annum, covering the target annual dividend. This is classified as an alternative performance measure.



Performance over the year

As previously considered, the NAV per share has increased from last year's value of 97.0p, in line with the Boards objective of maintaining a NAV per share of at least 90p. Adding back the 11p of dividends paid in the year, this is an uplift of 19.7p or 20.3%. This uplift is mainly driven by gains in the portfolio, as detailed in the Portfolio Manager's review on page 21.

3 Dividends per share paid in the year

Titan has a target of paying annual tax-free dividends of 5.0p per share, supplemented by special dividends when appropriate.

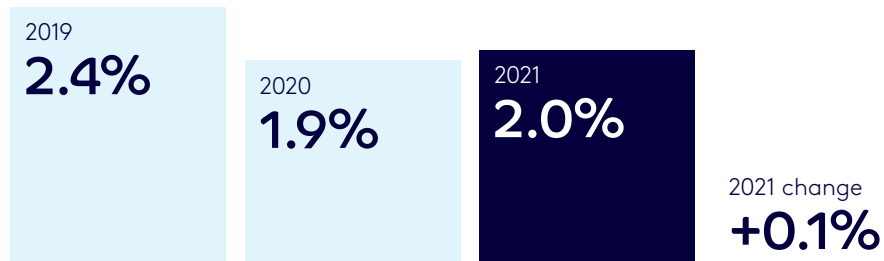


Performance over the year

Ordinary dividends of 5.0p were paid in the year in line with the dividend policy of a regular annual dividend of 5.0p per annum. In addition, a special dividend of 6.0p was declared in September 2021 and paid on 20 December 2021.

4 Total ongoing charges

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

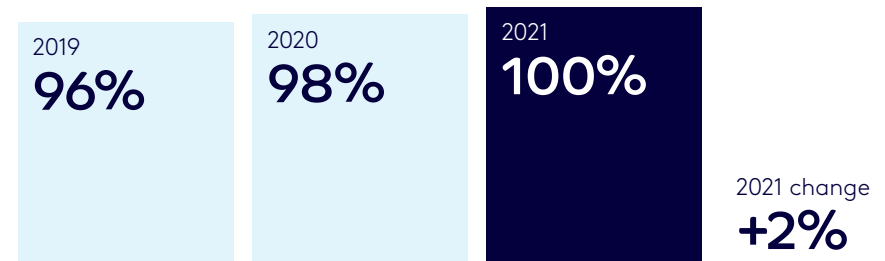


Performance over the year

The ongoing charges are in line with last year as a percentage of average net assets, and below the cap of 2.5%.

5 Qualifying % under VCT rules

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



Performance over the year

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

How Titan works continued

Measuring our performance continued

6 Distributable reserves

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



Performance over the year

The Companies Act distributable reserves have increased significantly following the cancellation of the share premium balance in August 2021.

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

7 Cash and cash equivalents

The total cash balance including: cash at bank, funds in money market accounts, and corporate bonds.

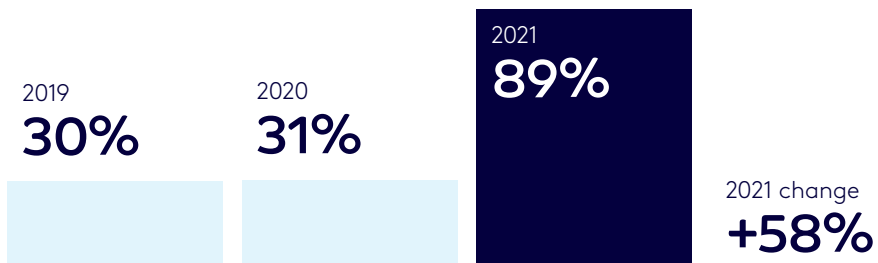


Performance over the year

The increase in cash is driven by the funds raised of £250 million and disposals of £222 million in FY 2021, offset by deployment of £143 million into new and follow-on investments, £102 million in dividends, £35 million in share buybacks, £27 million in annual investment management fees and other running costs, and an £18 million performance fee payable in respect of the year ended 31 December 2020.

8 Sustainability of Titan

The Board considers that it is important that Titan can cover its cash costs without fundraising over the medium term and so considers a Sustainability metric which is calculated as the proportion of Titan's costs that are covered by realisations over the three years. The costs of the VCT include the share buybacks, ordinary dividends and operating costs in the year. These costs are illustrated on page 20.



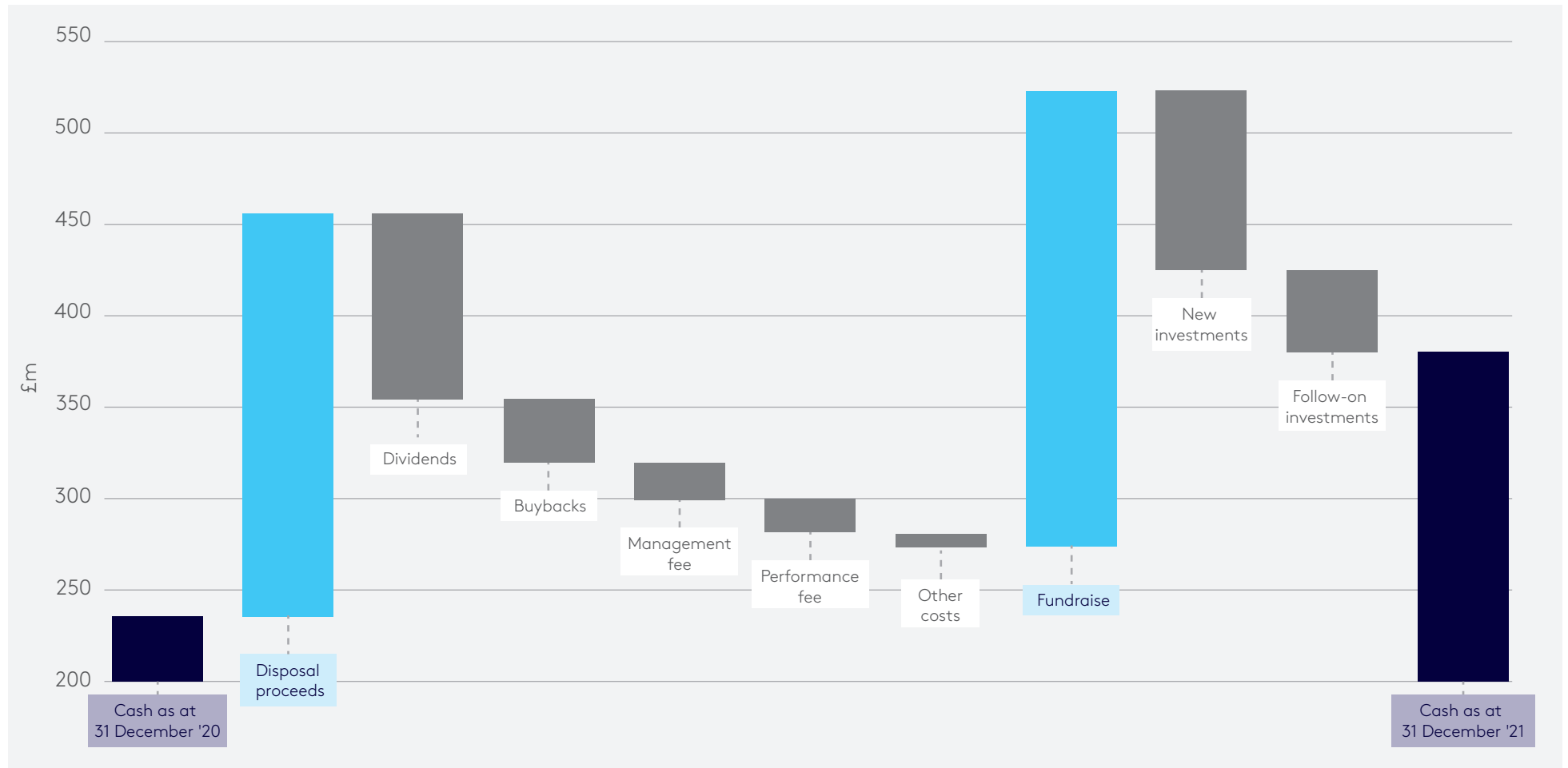
Performance over the year

Following £237 million of proceeds from exits in the year (as shown on pages 10 and 11) we have materially improved this metric to be in line with expectations.

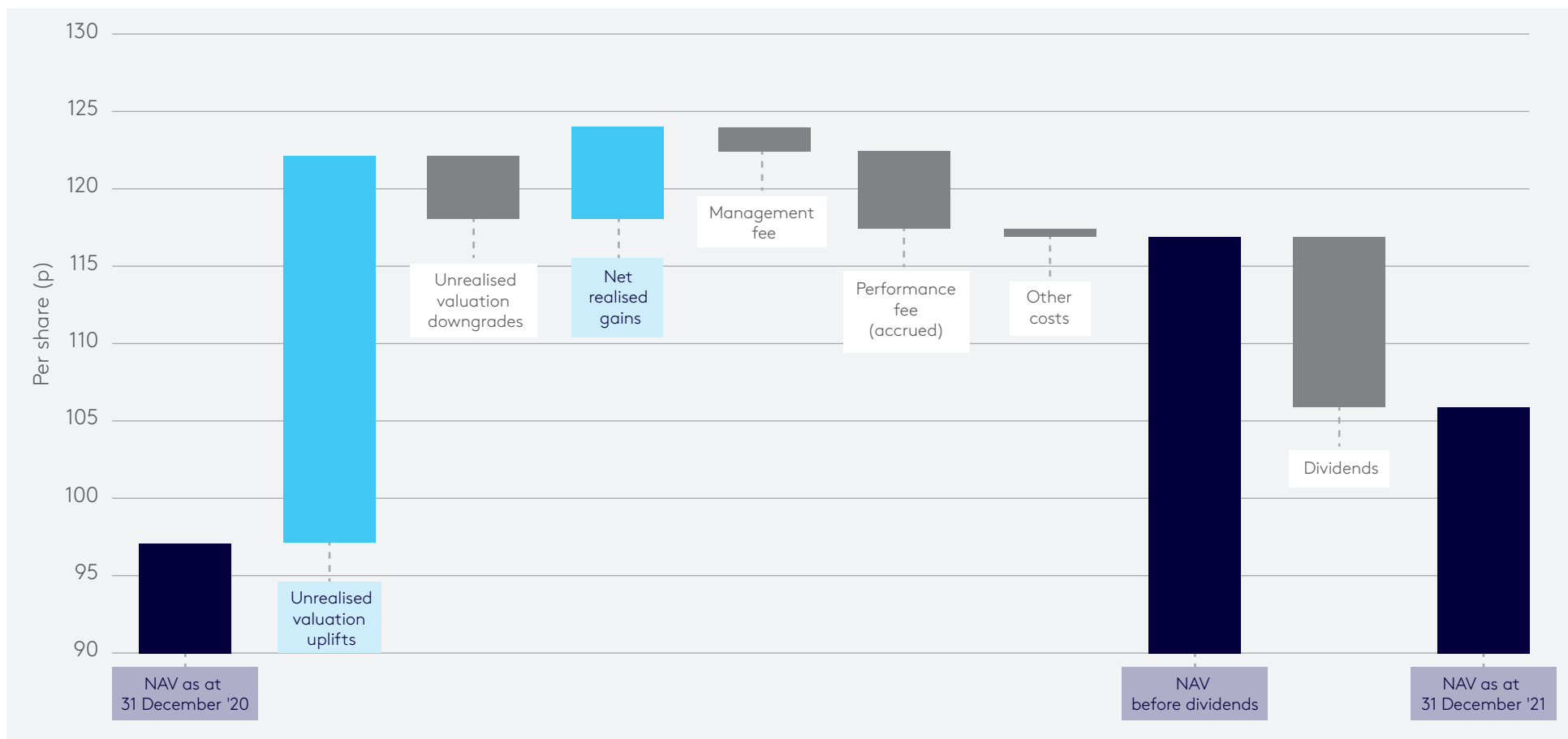
How Titan works continued

Creating value for the long term

Cash deployment



Titan Total Value growth



Dividend Reinvestment Scheme (DRIS)

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

Portfolio Manager's review

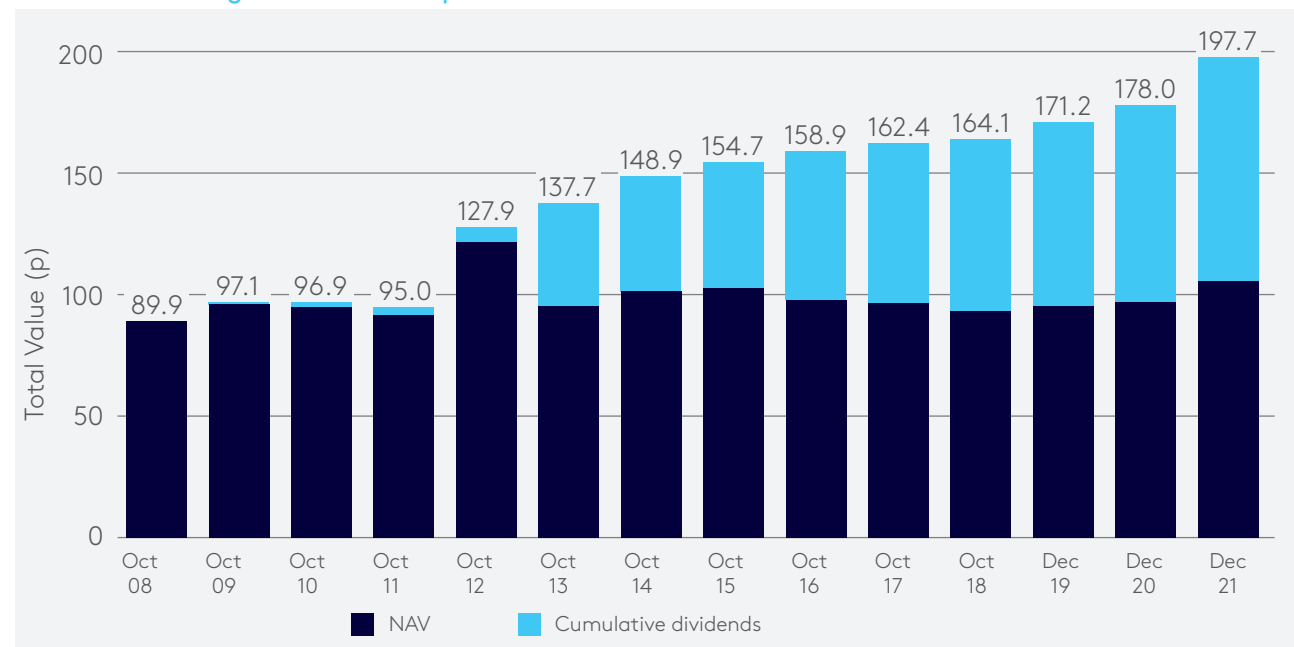
At Octopus, our focus is on managing your investments and providing investors with open communication. Our annual and interim updates are designed to keep you informed about the progress of your investment.

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage five VCTs, including Titan, with assets of over £1.9 billion.

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

The Total Value has seen a significant increase since the end of Titan's first year (31 October 2008), as shown on the graph, from 89.9p to 197.7p at 31 December 2021. This represents an increase of 120% in value since Titan's first full year, and dividends paid since inception of 92p. Since Titan launched, a total of over £330 million has been distributed back to shareholders in the form of tax-free dividends. This includes dividends reinvested as part of the DRIS.

Titan Total Value growth from inception:



120%
increase in Total Value since 2008

92p
dividends paid to date

Focus on performance

The NAV of 105.7p per share at 31 December 2021 represents an increase in NAV of 19.7p per share versus a NAV of 97p per share as at 31 December 2020, after adding back dividends paid during the year of 11p (2020: 5p) per share, an increase of 20.3% in the year.

The performance over the five years to 31 December 2021 is shown below:

	Year ended 31 October 2017	Year ended 31 October 2018	Period ended 31 December 2019 ¹	Year ended 31 December 2020	Year ended 31 December 2021
NAV, p	96.4	93.1	95.2	97.0	105.7
Cumulative dividends paid, p	66.0	71.0	76.0	81.0	92.0
Total Value, p	162.4	164.1	171.2	178.0	197.7
Total return	3.6%	1.8%	7.6%	7.1%	20.3%
Dividend yield	5.1%	5.2%	5.4%	5.3%	11.3%
Equivalent dividend yield for a higher rate tax payer	7.6%	7.7%	8.0%	7.8%	16.8%

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

The uplift in valuation over 2021 has been driven by the strength of performance of several outstanding companies in the portfolio. In addition to a number of successful disposals, the increase in valuation of certain companies, including ManyPets, vHive, Glofox and DeadHappy, has played a key role. Collectively, 55 Titan portfolio companies drove an increase of £367 million, including valuation uplifts on companies disposed of in the period. In the year, the portfolio raised over £2 billion in investment rounds. Please refer to the exit table and the NAV bridge for more information.

