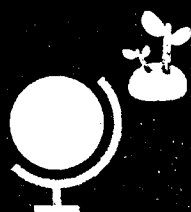


Octopus Apollo VCT plc

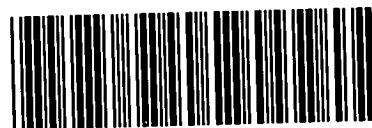


Annual Report and Accounts for the year ended 31 January 2023

Company number: 05840377

For UK investors only

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octopusinvestments

Octopus Apollo VCT plc ('Apollo' or the 'Company') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predominantly unquoted companies. The Company is managed by Octopus Investments Limited ('Octopus' or the 'Investment Manager').

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Financial Summary

	Year to 31 January 2023	Year to 31 January 2022
Net assets (£'000)	349,493	262,959
Profit after tax (£'000)	34,541	31,457
Net asset value ('NAV') per share (p)*	53.2	50.2
Cumulative dividends paid since launch (p)	84.7	82.1
NAV plus cumulative dividends paid (p)*	137.9	132.3
Total return %*	11.2	13.6
Dividends per share paid in the year (p)	2.6	5.7
Declared dividend (p)**	1.3	1.3

*Net asset value (NAV) per share is an alternative performance measure (APM) calculated as net assets divided by total number of shares. NAV plus cumulative dividends paid is an APM calculated by adding together NAV per share and cumulative dividends paid since launch. Total Return is an APM calculated as movement in NAV in the period plus dividends paid in the period, divided by the NAV at the beginning of the period.

**The declared second interim dividend of 1.3p per Ordinary share for the year ended 31 January 2023 was paid on 28 April 2023 to all Ordinary shareholders on the register on 11 April 2023.

Definitions of key terms and alternative performance measures shown above and throughout this report are shown in the Glossary of Terms on page 66.

Dividend History

The table below shows the total shareholder return, NAV plus dividends paid, over the last five years. All numbers disclosed are per share.

Year Ended	NAV	Dividends paid in year	Cumulative dividends	NAV + cumulative dividends
31 January 2019	47.1p	3.1p	71.1p	118.2p
31 January 2020	45.7p	3.0p	74.1p	119.8p
31 January 2021	49.2p	2.3p	76.4p	125.6p
31 January 2022	50.2p	5.7p	82.1p	132.3p
31 January 2023	53.2p	2.6p	84.7p	137.9p

Key Dates

Second interim dividend payment date	28 April 2023
Shareholder event	29 June 2023
Annual General Meeting	11 July 2023
Interim results to 31 July 2023 published	September 2023

Chair's Statement



Performance

I am pleased to present the annual results for Apollo for the year ended 31 January 2023. The net asset value (NAV) plus cumulative dividends per share at 31 January 2023 was 137.9p, an increase of 5.6p per share from 31 January 2022. The NAV per share increased during the year from 50.2p to 53.2p which represents, after adding back the 2.6p of dividends paid in the year, a total return for the year of 11.2% compared to 13.6% in the previous year.

I am delighted to say that Apollo has once again performed very well, and despite these uncertain times, has delivered a very strong year. The investment team's disciplined approach to investment analysis, selection and structuring played a major role in Apollo's performance and we have seen exciting growth in the value of several of our portfolio companies.

Further details of the year's performance are highlighted in the Investment Manager's Review on pages 4 to 11.

Fundraising

On 20 October 2022, we launched a new offer to raise up to £35 million, with an over-allotment facility of up to £15 million. We were pleased to utilise the over-allotment facility and the offer closed fully subscribed on 3 February 2023. This is a testament to the strong performance of Apollo over the last few years, despite the macroeconomic headwinds it has faced. This strong performance and position led the Board to announce, on 5 April 2023, its intention to increase the offer from £50 million to £90 million, with applications re-opening on 18 April 2023.

This fundraise will allow the Octopus Ventures team to continue making investments on behalf of Apollo, helping to further diversify the portfolio and create opportunities for future growth. We would like to take this opportunity to welcome all new shareholders and thank all existing shareholders for their continued support.

Investment Activity

In the year under review, Apollo invested £69.4 million, comprising £53.1 million into nine new investments and £16.3 million of follow-on capital into existing portfolio companies to fund their growth plans, further details of which can be found in the Investment Manager's report.

Dividend and Dividend Policy

It is your Board's policy to maintain a regular dividend flow where possible to take advantage of the tax-free distributions a VCT can provide, and work towards the targeted 5% annual dividend yield policy.

I am pleased to confirm that the Board declared a second interim dividend of 1.3p per share in respect of the year ended 31 January 2023. This is in addition to the 1.3p per share interim dividend paid during the year and will bring the total dividends declared to 2.6p per share for the year, a tax-free yield of 5.2%. The dividend was paid on 28 April 2023 to shareholders on the register at 11 April 2023.

Since inception, we have now paid 86.0p in tax-free dividends per share, including the recently paid dividend.

Dividend Reinvestment Scheme (DRIS)

Apollo's DRIS was introduced in November 2014 and to date 18.9% of shareholders take advantage of it as it is an attractive scheme for investors who would prefer to benefit from additional income tax relief on their reinvested dividend. I hope that shareholders will find this scheme beneficial.

During the year to 31 January 2023, 6,785,900 shares were issued under the DRIS, equating to a reinvested amount of £3.4 million.

Share Buybacks

Apollo has continued to buy back and cancel shares as required. Subject to shareholder approval of resolution 11 at the forthcoming Annual General Meeting (AGM), this facility will remain in place to provide liquidity to investors who may wish to sell their shares, subject to Board discretion. Details of the share buybacks undertaken during the year can be found in the Directors' Report on page 24 and in Note 14 to the Financial Statements on page 57.

Dividends, whether paid in cash or reinvested under the DRIS, and share buybacks are always at the discretion of the Board, are never guaranteed and may be reviewed when necessary.

VCT Regulations Status

The Board has been advised that Apollo is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT. A key requirement is to maintain at least an 80% qualifying investment level which for Apollo, at 31 January 2023, was at 100%.

Further information on VCT regulation is detailed in the Directors' Report on page 23.

Annual General Meeting (AGM)

The AGM will be held on 11 July 2023 at 10.00am. Full details of the business to be conducted at the AGM are given in the Notice of the Meeting on pages 68 and 69.

Shareholders' views are important, and the Board encourages shareholders to vote on the resolutions by using the proxy form, or electronically at www.investorcentre.co.uk/eproxy. The Board has carefully considered the business to be approved at the AGM and recommends shareholders to vote in favour of all the resolutions being proposed.

There will not be a formal presentation from the Investment Manager at the AGM.

Shareholder Event

We will also be hosting a virtual shareholder event on 29 June 2023. This is an opportunity for shareholders to receive an update from the Investment Manager and put questions to the Chair and the Investment Manager. For details on how to sign up please see www.octopusinvestments.com/apollo-vct/.