Portfolio Manager's review continued

Focus on performance continued

On the other hand, as is to be expected when investing in early-stage companies, 31 companies saw a collective decrease in valuation of £57 million. The businesses that contributed most significantly to this were Amplience and Trouva, with the former raising \$100 million of capital from new investors at a lower valuation than we were previously holding it at, and the latter experiencing a significant decline in its trading performance in the year. Many of the other companies faced different challenges, some of which are sector specific, including the Covid-19 pandemic, which has had a continued impact on some sectors. Of these 31 companies, 16 saw a reduction in value of 5% or less, typically due to fluctuations in the foreign exchange rates or net cash levels in the companies, and Octopus believes that many of them have the potential to overcome the issues they face and get their growth plans back on track, including Amplience which we consider has a significant opportunity ahead of it. Octopus will continue to work with these companies 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.

The loss on Titan's cash and cash equivalent investments was £1.5 million in the year to 31 December 2021 (2020: gain of £4.8 million). The Board's objective for these investments is to generate sufficient returns through the cycle to cover costs, at limited risk to capital.

Disposals

As illustrated on pages 10 and 11 of the report, 2021 has been a good year for profitable disposals for Titan. Seven full disposals completed in the period (Depop, WaveOptics, Skew, Semafone, Conversocial, OpenSignal and CB4), with one partial profitable realisation (Cazoo). In total, these disposals will return £237 million to Titan in cash, shares and/or deferred amounts, with £191 million of this having been received in 2021. There have also been two disposals made at a partial loss (Property Partner sold to Better.com and Titan's listed holding in e-Therapeutics) and two at a full loss (System, which was placed into liquidation, and Mush, which sold to Mumsnet). In aggregate these losses generated £4 million of proceeds compared to an investment cost of £12 million. The underperformance of a portfolio company is always disappointing for Octopus and shareholders alike, but it's a key characteristic of a venture capital portfolio, and we believe the successful disposals will continue to significantly outweigh the losses, as they did in 2021.

	Year ended 31 October 2017	Year ended 31 October 2018	Period ended 31 December 2019 ¹	Year ended 31 December 2020	Year ended 31 December 2021	Total
Dividends (£'000)	22,272	24,178	33,187	46,037	101,976	227,650
Disposal proceeds (£'000)	9,362	22,367	26,334	23,915	221,504	303,482

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

2. Note, this table includes proceeds received in period.

New and follow-on investments

Titan completed follow-on investments into 24 companies and made 31 new investments. Together, these totalled £143 million (made up of £45 million invested into the existing portfolio and £98 million into new companies). This compares with 15 new investments and 30 follow-on investments in 2020, together totalling £96 million. The total value of the portfolio as at 31 December 2021 is £1,005 million.

Below are some examples of our new investments made across our five areas of focus during the year. For a full list, please refer to the appendix on page 101:



Fintech

- **Raylo** offers a subscription model for leasing refurbished personal electronic devices; and
- **Tatum** is making it easier for companies to develop their own blockchain-based products.



Deep tech

- **Bkwai** has built a data analytics platform for smart infrastructure and construction assets; and
- **iSize** has developed a software platform to optimise video quality while reducing the video size, making it cheaper and quicker to transmit.



Health

- **Overture** is making IVF more accessible than ever; and
- **LVNDR** is offering a digital clinic for the LGBTQ+ community.



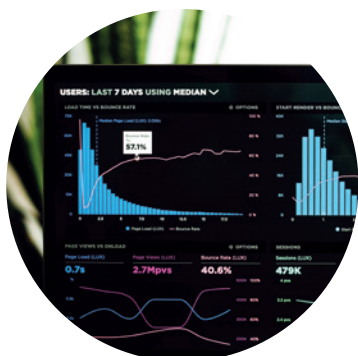
Consumer

- **Taster** is Europe's leading digital restaurant group, bringing the best of street food to customers across France, the UK, Spain and Belgium; and
- **HURR** is a fashion peer-to-peer rental platform.



Business-to-business software

- **Kleene** provides an end-to-end data pipeline solution to help businesses connect all their critical data sources; and
- **Contingent** has built a real-time, supply chain visibility platform applicable across industries.



Portfolio Manager's review continued



Q How do you value a portfolio company?

A 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, with all companies being valued at least twice yearly, for our interim (June) and annual accounts (December).

Q What do you mean by 'Fair Value'?

A When we say Fair Value, we mean 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.

Q Who values the portfolio and what oversight is there to make sure this is right?

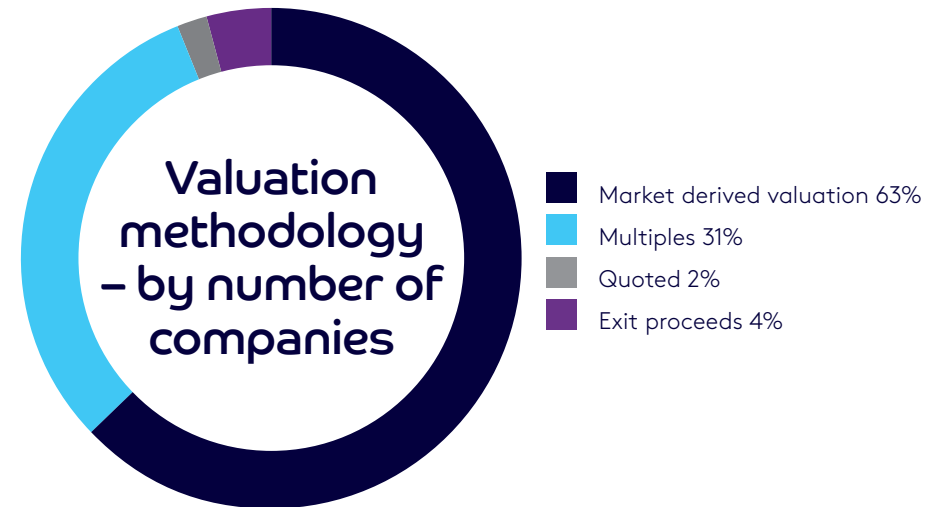
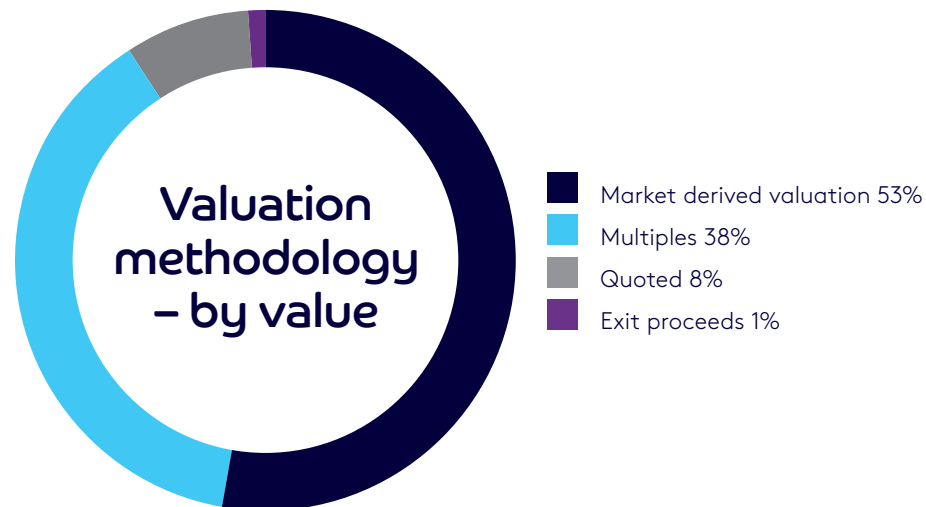
A The Octopus Investment Managers involved with the portfolio companies, either in the capacity of a Director or Observer on the Board, or the primary contact, will draft the initial valuation proposal based on the latest developments with the portfolio and the wider market in which they operate. This is then reviewed, challenged, and ultimately approved by our Valuations Manager and Partners. These proposed valuations will then be sent to the Octopus Valuations Committee and Titan Board who will meet to discuss them in detail, revise as necessary and ultimately sign them off.

The Board seeks interim audit procedures specifically for the top 25 holdings at the interims to gain additional comfort over fair value. There are also more valuation checkpoints throughout the year in advance of allotments, DRIS, share buybacks and other share-related transactions, which means that the portfolio's valuation is reviewed to ensure NAV is fairly represented prior to these corporate actions. BDO LLP are the external auditors of Titan and perform a review of the annual accounts which includes valuations.

As part of our continuous improvement processes, we periodically review the actual realised value of our investments compared to their last holding value and refine our valuation methodologies accordingly. This, combined with the high proportion of valuations that are based on the terms of further funding rounds led by new external investors, firmly underpins the robustness of the Titan valuation process.

Valuations

The pie charts below illustrate the split of valuation methodology (shown as a percentage of portfolio value and number of companies). Market derived valuation includes valuations based on funding rounds that typically completed in the year or shortly after the year end and exits of companies where terms have been agreed with an acquirer. Multiples is predominantly for valuations that are based on a multiple of revenues for portfolio companies. For further information please see Note 16.



Portfolio Manager's review continued

Outlook

With the world adapting and acclimatising to the ongoing challenges of the Covid-19 pandemic, the team at Octopus Ventures has been delighted by the performance of Titan and inspired by the resilience and drive of the management teams we work with. We believe that this strength and ambition will ensure that Titan continues to thrive despite the escalating conflict in Ukraine, for which we hope that there will be a swift resolution.

We believe that backing exceptional entrepreneurs in their ambition to change the world requires more than just financial support. That's why we also work to equip them with the platform and tools they need to succeed. From sharing expertise and insights learned through experience, to supporting companies in their mission to build incredible teams, and sharing our network, we believe it's important to be a genuinely active investor and so it is typical for a member of the Octopus Ventures team to join the board of a portfolio company to provide ongoing support.

Our in-house Talent team draws on experience developed on the ground to offer tailored advice to our portfolio companies. We believe that the portfolio management team is the key determining factor for a company's success and so we support their recruitment, hold specialist workshops, provide access to executive coaches and mental health specialists, and make introductions across our global network – putting founders in touch with individuals or enterprises we think can help.

This support is an investment in the future, designed to bolster resilience so that our portfolio companies can weather periods of disruption, and to help them develop the culture and capabilities they need to drive ongoing success. And it sets Octopus Ventures apart, offering us a competitive advantage in winning the best investment opportunities and proving our value beyond just investment.

Looking back on the new investments we have made in 2021, we are encouraged to report that 28% of them were founded by an entrepreneur who identifies as female. Octopus Ventures is ranked third in Europe's VCs to be investing in female co-founders from 2016 to 2021 according to Sifted – but we believe there is much work still to be done to improve the diversity and inclusion yet further, including racial and ethnic diversity. It has been shown that teams of diverse founders create more innovation and, on average, better financial outcomes in venture-funded start ups, for example 30% higher multiples are achieved on invested capital when companies are acquired or go public. To help us fulfil this goal, we have been signatories to HMT's Investing in Women Code since 2020. This pledge commits us to improving conditions, and ensuring female founders have the space, and opportunity, to flourish. We want to implement real and effective change across our policies and investment approach to offer an accessible investment platform designed to allow female management teams to succeed.

Alongside looking to back diverse management teams, we look to invest in companies tackling some of the biggest challenges facing society today. So in 2021, we also took a forensic look at the fertility sector, to highlight the incredible work being done by start ups around the world, looking to tackle the global rising infertility rates. We published our findings in the Future of Fertility report, which is available to read here: <https://octopusventures.com/future-of-fertility/#explore>.

We were delighted by the support we've had from Titan investors, and the resulting success of the fundraising which closed in 29 days raising a little over £200 million. We'd like to take this opportunity to thank existing shareholders and welcome new shareholders. We wish to also thank John Hustler who will not be standing for re-election as Chair at the upcoming AGM. John was Chair of Octopus Titan VCT 2 plc from October 2007 to November 2014 when the five Titan VCTs were merged and has since been the Chair of Titan VCT. John has worked tirelessly to guide Titan over the years and his support and knowledge are much appreciated and will be missed by the team at Octopus.

Over the past 12 months, we've enjoyed great success with several of our portfolio companies, which have delivered significant value to Titan and its shareholders. Looking ahead, we are confident that many more have the potential to build on and exceed that level of success. The last year has seen our new investment deployment rate double, with our portfolio now totalling 107 companies. The Octopus Ventures team has also grown, drawing in talented individuals from across our focus areas. We back businesses from a wide range of sectors, at different investment stages, and we think this breadth of scope will provide Titan with the opportunities it needs for continued success.

Portfolio review

The current portfolio encompasses investments in 107 companies (105 unquoted and two quoted, excluding two companies in liquidation).

The progress made by many of the portfolio companies in the last 12 months has been impressive. Within the portfolio, highlights include:

- **Amplience** offers a headless content management system which powers retailers' digital channels. It closed a \$100 million investment led by Farview and Sixth Street;
- **Big Health** is a digital medicine company supplying cognitive behavioural therapy (CBT) to help people back to good mental health by providing safe and effective non-drug alternatives for the most common mental health conditions. The company announced that Scotland's National Health Service will be offering access to Sleepio, Big Health's product to treat insomnia, and Daylight, which treats anxiety. The company raised \$75 million in January 2022;
- **Cazoo** is the latest venture from Zoopla founder, Alex Chesterman. The company seeks to transform the way 8 million used cars are bought and sold each year in the UK, by putting the entire process online and offering home delivery. Cazoo listed on the New York Stock Exchange in August, valuing the group at \$8 billion;
- **Elvie**, which develops products to improve women's lives through smarter technology, launched in ten new markets across Europe and Asia in the last 12 months and has increased its product portfolio to five. The company raised \$97 million in the year;
- **Olio**, the food sharing app, raised \$43 million in 2021 and has shared 43 million portions of food, with 5.5 million users signed up. The company has successfully expanded into Singapore and Mexico; and
- **Quit Genius**, the world's first digital clinic for treating multiple addictions, raised \$64 million in December, with revenue growing by 10x over the year. It now partners with more than 100 employer and health plan clients, covering 2.5 million lives. To date, the company has helped more than 750,000 people improve their lives and conquer their addictions.

Portfolio Manager's review continued

Oribiotech

www.oribiotech.com

Enabling widespread patient access to life-saving cell and gene therapies (CGT).

Ori has created technology to transform CGT, increasing patient access to revolutionary treatments. Made possible by advances in molecular biology, CGT can be tailored to patients and opens the door to a potential one-shot cure. Reprogramming cells or therapies is highly complex, demanding many hours of highly technical and specialised input. Biology, unlike producing computer hardware, is temperamental and hard to control – which makes scaling an enormous challenge. Ori Biotech has built a platform for automated and scalable biomanufacturing of CGT. This marks a crucial step in unlocking the scalability of CGT and stands to increase patient access to these revolutionary and potentially life-saving treatments.

Octopus investment dates:

Initial investment August 2020 and a follow-on investment in December 2021

>\$100m

raised in 2021

\$25bn

CGT is a fast-growing market anticipated to reach \$25 billion by 2027

glofox

www.glofox.com

Glofox has developed innovative fitness management software to help growing businesses retain and scale both their brand and revenue.

Glofox's full, end-to-end solution addresses three key needs for its customers – typically small to medium fitness boutiques. These are: the acquisition and retention of customers; managing complex and fragmentary operations; and meeting members' experience expectations. The software offers marketing tools to help gyms engage more with their customer base and improve retention, as well as sales and management tools to optimise efficiencies and run effective analytics. It also has a global network of 30 payment partners, and localisation teams to support fitness studios as they rapidly scale in new territories. Fitness is a critical component to a healthy life and future, and Glofox helps gyms deliver it better.

Octopus Investment dates:

Initial investment in May 2019 and a follow-on investment in August 2021

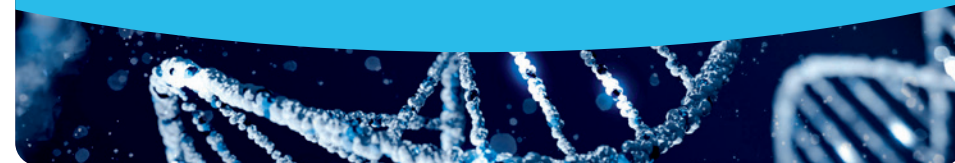
€12bn

total addressable market

Glofox operates in

80 countries

covering 17 languages and 40 currencies





www.manypets.com

ManyPets (formerly known as Bought By Many) was founded in 2012 to provide a fairer, more transparent and digital-first pet insurance experience.