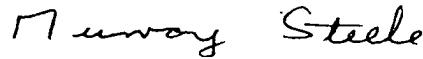
Outlook and Future Prospects

I am pleased to be able to announce an uplift in NAV over the last 12 months, especially when set against the backdrop of the challenging global macroeconomic conditions. The management teams of the portfolio companies have displayed great resilience and strength when dealing with the increased headwinds presented by central banks raising interest rates, the escalation of the conflict in Ukraine, political uncertainty, high inflation rates and bank instability. Most portfolio companies have been performing well and have been more resilient to the current market volatility as they have recurring revenue models and only a minority have been negatively impacted.

The Octopus Ventures team continue to actively monitor the portfolio companies to be able to understand the full impacts of any challenges that may arise. They typically take a seat on the Board of the companies so that they can lend their expertise and introduce relevant contacts from their network. The Octopus People and Talent team draw upon experience developed on the ground to offer tailored advice and support to the portfolio's management teams with their recruitment and equip them with the tools they need to succeed and grow as a business.

The investment team completed nine new investments and eight follow-on investments during the year and expect to be able to continue with further new investment activity in the upcoming year, with additional investment of £8.7 million completed since the year end and several exciting new investments in the upcoming pipeline of opportunities.

VCTs have long provided a compelling opportunity for UK investors to provide funding for businesses in a tax-efficient way, and we look forward to Apollo continuing to do so in the coming year. We are also pleased that the sunset clause in place for April 2025, regarding eligibility of VCT's for tax relief, has been extended and seems likely to be removed. I would like to conclude by thanking both the Board and the Octopus team on behalf of all shareholders for their hard work.



Murray Steele
Chair
26 May 2023

Investment Manager's Review

Personal Service

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. Octopus also acts as Investment Manager to four other listed investment companies, with over £1.8 billion of funds under management in VCTs.

Investment Strategy

Most companies in the portfolio operate in sectors where there is a strong opportunity for growth. In general, we invest in technology companies in the software-as-a-service ('SaaS') space that have recurring or repeating revenues from a diverse base of customers. We also seek to invest in companies that will provide an opportunity for the Company to realise its investment typically within three to seven years.

Performance

The Company made a total return per share of 11.2% in the year to 31 January 2023, which I am especially pleased with given the challenging economic environment over the last 12 months. The NAV per share increased from 50.2p to 53.2p. In addition, 2.6p per share of dividends were paid in the period, representing a dividend yield of 5.2% and bringing cumulative dividends paid as at 31 January 2023 to 84.7p and the total return (NAV plus cumulative dividends) to 137.9p per share.

Through another year of significant market uncertainties and volatility, especially in the technology sector, the Company continued to perform well. This is the third consecutive year of double-digit returns, demonstrating a very good level of resilience and building on the significantly improved performance of the fund since the change in the Company's investment strategy in 2017-18.

Investment from the Company provides three pillars of growth for portfolio companies – expansion of sales and marketing functions; incremental research and development spend; and geographic expansion. These were the common themes running through the portfolio companies in the period, with the resulting company growth being the key driver of Apollo's performance.

As seen through the Top 10 Investments in the year on pages 8 to 11, the performance during the year was largely attributable to strong performance in the Technology portfolio that has been constructed in recent years and which now forms the significant majority of the portfolio. Performance is discussed further in the Portfolio Review below.

Portfolio Review

As at 31 January 2023 the Company's investment portfolio comprised of 45 companies with a total valuation of £306.9 million. This represents 87.8% of the net assets of the fund.

During the year, the value of the investment portfolio increased by £49.9 million, including assets invested into or exited in the year. The increase is due to new investments made as well as positive valuation movements across several investments in the portfolio including Fable Data Limited, Triumph Holdings Limited, N2JB Limited (trading as Natterbox), Ubisecure Holdings Limited and Sova Assessment Limited. These increases were slightly offset by a few smaller negative valuation adjustments during the year, being the Company's investments in Trafi Limited, Origami Energy Limited and CurrencyFair Limited.

As part of liquidity management, £27.6 million was invested in two money market funds (MMFs) in December 2022. This investment, in combination with the previously held investment in the Sequoia Economic Infrastructure Fund (SEQI) and the BlackRock MMF, took the total liquid investments as at 31 January 2023 to £40.4 million, at year-end valuations.

The Company's investment portfolio is set out on page 6. It continues to hold appropriate investments to meet VCT requirements.

Investment Activity

During the year, the Company disposed of one investment, made two part-disposals and one holding was liquidated for total sale proceeds of £3.5 million.

The Company made the following new investments during the year, totalling £53.1 million:

- **Adway £5.7 million** – Adway is an HR tech social recruiting platform for large enterprise customers. Adway's platform helps automate at scale the sourcing of talent for job vacancies and employer branding via a range of social media channels;
- **Delio £5.5 million** – Based in Wales, Delio is a SaaS platform which enables wealth managers, banks and family offices to offer private market investment opportunities to their retail and institutional clients;
- **Edge 10 £2.5 million** – Edge 10 is a SaaS platform which collects, aggregates and analyses athlete performance and medical data to enable leagues to safeguard players and teams to maximise performance, reduce injuries and identify talent;
- **Fable Data £6.0 million** – Fable Data provides anonymised, pan-European consumer transaction data and analysis to institutional investors, businesses, governments and academics;

- **Fergus £3.8 million** – Fergus is an end-to-end job management platform for tradespeople such as plumbers and electricians, allowing them to run their business more efficiently and profitably;
- **Intigriti £9.6 million** – Intigriti is an ethical hacking and bug bounty SaaS platform. It connects enterprise-scale customers to a community of ethical hackers for the purpose of ongoing security and vulnerability testing of their software and systems;
- **Lodgify £9.5 million** – Lodgify provides a SaaS platform for vacation rental hosts and property managers to manage their business and process their bookings;
- **Peak Data £2.5 million** – PeakData's platform provides actionable data to the world's leading pharmaceutical companies; and
- **Wazoku £8.0 million** – Wazoku is an innovation management platform that enables its customers to better innovate at scale.

In addition to the new investments above, the Company invested £16.3 million in follow-on capital to eight existing portfolio companies to continue their growth plans, resulting in total investment of £69.4 million for the financial year.

Since the year end, the Company has made five follow-on investments of £8.7 million. It also disposed of one investment, The Safeguarding Company Limited, for initial cash proceeds of £10.6 million, with additional disposal proceeds to follow.

Outlook and Future Prospects

It has been a challenging 12 months for the technology sector, with the impacts of the global economic issues intensifying and rising interest rates weighing on asset values. Against that backdrop, I am extremely pleased to report the increase in the NAV as the Company continues to thrive. Alongside this good performance, we have seen our investment deployment rate increase, with £13.7 million more deployed in the year when compared to 2021-22. The nature of the current portfolio and the characteristics of the technology-focused businesses that the Company invests in means that most assets have been somewhat insulated from the full impact of the challenging macroeconomic conditions. They generally have recurring revenues and are therefore well positioned to be more resilient. The ongoing need for exciting, high-growth companies to raise funding for growth provides ample opportunity to make successful future investments in line with the existing now proven strategy.

As mentioned in the Chair's Statement, we were delighted with the support we've received from the Company's investors, with the latest fundraise closing fully subscribed, which resulted in the offer being increased. These funds will allow the Company to continue to support the existing portfolio in their growth plans and invest in new opportunities which have great potential to become successful and deliver good returns to shareholders.