It has become one of the fastest-growing insurance businesses in Europe by engaging with key market pain points. The company pursued a customer-led approach to solve the problem of unsatisfactory product design, which disregarded specific customer needs. It also set out to redress a general lack of innovation in the market, using technology to drive its pricing and analytics, and put customer experience at the heart of its focus. In 2021, ManyPets, which operates in the UK and Sweden, also launched in the US, and is now live in 28 States. In the same year, the company raised \$350 million and was valued at more than \$2 billion.

Octopus investment dates:

Initial investment October 2016 and further follow-on investments including the 2021 Series D fundraise

4.7/5

MoneyFacts Pet Insurance Provider of the Year 2021 and has a 4.7 out of 5 score on Feefo

£24bn

The pet insurance industry is estimated to be worth £24 billion by 2030, compared to £4.3 billion in 2018



Portfolio Manager's review continued



Supporting our portfolio companies

We are pleased to report a net uplift in the value of the portfolio of £309 million since 31 December 2020, excluding additions and disposals. This represents a 38% return on the value of the portfolio at the start of the year. Here, we set out the cost and valuation of the top 10 holdings, which account for over 47% of the value of the portfolio.

1

ManyPets®

ManyPets

www.manypets.com

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

Initial investment date:	October 2016
Investment cost:	£9,978,000
Valuation:	£146,915,000
Valuation movement (CY vs PY valuation)	£62,275,000
Last submitted accounts:	31 March 2021
Turnover:	£35,029,000
Loss before tax:	£(22,328,000)
Net assets:	£38,098,000
Valuation methodology	Revenue multiple



2

CAZOO

Cazoo

www.cazoo.com

Cazoo's aim is to deliver the best selection, value and experience for used car buyers.

Initial investment date:	November 2018
Investment cost:	£5,000,000
Valuation:	£76,654,000
Valuation movement (CY vs PY valuation)	£23,821,000
Last submitted accounts:	31 December 2020
Turnover:	£162,200,000
Loss before tax:	£(92,400,000)
Net assets:	£74,700,000
Valuation methodology	Quoted price



3



Permutive

www.permutive.com

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

Initial investment date:	May 2015
Investment cost:	£18,994,000
Valuation:	£49,543,000
Valuation movement (CY vs PY valuation)	£16,220,000
Last submitted accounts:	Not available¹
Turnover:	Not available¹
Loss before tax:	Not available¹
Net assets:	Not available¹
Valuation methodology	Last round



4



Amplience

www.amplience.com

Amplience is a leading Headless Content Management System, which powers retailers' digital channels.

Initial investment date:	December 2010
Investment cost:	£13,634,000
Valuation:	£46,657,000
Valuation movement (CY vs PY valuation)	£(13,240,000)
Last submitted accounts:	30 June 2021
Turnover:	£11,737,000
Loss before tax:	£(2,019,000)
Net assets:	£(6,840,000)
Valuation methodology	Current round



5

Quit Genius

www.quitgenius.com

A digital health solution for managing substance use disorders.

Initial investment date:	January 2020
Investment cost:	£12,890,000
Valuation:	£29,891,000
Valuation movement (CY vs PY valuation)	£17,305,000
Last submitted accounts:	Not available¹
Turnover:	Not available¹
Loss before tax:	Not available¹
Net assets:	Not available¹
Valuation methodology	Last round



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

Portfolio Manager's review continued

6

CHRONEXT

Chronext

www.chronext.co.uk

Chronext is an online marketplace for new and used watches.

Initial investment date:	May 2016
Investment cost:	£7,708,000
Valuation:	£28,313,000
Valuation movement (CY vs PY valuation)	£18,423,000
Last submitted accounts:	Not available¹
Turnover:	Not available¹
Loss before tax:	Not available¹
Net assets:	Not available¹
Valuation methodology	Revenue multiple



7

Big Health

Big Health

www.bighealth.com

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

Initial investment date:	June 2016
Investment cost:	£12,855,000
Valuation:	£26,461,000
Valuation movement (CY vs PY valuation)	£11,443,000
Last submitted accounts:	31 December 2020
Turnover:	Not available¹
Loss before tax:	Not available¹
Net assets:	£34,865,000
Valuation methodology	Last round



8

ELLIPTIC

Elliptic

www.elliptic.co

Empowers financial institutions and crypto businesses to manage risk and meet Anti Money Laundering regulatory compliance.

Initial investment date:	July 2014
Investment cost:	£7,724,000
Valuation:	£22,283,000
Valuation movement (CY vs PY valuation)	£4,467,000
Last submitted accounts:	31 March 2020
Turnover:	Not available¹
Loss before tax:	£(8,606,000)
Net assets:	£15,083,000
Valuation methodology	Last round



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

9



Ometria

www.ometria.com

Mobilises real-time AI and aggregates data to create tailored experiences based on shoppers' behaviours.

Initial investment date:	August 2019
Investment cost:	£11,510,000
Valuation:	£21,632,000
Valuation movement (CY vs PY valuation)	£7,527,000
Last submitted group accounts:	31 December 2020
Consolidated turnover:	£6,912,000
Consolidated loss before tax:	£(5,903,000)
Consolidated net assets:	£9,067,000
Valuation methodology	Last round



10



Elvie

www.elvie.com

Elvie's mission is to improve women's lives through smarter technology.

Initial investment date:	November 2016
Investment cost:	£6,417,000
Valuation:	£20,145,000
Valuation movement (CY vs PY valuation)	£1,567,000
Last submitted group accounts:	31 December 2020
Consolidated turnover:	£36,527,000
Consolidated loss before tax:	£(16,727,000)
Consolidated net assets:	£3,532,000
Valuation methodology	Revenue multiple



The following companies are not in the top 10 this year but were in the top 10 in 2020: Depop; WaveOptics; Zenith Holding Company; and Trouva. Of these, Depop and WaveOptics were sold; please see page 94 for more information. Proceeds from the sale of Calastone in 2020 were distributed from Zenith Holding Company back to Titan in 2021 and so it is no longer a top 10 holding. Trouva's valuation has fallen due to a decline in its trading performance.

Key:

-  Fintech
-  Deep tech
-  Health
-  Consumer
-  Business-to-business software

Operating responsibly

The Environmental, Social and Governance (ESG) policy is set by the Titan Board to identify and manage ESG matters applicable to Titan and its underlying portfolio companies. The policy is implemented by Octopus and is reviewed annually.

The full ESG policy outlining Titan's approach is available here:

octopusinvestments.com/titanvct/esgpolicy/

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

Signatory of:



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

Titan has an ESG policy to ensure ESG factors are considered throughout the investment process. This includes a review of material ESG risks and assessing the exposure of each portfolio company. To do this, all investments are subject to due diligence to highlight potential ESG risks, the result of which can inform what policies, processes and actions could be implemented to offer improvements. Once invested, the Octopus team actively works with its portfolio companies to support their talent management and recruitment, mental health and diversity.

The purpose of the ESG policy is to define Titan's approach to identifying opportunities and mitigating risks that could be financially material to Titan's performance by ensuring that ESG considerations are appropriately managed by portfolio companies.

The Titan Board acknowledges that given the breadth of Titan's investment activity, ESG risks are diverse and company specific. As the nature of the ESG issues affecting Titan, its investors, and the wider business environment evolves, the Board will revisit and, if appropriate, update the policy.

Titan's ESG approach

- Titan will not engage with any person or entity on an internationally recognised 'deny list' and will not invest in any business whose principal activities or practices appear on Octopus Ventures' Exclusion List, which includes sectors such as tobacco, arms, fossil fuels, gambling and deforestation.
- Titan will actively seek to understand the impact of our investments on local communities and the environment. Titan encourages new portfolio companies to put in policies to address equal opportunity employment and help them understand their climate-related impact.
- Portfolio companies must:
 - provide safe and healthy working conditions for all;
 - treat people fairly, irrespective of race, gender, nationality, disability, political or religious beliefs;
 - accept no bribes; and
 - uphold high standards of business integrity at all times.
- Within the mandate, Titan will employ effective stewardship to influence and support its portfolio companies to improve their status quo.
- Titan will seek to voluntarily adopt any recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) which fall within Titan's investment mandate as soon as reasonably practical.

Operating responsibly continued

Climate-related matters

While not a requirement, Titan acknowledges the recommendations under Task Force on Climate-related Financial Disclosures (TCFD) and have given some initial disclosure under the main headings below, which we will evolve over future periods.

Governance:

Octopus Ventures reports to the Octopus Group Responsible Investment Committee (comprised of an Octopus Founder, the Chief Investment Officer, the CEO of Octopus Investments and the co-CEO of Octopus Ventures) to discuss ESG strategy and identify risks and opportunities that are financially material to the management of Octopus Titan VCT plc.

Strategy and metrics:

Titan makes investments into a range of sectors but the companies receiving funding are early-stage businesses. As a result, exposure to climate-related risk is assessed on a deal-by-deal basis, with focus on the businesses whereby the physical impact of climate change could be identified as a material risk.

For these businesses, the Portfolio Manager reviews physical climate-related risks, as well as transition risks relating to emissions, air quality, water, energy management, waste and ecological impact and tracks how the portfolio management team manages its exposure to these risks. Any red flags are reported back to the Responsible Investment Committee. Octopus also tracks and reports progress made towards any climate-related targets across its portfolio.

Risk management:

Where potential material climate-related risks have been identified during due diligence, the investment team will flag this to the Octopus Ventures Investment Committee before an investment can be made. The investment lead should assess and propose to the Investment Committee whether remedial actions are necessary. The investment team will then work with the portfolio management team to deliver the required outcomes/changes. The investment team are required to flag any identified risks and agreed course of remedial actions to the Responsible Investment Committee.

Environment policy and greenhouse gas emissions

Titan recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

Titan does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by Titan. As Titan has no employees or operations, it is not responsible for any direct emissions.

Titan is a low carbon user, using less than 40,000 kWh of energy in the reporting year, and so is out of scope of the detailed requirements under the Streamlined Energy and Carbon Reporting (SECR) regulations.

Gender and diversity

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

Human rights issues

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

Whistleblowing

The Board has considered the arrangements implemented by Octopus, to encourage staff of the Portfolio Manager or the Company Secretary to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow-on action where necessary, to take place within the organisation.

Bribery Act

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



Section 172(1) statement

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

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

Business strategy

The success of Titan is driven by its investment policy and liquidity strategy which is set out in the Strategic Report on page 50. The Portfolio Manager prepares a detailed budget which is approved by the Board on an annual basis and reviewed regularly, and forms the basis for Titan's resource planning and deployment decisions.

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

The Board

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

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

At every Board meeting a review of financial and operational performance, as well as legal and regulatory compliance, is undertaken. The Board also reviews other areas over the course of the financial year including Titan's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility and governance; compliance and legal matters. The Board formally reviews the performance of the Portfolio Manager on an annual basis, and the Board has set financial KPIs relating to portfolio performance.

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

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

Culture

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

Business ethics and governance

The Board is responsible for ensuring that the activities of Titan and its various investments are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of Titan. Further detail can be found in the statement of Directors' responsibilities on page 74. In the year to 31 December 2021 no areas of concern have been flagged in this regard.

Relations with key stakeholders

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

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

The Board works with Octopus in the selection of third-party providers such as the Registrars, Corporate Broker and VCT Status Adviser. Its selection is made on the basis of quality of service, accuracy and price. Any errors or delays reflect badly on Titan, but more importantly can cause inconvenience, and potential loss, for shareholders. The performance of third-party providers is generally reviewed annually.

Section 172(1) statement continued

Our key stakeholders

Shareholders

Why we engage

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

How we engage

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

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

Portfolio companies

Why we engage

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

How we engage

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

Octopus and suppliers

Why we engage

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

How we engage

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

Community and environment

Why we engage

Titan's investment strategy aims to back the next generation of pioneering entrepreneurs leading technology and tech-enabled businesses, which could potentially change the world we live in. The Board considers it important that Titan's investment operations create employment, aid economic growth, generate tax revenues and produce wealth, thus benefitting the community and economy overall.

How we engage

Apart from the Board's recognition that the ESG policy should help to mitigate the impacts of climate change, the Board has moved to a largely paperless operation over the past three years, and the increasing use of conferencing platforms has reduced travel throughout the business.

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

Government and regulators

Why we engage

Good governance and compliance with applicable regulations is vital in ensuring the continued success of Titan and the regimes within which it operates. In addition, the sunset clause which was introduced in 2015 for VCTs provides that income tax relief will no longer be given to subscriptions made on or after 6 April 2025, unless the legislation is renewed by an HM Treasury order.

How we engage

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

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

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

Section 172(1) statement continued

The impact of key decisions on stakeholders in 2021

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

Long-term strategy

S172 matters/stakeholders considered:

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

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

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

Communication with shareholders

S172 matters/stakeholders considered:

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

The AGM held on 7 June 2021 could not be held in person because of the Covid-19 restrictions. Consequently, it was decided to hold a webinar on 26 May 2021 which attracted over 150 shareholder participants online, and over 25 questions from shareholders were addressed. The webinar attracted many more shareholders than would usually attend the AGM, and therefore a similar event has been scheduled this year to allow more shareholders to ask questions and hear updates from the Board and the Portfolio Manager.

Reacting to the Covid-19 pandemic

S172 matters/stakeholders considered:

(b) (c) (d) (e) (f)

Assessing the impact of the Covid-19 pandemic on portfolio valuations proved challenging. The International Private Equity and Venture Capital guidelines were supplemented in March 2020 to cater for the crisis and these were applied as at 30 June 2020. In light of the additional guidelines, the Board sought additional procedures specifically for the top 25 holdings at interim in 2020 and 2021 to gain additional comfort over fair value. The Audit Committee has recommended that similar procedures and processes are followed at June 2022 as well.

Revisiting the conflicts of interest and fund allocation policies

S172 matters/stakeholders considered:

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

The Board agreed with Octopus that it would undergo an external review of its Conflicts of Interest framework, in light of Octopus' decision to launch new products, which may co-invest with Titan. The review was conducted by PwC, who made one recommendation which was classified as high risk and has since been remediated. A number of recommendations classed as medium or low risk were made and adjustments to Octopus Investments' framework have been made to address these as appropriate.

Fundraising launch in 2021

S172 matters/stakeholders considered:

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

The Board reviewed cash forecasts to April 2023 in order to evaluate the cash needs over that period set against retaining a sufficient cash buffer to operate Titan, support the portfolio with follow-on capital and to take advantage of new investment opportunities as they arise. In October 2021, the Board approved a fundraising of £125 million with a £75 million over-allotment facility for the 2021/22 tax year. The fundraising was closed in November after reaching capacity.

Key – Section 172 matters considered

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

Risks and risk management

The Board assesses the risks faced by Titan and as a board, reviews the mitigating controls and actions and monitors 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 macro-economic environment
- High market valuation
- Geo-political protectionism
- Climate change

Principal risks

Risk	Mitigation	Change
<p>Investment performance: The focus of Titan's investments is into unquoted, small and medium-sized VCT qualifying companies which, by their nature, entail a higher level of risk and shorter cash runway than investments in larger quoted companies.</p>	<p>Octopus has significant experience and a strong track record of investing in early-stage unquoted companies, and appropriate due diligence is undertaken on every new investment. A member of the Octopus Ventures team is typically appointed to the board of an investee company, and regular board reports are prepared by the investee management and examined by the Manager. This arrangement, in conjunction with its portfolio talent team's active involvement, allows Titan to play a prominent role in a portfolio company's ongoing development and strategy. This includes the impact of Covid-19, and the current situation in Ukraine, on portfolio companies. The overall risk in the portfolio is mitigated by maintaining a wide spread of holdings in terms of financing stage, age, industry sector and business models. The Titan Board reviews the investment portfolio with the Portfolio Manager on a regular basis. The Portfolio Manager is incentivised to ensure Titan performs well, via a Performance Incentive Fee (charged annually) for exceeding certain performance hurdles, as detailed in Note 19 on page 99.</p>	<p> A reduction overall, reflecting the end of restrictions relating to the Covid-19 pandemic, countered in part by an increase in risk as a result of the situation in Ukraine.</p>

Risk

VCT qualifying status:
Titan is required at all times to observe the conditions for the maintenance of approved VCT status. The loss of such approval could lead to Titan and its investors losing access to the various tax benefits associated with VCT status and investment.

Mitigation

Octopus tracks Titan’s qualifying status throughout the year, and reviews this at key points including investment, realisation, and regularly. This status is reported to the Board at each Board meeting. The Titan Board has also engaged external independent advisers to undertake an independent VCT status monitoring role.

Change

|||
No change

Loss of key people:
The loss of key investment staff by the Portfolio Manager could lead to poor fund management and/or performance due to lack of continuity or understanding of Titan.

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.

|||
No change

Operational:
The Titan Board is reliant on the Portfolio Manager to manage investments effectively, and manage the services of a number of third parties, in particular the registrar, depository and tax advisers. A failure of the systems or controls at Octopus or third-party providers could lead to an inability to provide accurate reporting and accounting and to ensure adherence to VCT rules.

The Titan 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 ensure that Titan’s assets are safeguarded and that proper accounting records are maintained. Octopus has operated effectively throughout the Covid-19 lockdowns with staff working online and mostly based at home. There have been some operational issues with other service providers which are being addressed directly with them.




|||
No change

Information security:
A loss of key data could result in a data breach and fines. The Titan 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.

*
New risk added

Risks and risk management continued

Risk	Mitigation	Change
<p>Economic: Events such as an economic recession and movement in interest rates could adversely affect some smaller companies' valuations, as they may be more vulnerable to changes in trading conditions or the sectors in which they operate. This could result in a reduction in the value of Titan's assets. Such events include the potential impacts of the Covid-19 pandemic.</p>	<p>Titan invests in a diverse portfolio of companies, across a range of sectors, which helps to mitigate against the impact on any one sector. Titan also maintains adequate liquidity to ensure that 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> A reduction overall, reflecting the end of restrictions relating to the Covid-19 pandemic, countered in part by an increase in risk as a result of the situation in Ukraine.</p>
<p>Legislative: A change to the VCT regulations could adversely impact Titan by restricting the companies Titan can invest into under its current strategy. Similarly, changes to VCT tax reliefs for investors could make VCTs less attractive and impact Titan's ability to raise further funds.</p>	<p>The Portfolio Manager engages with HMT and industry bodies to demonstrate the positive benefits of VCTs in terms of growing early-stage companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation. The changes to VCT regulations in 2018 largely benefitted Titan as there were increased annual and lifetime investment limits introduced for Knowledge Intensive companies (i.e. those that have a high proportion of Research & Development or innovation spend), and many of the companies in which Titan invests qualify as such companies. The 'sunset clause' in 2025 means that the government will need to renew the legislation to allow VCTs to continue operating under the current legislation.</p>	<p> No change</p>
<p>Liquidity: The risk that Titan's available cash will not be sufficient to meet its financial obligations. Titan invests into smaller unquoted companies, which are inherently illiquid as there is no readily available market for these shares. Therefore, these may be difficult to realise for their fair market value at short notice.</p>	<p>Titan's liquidity risk is managed on a continuing basis by Octopus in accordance with policies and procedures agreed by the Board. Titan's overall liquidity risks are monitored on a quarterly basis by the Board, with frequent budgeting and close monitoring of available cash resources. Titan maintains sufficient investments in cash and readily realisable securities to meet its financial obligations. At 31 December 2021, these investments were valued at £198,373,000 (2020: £227,052,000), which represents 14% (2020: 22%) of the net assets of Titan.</p>	<p> No change</p>

Risk

Valuation:

The portfolio investments are valued in accordance with International Private Equity and Venture Capital (IPEV) valuation guidelines. This means companies are valued at fair value. As the portfolio comprises smaller unquoted companies, establishing fair value can be difficult due to the lack of a readily available market for the shares of such companies and the potentially limited number of external reference points.

Foreign currency exposure:

Investments held and revenues generated in other currencies may not generate the expected level of returns due to changes in foreign exchange rates.

Mitigation

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. The IPEV guidelines were revised in March 2020 to cater for the Covid-19 pandemic and these were applied as at 30 June 2021 and 31 December 2021.

Octopus and the Board regularly review the exposure to foreign currency movement to ensure 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.

Change



A reduction overall, reflecting the end of restrictions relating to the Covid-19 pandemic, countered in part by an increase in risk as a result of the situation in Ukraine.



New risk added
Reflecting an increased USD exposure, in particular due to the listing of Cazoo and deferred consideration from the WaveOptics exit.

Business review

Investment policy

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

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

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

The investment profile is expected to be:

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

Non-VCT qualifying investments

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

VCT qualifying investments

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

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

A review of the investment portfolio and of market conditions during the period is included in the Chair's statement and Portfolio Manager's review which form part of the Strategic Report on pages 4 and 22 respectively.

Liquidity strategy

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

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

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

VCT regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Internally, this is measured on a continuous basis and it is also reviewed by Shoosmiths LLP every six months, which performs a comprehensive validation exercise. One of the primary purposes of the investment policy is to ensure Titan continues to qualify and is approved as a VCT by HMRC. The main criteria to which Titan must adhere are detailed on page 105.

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

Titan performance

The Board is responsible for Titan’s investment strategy and performance, although the management of the investment portfolio is delegated to Octopus through the Investment Management Agreement, as referred to in the Directors’ Report on page 67.

The graph compares the NAV total return and Share Price total return (gross dividends reinvested) of Titan over the period from October 2007 to December 2021 with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes, given the nature of the underlying investments. The Board wishes to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the HMRC rules.

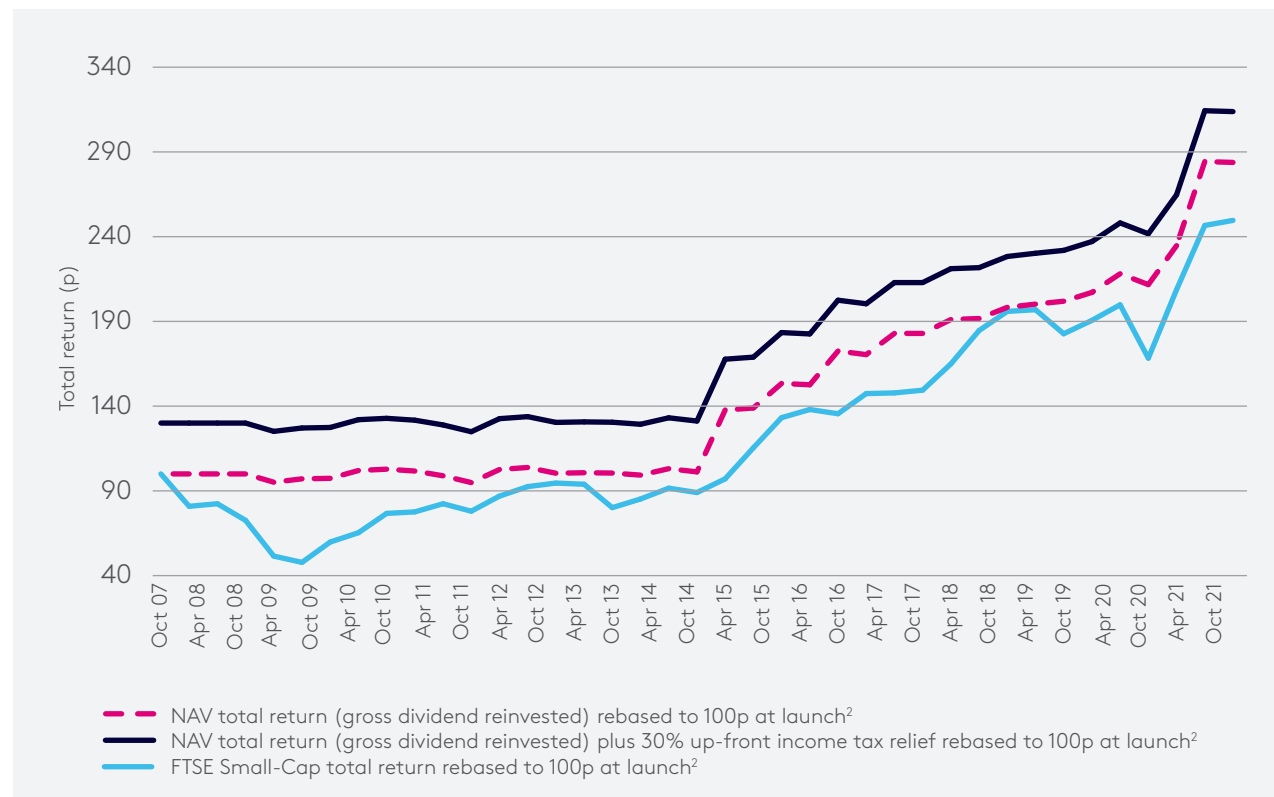
Titan will continue to ensure its compliance with the qualification requirements.

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



John Hustler
Chair
21 April 2022

NAV and share price total return since launch¹



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

The earnings per share for the year ended 31 December 2021 is 19.3p (2020: 7.8p per share). Further details can be found in Note 8 of the financial statements on page 91.

1. Total return is an alternative performance measure calculated as movement in NAV per share in the period plus dividends paid in the period, divided by the NAV per share at the beginning of the period.
2. Based on notional investment on 31 October 2007.

Board of Directors



John Hustler
Non-Executive Chair

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He is presently Chairman of Seneca Growth Capital VCT Plc (formerly Hygea VCT Plc). He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and Chairman of its Corporate Finance Faculty from 1997 to 2000 and was a member of the Council of the British Venture Capital Association from 1989 to 1991. John has been a director of Octopus Titan VCT plc from 29 October 2007 to date.

John will be retiring from the Board at the AGM.



Tom Leader
Non-Executive Director

Tom has over 27 years' private equity experience. He is currently Head of Caledonia Private Capital (part of Caledonia Investments plc). Before Caledonia, Tom worked at Nova Capital Management, Baring Private Equity Partners and Morgan Grenfell Private Equity. Tom started his career in the management consultancy practice of Coopers & Lybrand. Tom is a Non-Executive Director of Stonehage Fleming Family & Partners Limited and Seven Investment Management. Separately, he is Non-Executive Chairman of Penox Group GmbH.

At the AGM Tom will be stepping down from Audit Chair to commence as Chair of the Board.



Gaenor Bagley
Non-Executive Director

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





Matt Cooper

Non-Executive Director

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



Jane O'Riordan

Non-Executive Director

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

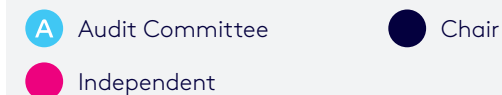


Lord Rockley

Non-Executive Director

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

Anthony has agreed to take on the Audit Chair role from June 2022.



Corporate governance report

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

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

Corporate governance within the closed-ended investment company industry differs from that of other companies. In addition, VCTs differ from most other investment companies in that they have, developed over

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

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

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

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

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

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

- Titan does not have a Senior Independent Director; this is not considered necessary.
- Titan does not have a Remuneration Committee as it has no executive directors. Any matters pertaining to remuneration are considered by the Board.
- The Directors do not stand for annual re-election in order to ensure experience is retained on the Board, and all Directors, with the exception of Matt Cooper, are deemed independent.

Board leadership and purpose

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

 Read more on page 56

Division of responsibilities

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

 Read more on page 57

Composition, succession and evaluation

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

 Read more on page 58

- Titan has no major shareholders, so shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the AGM, or other designated shareholder events, but are welcome to contact the Board or Octopus at any time.

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 21 October 2020 and closed on 3 March 2021, raising £121 million. An additional fundraising for the tax year ending April 2022 was launched on 21 October 2021 and closed on 18 November 2022 having raised £202 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. This includes the impact of the Covid-19 pandemic and any other risks which may adversely impact its business model, future performance, solvency or liquidity, and focused on the major factors which affect the economic, regulatory and political environment. Particular consideration was given to Titan's reliance on, and close working relationship with, the Portfolio Manager. The principal risks faced by Titan and the procedures in place to monitor and mitigate them are set out on pages 46 to 49.

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

The Board has additionally considered the ability of Titan to comply with the ongoing conditions to ensure 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 2026. The Board is mindful of the ongoing risks and will continue to ensure that appropriate safeguards are in place, in addition to monitoring the cash flow forecasts to ensure Titan has sufficient liquidity.

Going concern

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

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

Audit, risk and internal control

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

 Read more on page 60

Remuneration

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

 Read more on page 63

Leadership and purpose

Board of Directors

Titan currently has a Board of six Non-Executive Directors, five of whom are considered to be independent. Mr Cooper is not considered to be independent due to his role as Chair of Octopus Capital Limited.

The Board meets on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 50.

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

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

During the period the following meetings were held:

	Board meeting attendance	Audit Committee meeting attendance	Nominations Committee meeting attendance
John Hustler	8/8	2/2	1/1
Matt Cooper	7/8	n/a	1/1
Jane O'Riordan	8/8	2/2	1/1
Mark Hawkesworth ¹	4/4	2/2	1/1
Tom Leader	8/8	2/2	1/1
Gaenor Bagley ²	4/4	1/1	n/a
Anthony Rockley ³	4/4	1/1	n/a

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

2. Gaenor Bagley was appointed a Director on 7 June 2021.

3. Anthony Rockley was appointed a Director on 8 April 2021.

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

The Chair leads the Board in the determination of its strategy and in the achievement of its objectives. The Chair is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day-to-day business of Titan. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

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

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

Division of responsibilities

Board committees

There is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors. The Board does not have a separate Remuneration Committee as Titan has no employees or Executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on page 63.

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

The Audit Committee consists of five independent Directors. The Audit Committee believes that Tom Leader, current Chair of the Audit Committee, possesses appropriate and relevant financial experience, as does Anthony Rockley who will become Chair of the Audit Committee following the AGM. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively. The Audit Committee Report is given on page 60.

The Nominations Committee considers the selection and appointment of Directors considering the composition and selection of the Board, appointing members on merit, measured against objective criteria with due regard for the benefits of gender and diversity.

Key Board activities and decisions during the year

External review of reserves



Cash can only be paid out of the VCT if there are sufficient reserves under Companies Act and VCT regulations. These reserves are monitored by Octopus with oversight from the Board and external oversight from Howard Kennedy and BDO in respect of the Companies Act reserves and PwC in respect of the VCT reserves. In November, the Board decided to do a further deep dive into the VCT distributable reserves and engaged both Shoosmiths and Philip Hare as independent tax advisers. The conclusion was that we were managing our reserves within the limits. The Board has considered the recommendations (see creation of additional distributable reserves).

Declaration and payment of special dividend



Following a number of successful exits and considering the cash and reserves position of Titan as well as VCT regulations, the Board decided to declare a special dividend of 6p in addition to the interim dividend of 2p for payment on 20 December 2021 to those on the register as at 3 December 2021. It is one of the objectives of Titan to return funds to the shareholders when possible off the back of significant exits for the VCT.

Creation of additional distributable reserves



One of the recommendations from the external review of distributable reserves was to consider creating additional distributable reserves by 'cancelling' more capital. The Board already goes through a process of cancelling share premium every year; however, this year the Board is also proposing to shareholders that the capital redemption reserve be cancelled and the nominal value of ordinary shares reduced, resulting in Titan creating more distributable reserves (under Companies Act and VCT regulations). Distributable reserves are required to pay dividends and facilitate share buybacks. The relevant resolutions are in the Notice of Annual General Meeting on pages 111 and 112.

Composition, succession and evaluation

Titan's Articles of Association require that one-third of Directors should retire by rotation each year and seek re-election at the AGM, and that Directors appointed by the Board should seek re-appointment at the next AGM. All Directors are required to submit themselves for re-election at least every three years with the exception of Matt Cooper who is not considered to be independent as he is Chair of Octopus Capital Limited, Titan's Portfolio Manager, and so is required to stand for re-election each year.

This practice was followed during the year under review.

	Date of original appointment	Date of last election /re-election	Due date for re-election
John Hustler	29/10/2007	AGM 2020	n/a
Matt Cooper	29/10/2007	AGM 2021	AGM 2022
Jane O'Riordan	27/11/2014	AGM 2021	AGM 2024
Tom Leader	08/08/2018	AGM 2019	AGM 2022
Anthony Rockley	08/04/2021	AGM 2021	AGM 2024
Gaenor Bagley	07/06/2021	Appointed by Directors	AGM 2022

Board succession

John Hustler has taken the decision to retire from the Board and so will not stand for re-election at the forthcoming AGM. Tom Leader has agreed to assume the Chair of the Board on John's retirement. Anthony Rockley has agreed to assume the role Chair of the Audit Committee.

We recognise the importance of ensuring the Board remains independent, and collectively has sufficient breadth of experience and expertise to appropriately represent Titan's shareholders' best interests, particularly given the continued growth of Titan.

Appointment and replacement of Directors

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

Independence

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

Length of service of the Chair and other Directors is one of a number of factors taken into account when considering the contribution and ongoing independence of the Board, both individually and in terms of overall composition. The Board considers the experience, range of skills, knowledge of Titan and its operating environment and diversity of the Directors. Accordingly, the Board’s policy on tenure is that the term the Chair and other Directors serve on the Board should not be restricted to a fixed time limit in order to ensure sufficient corporate memory and consistent adherence to strategy.