We were pleased that the Company benefitted from one profitable disposal in the period, with Lexis Nexis Risk Solutions, a leading provider of legal and regulatory intelligence, acquiring BehavioSec, a pioneer in the behavioural biometrics industry in May 2022. This returned £2.8 million to the Company. However, we have seen a decline in profitable realisations in the period when compared to the previous 12 months. This is to be expected given the market volatility, but we strongly expect to see a return to more exit opportunities over the next year as conditions improve, with good initial evidence provided by our successful exit of The Safeguarding Company Limited in February 2023.

We remain optimistic and confident about the Company's future investment prospects and its current diverse portfolio. We think this breadth of scope will provide the Company with the opportunities it needs for continued success.

Richard Court
Octopus Investments Limited
26 May 2023

Valuation Methodology

Overview

Each unquoted portfolio investment is valued at least twice a year, usually at the Company's interim and year-end dates (31 July and 31 January, respectively), although additional valuations may be carried out if there have been material movements in the Company's portfolio. The portfolio investments are valued in accordance with International Private Equity and Venture Capital (IPEV) valuation guidelines. This means the investments are valued at fair value. The value of the unquoted portfolio investments are combined with the value of the quoted portfolio investments, together with the value of the Company's other assets, investments and liabilities to generate the overall NAV of the Company.

General Principles

For all companies we invest in, we consider several triangulated valuation methodologies. These include recent funding rounds and using comparable valuations from similar trading businesses, recent M&A activity and investments made in similar companies to inform the company valuation, and we may adjust valuations up or down accordingly. For companies that have raised funds recently, the price of the most recent funding round may be an indicator of fair value. However, it may be appropriate to update this value, if this value is no longer deemed to be fair value. This may include both downward revisions reflecting underperformance, or valuation increases.

If you would like to find out more regarding the IPEV guidelines, please visit their website at www.privateequityvaluation.com.

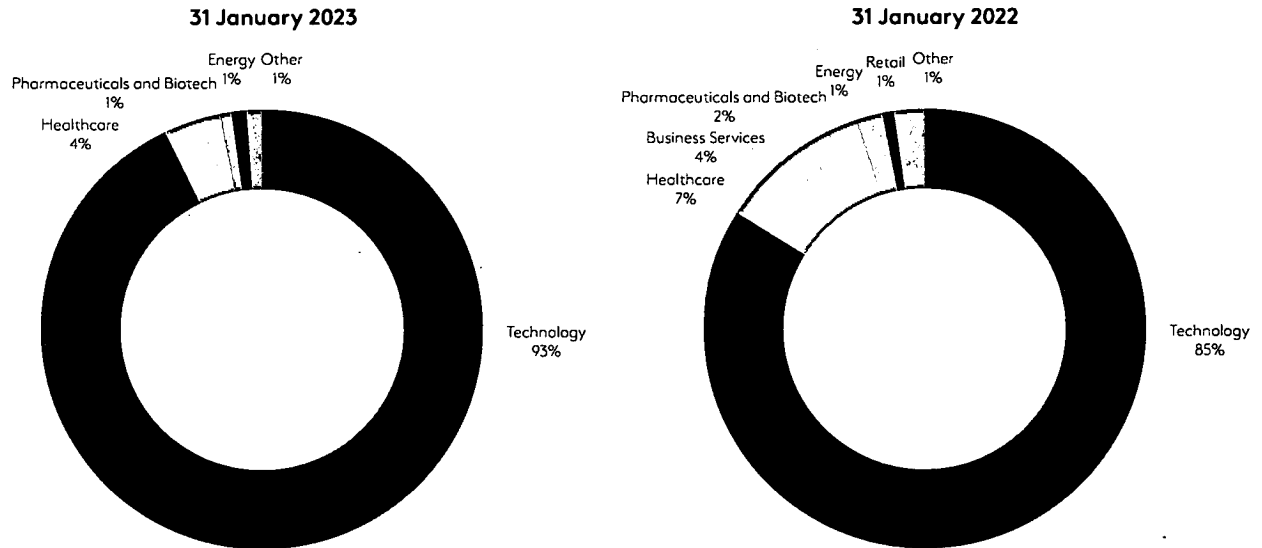
Investment Portfolio

Top 10 Investments	Sub sector	Investment cost as at 31 January 2023 £'000	Total movement in fair value since investment £'000	Fair value as at 31 January 2023 £'000	Movement in fair value in year to 31 January 2023 £'000	% equity held by Apollo VCT	Income received in year to 31 January 2023 £'000
N2JB Limited (trading as Natterbox)	Telecommunications	17,490	16,587	34,077	4,458	8.5%	150
Sova Assessment Limited	HR and human capital	10,500	12,366	22,866	3,292	31.9%	83
Ubisecure Holdings Limited	Cybersecurity	5,575	12,972	18,547	3,828	31.2%	166
Mention Me Limited	Sales and marketing	15,000	110	15,110	110	19.4%	n/a
Fable Data Limited	Financial services	6,000	9,000	15,000	9,000	6.4%	n/a
Triumph Holdings Limited	Life sciences	3,800	10,355	14,155	7,266	52.0%	132
Ryte GMBH	Sales and marketing	8,359	4,608	12,967	2,890	23.7%	n/a
The Safeguarding Company Limited	Education	4,951	6,753	11,704	2,003	20.0%	149
Turtl Surf & Immerse Limited	Sales and marketing	10,000	1,518	11,518	1,096	13.6%	n/a
Fuse Universal Limited	Education	8,000	3,437	11,437	1,318	0.0%	100
Other		99,449	40,100	139,549	14,660		820
Total investments		189,124	117,806	306,930	49,921		
Current asset investments				44,330			
Cash at bank				14,251			
Debtors less creditors				(16,018)			
Net assets				349,493			

*Other comprises the remaining 35 investments whose valuation is outside the top 10: Intigriti N.V., Hasgrove Limited, Pollen Technology Group UK, Codebay Solutions Limited, Tendable Limited, Wozoku Limited, Countrywide Healthcare Services Limited, Fiscaltec Group Limited, Delio Limited, Value Blue B.V., Homeseach Limited, Adway AB, Zopnito Limited, Fergus Software Limited, Synchtank Limited, Ergomed plc, Dyscova Limited, Edge 10 UK Limited, Peak Data AG, Artesian Solutions Limited, Superior Heat Limited, Rotolight Group Limited, EKF Diagnostics plc, Vertu Motors plc, Secret Escapes Limited, Ecrebo Limited, Luther Pendragon Limited, CurrencyFair Limited, Renalytix plc, Origami Energy Limited, Verici Dx plc, Trellus Health plc, Segura Systems Limited, Trofi Limited and Nekton plc.