Performance evaluation

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

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



Audit, risk and internal control

Audit Committee report

This report is submitted in accordance with the AIC Code in respect of the year ended 31 December 2021 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of Titan's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on pages 52 and 53.

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

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

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

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

The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from Titan's Company Secretary. The Committee meets twice per year and on an ad hoc basis as necessary and has direct access to BDO LLP, Titan's external auditor. When considering whether to recommend the appointment or re-appointment of the external auditor the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms.

Auditor evaluation

A review of the audit services was undertaken in 2018. Following a competitive tender process BDO LLP were appointed on 15 March 2018 as Titan's external auditor. The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resultant discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting, if appropriate.

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

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

Matters considered by the Audit Committee

During the year ended 31 December 2021, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of Titan's financial statements, including identification of key risks and confirmation of auditor independence;

- reviewing Octopus' statement of internal controls in relation to Titan's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of the regulatory compliance of Octopus;
- reviewing the appropriateness of Titan's accounting policies;
- reviewing Titan's draft annual financial and interim results statements prior to Board approval;
- reviewing the external auditor's Audit Findings Report to the Committee on the annual financial statements;
- reviewing Titan's going concern as referred to on page 55; and
- reviewing in detail the valuation of the investment portfolio and supporting data.

The Committee has considered the whole annual report and financial statements for the year ended 31 December 2021 and has reported to the Board that it considers them to be fair, balanced and understandable, providing the information necessary for shareholders to assess Titan's performance, business model and strategy.

Significant risks

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

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

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

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

Audit, risk and internal control continued

Audit Committee report continued

Internal controls

The Directors have overall responsibility for keeping under review the effectiveness of Titan's systems of risk management and internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, Titan's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with Octopus.

Octopus identifies the investment opportunities, monitors the portfolio of investments and manages the assets of Titan on a discretionary basis.

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

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

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from Titan's accounts require the authority of two approved signatories from Octopus. Titan is subject to a full annual audit whereby the auditor is the same auditor as for some of the other VCTs managed by Octopus. Further to this, the Audit Partner has open access to Titan's Directors and Octopus is subject to regular review by the Octopus Compliance Department.

Financial risk management

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

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements to 31 December 2021.



Tom Leader
Audit Committee Chair
21 April 2022

Remuneration

Directors' remuneration report

Introduction

This report has been prepared in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in respect of the year ended 31 December 2021. The reporting requirements entail two sections be included, a Policy Report and an Annual Remuneration Report, which are presented below.

Titan's Auditor, BDO LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 75 to 81.

Consideration by the Directors of matters relating to Directors' remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board has not sought advice or services from any external person in respect of its consideration of Directors' remuneration during the year although the Directors expect from time to time to review the fees against those paid to the boards of directors of other VCTs. The Directors' remuneration paid during the period is set out on page 64. Titan does not have a Chief Executive Officer, Senior Management or any employees.

Directors' remuneration policy report

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with the important aspects of Titan's affairs. Directors are appointed with the expectation that they will serve for at least a period of three years. All Non-Executive Directors retire at the first general meeting after election and thereafter one-third of all Directors are subject to retirement by rotation at subsequent AGMs. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

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

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

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

The maximum level of Directors' remuneration is currently fixed by Titan's Articles of Association, not to exceed £250,000 in aggregate. The Board is seeking shareholder approval to increase the maximum aggregate remuneration that is permitted to £300,000. This increase is not being proposed in the expectation of further Board appointments or a significant increase in remuneration but rather to provide added flexibility and ensure the Articles of Association are fit for purpose on an ongoing basis.

Titan's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. The Articles of Association also entitle the Directors to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors; however, no other remuneration or compensation was paid or payable by Titan during the year to any of the current Directors.

Remuneration continued

Directors' remuneration report continued

Annual remuneration report

This remuneration report is subject to approval by a simple majority of shareholders at the AGM in June 2022, as in previous years.

Statement of voting at the Annual General Meeting

The 2020 Directors' Remuneration Report was presented to the AGM in June 2021 and received shareholder approval following a vote on a show of hands. Of the 36,240,970 votes received, those for the resolution totalled 89.2%, 8.3% of votes were at the discretion of the Chair and 2.5% of the votes cast were against, with 551,617 votes withheld. The proxy forms returned to the Registrars contained no explanation for the votes against the resolution.

Shareholders' views are always welcome and considered by the Board. The methods of contacting the Board are set out in the Directors' Report on page 72.

Company performance

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

The performance graph on page 51 also shows the performance of the NAV and Total Value of Titan. Further details of Titan's performance are shown in the graph and table on page 22 in the Portfolio Manager's Review.

Directors' emoluments (audited)

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

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	2021 change	2020 change ⁵
John Hustler (Chair)	40	40	0%	0%
Matt Cooper ¹	—	—	—	—
Jane O'Riordan	33	33	0%	0%
Mark Hawkesworth ²	18	35	(49)%	0%
Tom Leader	34	33	3%	0%
Anthony Rockley ³	24	—	—	—
Gaenor Bagley ⁴	18	—	—	—
Total	167	141	(49)%	0%

1. Matt Cooper's fees have been paid by Octopus Investments Limited since 1 May 2016.
2. Mark Hawkesworth resigned as a Director on 7 June 2021.
3. Anthony Rockley was appointed a Director on 8 April 2021.
4. Gaenor Bagley was appointed a Director on 7 June 2021.
5. 2019 accounts were a 14 month period and so Directors' fees in 2020 were lower.

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

The Chair of the Board and the Chair of the Audit Committee receive additional remuneration over the basic Directors' fee in recognition of the additional responsibilities and time commitment required of their roles. From 1 August 2018 Directors' fees have been paid at the following rates: Chair of the Board £40,000; Chair of the Audit Committee £35,000; and all other Directors £32,500. There has been no increase to the Directors' fees in the reporting period. Following a review, the Board agreed the following fee rates with effect from 1 April 2022: Chair of the Board £45,000; Chair of the Audit Committee £40,000; and all other Directors £37,000.

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

	Expected fees for the year to 31 December 2022 £
Chair	43,333
Chair of the Audit Committee	38,333
Non-Executive Director	35,500

Relative importance of spend on pay

The actual expenditure in the current period is as follows:

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Total dividends paid	135,969	51,318
Total buybacks	34,519	19,994
Total Directors' fees	166	141
Total expenses	27,963	20,342

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

Statement of Directors' shareholdings (audited)

There are no guidelines or requirements for Directors to own shares in Titan. The interests of the Directors of Titan during the year (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 10p each are shown in the table below:

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
John Hustler (Chair)	118,054	92,695
Matt Cooper	1,911,287	1,693,398
Jane O'Riordan	113,592	79,387
Tom Leader	23,070	14,358
Anthony Rockley	19,172	—
Gaenor Bagley	8,912	—

Remuneration continued

Directors' remuneration report continued

Statement of Directors' shareholdings (audited) continued

There have been no changes in the Directors' share interests between 31 December 2021 and the date of this report.

All of the Directors' shares were held beneficially except for Matt Cooper who holds all of his shares in a nominee account and Jane O'Riordan who holds 39,489 Ordinary shares in a nominee account.

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

By Order of the Board



John Hustler
Chair

21 April 2022

Directors' report

The Directors present their report and the audited financial statements for the year ended 31 December 2021.

The Corporate Governance Report on pages 54 and 55 and the Audit Committee Report on pages 60 to 62 form part of this Directors' Report.

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

Directors

Brief biographical notes on the Directors are given on pages 52 and 53.

In accordance with the Articles of Association and the AIC Code, Ms Bagley offers herself for election and Mr Leader offers himself for re-election and the Board recommends both at the forthcoming AGM. Ms Bagley and Mr Leader continue to be effective Non-Executive Directors, providing considerable experience and continuity to Titan, and demonstrate commitment to their roles, to the Board and to Titan. The Board therefore has no hesitation in recommending them both for election at the forthcoming AGM.

Mr Cooper is not considered to be independent due to his role as Chair of Octopus Investments Limited, Titan's Portfolio Manager. As a non-independent Director, Mr Cooper will stand for re-election at the 2022 AGM of Titan as required by Listing Rule 15.2.13A. The Board believes that he continues to be effective and to demonstrate commitment to his role, the Board and Titan. The Board therefore has no hesitation in recommending him for re-election at the forthcoming AGM.

Directors' and Officers' liability insurance

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

Management

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

Directors' report continued

Management continued

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

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

With the exception of Mr Cooper, no Director has an interest in any contract to which Titan is a party. Mr Cooper is the Chair of Octopus Capital Limited.

Titan has established a performance incentive scheme whereby Octopus is entitled to an annual performance-related incentive fee if certain performance criteria are met. The criteria have been met in 2021 resulting in a performance fee payable to Octopus. Further details of this scheme are disclosed within Note 19 of the financial statements.

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

Whistleblowing

Please refer to page 39 for our statement on whistleblowing.

Bribery Act

Please refer to page 39 for our statement on the Bribery Act.

VCT regulation

Compliance with required rules and regulations is considered when all investment decisions are made. Titan is further monitored on a continual basis to ensure compliance. The main criteria to which it must adhere are detailed on page 105.

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

Environment policy and greenhouse gas emissions

Refer to pages 36 to 39 in the Strategic Report for our ESG policy and greenhouse gas emissions.

Share capital

Titan's Ordinary share capital as at 31 December 2021 comprised 1,298,498,396 (2020: 1,075,024,098) Ordinary shares of 10p each. No shares were held in Treasury.

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

Share issues and open offers

During the period 275,638,619 shares were issued.

123,543,009 shares were issued under the offer launched on 21 October 2020 to raise up to £80 million in aggregate with an overallotment facility of £40 million, and a further 1,684,288 outside of the offer.

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

Share buybacks

During the 12 month period, Titan purchased 33,816,980 shares, with a nominal value of £3,381,698, for cancellation at a weighted average price of 102.1p per share for a total consideration of £35 million, which represents 3.1% of the shares in issue at the prior year end (2020: 23,027,750 shares, with a nominal value of £2,302,775, for cancellation at a weighted average price of 86.8p per share for a total consideration of £20 million). These were repurchased in accordance with Titan's share buyback facility in order to assist the marketability of the shares and to prevent the shares trading at a wide discount to the NAV.

Post balance sheet events

A full list of post balance sheet events since 31 December 2021 can be found in Note 17 of the financial statements on page 98.

Rights attaching to the shares and restrictions on voting and transfer

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

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

- c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of Titan. On a show of hands, every member present or represented and voting has one vote, and on a poll, every member present or represented and voting has one vote for every share of which that member is the holder. The appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in Titan's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by Titan requiring information about interests in its shares), Titan can, until the default ceases, suspend the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class Titan can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares.

Directors' report continued

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

Shareholders, either alone or with other shareholders, have other rights as set out in Titan's Articles of Association and in company law (principally the Companies Act 2006).

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system).

Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in Titan's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required).

The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which Titan has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in Titan's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

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

The authority proposed under Resolution 7 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in Titan in a tax-efficient manner without it having to incur substantial costs. Any consequent modest increase in the size of Titan will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with Titan's investment policy and may be used, in part, to purchase Ordinary shares in the market.

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

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

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

Directors' authority to make market purchase of its own shares

The authority proposed under Resolution 11 is required so that the Directors may make purchases of up to 193,009,172 Ordinary shares, representing approximately 14.99% of Titan's issued share capital as at the date of the Notice of AGM. Any shares bought back under this authority will be at a price determined by the Board (subject to a minimum price of 10p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board. The authority conferred by Resolution 11 will expire on the earlier of the conclusion of the next AGM of Titan following the passing of this Resolution and 15 months from the date of the passing of the Resolution unless renewed, varied or revoked by Titan in a general meeting and will be in addition to existing authorities. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole.

Cancellation of share premium account

The Board considers it appropriate to obtain shareholders' approval for the cancellation of the amount standing to the share premium account of Titan to create (subject to Court approval) a pool of distributable reserves. A Special Resolution to this effect is being proposed at Resolution 12.

Cancellation of the capital redemption reserve

The Board considers it appropriate to obtain shareholders' approval for the cancellation of the capital redemption reserve of Titan to create (subject to Court approval) a pool of distributable reserves. A Special Resolution to this effect is being proposed at Resolution 13.

Reduction in nominal value of shares

The Board considers it appropriate to obtain shareholders' approval for the reduction of the nominal value of the issued share capital of Titan from 10p per Ordinary share to 0.1p per Ordinary share (subject to Court approval) to create a pool of distributable reserves. A Special Resolution to this effect is being proposed at Resolution 14.

Directors' report continued

Amendment to Titan's Articles of Association

The Board considers it appropriate to obtain shareholders' approval for an update to Titan's Articles of Association.

Included in the updated Articles of Association is an increase to the maximum aggregate remuneration that is permitted to be paid to the Directors under the Articles of Association from £250,000 to £300,000. The amendment is being proposed to allow future flexibility and ensure the Articles of Association are fit for purpose on an ongoing basis.

Substantial shareholdings

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

Independent Auditor

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

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

Share buybacks

Subject to the provisions of the Companies Act 2006, the Articles of Association of Titan and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of Titan is to be managed by the Directors, who may exercise all the powers of Titan, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of Titan its powers to purchase its own shares to the extent permitted by shareholders. Authority was given at Titan's 2021 AGM to make market purchases of up to 14.99% of the issued Ordinary share capital at any time up to the 2022 AGM and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2022 AGM as set out in the Notice of Meeting.

Relations with shareholders

Shareholders will have the opportunity to attend the Annual General Meeting which will be held on 14 June 2022 at 12pm. The meeting will be for voting only. Titan will also be holding a virtual shareholders event on 7 June 2022 at 12pm where there will be a presentation by the Board and Portfolio Manager as well as an opportunity to ask questions. To sign up please see [octopusvct.com](https://www.octopusvct.com).

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London, EC1N 2HT. Alternatively, the team at Octopus will be pleased to answer any questions you may have and can be contacted on 0800 316 2295.

Information given in the Strategic Report

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

The Directors' Report was approved on behalf of the Board on 21 April 2022.



John Hustler
Chair

21 April 2022

Financials

Directors' responsibilities statement	74
Independent auditor's report	75
Income statement	82
Balance sheet	83
Statement of changes in equity	84
Cash flow statement	86
Notes to the financial statements	87
Appendix	101
Shareholder information and contact details	105
Glossary of terms	109
Directors and advisers	110
Notice of Annual General Meeting	111

Directors' responsibilities statement

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

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

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

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

In so far as each of the Directors is aware:

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

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

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

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

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

On behalf of the Board



John Hustler

Chair

21 April 2022

Independent auditor's report

to the members of Octopus Titan VCT plc

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Octopus Titan VCT plc (the 'Company') for the year ended 31 December 2021 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

- obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing the calculations therein to ensure that the Company was meeting its requirements to retain VCT status;
- consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness, by taking into account the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness, as well as the quantum of liquid investments, such as the quoted investments, at year end;
- considering the impact of market volatility and uncertainty, including as a result of the impact of Russian aggression in Ukraine; and
- calculating financial ratios to ascertain the financial health of the Company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

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

Independent auditor's report continued

to the members of Octopus Titan VCT plc

Overview

		2021	2020
Key audit matters	Valuation of unquoted investments	✓	✓
Materiality	Company financial statements as a whole £23,900,000 (2020: £21,000,000) based on 2% of adjusted net assets (2020: 2% of fixed asset investments, money market funds and corporate bonds).		

Key audit matters

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

An overview of the scope of our audit

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

Key audit matter

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

There is a high level of estimation uncertainty involved in determining the unquoted investment valuations; consisting of both equity and loan stock instruments.

29% of the unquoted portfolio is based on valuations using cost (where the investment was recently acquired) or the price of a recent investment.

How the scope of our audit addressed the key audit matter

For investments sampled that were valued using more subjective techniques (such as earnings multiples and revenue multiples) we:

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

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

Key audit matter

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

The remaining 71% of the investment portfolio is valued with reference to more subjective techniques, such as multiple methodologies using revenue or earnings, as described in Note 10.

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

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

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

How the scope of our audit addressed the key audit matter

Key observations

Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

For investments sampled that were valued using more subjective techniques (such as earnings multiples and revenue multiples) we:

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

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

Key observations

Based on the procedures performed we consider the investment valuations to be appropriate considering the level of estimation uncertainty.

Independent auditor's report continued

to the members of Octopus Titan VCT plc

Our application of materiality

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

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

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

	Company financial statements	
	2021 £m	2020 £m
Materiality	£23,900,000	£21,000,000
Basis for determining materiality	2% of adjusted net assets	2% of fixed asset investments, money market funds and corporate bonds
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of adjusted net assets (2020: 2% of fixed asset investments, money market funds and corporate bonds). The benchmark used is lower than the net asset value to take into account cash that has been recently raised from fundraising during the year.	
Performance materiality	£17,900,000	£15,750,000
Basis for determining performance materiality	75% of materiality The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower testing threshold

We determined that for revenue return before tax, a misstatement of less than materiality for the financial statements as a whole, could influence users of the financial statements as it is a measure of the Company's performance of income generated from its investments after expenses. As a result, we determined a lower testing threshold for those items impacting revenue return of £9,130,000 (2020: £3,900,000) based on 10% (2020: 10%) of gross expenditure.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £1,300,000 (2020: £370,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements 2021 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

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

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

Going concern and longer-term viability

- The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 55; and
- The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 55.

Other Code provisions

- Directors' statement on fair, balanced and understandable set out on page 74;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 46;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 64; and
- The section describing the work of the Audit Committee set out on page 60.

Independent auditor's report continued

to the members of Octopus Titan VCT plc

Other Companies Act 2006 reporting

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

Strategic report and Directors' report

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

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

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

Directors' remuneration

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
 - certain disclosures of Directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit.
-

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the Statement of Recommended Practice: Financial Statements of Investment Trust Companies and Venture Capital Trusts ("the SORP") and updated in February 2018 with consequential amendments and the applicable financial reporting framework. We also considered the Company's qualification as a VCT under UK tax legislation.

Our procedures included:

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

We assessed the susceptibility of the financial statements to material misstatement including fraud and considered the fraud risk areas to be the valuation of unquoted investments and management override of controls.

Our tests included, but were not limited to:

- the procedures set out in the key audit matters section above;
- obtaining independent evidence to support the ownership of a sample of investments;
- recalculating investment management fees in total;
- obtaining independent confirmation of bank balances; and
- testing journals which met a defined risk criteria by agreeing to supporting documentation and evaluating whether there was evidence of bias by the Investment Manager and Directors that represented a risk of material misstatement due to fraud.

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

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

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

Use of our report

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

Vanessa-Jayne Bradley (Senior Statutory Auditor)

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

21 April 2022

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

Income statement

	Notes	Year to 31 December 2021			Year to 31 December 2020		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	—	76,520	76,520	—	3,783	3,783
Gain on valuation of fixed asset investments	10	—	232,864	232,864	—	104,930	104,930
(Loss)/gain on valuation of current asset investments		—	(1,475)	(1,475)	—	4,352	4,352
Investment income	2	500	—	500	843	—	843
Investment management fee	3	(1,033)	(19,635)	(20,668)	(764)	(14,508)	(15,272)
Performance fee	3	—	(63,943)	(63,943)	—	(18,402)	(18,402)
Other expenses	4	(7,295)	—	(7,295)	(5,070)	—	(5,070)
Foreign exchange translation		—	54	54	—	159	159
(Loss)/profit before tax		(7,828)	224,385	216,557	(4,991)	80,314	75,323
Tax	6	—	—	—	—	—	—
(Loss)/profit after tax		(7,828)	224,385	216,557	(4,991)	80,314	75,323
(Loss)/earnings per share – basic and diluted	8	(0.7)p	20.0p	19.3p	(0.5)p	8.3p	7.8p

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

Titan has no other comprehensive income for the period.

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

Balance sheet

	Notes	As at 31 December 2021		As at 31 December 2020	
		£'000	£'000	£'000	£'000
Fixed asset investments	10		1,005,353		820,699
Current assets:					
Money market funds	12	88,126		137,170	
Corporate bonds	12	110,247		89,882	
Applications cash ¹		2,630		3,613	
Cash at bank		182,514		9,348	
Debtors	11	53,443		6,178	
			436,960		246,191
Current liabilities	13	(69,272)		(23,655)	
Net current assets			367,688		222,536
Net assets			1,373,041		1,043,235
Share capital	14		129,850		107,502
Share premium			201,163		564,308
Capital redemption reserve			9,759		6,377
Special distributable reserve			642,873		150,007
Capital reserve realised			(14,122)		(66,167)
Capital reserve unrealised			439,790		309,706
Revenue reserve			(36,272)		(28,498)
Total equity shareholders' funds			1,373,041		1,043,235
NAV per share	9		105.7p		97.0p

1. Cash received from investors but not yet allotted.

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

The statements were approved by the Directors and authorised for issue on 21 April 2022 and are signed on their behalf by:



John Hustler
Chair

Company No: 06397765

Statement of changes in equity

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserve ¹ £'000	Capital reserve realised ¹ £'000	Capital reserve unrealised £'000	Revenue reserve ¹ £'000	Total £'000
As at 1 January 2020	95,161	559,972	4,074	106,915	(45,705)	209,089	(23,666)	905,840
Comprehensive income for the year:								
Management fees allocated as capital expenditure	—	—	—	—	(14,508)	—	—	(14,508)
Current year gain on disposal of fixed asset investments	—	—	—	—	3,783	—	—	3,783
Gain on fair value of fixed asset investments	—	—	—	—	—	104,930	—	104,930
Gain on fair value of current asset investments	—	—	—	—	—	4,352	—	4,352
Loss after tax	—	—	—	—	—	—	(4,991)	(4,991)
Performance fee	—	—	—	—	(18,402)	—	—	(18,402)
Total comprehensive income for the year	—	—	—	—	(29,127)	109,282	(4,991)	75,164
Contributions by and distributions to owners:								
Share issue (includes DRIS)	14,644	122,292	—	—	—	—	—	136,936
Share issue costs	—	(3,552)	—	—	—	—	—	(3,552)
Repurchase of own shares	(2,303)	—	2,303	(19,994)	—	—	—	(19,994)
Dividends paid (includes DRIS)	—	—	—	(51,318)	—	—	—	(51,318)
Total contributions by and distributions to owners	12,341	118,740	2,303	(71,312)	—	—	—	62,072
Other movements:								
Share premium cancellation	—	(114,404)	—	114,404	—	—	—	—
Transfer between reserves	—	—	—	—	6,402	(6,402)	—	—
Prior year fixed asset gains now realised	—	—	—	—	2,263	(2,263)	—	—
Foreign exchange translation	—	—	—	—	—	—	159	159
Total other movements	—	(114,404)	—	114,404	8,665	(8,665)	159	159
Balance as at 31 December 2020	107,502	564,308	6,377	150,007	(66,167)	309,706	(28,498)	1,043,235

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

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

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Special distributable reserve ¹ £'000	Capital reserve realised ¹ £'000	Capital reserve unrealised £'000	Revenue reserve ¹ £'000	Total £'000
As at 1 January 2021	107,502	564,308	6,377	150,007	(66,167)	309,706	(28,498)	1,043,235
Comprehensive income for the year:								
Management fees allocated as capital expenditure	—	—	—	—	(19,635)	—	—	(19,635)
Current year gain on disposal of fixed asset investments	—	—	—	—	76,520	—	—	76,520
Gain on fair value of fixed asset investments	—	—	—	—	—	232,864	—	232,864
Loss on fair value of current asset investments	—	—	—	—	—	(1,475)	—	(1,475)
Loss after tax	—	—	—	—	—	—	(7,828)	(7,828)
Performance fee	—	—	—	—	(63,943)	—	—	(63,943)
Total comprehensive income for the year	—	—	—	—	(7,058)	231,389	(7,828)	216,503
Contributions by and distributions to owners:								
Share issue (includes DRIS)	25,730	264,963	—	—	—	—	—	290,693
Share issue costs	—	(6,956)	—	—	—	—	—	(6,956)
Repurchase of own shares	(3,382)	—	3,382	(34,519)	—	—	—	(34,519)
Dividends paid (includes DRIS)	—	—	—	(93,767)	(42,202)	—	—	(135,969)
Total contributions by and distributions to owners	22,348	258,007	3,382	(128,286)	(42,202)	—	—	113,249
Other movements:								
Share premium cancellation	—	(621,152)	—	621,152	—	—	—	—
Transfer between reserves	—	—	—	—	—	—	—	—
Prior year fixed asset gains now realised	—	—	—	—	101,305	(101,305)	—	—
Foreign exchange translation	—	—	—	—	—	—	54	54
Total other movements	—	(621,152)	—	621,152	101,305	(101,305)	54	54
Balance as at 31 December 2021	129,850	201,163	9,759	642,873	(14,122)	439,790	(36,272)	1,373,041

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

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

Cash flow statement

	Notes	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Reconciliation of profit to cash flows from operating activities			
Profit before tax		216,557	75,323
Increase in debtors		(28)	(3,193)
Increase in creditors		46,600	490
Loss/(gain) on valuation of current assets		1,475	(4,352)
Gain on disposal of fixed asset investments		(76,520)	(3,783)
Gain on valuation of fixed asset investments		(232,864)	(104,930)
Outflow from operating activities		(44,780)	(40,445)
Cash flows from investing activities			
Purchase of current asset investments		(21,840)	(5,205)
Purchase of fixed asset investments	10	(142,831)	(95,792)
Sale of fixed asset investments	10	220,324	23,915
Inflow/(outflow) from investing activities		55,653	(77,082)
Cash flows from financing activities			
Movement in applications account	13	(983)	(1,952)
Dividends paid (net of DRIS)		(101,976)	(46,037)
Purchase of own shares	14	(34,519)	(19,994)
Share issues		256,700	131,655
Share issue costs		(6,956)	(3,552)
Inflow from financing activities		112,266	60,120
Increase/(decrease) in cash and cash equivalents		123,139	(57,407)
Opening cash and cash equivalents		150,131	207,538
Closing cash and cash equivalents		273,270	150,131
Cash and cash equivalents comprise			
Cash at bank		182,514	9,348
Applications cash		2,630	3,613
Money market funds		88,126	137,170
Closing cash and cash equivalents		273,270	150,131

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

Notes to the financial statements

1. Principal accounting policies

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

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

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

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

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (GAAP), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (April 2021)'.

The principal accounting policies have remained unchanged from those set out in Titan's 2020 annual report and financial statements. A summary of the principal accounting policies is set out in the notes.

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

The preparation of the financial statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments, particularly unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

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

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

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

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

Revenue and capital

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

Notes to the financial statements continued

1. Principal accounting policies continued

Cash and cash equivalents

Cash, for the purposes of the cash flow statement, comprises cash at bank and money market funds. Cash equivalents are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. This comprises investments in money market funds.

Financing strategy and capital structure

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

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

Titan does not have any externally imposed capital requirements.

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

Financial instruments

Titan's principal financial assets are its investments and the policies in relation to those assets are set out in Note 10. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

Judgements in applying accounting policies and key sources of estimation uncertainty

This is addressed in Note 10.

Reserves

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

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

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

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

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

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

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

Translation reserve – gains or losses arise when assets other than portfolio assets, and not denominated in sterling, are revalued to the year-end sterling exchange rate.

Subsidiaries

Zenith Holding Company is a 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.

2. Investment income

Accounting policy

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

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

Disclosure

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Money market funds	3	476
Loan note interest receivable	497	367
Total income	500	843

3. Investment management fees

Accounting policy

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

Disclosure

	Year to 31 December 2021			Year to 31 December 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,033	19,635	20,668	764	14,508	15,272
Performance fee	—	63,943	63,943	—	18,402	18,402
Total	1,033	83,578	84,611	764	32,910	33,674

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

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

4. Other expenses

Accounting policy

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

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

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Ongoing adviser charges and trail commission	3,202	2,210
Accounting and administration services	1,723	1,674
Impairment of accrued loan note interest receivable	572	—
Listing fees	447	94
Depositary fees	278	240
Registrar's fees	188	120
Directors' remuneration ¹	179	155
D&O insurance	143	83
Audit fees	104	85
Other fees	459	409
Total	7,295	5,070

1. Includes employers' NI.

Total ongoing charges are capped at 2.5% of net assets. For the year to 31 December 2021 the ongoing charges were 2.0% of net assets (2020: 1.9%). 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.

Notes to the financial statements continued

5. Directors' remuneration

Total Directors' fees paid during the year were £167,000 (2020: £141,000). Employers' National Insurance contributions paid during the year were £12,000 (2020: £14,000). The highest paid Director received £40,000 (2020: £40,000). None of the Directors received any other remuneration or benefit from Titan during the period. Titan has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the period was six (2020: five).

6. Tax on ordinary activities

Accounting policy

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

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

Disclosure

The corporation tax charge for the period was £nil (2020: £nil).

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Profit on ordinary activities before tax	216,557	75,325
Current tax at 19% (2020: 19%)	41,146	14,312
Effects of:		
Non-taxable income	(11)	(16)
Non-taxable capital gains	(58,503)	(21,483)
Non-deductible expenses	47	38
Zenith Holding Company distribution ¹	4,750	—
Excess management expenses on which deferred tax not recognised	16,540	7,149
Tax rate differences ²	(3,969)	—
Total current tax charge	—	—

- £25 million was distributed from Zenith Holding Company to Titan following the sale of Calastone, which is taxable income for Titan.
- 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 £164,870,000 (2020: £98,709,000) are estimated to be carried forward at 31 December 2021 (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 £41,218,000 (2020: £18,755,000) in respect of these tax losses because there is insufficient forecast taxable income in excess of deductible expenses to utilise these losses carried forward.

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.

7. Dividends

Accounting policy

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

Disclosure

	Year to 31 December 2021 £'000	Year to 31 December 2020 £'000
Dividends paid in the year		
Previous year's second interim dividend – 3p (2020: 3.0p)	33,629	30,494
Current period's interim dividend – 8p (2020: 2.0p)	102,340	20,824
	135,969	51,318
Dividends in respect of the year		
Interim dividend paid – 8p (2020: 2.0p)	102,340	20,824
Second interim dividend – 3p (2020: 3.0p)	38,955	33,629
	141,295	54,453

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

The second interim dividend of 3p for the period ending 31 December 2021 will be paid on 17 May 2022 to shareholders on the register on 29 April 2022.

8. Earnings per share

	Year to 31 December 2021			Year to 31 December 2020		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/profit attributable to Ordinary shareholders (£'000)	(7,828)	224,385	216,557	(4,991)	80,314	75,323
(Loss)/profit per Ordinary share (p)	(0.7)p	20.0p	19.3p	(0.5)p	8.3p	7.8p

The total earnings per share is based on 1,122,053,322 (2020: 965,043,861) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

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

9. Net Asset Value per share

	31 December 2021 Ordinary shares	31 December 2020 Ordinary shares
Net assets (£)	1,373,040,000	1,043,235,000
Shares in issue	1,298,498,396	1,075,024,098
NAV per share (p)	105.7	97.0

Notes to the financial statements continued

10. Fixed asset investments

Accounting policy

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

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

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

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

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income statement and allocated to the capital reserve unrealised. Fixed returns on non-equity shares and debt securities which are held at fair value are computed using the effective interest rate, to distinguish between the interest income receivable (which is disclosed as interest income within the revenue column of the Income statement) and other fair value movements arising on these instruments (which are disclosed as holding gains within the capital column of the Income statement).

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

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

Fair value hierarchy

Paragraph 34.22 of FRS 102 recognises a hierarchy of fair value measurements, for financial instruments measured at fair value in the balance sheet, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). This methodology is adopted by Titan and requires disclosure of financial instruments to be dependent on the lowest significant applicable input, as laid out below:

Level 1: The unadjusted, fully accessible and current quoted price in an active market for identical assets or liabilities that an entity can access at the measurement date. Titan's quoted investments are included in Level 1.

Level 2: Inputs for similar assets or liabilities other than the quoted prices included in Level 1 that are directly or indirectly observable, which exist for the duration of the period of investment. Titan holds no such investments in the current or prior year.

Level 3: This is where inputs are unobservable, where no active market is available and recent transactions for identical instruments do not provide a good estimate of fair value for the asset or liability. Titan's unquoted investments are included in Level 3 in the current and prior year.

There has been one transfer between these classifications in the year (2020: none). The change in fair value of Titan's investments for the current and previous year has been recognised through the income statement.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 December 2021 are summarised below and in Note 12.

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

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

- (i) Each investment is considered as a whole on a 'unit of account' basis, i.e. that the value of each portfolio company is considered as a whole, alongside consideration of:
- The price of new or follow-on investments made, if deemed to be made as part of an orderly transaction, are considered to be at fair value at the date of the transaction. The inputs that derived the investment price are calibrated within individual valuation models and, at every subsequent quarterly measurement date, are reconsidered for any changes in light of more recent events or changes in the market performance of the portfolio company. The valuation bases used are the following:
 - a multiple basis. The enterprise value of the investment may be determined by applying a suitable price-earnings ratio, revenue or gross profit multiple to that company's historic, current or forecast post-tax earnings before interest, depreciation and amortisation, or revenue, or gross profit (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Portfolio Manager compared to the sector including, inter alia, scale and liquidity); or
 - where a company's underperformance against plan indicates a diminution in the value of the investment, provision against the price of a new investment is made, as appropriate.
- (ii) Premiums, to the extent that they are considered capital in nature, and that they will be received upon repayment of loan stock investments, are accrued at fair value when Titan receives the right to the premium and when considered recoverable.
- (iii) Where a multiple or the price of recent investment less impairment basis is not appropriate and overriding factors apply, a discounted cash flow, net asset valuation, realisation proceeds, or a weighted average of these bases may be applied.