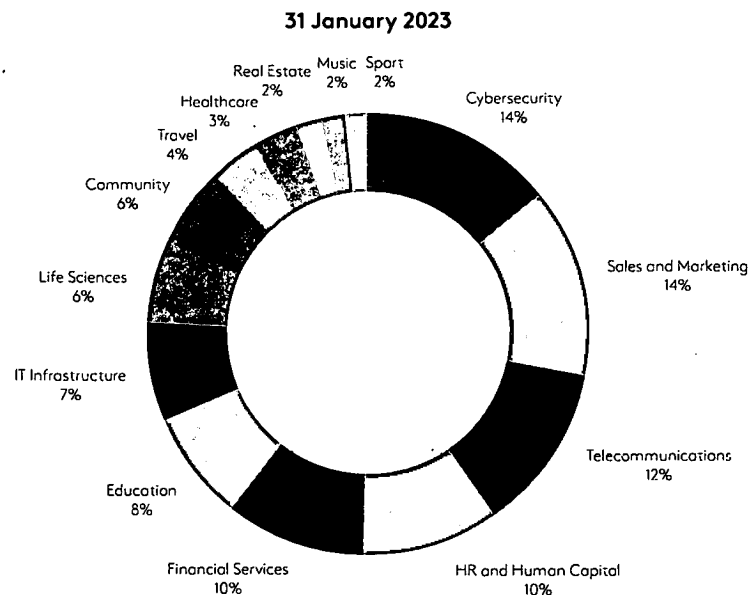
Sector Analysis

The charts below show the sectors that the Company is invested in and their respective proportions as a percentage of fixed asset investments.



Business-to-Business (B2B) Software Sector Analysis

The chart below show the sectors within B2B software that the Company is invested in and their respective proportions as a percentage of total B2B software investments. B2B software makes up 88% of total fixed asset investments.



Review of Investments

At 31 January 2023 the Company's portfolio comprised investments in 38 unquoted companies and seven AIM-traded investments. The unquoted investments comprise a mix of qualifying Ordinary shares as well as some loan note securities.

Unquoted investments are valued in accordance with the valuation methodology set out on page 6 and the accounting policy set out on pages 52 to 54, which takes account of current industry guidelines for the valuation of venture capital portfolios and is compliant with the latest IPEV guidelines (2018) and current financial reporting standards.

Ten Largest Holdings

Listed below are the ten largest holdings by value as at 31 January 2023:

N2JB Limited (trading as Natterbox)

Natterbox is a London-based provider of business to business cloud telephone services that are uniquely integrated into Customer Resource Management ('CRM') software platforms, most notably Salesforce. Further information can be found at the company's website www.natterbox.com.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	925	4,925
Preference shares	15,070	27,657
Loan stock	1,495	1,495
Total	17,490	34,077



Investment date:	March 2018
Equity held:	8.5%
Valuation basis:	Revenue multiple
Last submitted accounts:	31 December 2021
Consolidated turnover:	£14,309,000
Consolidated loss before tax:	£(7,249,000)
Consolidated net assets:	£2,899,000

Sova Assessment Limited

Sova Assessment is a UK based end-to-end digital candidate assessment SaaS platform targeting large blue-chip organisations conducting large volumes of hiring. Further information can be found at the company's website www.sovaassessment.com.

Asset class	Cost £'000	Valuation £'000
A ordinary shares	8,900	21,266
Preference shares	1,000	1,000
Loan stock	600	600
Total	10,500	22,866



Investment date:	November 2020
Equity held:	31.9%
Valuation basis:	Revenue multiple
Last submitted group accounts:	31 March 2022
Consolidated turnover:	£3,892,000
Consolidated loss before tax:	£(3,344,000)
Consolidated net assets:	£(1,654,000)

Ubisecure Holdings Limited

Ubisecure is a customer identity access management software provider and issuer of legal-entity identifiers, serving a wide-range of sectors including financial services, public sector and media customers. Further information can be found at the company's website www.ubisecure.com.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	255	8,013
Preference shares	4,245	9,459
Loan stock	1,075	1,075
Total	5,575	18,547



Investment date:	May 2018
Equity held:	31.2%
Valuation basis:	Revenue multiple
Last submitted group accounts:	31 December 2021
Consolidated turnover:	£6,193,000
Consolidated loss before tax:	£(714,000)
Consolidated net assets:	£2,298,000

Mention Me Limited

Mention Me is a referral engineering SaaS platform that helps B2C businesses acquire new customers more successfully through their referral channel. Their technology allows brands to gain deep insights into customer segmentation and run referral across multiple products and geographies. Further information can be found at the company's website www.mention-me.com.

Asset class	Cost £'000	Valuation £'000
B preferred shares	15,000	15,110
Total	15,000	15,110



Investment date:	December 2021
Equity held:	19.4%
Valuation basis:	Revenue multiple
Last submitted accounts:	31 December 2021
Turnover	£8,043,000
Loss before tax:	£(2,765,000)
Net assets:	£10,162,000

Fable Data Limited

Fable Data provides anonymised, pan-European consumer transaction data and analysis to institutional investors, businesses, governments and academics. Further information can be found at the company's website www.fabledata.com.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	6,000	15,000
Total	6,000	15,000



Investment date:	December 2022
Ordinary equity held:	6.4%
Valuation basis:	Revenue multiple
Last submitted accounts:	31 December 2021
Turnover:	Not available [†]
Profit before tax:	Not available [†]
Net assets:	£(2,064,000)

[†]These numbers are not available per the latest public filings on Companies House.

Triumph Holdings Limited

Triumph has developed a risk based quality management and monitoring platform for the Life Sciences industry. Further information can be found at the company's website www.tritrials.com.

Asset class	Cost £'000	Valuation £'000
A ordinary shares	512	8,298
A preferred shares	2,348	4,917
Loan	940	940
Total	3,800	14,155



Investment date:	October 2018
Equity held:	52.0%
Valuation basis:	Revenue multiple
Last submitted accounts:	31 December 2021
Consolidated turnover	Not available ¹
Consolidated profit before tax:	Not available ¹
Consolidated net assets:	£2,957,000

Ryte GmbH

Ryte is a website quality management software business. It helps organisations optimise the performance of their website to enhance the customer experience, improve SEO results and ensure compliance with regulatory standards. Further information can be found at the company's website www.ryte.com.

Asset class	Cost £'000	Valuation £'000
A3 preference shares	8,359	12,967
Total	8,359	12,967



Investment date:	December 2020
Equity held:	23.7%
Valuation basis:	Revenue multiple
Last submitted accounts:	Not available ¹
Turnover	Not available ¹
Profit before tax:	Not available ¹
Net assets:	Not available ¹

The Safeguarding Company Limited

The Safeguarding Company is the vendor of the safeguarding software MyConcern, the Queen's-Award winning SaaS solution used by organisations around the world to help protect children and adults at risk. Further information can be found at the company's website www.myconcern.co.uk.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	3,466	10,219
Loan stock	1,485	1,485
Total	4,951	11,704



Investment date:	August 2019
Equity held:	20.0%
Valuation basis:	Revenue multiple
Last submitted accounts:	31 December 2022
Turnover:	Not available ¹
Profit before tax:	Not available ¹
Net assets:	£(3,378,000)

¹These numbers are not available per the latest public filings on Companies House.

Turtl Surf & Immerse Limited

Turtl is an enterprise SaaS product which enables corporates to produce high quality, brand consistent and personalised marketing collateral at scale. Further information can be found at the company's website <https://turtl.co/>.