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

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

Disclosure

	Level 1: Quoted investments £'000	Level 3: Unquoted investments £'000	Total £'000
Valuation and net book amount:			
Book cost	4,831	540,541	545,372
Cumulative revaluation	(3,008)	278,335	275,327
Valuation at 1 January 2021	1,823	818,876	820,699
Movement in the period:			
Purchases at cost	—	95,792	95,792
Disposal proceeds	(1,075)	(22,840)	(23,915)
Gain on realisation of investments	875	2,908	3,783
Revaluation in period	1,271	103,659	104,930
Valuation at 1 January 2021	1,823	818,876	820,699
Movement in the period:			
Purchases at cost	—	142,831	142,831
Disposal proceeds	(1,287)	(266,275)	(267,562)
Gain on realisation of investments	540	75,980	76,520
Reclassifications between levels	121,991	(121,991)	—
Revaluation in period	(45,648)	278,512	232,864
Valuation at 31 December 2021	77,419	927,933	1,005,352
Book cost at 31 December 2021	9,124	614,342	623,466
Cumulative revaluation at 31 December 2021	68,295	313,591	381,886
Valuation at 31 December 2021	77,419	927,933	1,005,352

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

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect fair value of financial assets held at the price of recent investment, or, in the case of unquoted investments, to adjust earnings or revenue-based multiples. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Portfolio Manager's Review. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in Note 16.

Notes to the financial statements continued

10. Fixed asset investments continued

Exits in past 12 months

Name of company	Area of investment focus	Year of first investment	Total investment cost (£m)	Acquirer	Date of exit
System Inc	Fintech	May 2019	5.0	Administration	Jan 2021
e-Therapeutics	Health	May 2009	0.7	Sale on LSE	Feb 2021
WaveOptics	Deep tech	Dec 2015	16.0	Snap Inc	May 2021
Skew	Deep tech	Mar 2020	2.7	Coinbase Global Inc	May 2021
Semafone	B2B software	Jun 2010	3.6	Livingbridge	Jun 2021
Depop	Consumer	Jan 2018	8.8	Etsy	Jul 2021
Cazoo ¹	Consumer	Nov 2019	5.0	NYSE (via SPAC)	Aug 2021
Conversocial	B2B software	May 2013	6.0	Verint Systems	Aug 2021
Mush	Consumer	Jan 2018	1.5	Mumsnet	Aug 2021
Property Partner	Fintech	Sep 2014	13.6	Better Holdings	Aug 2021
CB4	B2B software	Nov 2018	6.1	The Gap Inc	Oct 2021
Opensignal	B2B software	Sep 2018	4.9	Comlinkdata	Sep 2021
Third Eye	Deep tech	May 2019	1.5	Standard Cognition	Nov 2021

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

At 31 December 2021 there were no commitments in respect of investments not yet completed (2020: none).

11. Debtors

	31 December 2021 £'000	31 December 2020 £'000
Disposal proceeds – deferred consideration ¹	52,668	4,831
Interest receivable on loans included in fixed asset investments	486	1,161
Prepayments	64	43
Other debtors	225	143
Total	53,443	6,178

1. These are disposal proceeds on investments made in the year which had not been received by year end. See Note 10 for list of disposals in the year.

12. Current asset investments

Accounting policy

Current asset investments comprise money market funds and corporate bonds, which are designated as FVTPL. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income statement and allocated to the capital reserve unrealised.

The current asset investments are readily convertible into cash at the option of Titan. The current asset investments are held for trading, are actively managed and the performance is evaluated in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board.

Disclosure

	31 December 2021 £'000	31 December 2020 £'000
Money market funds	88,126	137,170
Corporate bonds	110,247	89,882
Total	198,373	227,052

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

At 31 December 2021 and 31 December 2020 there were no commitments in respect of current asset investments approved by the Portfolio Manager but not yet completed.

13. Current liabilities

	31 December 2021 £'000	31 December 2020 £'000
Applications cash ¹	2,630	3,613
Trade creditors	63,955	18,414
Accruals	2,687	1,628
Total	69,272	23,655

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

Included within trade creditors is an amount of £63,943,000 (2020: £18,402,000) relating to a performance fee payable to the Portfolio Manager. For more details please refer to Note 19.

14. Share capital

	31 December 2021 £'000	31 December 2020 £'000
Allotted and fully paid up: 1,298,498,396 (2020: 1,075,024,098) Ordinary shares of 10p	129,850	107,502

The capital of Titan is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 15. Titan is not subject to any externally imposed capital requirements.

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

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

Capital management is monitored and controlled using the internal control procedures set out on page 62 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

	31 December 2021 £'000	31 December 2020 £'000
10p Ordinary shares		
Brought forward	1,075,024	951,607
Shares issued – fundraise	225,165	140,521
Shares issued – DRIS ¹	32,126	5,924
Shares repurchased for cancellation	(33,817)	(23,028)
Carried forward	1,298,498	1,075,024

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

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

During the period 257,291,278 shares were issued at an average price of 116.6p per share (2020: 146,444,651 shares were issued at a price of 96.5p). The gross consideration received for these shares was £291 million (£284 million net) including DRIS (2020: £137 million gross, £133 million net).

Titan repurchased 33,816,980 Ordinary shares for cancellation at a weighted average price of 102.1p (2020: 23,027,750 shares at a price of 86.8p) at a cost of £35 million (2020: £20 million).

The total nominal value of the shares repurchased during the financial year was £3,381,698 representing 3.1% of the issued share capital at the year end (2020: £2,302,775 representing 2.4%).

Notes to the financial statements continued

15. Reserves

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

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

	31 December 2021 £'000	31 December 2020 £'000
Brought forward	55,342	37,544
Movement in period	537,137	17,798
Carried forward	592,479	55,342

During the year there was a share premium cancellation amounting to £621 million (2020: £114 million). This was carried out with the approval of shareholders for the purposes of creating sufficient distributable reserves.

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

16. Financial instruments and risk management

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

Classification of financial instruments

Titan held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 December 2021:

	31 December 2021 £'000	31 December 2020 £'000
Financial assets held at fair value through profit or loss		
Investments	1,005,352	820,699
Money market funds	88,126	137,170
Corporate bonds	110,247	89,882
Total	1,203,725	1,047,751
Financial assets at amortised cost		
Applications cash ¹	2,630	3,613
Cash at bank	182,514	9,348
Disposal proceeds	52,668	4,831
Interest receivable on loans included in fixed asset investments	486	1,161
Other debtors	225	143
Total	238,523	19,096
Financial liabilities at amortised cost		
Trade creditors	12	12
Unallotted cash ¹	2,630	3,613
Total	2,642	3,625

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

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

In carrying on its investment activities, Titan is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing Titan are market risk, interest rate risk, credit risk and liquidity risk. Titan's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk

Titan's strategy for managing investment risk is determined with regard to Titan's investment objective, as outlined on page 15. The management of market risk is part of the investment management process and is a central feature of venture capital investment. Titan's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance Statement on pages 54 to 55, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of Titan's assets is regularly monitored by the Board.

Details of Titan's investment portfolio at the balance sheet date are set out on pages 101 to 104.

67.6% (2020: 78.5%) by value of Titan's net assets (92.3% of portfolio) comprises investments in unquoted companies held at fair value. The valuation methods used by Titan include the application of a multiples ratio derived from listed companies with similar characteristics, and other market derived valuations, and consequently the value of the unquoted element of the portfolio can be indirectly affected by movements in the prices of quoted investments, such as those listed on the London Stock Exchange. A 25% (2020: 25%) overall decrease in the valuation of the unquoted investments at 31 December 2021 would have decreased net assets for the year by £231,983,000 (2020: £204,719,000) and an equivalent change in the opposite direction would have increased net assets for the year by the same amount.

27.9% of net assets (38.1% of portfolio) is valued using earnings or revenue-based multiples, and an increase in the multiple used by 20% would increase the net asset value by 4.5% (£61,329,000). Conversely, a decrease in the multiple used by 20% would decrease the net asset value by 5.0% (£68,502,000). The 20% sensitivity used provides the most meaningful impact of average multiple changes across the portfolio.

23.8% of net assets (32.5% of portfolio) are exposed to changes in the foreign exchange rate. An increase in the rate of 5% would decrease the net asset value by -1.0% (£13,971,000). Conversely, a decrease in the rate of 5% would increase the net asset value by 1.1% (£15,162,000). The 5% sensitivity used provides the most meaningful impact of average foreign exchange rate changes across the portfolio.

Interest rate risk

Some of Titan's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, Titan is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

The table below summarises weighted average effective interest rates for the fixed interest-bearing financial instruments:

	As at 31 December 2021			As at 31 December 2020		
	Total fixed rate portfolio by value £'000	Weighted average interest fixed in rate	Weighted average time for which rate is years	Total fixed rate portfolio by value £'000	Weighted average interest fixed in rate	Weighted average time for which rate is years
Fixed rate investments in unquoted companies	8,010	6.59%	4.9	23,271	4.16%	2.9

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

Floating rate

Titan's floating rate investments comprise interest-bearing money market funds as at 31 December 2021. Titan's cash held at bank earns no interest due to the HMRC VCT rule which prohibits a VCT from earning more than 30% of its income in non-VCT qualifying income, and interest earned on bank balances is non-qualifying income. The benchmark rate which determines the rate of interest receivable on Titan's money market investment is the Bank of England base rate, which was 0.25% at 31 December 2021. The amounts held in floating rate investments at the balance sheet date were as follows:

	31 December 2021 £'000	31 December 2020 £'000
Money market funds	88,126	137,170
Total	88,126	137,170

A 1% increase in the base rate would increase income receivable from these investments and the net assets for the year by £881,000 (2020: £1,372,000).

Notes to the financial statements continued

16. Financial instruments and risk management continued

Credit risk

There were no significant concentrations of credit risk to counterparties at 31 December 2021. By fair value, no individual investment exceeded 11% (2020: 8%) of Titan's net assets at 31 December 2021.

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with Titan. The Portfolio Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 31 December 2021 Titan's financial assets exposed to credit risk comprised the following:

	31 December 2021 £'000	31 December 2020 £'000
Cash at bank	182,514	9,348
Applications cash	2,630	3,613
Money market funds	88,126	137,170
Corporate bonds	110,247	89,882
Fixed rate investments in unquoted companies	8,010	23,271
Total	391,527	263,284

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

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

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

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

Liquidity risk

Titan's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. They also include investments in AIM-quoted companies, which, by their nature, involve a higher degree of risk than investments on the main market. As a result, Titan may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

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

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

Titan maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 December 2021 these investments were valued at £380,290,000 (2020: £227,052,000).

17. Post balance sheet events

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

- Nine new investments completed totalling £44.0 million.
- Six follow-on investments completed totalling £8.0 million.
- The Board has reviewed the portfolio in advance of recent share transactions and this led to an announcement of a NAV per share of 105.7p on 17 March 2022.
- 11 million shares were repurchased at a price of 101p per share on 29 March 2022.
- Between year end and the date of this report, the Cazoo share price has fallen but this is a non-adjusting event that does not affect the NAV per share as at 31 December 2021.
- The Board has assessed the impact of the sanctions on Russia and Belarus on Titan, and determined there is no material effect on the net asset value of Titan.

18. Contingencies, guarantees and financial commitments

Provided that an intermediary continues to act for a shareholder and the shareholder continues to be the beneficial owner of the shares, intermediaries will be paid an annual IFA commission of 0.5% of advised investors' gross NAV from Titan. IFA charges of £3,202,000 were expensed during the period (2020: £2,210,000) and there was £1,932,000 (2020: £1,292,000) outstanding at the period end.

There were no contingencies, guarantees or financial commitments as at 31 December 2021 (2020: £nil).

19. Transactions with the Manager and Portfolio Manager

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

Titan paid Octopus AIF Management Limited £20,668,000 (2020: £15,272,000) 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 also provides accounting and administrative services to Titan, payable quarterly in advance. The fee is the lower of either (i) 0.3% of Titan's NAV and (ii) the administration and accounting costs of Titan for the year ending 31 October 2018, with inflation increases going forward, calculated at quarterly intervals from 31 October. The administration fee is calculated using the latest published NAV of Titan and the number of shares in issue at each quarter end of Titan. During the period £1,723,000 (2020: £1,674,000) was paid to Octopus for the accounting and administrative 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 positive performance in the period, the total value has increased to 197.7p, representing a total return of 19.7p.

The High Water Mark for FY 2022 will therefore be 197.7p. If, on a subsequent financial year end, the performance value of Titan falls short of the High Water Mark on the previous financial year end, no performance fee will arise. If, on a subsequent financial year end, the performance exceeds the previous best High Water Mark of Titan, the Manager will be entitled to 20% of such excess in aggregate.

Octopus received £0.1 million in the period to 31 December 2021 (2020: £0.2 million) in regards 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 expense 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.

On 31 December 2021, Titan terminated its exiting Administration Agreement (AA) and agreed new terms with Octopus. The fee under the updated Non-Investment Service Agreement (NISA) is unchanged, being the lower of either (i) 0.3% of Titan's NAV and (ii) the administration and accounting costs of Titan for the year ending 31 December 2020, with inflation increases in line with the Consumer Price Index.

Notes to the financial statements continued

20. Related party transactions

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

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.

Mr Cooper, a Non-Executive Director of Titan, is also Chair of Octopus Capital Ltd and owns shares in Octopus Capital Ltd. The Directors received the following dividends from Titan:

	Year to 31 December 2021 £	Year to 31 December 2020 £
John Hustler (Chair)	11,983	4,635
Matt Cooper	207,754	83,707
Jane O'Riordan	11,347	3,926
Mark Hawkesworth	10,659	4,845
Tom Leader	2,148	535
Lord Rockley	1,427	—
Gaenor Bagley	713	—

21. Voting rights and equity management

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

Investments	% equity held by Titan
Many Group Ltd (trading as ManyPets)	7.5%
Cazoo Limited	2.3%
Permutive Inc.	17.8%
Amplience Limited	28.1%
Digital Therapeutics, Inc.	16.5%
Chronext AG	7.3%
Big Health Limited	11.5%
Elliptic Enterprises Limited	11.7%
Ometria Limited	12.9%
Chiaro Technology Ltd (Trading as Elvie)	8.6%

Appendix

Investment portfolio

The table below sets the investment cost and the amount invested in the year for the portfolio as at 31 December 2021. Details of the top ten investments can be found on pages 32 to 35.