Asset class	Cost £'000	Valuation £'000
Ordinary shares	10,000	11,518
Total	10,000	11,518



Investment date:	September 2021
Equity held:	13.6%
Valuation basis:	Revenue multiple
Last submitted accounts:	31 December 2021
Turnover:	Not available ¹
Profit before tax:	Not available ¹
Net assets:	£9,189,000

Fuse Universal Limited

Fuse is a business to business software provider of a cloud-based learning technology platform for corporates, founded in 2008 and based in London (with further offices in South Africa and Australia). Further information can be found at the company's website www.fuseuniversal.com.

Asset class	Cost £'000	Valuation £'000
A Preferred ordinary shares	4,000	5,690
B Preferred ordinary shares	3,000	4,747
Loan stock	1,000	1,000
Total	8,000	11,437



Investment date:	August 2019
Equity held:	0%
Valuation basis:	Fair value of accrued return
Last submitted group accounts:	31 December 2021
Consolidated turnover:	£9,912,000
Consolidated loss before tax:	£(6,201,000)
Consolidated net assets:	£(2,479,000)

If you have any questions on any aspect of your investment, please call one of the Octopus team on **0800 316 2295**.

¹These numbers are not available per the latest public filings on Companies House.

Business Review

The Company's Objective

The objective of the Company is to invest in a diversified portfolio of smaller unquoted UK companies which meet the relevant criteria for VCTs in order to generate income and capital growth over the long term. Investments are made selectively, primarily in the Technology sector, in companies that have the potential to grow and enhance their value. The Company's investments are managed by Octopus.

Investment Policy

The Company's investment policy is designed to enable the Company to comply with the VCT qualifying conditions. It invests predominantly in unquoted smaller companies and expects that this will continue to make up the significant majority of the portfolio. It will also retain holdings in cash or near-cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks.

Unquoted investments are structured using various investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the VCT legislation. Although the Company invests primarily in the Technology sector, the portfolio is diversified by investing in a broad range of sub-sectors. The normal investment period into portfolio companies is typically expected to be between the range of three to seven years. Any uninvested funds are held in cash, MMFs, open ended investment companies (OEICs) and similar investment vehicles.

Although the Directors cannot be sure of the overall impact of macroeconomic and geopolitical uncertainties on the investment portfolio and performance over the medium term, the Company spreads the risk of the portfolio by investing in companies operating in a diverse range of sub-sectors, using a variety of securities. Concentration risk is mitigated by ensuring that at the point of investment no more than 15% of the Company by value will be in any one investment, complying with the HMRC rules.

The value of individual investments is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale to make sure we optimise the timing of such sale. The Company's VCT qualifying investments are held with a view to long-term capital growth as well as income generation and will often have limited marketability. As a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

Investments are made using shareholders' funds and it is not currently intended that the Company will take on any long-term borrowings.

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

A review of the investment portfolio and of market conditions during the year is included in the Chair's Statement and Investment Manager's Review which form part of the Strategic Report on pages 2 to 11. This Business Review also forms part of the Strategic Report on pages 12 to 17.

Co-investment Policy

Where one or more of the companies or funds managed or advised by Octopus wishes to participate in an investment opportunity, allocations will be made by Octopus in how they split this across their funds as at the date of the investment. In the event of a conflict of interest on the part of Octopus or where co-investment is proposed to be made other than on a pro-rata basis, such an investment requires the approval of the Board.

Liquidity Strategy

The Board's strategy is to maintain an appropriate level of liquidity in the Balance Sheet to continue to achieve the following four targets:

- to support further permissible investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to support the target dividend flow; and
- to provide liquidity to investors through the ability to buy back the Company's shares as they become available.

VCT Regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. Octopus measure this on a continuous basis and it is reviewed by external advisers every six months who perform a comprehensive validation exercise. The primary purpose of the investment policy is to make sure the Company continues to qualify and is approved as a VCT by HMRC. The main criteria to which the Company must adhere are detailed on page 63.

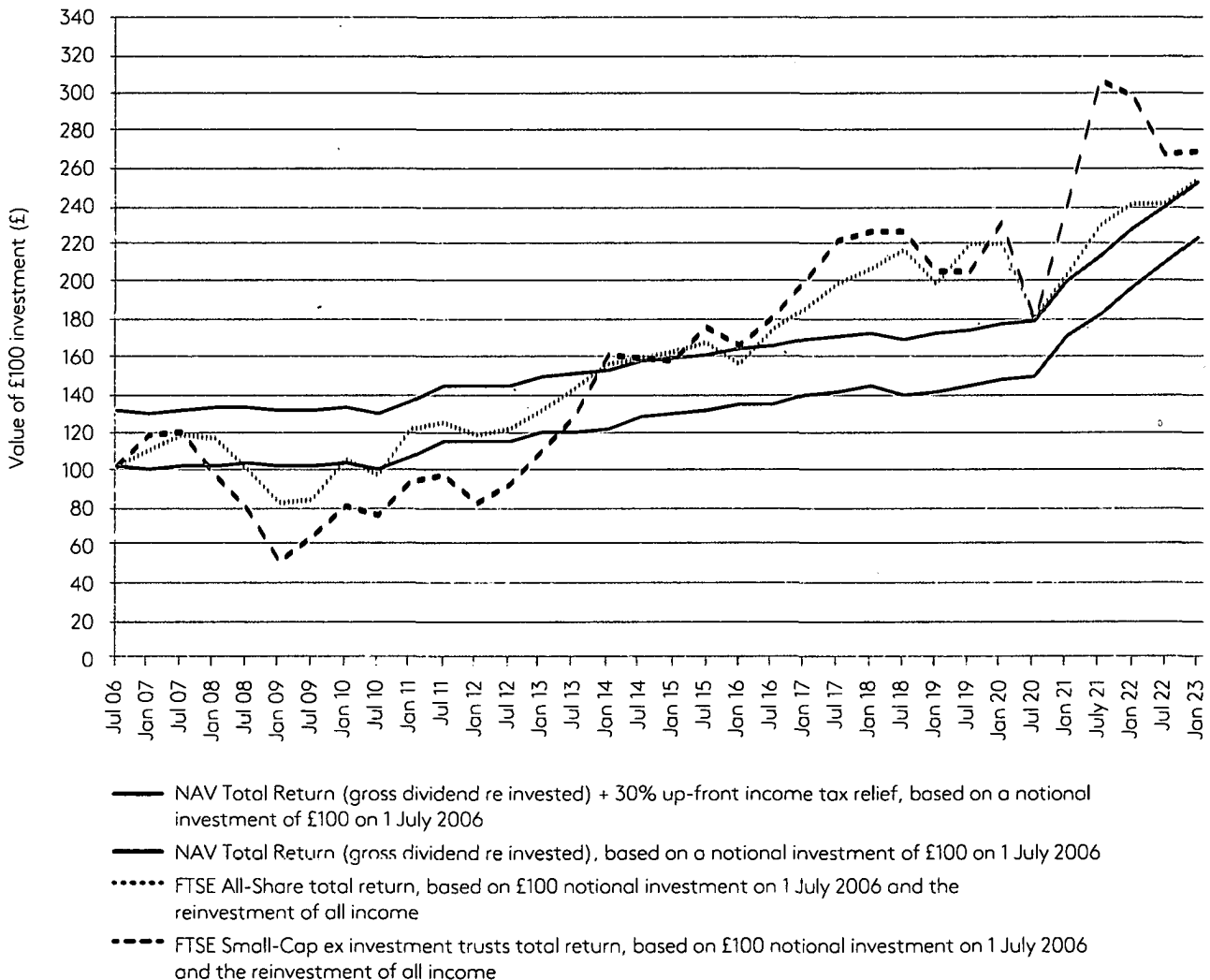
The Investment Manager will continue to monitor the Company's compliance with the VCT rules to make sure it meets the requirements at all times.