		Investment cost as at 31 December 2021 (£'000) ¹	Amount invested in the year ending 31 December 2021 (£'000)
Fixed asset investments	Sector		
Permutive Inc. ³	B2B Software	18,994	7,155
Amplience Limited ³	B2B Software	13,634	—
Digital Therapeutics (trading as Quit Genius)	Health	12,890	6,396
Big Health Limited ³	Health	12,855	2,284
Ometria Limited	B2B Software	11,510	2,710
Sofar Sounds Limited ³	Consumer	11,400	482
Smartkem Limited ³	Deep Tech	10,753	—
Streethub Limited (trading as Trouva) ³	Consumer	10,513	150
PLU&M Limited	Consumer	10,500	—
Many Group Ltd (trading as ManyPets) ³	FinTech	9,978	—
Digital Shadows Ltd	B2B Software	9,702	—
Uniplaces Limited ³	Consumer	9,491	188
Ori Biotech Ltd	Health	9,102	7,554
Zenith Holding Company Limited ²	Consumer	8,963	—
Appear Here Limited ³	Consumer	8,509	—
XYZ Reality Limited ³	Consumer	8,500	8,500
Token.IO Ltd ³	FinTech	8,422	—
CurrencyFair Limited ³	FinTech	8,381	—
Antidote Technologies Ltd ³	Health	8,251	—
Seatfrog UK Holdings Limited	Consumer	8,223	423
Elliptic Enterprises Limited ³	FinTech	7,724	2,810
Chronext AG ³	Consumer	7,708	—
Allplants Limited	Consumer	7,250	600
Iovox Limited ³	B2B Software	7,206	—
Ibex Medical Analytics Ltd	Health	7,148	7,148
Surrey NanoSystems Limited ³	Deep Tech	6,918	—
Stackin Inc	FinTech	6,840	—

Appendix continued

	Sector	Investment cost as at 31 December 2021 (£'000) ¹	Amount invested in the year ending 31 December 2021 (£'000)
Fixed asset investments			
By Miles Limited	FinTech	6,732	—
Minoro Limited (trading as Kleene.ai) ³	B2B Software	6,723	6,723
Chiaro Technology Limited (trading as Elvie) ³	Health	6,417	—
Biofidelity Ltd ³	Health	6,343	6,343
Casual Speakers Limited (trading as Jolt)	Consumer	6,069	1,300
Phoelex Ltd	Deep Tech	6,025	—
Olio Exchange Limited	Consumer	6,000	1,500
Sprout.ai Limited	FinTech	6,000	6,000
Origami Energy Limited ³	Deep Tech	5,947	414
Overture Life, Inc	Health	5,813	5,813
Picsoneye Segmentation Innovation Limited (trading as Edgify)	Deep Tech	5,808	—
Artesian Solutions Limited ³	B2B Software	5,481	—
Messier 31 Inc (trading as Pngme)	FinTech	5,429	5,429
Memrise Inc	Consumer	5,144	—
Zappy Ltd (trading as Glofox)	B2B Software	5,090	1,278
Vitesse PSP Ltd	FinTech	5,000	2,321
Cazoo Limited ³	Consumer	4,973	—
Anikin Ltd (trading as KatKin)	Consumer	4,800	1,800
Michelson Diagnostics Limited ³	Health	4,795	—
Dogtooth Technologies Limited	Deep Tech	4,739	1,462
Impatients N.V. (trading as MyTomorrows) ³	Health	4,705	—
Orbital Express Launch Limited (trading as Orbex)	Deep Tech	4,550	—
Raylo Group Limited ³	FinTech	4,500	4,500
ThoughtRiver Limited	Deep Tech	4,500	—
The Faction Collective SA ³	Consumer	4,461	—
We Farm Ltd	Consumer	4,350	—
Secret Escapes Limited ⁴	Consumer	4,256	—
Lapse Ltd ³	Consumer	4,250	4,250
BehavioSec Inc (trading as BehavioSec) ³	Deep Tech	4,229	—
Patch Gardens Limited	Consumer	4,172	—

		Investment cost as at 31 December 2021 (£'000) ¹	Amount invested in the year ending 31 December 2021 (£'000)
Fixed asset investments	Sector		
Eve Sleep Plc	Consumer	4,151	—
Mr & Mrs Oliver Ltd (trading as Skin+Me)	Health	4,000	—
The Justice Platform Inc (trading as Legl)	B2B Software	4,000	4,000
Positron Technologies Limited (trading as TaxScouts)	FinTech	4,000	—
AudioTelligence Limited	Deep Tech	4,000	—
vHive Tech Ltd	Deep Tech	3,996	—
Contingent & Future Technologies Ltd ³	FinTech	3,825	3,825
Unmade Ltd	Deep Tech	3,800	800
Altitude Angel Ltd	Deep Tech	3,800	—
Dead Happy Limited ³	FinTech	3,700	—
AllTaster Limited (trading as Taster) ³	Consumer	3,684	3,684
Medisafe Project Limited ³	Health	3,664	—
Inrupt Inc.	FinTech	3,495	1,123
CoMind Technologies Limited ³	Deep Tech	3,375	3,375
CRED Investment Holdings Limited	FinTech	3,000	1,000
Whirli Limited	Consumer	3,000	—
Trafi Limited ³	Deep Tech	2,965	—
Ecrebo Limited ³	B2B Software	2,857	—
Metrasens Limited ³	Deep Tech	2,819	—
Mosaic Smart Data Limited	FinTech	2,780	—
iSize Limited ³	Deep Tech	2,625	2,625
Slamcore Limited	Deep Tech	2,550	—
Bondaval Limited ³	FinTech	2,550	2,550
HURR Ltd ³	Consumer	2,550	2,550
Fluidly Limited	B2B Software	2,299	—
Tatum Blockchain Services s.r.o.	FinTech	2,148	2,148
Total Food Control Ltd (trading as Lollipop) ³	Consumer	2,125	2,125
Streetbees.com Limited ³	B2B Software	2,086	—
Caprera Ltd (trading as Collectiv Food)	Consumer	2,000	2,000
Uniq Health Limited	Health	1,900	—

Appendix continued

	Sector	Investment cost as at 31 December 2021 (£'000) ¹	Amount invested in the year ending 31 December 2021 (£'000)
Fixed asset investments			
Commazero Ltd ³	FinTech	1,785	1,785
Imophoron Limited ³	Health	1,700	1,700
Walking on Earth Ltd ³	Consumer	1,615	1,615
Intrepid Owls Limited (trading as Rest-Lee)	FinTech	1,527	977
Quantum Motion Technologies Limited	Deep Tech	1,498	—
Segura Systems Limited ³	B2B Software	1,470	—
Nanosyrinx Ltd	Health	1,375	1,375
Aire Labs Limited	FinTech	1,332	—
Multiply AI Limited	FinTech	1,283	—
Mojo Men Ltd ³	Health	1,275	1,275
Bkwai Ltd ³	Deep Tech	1,275	1,275
I.F. Technology Ltd (trading as Integrated Finance) ³	FinTech	1,275	1,275
Mindset Technologies Limited ³	Health	1,020	1,020
Anansi Technology Limited ³	FinTech	900	900
Avione Saving & Investment Ltd ³	FinTech	850	850
Hapi Plan Technologies Ltd (trading as Nosso) ³	FinTech	765	765
Minimum Corporation ³	FinTech	759	—
Troglo Ltd (trading as LVNDR) ³	Health	680	680
M10 Inc. ³	FinTech	626	—
Excession Technologies Limited ³	Deep Tech	298	—
Total fixed asset investments		535,718	142,830

1. Investment cost reflects the amount invested into each portfolio company from Titans 1 – 5 before the 2014 merger and from Titan after the merger. This is different to the book cost (as per Note 10 of the financial statements) which includes the holding gains/(losses) on assets which transferred from Titans 1, 3, 4 and 5 to Titan 2 (now Titan) during the 2014 merger, as Titan purchased these assets at fair value.
2. Owns stake in Secret Escapes Limited.
3. These companies have also been invested into by other funds managed by Octopus.
4. The figures for Secret Escapes relate to Titan's direct investment only.

Shareholder information and contact details

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

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

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

The Offer for Subscription is now closed.

Further details of Titan's progress are discussed in the Chair's Statement and Portfolio Manager's Review on pages 4 to 7 and 22 to 35 respectively.

Venture Capital Trusts (VCTs)

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

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

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

In order to maintain its approval Titan must comply with certain requirements on a continuing basis including the provisions of chapter 3 of the Income Tax Act 2007, in particular s280A:

- at least 80% of its investments must comprise 'qualifying holdings'¹ (as defined in the legislation); at least 70% of the 80% of qualifying holdings must be invested in Ordinary shares with no preferential rights (for money allotted pre April 2011 the limit is 30% for new investments);
 - no single investment made can exceed 15% of Titan's total value; and
 - a minimum of 10% of each qualifying investment must be in Ordinary shares with no preferential rights.
1. A 'qualifying holding' consists of up to £5 million (£10 million for knowledge-intensive companies) invested in any one year in new shares or securities in an unquoted company (or companies quoted on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

Shareholder information and contact details continued

Dividends

Dividends are paid by Computershare Investor Services PLC ('Computershare') on behalf of Titan. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose or complete an instruction electronically by visiting the Computershare Investor Centre at: www-uk.computershare.com/investor/.

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

Computershare can be contacted in writing at:

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

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

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

A second interim dividend of 3p per share will be paid on 17 May 2022 to shareholders on the register on 29 April 2022.

Titan also offers a Dividend Reinvestment Scheme (DRIS). Any shareholder wishing to reinvest their dividends, who has not already elected to do so, can request a DRIS instruction form by calling Computershare on 0370 703 6324. The application form can also be found on the Octopus Investments Limited website: www.octopusinvestments.com. If you are uncertain about your current DRIS position, please call Computershare on the number above or complete a new form.

Share price

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

Ordinary shares

TIDM/EPIC code	OTV2
Latest share price (20 April 2022)	100.5p

Buying and selling shares

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

Buyback of shares

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

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

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

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

Secondary market

UK income tax payers, aged 18 or over, can purchase shares in the secondary market and benefit from:

- Tax-free dividends.
- Realised gains not being subject to capital gains tax (although any realised losses are not allowable).
- No minimum holding period.
- No need to include VCT dividends in annual tax returns.

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

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

Shareholder information and contact details continued

Notification of change of address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment, this should be notified to Titan's registrar, Computershare, under the signature of the registered holder or via the Computershare Investor Centre at: www-uk.computershare.com/investor/. Computershare's contact details are provided on page 106.

Other information for shareholders

Shareholders can obtain a full copy of Titan's Annual Report as well as previously published Annual Reports and Interim Reports on the Octopus website at octopustitanvct.com.

All other statutory information can also be found here.

Electronic communications

We also publish reports and accounts and all other correspondence electronically. This cuts the cost of printing and reduces the impact on the environment. If, in future, you would prefer to receive an email telling you a report is available to view or to receive documents by email please contact Octopus on **0800 316 2295** or Computershare on **0370 703 6324**. Alternatively you can sign up to receive e-communications via the Computershare Investor Centre at: www-uk.computershare.com/investor/.

Warning to shareholders

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

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

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

The Financial Conduct Authority has also issued guidelines on how to avoid share fraud and further information can be found on their website: www.fca.org.uk/scamsmart/share-bond-boiler-room-scams. You can report any share fraud to them by calling **0800 111 6768**.

Glossary of terms

Alternative performance measure (APM)

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

Net asset value or NAV

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

Net asset value per share or NAV per share

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

Ongoing charges ratio (APM)

The ongoing charges ratio has been calculated using the AIC recommended methodology and excludes irrecoverable VAT, exceptional costs and trail commission. The figure shows the annual percentage reduction in shareholder returns as a result of recurring operational expenses. It informs shareholders of the likely costs that will be incurred in managing Titan in the future.

This is calculated by dividing the ongoing expenses, which includes the expenses listed out in Note 4 on page 89 but excludes irrecoverable VAT, exceptional costs and trail commission, by the average net assets in the period.

Total return (APM)

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

Total return % (APM)

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

Directors and advisers

Board of Directors

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

Company Number

Registered in England & Wales
No. 06397765

Secretary and Registered Office

Octopus Company Secretarial Services Limited
33 Holborn
London
EC1N 2HT

Portfolio Manager

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

www.octopusinvestments.com

LEI

213800A67IKGG6PVYW75

Manager

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

www.octopusinvestments.com

Corporate Broker

Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF
Tel: 020 7886 2500

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Tax Adviser

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

VCT Status Adviser

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

Bankers

HSBC Bank plc
31 Holborn
London
EC1N 2HR

Registrars

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

Tel: 0370 703 6324

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

www.computershare.com/uk

www-uk.computershare.com/investor/

Depositary

BNP Paribas Securities Services
10 Avenue
London
NW1A 6AA

Notice of Annual General Meeting

Notice is hereby given that the AGM of Octopus Titan VCT plc will be held at the offices of Octopus Investments, 33 Holborn, London, EC1N 2HT on Tuesday, 14 June 2022 at 12pm for the purposes of considering and, if thought fit, passing the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9 to 15 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the Annual Report and the audited financial statements for the year to 31 December 2021.
2. To approve the Directors' Remuneration Report.
3. To elect Gaenor Bagley as a Director.
4. To re-elect Matt Cooper as a Director.
5. To re-elect Tom Leader as a Director.
6. To re-appoint BDO LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, pass Resolutions 7 and 8 as Ordinary Resolutions and Resolutions 9 to 15 as Special Resolutions:

7. Authority to allot relevant securities

THAT, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot up to a maximum of 321,896,552 Ordinary shares in the Company ('Shares') (representing approximately 25% of the Shares in issue as at 20 April 2022), provided that the authority conferred by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting) save that this authority shall allow the Company to make, before the expiry of this authority, any offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry and the Directors may allot Shares in pursuance of any such offer or agreement notwithstanding the expiry of such authority.

8. Authority to allot relevant securities under the DRIS

THAT, in addition to existing authorities, the Directors of the Company be and hereby are generally and unconditionally authorised in accordance with Section 551 of the Act to exercise all the powers of the Company to allot up to a maximum of 64,379,310 Shares in connection with the Company's dividend reinvestment scheme (representing approximately 5% of the Shares in issue as at 20 April 2022), provided that the authority conferred by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting) save that this authority shall allow the Company to make, before the expiry of this authority, any offers or agreements which would or might require Shares to be allotted or rights to be granted after such expiry and the Directors may allot Shares in pursuance of any such offer or agreement notwithstanding the expiry of such authority.

9. Empowerment to make allotments of equity securities

THAT, conditional upon the passing of Resolution 7 above and in addition to existing authorities the Directors of the Company be and hereby are empowered pursuant to Section 571 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority granted by Resolution 7 above, as if Section 561 of the Act did not apply to any such allotment and so that: (a) reference to allotment of equity securities in this Resolution shall be construed in accordance with Section 560(2) of the Act; and (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power. The power provided by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

Notice of Annual General Meeting continued

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

THAT, conditional upon the passing of Resolution 8 above and in addition to existing authorities, the Directors of the Company be and hereby are empowered pursuant to Section 571 of the Act to allot or make offers or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority granted by Resolution 8 above, as if Section 561 of the Act did not apply to any such allotment and so that: (a) reference to allotment of equity securities in this Resolution shall be construed in accordance with Section 560(2) of the Act; and (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power. The power provided by this Resolution shall expire on the date falling 15 months from the date of the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

11. Authority to make market purchases

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

- a) the maximum number of Shares so authorised to be purchased shall not exceed 193,009,172 Shares, representing approximately 14.99% of the present issued Shares as at the date of this notice;
- b) the minimum price which may be paid for a Share shall be its nominal value;
- c) the maximum price, exclusive of expenses, which may be paid for a Share is an amount equal to the higher of (i) 105% of the average of the middle market quotation for a Share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;
- d) the authority conferred by this Resolution shall (unless previously renewed, varied or revoked in general meeting) expire on the date falling 15 months after the passing of this Resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company to be held in 2023; and
- e) the Company may enter into a contract to purchase its Shares under this authority prior to the expiry of this authority which will or may be executed wholly or partly after the expiry of this authority and the Company may make a purchase of its Shares in pursuance of any such contract.

12. Cancellation of share premium account

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

13. Cancellation of capital redemption reserve

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

14. Reduction in nominal value of shares

THAT, subject to the sanction of the High Court, the issued share capital of the Company be reduced by cancelling and extinguishing capital to the extent of 9.9p on each issued fully paid up Share and reducing the nominal value of each issued fully paid up Share from 10p per Share to 0.1p per Share at the date an order is made confirming such reduction by the Court, and the amount by which the share capital is so reduced be credited to a reserve of the Company.

15. Articles of Association

THAT the Articles of Association produced to the meeting, and for the purposes of identification initialled by the Chair, be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By Order of the Board



John Hustler
Chair

21 April 2022

Notes:

- (a) A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.
- (b) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on the day which is two days before the day of the meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (c) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, **Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY** or alternatively, you may register your proxy electronically at **www.investorcentre.co.uk/eproxy**, in each case, so as to be received by no later than 48 hours (excluding non-working days) before the time the AGM is scheduled to begin. To vote electronically, you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your proxy form.

Appointment of a proxy, or any CREST proxy instruction (as described in paragraph (d) below) will not preclude a member from subsequently attending and voting at the meeting should he or she choose to do so. This is the only acceptable means by which proxy instructions may be submitted electronically.

- (d) To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours (excluding non-working days) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST manual. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (e) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 (a 'Nominated Person') should be aware that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- (f) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

Questions from our shareholders in relation to the AGM can be sent via email to **TitanAGM@octopusinvestments.com**. The Company may, however, elect to provide answers to questions raised within a reasonable period of days after the conclusion of the AGM.

- (g) Members satisfying the thresholds in Section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last AGM, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

Notice of Annual General Meeting continued

Notes: continued

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

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

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

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

- (i) A copy of the Notice of AGM and the information required by Section 311A of the Companies Act 2006 is included on the Company's website, **octopustitanvct.com**. Copies of the Directors' letters of appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the AGM, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion, subject to Covid-19 pandemic restrictions.
- (j) As at 20 April 2022 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 1,287,586,206 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 20 April 2022 are 1,287,586,206.



Designed by
lyonsbennett
www.lyonsbennett.com

Perivan 263220

Octopus Investments
33 Holborn
London EC1N 2HT

0800 316 2295
investorsupport@octopusinvestments.com
octopusinvestments.com