Performance

The Board is responsible for setting the Company'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 23.

The graph below compares NAV total return (gross dividends reinvested) of the Company over the period from July 2006 to January 2023 with the total return from a notional investment in relevant indices over the same period (all rebased to £100). The Company's historic returns are lower as it has historically been positioned much more defensively than Equity Funds, however these indices are considered to be the most appropriate broad equity market indices for comparative purposes, given the nature of the underlying investments. The Board wishes to point out that VCTs are not able to make investments in companies quoted on the Main Market in their observance of the VCT rules.

NAV total return since launch against relevant indices¹



¹Total 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.

Results and Dividend

	Year to 31 January 2023 £'000	Year to 31 January 2022 £'000
Net return attributable to shareholders	34,541	31,457
Appropriations:		
Interim dividend paid – 1.3p per share (2022: 1.3p per share)	7,552	6,689
Special dividend paid – Not applicable (2022: 3.1p per share)	–	15,952
Second interim dividend paid* – 1.3p per share (2023: 1.3p per share)	8,739	6,771

*The second interim dividend declared of 1.3p per Ordinary share for the year ended 31 January 2023 was paid on 28 April 2023 to all Ordinary shareholders on the register on 11 April 2023.

Key Performance Indicators (KPIs)

As a VCT, the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in unquoted companies which meet the relevant criteria for VCTs.

The Board has identified five key performance measures to assess the Company'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 66 has further details:

1. NAV per share;
2. Total return per share;
3. Dividends per share paid in the year;
4. Total ongoing charges; and
5. Qualifying % under VCT rules.

1. NAV per share*

The NAV per share of the Company is the sum of the underlying assets less the liabilities of the Company divided by the total number of shares in issue. The Company's target is for the NAV to stay flat or increase after deducting dividends.

Current year (pence per share)	Prior year (pence per share)	Reason for movement
53.2	50.2	The NAV per share has increased from last year's value of 50.2p to 53.2p. This uplift of 6.0% is mainly driven by the investment team's disciplined approach and good ongoing growth in the majority of portfolio companies.

2. Total return per share*

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 enables shareholders to evaluate more clearly the performance of the Company, 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. The Company's target is for the Total Return per share to increase by 5% per annum, covering the target annual dividend.

Current year %	Prior year %	Reason for movement
11.2%	13.6%	As previously considered the NAV per share has increased from last year's value of 50.2p to 53.2p. This gives a total return of 11.2% or 5.6p per share, after adding back dividends paid in the year.

*These KPIs are defined as alternative performance measures ('APMs') and are defined in more detail on the Glossary of terms on page 66.

3. Dividends per share paid in the year

The Company has a target of paying an annual dividend of 5% yield based on the opening NAV.

Current year (pence per share)	Prior year (pence per share)	Reason for movement
2.6p	5.7p	The Company paid 2.6p of dividends in the current year compared to 5.7p in the prior year. The dividend of 2.6p represents an annual yield of 5.2% based on the NAV per share of 50.2p at the beginning of the year, which meets the Board's policy of the targeted 5% annual dividend yield. The reason for the movement is the 3.1p special dividend that was paid in the prior year.

4. Total ongoing charges*

The ongoing charges ratio has been calculated using the AIC recommended methodology and excludes performance fee, exceptional costs and trail commission.

Current year %	Prior year %	Reason for movement
2.5%	2.7%	The drop of 0.2% is driven by the increase in average net assets in the year being greater than the increase in ongoing charges, and therefore the ratio of ongoing charges to average net assets has decreased.

The total ongoing charges percentage for the year to 31 January 2023 is 2.5%. This is within the annual limit of 3.3% of average net assets (2022 annual limit: 3.3%) as stated in the prospectus. The fall is in line with Board expectations as a benefit of the increased size of the company. There are a number of costs involved in operating a VCT, some of these expenses are outlined in Note 4 on page 50.

5. Qualifying % under VCT rules

The Company must comply with VCT legislation laid down by HMRC. A key requirement is to maintain at least an 80% qualification investment level.

Current year %	Prior year %	Reason for movement
100%	100%	100% (as measured by HMRC rules) by value of the Company's investments has been represented throughout the period by shares or securities comprised in qualifying holdings of the Company. The qualification level remains consistent with prior year.

The Company has continued to meet the 80% Qualification investment level. There continue to be sufficient investment opportunities to enable the Investment Manager to comply with these ratios.

The Chair's Statement on pages 2 and 3 includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on pages 4 and 5.

Viability Statement

In accordance with provision 36 of the AIC Code of Corporate Governance, the Directors have assessed the prospects of the Company over a period of five years, consistent with the expected investment holding period of a VCT investor. 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 the Company's shares, and a five-year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the emerging and principal risks facing the Company and its current position. This includes 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 the Company's reliance on, and close working relationship with, the Investment Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

The Board has 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 the Company to comply with the ongoing conditions to make sure it maintains its VCT qualifying status under its current investment policy.

*These KPIs are defined as alternative performance measures ('APMs') and are defined in more detail on the Glossary of terms on page 66.

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 January 2028. The Board is mindful of the ongoing risks and will continue to make sure that appropriate safeguards are in place, in addition to monitoring the cash flow forecasts to make sure that the Company has sufficient liquidity.

Emerging and Principal Risks, Risk Management and Regulatory Environment

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

Risk	Mitigation
Investment performance: The focus of Apollo's investments is into unquoted, small and medium-sized VCT qualifying companies which, by their nature, entail a higher level of risk and may have lower cash reserves than investments in larger quoted companies. Poor performance across these investments may impact Apollo's ability to raise new funds from investors.	Octopus has significant experience and a strong track record of investing in unquoted companies, and appropriate due diligence is undertaken on every new investment. A member of the Octopus Ventures team is typically appointed to the board of a portfolio company, and regular board reports are prepared by the portfolio company management and examined by the Investment Manager. This arrangement allows Apollo to play a prominent role in a portfolio company's ongoing development and strategy. Although investment strategy is focused on B2B software, the overall risk in the portfolio is mitigated by diversifying investment across a wide spread of holdings in terms of the underlying sub-sector served by the portfolio companies, and their financing stage, age, industry sector and business models. The Board reviews the investment portfolio with the Investment Manager on a regular basis. The Investment Manager is incentivised to make sure Apollo performs well, via a Performance Incentive Fee (charged annually) for exceeding certain performance hurdles, as detailed in Note 3 to the Financial Statements.
VCT qualifying status risk: Apollo is required at all times to observe the conditions for the maintenance of HMRC approved VCT status. The loss of such approval could lead to Apollo and its investors losing access to the tax benefits associated with VCT status and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.	Prior to making an investment, the Investment Manager seeks assurance from Apollo's VCT status adviser that the investment will meet the legislative requirements for VCT investments. On an ongoing basis, the Investment Manager monitors Apollo's compliance with VCT regulations on a current and forecast basis to ensure ongoing compliance with VCT legislation. Regular updates are provided to the Board throughout the year. The VCT status adviser formally reviews Apollo's compliance with VCT regulations on a bi-annual basis and reports its results to the Board.
Operational – reliance on third parties: The Board is reliant on the Investment Manager to manage investments effectively, and manage the services of a number of third parties, in particular the registrar and tax advisors. A failure of the systems or controls at the Investment Manager or third-party providers could lead to an inability to provide accurate reporting and to ensure adherence to VCT and other regulatory rules.	The Board reviews the system of internal control, both financial and non-financial, operated by the Investment Manager (to the extent the latter are relevant to Apollo's internal controls). These include controls that are designed to make sure that Apollo's assets are safeguarded and that proper accounting records are maintained, as well any regulatory reporting. Feedback on other third parties is reported to the Board on at least an annual basis, including adherence to Service Level Agreements where relevant.
Information security: A lack of suitable controls could result in a data breach and fines. The Board is reliant on the Investment Manager and third parties to take appropriate measures to prevent a loss of confidential customer information.	Annual due diligence is conducted on third parties which includes a review of their controls for information security. The Investment Manager has a dedicated information security team and a third party is engaged to provide continual protection in this area. A security framework is in place to help prevent malicious events. The Investment Manager reports to the Board on an annual basis to update it on relevant information security arrangements. Significant and relevant information security breaches are escalated to the Board when they occur.

Economic: Events such as an economic recession, movement in interest rates, inflation, political instability and rising living costs 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 Apollo's assets.	Apollo invests in a portfolio of companies serving markets across a diverse range of sectors, which helps to mitigate against the impact of performance in any one sector. Apollo also maintains adequate liquidity to make sure that it can continue to provide follow-on investment to those portfolio companies that require it and which is supported by the individual investment case. The Investment Manager monitors the impact of macroeconomic conditions on an ongoing basis and provides updates to the Board at least quarterly.
Legislative: A change to the VCT regulations could adversely impact Apollo by restricting the companies Apollo can invest in under its current strategy. Similarly, changes to VCT tax reliefs for investors could make VCTs less attractive and impact Apollo's ability to raise further funds. Failure to adhere to other relevant legislation and regulation could result in reputational damage and/or fines. We are also pleased that the sunset clause in place for April 2025, regarding eligibility of VCT's for tax relief, has been extended and seems likely to be removed.	The Investment Manager engages with HM Treasury and industry bodies to demonstrate the positive benefits of VCTs in terms of growing UK companies, creating jobs and increasing tax revenue, and to help shape any change to VCT legislation. The Investment Manager employs individuals with expertise across the legislation and regulation relevant to Apollo. Individuals receive ongoing training and external experts are engaged where required.
Liquidity: Apollo 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.	The Investment Manager prepares cash flow forecasts to make sure cash levels are maintained in accordance with policies agreed with the Board. Apollo's overall liquidity levels are monitored on a quarterly basis by the Board, with close monitoring of available cash resources. Apollo maintains sufficient cash and readily realisable securities, including MMFs and OEICs, which can be accessed at short notice. At 31 January 2023, 91% of current asset investments were held in MMFs, realisable within one business day, and 9% in OEICs, realisable within four business days.
Valuation: While investments within the portfolio are valued in accordance with International Private Equity and Venture Capital (IPEV) valuation guidelines, for smaller companies establishing a fair value can be difficult due to the lack of readily available market data for similar shares, resulting in limited number of external reference points.	Valuations of portfolio companies are performed by appropriately experienced staff, with detailed knowledge of both the portfolio company and the market in which it operates. These valuations are then subject to review and approval by the Octopus Valuations Committee, comprised of staff who are independent of Octopus Ventures and with relevant knowledge of unquoted company valuations. The Board reviews valuations after they have been agreed by the Octopus Valuations Committee.

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

The following are some of the potential emerging risks management and the Board are currently monitoring:

- adverse changes in global macroeconomic environment;
- rising cost of living;
- geopolitical tensions; and
- climate change.

Further details of the Company's financial risk management policies are provided in Note 16 to the Financial Statements.

Operating Responsibly

Day-to-day management of Apollo's portfolio companies and oversight of investment decisions is undertaken by the Octopus Ventures team, working within Octopus Investment's governance structures which include responsible investment (RI). Octopus Investments is a company within the wider Octopus Group.

Apollo has a policy in place, which is set by the Board, to make sure the Octopus Ventures team considers responsible investment criteria when investment decisions are made in relation to Apollo. As the nature of responsible investment, our investors, and the wider business environment evolves, the policy will be reviewed and if necessary updated.

Please view Apollo's policy here:

<https://octopusinvestments.com/apollo-responsible-investment-policy/>

Octopus 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.

Responsible Investment

The Octopus Ventures team is responsible for implementing the RI policy and engages with Apollo's portfolio companies to establish and monitor policies and procedures which support best practise, which in turn can help create long-term value. The policy follows a three-step approach. This framework considers:

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

Mission:

Whilst Apollo doesn't target specific sustainability goals or objectives, Octopus tracks the number, amount invested and the value of companies in Apollo's portfolio that are aligned with Octopus Group's three sustainable themes: building a sustainable planet, revitalising healthcare and empowering people.

Materiality of risks to investments:

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

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

Responsibility:

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

The Octopus Ventures team make sure that all portfolio companies:

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

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

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

Octopus Ventures' initiatives:

Female diversity pledge:

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

Greenhouse gases:

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

Climate-related Risks and Opportunities

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

Portfolio

Sitting within Octopus Group is Octopus' Impact and Sustainability team which works with the Octopus Ventures team to implement responsible investment processes, and provide training, tools and support around disclosures and reporting.

With the transition to a lower carbon economy, the Octopus Impact and Sustainability team are taking 'transition climate risks' and 'physical climate risks' into consideration to understand what could potentially be material to portfolio company financial performance in the short, medium and long term, and in both best (1.5 degree centigrade temperature change) and worst case (4 degree centigrade temperature change) climate scenarios.

Where risks are identified as being relevant to portfolio companies they will be addressed, for example:

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

Apollo

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

Risk Management

The investment team use guidance from the Sustainability Accounting Standards Board (SASB) to identify climate-related risks in portfolio companies. Where potential material climate-related risks have been identified, the investment team assess how well the risk is managed by the company. Where appropriate, this is raised to the Investment Committee as part of the investment process and is continually monitored.

Metrics and Targets

Apollo invests in unquoted, early-stage businesses. In contrast with later-stage, quoted businesses, there is limited readily available data on climate-related risks and opportunities that impact the portfolio companies. To understand the carbon emissions of Apollo's portfolio, the Octopus Ventures team have taken steps to measure the portfolio companies' Scope 1 and 2 greenhouse gas (GHG) emissions by providing them with access to a carbon measurement tool that will provide the companies with details of their carbon footprint. Scope 1 emissions are those directly from company-owned and controlled resources. Scope 2 emissions are indirect emissions from the generation of purchased energy from a utility provider.

While the ultimate goal is to reduce portfolio emissions, the immediate goal is to increase data coverage to 100% (currently 33% of Apollo's portfolio companies have been measured) within the next two years.

Current portfolio GHG emissions (tonnes CO₂e):

Scope 1 GHG emissions: 284.60

Scope 2 GHG emissions: 73.86

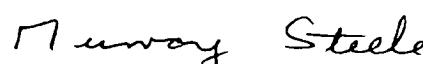
Gender and Diversity

The Board of Directors comprises one female and three male Non-Executive Directors with considerable experience of the VCT industry and investment in early-stage growth companies. The diversity and composition of the Board is reviewed on an annual basis.

Human Rights Issues

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

This report was approved by the Board on 26 May 2023 and signed on its behalf by:



Murray Steele
Chair
26 May 2023

Section 172 (1) Statement

Introduction

The purpose of the report is to provide shareholders with sufficient information to enable them to assess the extent to which the Directors have performed their duties under Section 172 of the Companies Act 2006 to act in good faith and to promote the success of the Company for the benefit of the shareholders as a whole as set out in the Strategic Report. KPIs on performance are on pages 14 and 15.

Directors of a company are required to act in the way they consider will most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires directors to include these factors:

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

In discharging our section 172 duties we have regard to these factors set out above (although we do not have any employees). We also have regard to other factors where relevant. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose and objectives together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As a Venture Capital Trust, Apollo has no employees; however, the Directors also assessed the impact of the Company's activities on other stakeholders, in particular shareholders and our third-party advisers, as well as the portfolio companies.

Shareholder Engagement

Shareholder engagement is given high priority by the Board. The Company engages with its shareholders via various media and events including, but not limited to, the AGM, the shareholder event, market announcements, and the annual report and accounts which aims to provide shareholders with a full understanding of the Company's activities and its results. The annual report and accounts, together with half yearly reports, prospectus and other shareholder information is published via a Regulatory News Service and on the Octopus website at www.octopusinvestments.com.

The AGM gives shareholders an opportunity to exercise their right to vote on resolutions and engage with the Board and the Investment Manager. As in previous years, there will also be an online shareholder event which gives shareholders an opportunity to hear directly from the Investment Manager.

Shareholders can also communicate with the Chair or any other member of the Board by writing to the Company, for the attention of the Company Secretary at the address set out on page 67.

Provision 4 of the UK Corporate Governance Code requires a company which has received 20% or more of votes cast against a resolution to explain, when announcing the voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result. The Company monitors the 20% threshold for votes cast against board recommendations for a resolution but has not yet been required to take any actions in this regard.

Engagement with the Investment Manager

It is normal practice for Venture Capital Trusts to delegate authority for day-to-day management of the Company to an Investment Manager and then to engage with the Investment 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 the Company's business strategy; key risks; stakeholder-related matters; diversity and inclusivity; environmental matters; corporate responsibility and governance; compliance; and legal matters.

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

During the period the Board received information to help it to understand the interests and views of the Company's key stakeholders: investors, portfolio companies and service providers to the Company, including the Investment Manager.

Engagement with Portfolio Companies

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

The Board has also given the Investment Manager discretionary authority to vote on portfolio company resolutions on its behalf as part of its approach to corporate governance.

Engagement with Other Key Stakeholders

The requirement for the Company to consider the interests of its other key stakeholders is limited as it does not have any employees.

The Board considers Octopus to be its key business partner with responsibility for the provision of investment management, administration, custody and company secretarial services.

Business Ethics and Governance

The Board is responsible for ensuring that the activities of the Company 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 the Company. Further detail can be found in the Statement of Directors' Responsibilities on page 36. In the year to 31 January 2023 no areas of concern have been flagged in this regard.

Cash can only be paid out of the Company, as a VCT, if there are sufficient reserves under the Companies Act and VCT regulations (for example to pay dividends, or facilitate buybacks). These reserves are monitored by Octopus with oversight from the Board and external advisers.

The Board considers that the Company's investment operations create employment, aid economic growth, generate tax revenues and produce wealth, thus benefiting the community and the economy more generally.

Key Decisions Made

Some of the key decisions made during the year that required the Board to take into consideration Section 172(1) factors include:

- in line with the Company's objectives, the Board issued an offer for subscription of shares on 20 October 2022 to raise up to £35 million, with an over-allotment facility of £15 million. This was discussed with the Investment Manager, and allowed new and existing shareholders to invest in the Company;
- the Company continued to buy back shares, balancing the interests of both remaining and selling shareholders by providing adequate liquidity;
- the Board declared dividends of 2.6p per share in accordance with the Company's dividend policy; and
- the Board monitored investment decisions and the Company's ability to meet the requirements of the HMRC's VCT investment rules.

Details of Directors

Murray Steele (Chair)

Murray was appointed as Director and Chair on 28 September 2012, following completion of the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company. Murray has had a broad range of experience as a Director of a number of companies. Currently he is Chair of Surface Generation Limited, an advanced manufacturing technology company and Non-Executive Director of AUGA Group, Lithuania, Europe's largest integrated organic food producer which is listed on the Vilnius Stock Exchange. Murray has Bachelor's and Master's degrees in mechanical engineering from the University of Glasgow, an MBA from Cranfield School of Management and holds an accounting qualification. Murray was formerly a Director of Octopus Apollo 4 VCT plc.*

Christopher Powles (Chair of the Audit and Risk Committee)

Chris was appointed as a Director on 28 September 2012, following completion of the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company. Chris was the principal founder of Pi Capital, a private client fund management company that specialised in investing in smaller unquoted companies where he led the investment of more than £25 million into 14 companies. Subsequently, he was the Finance Director of an AIM-traded company, as well as a Non-Executive Director of both listed and private companies. Currently he is a Director of a renewable energy company and is active in that sector in the UK and Africa. Chris is a chartered accountant, having qualified at what is now part of PwC, and has a BA Hons degree from Oxford University. Chris was formerly a Director of Octopus Apollo 4 VCT plc.*

Alex Hambro

Alex was formerly Chair of Octopus Eclipse VCT plc and was appointed as a Director on 19 December 2016, on completion of the merger of Octopus Eclipse VCT plc with the Company. Alex has spent the last 29 years in the venture capital and private equity sector. As a Director of Hambro Group Investments, Alex was responsible for the establishment and operations of the Hambro Private Equity Group which sponsored nine venture capital and private equity fund managers in the UK, Europe, USA and Australia. As well as his responsibilities at the Company, Alex is Chair of Judges Scientific plc and Falanx Cyber Security Ltd; a non-Executive Director of Oberon Investments Group plc and a small number of private companies.

Claire Finn

Claire was appointed as a Director on 21 September 2021. Claire has spent the majority of her professional career working for BlackRock, where she held a variety of leadership positions. Claire now has a portfolio of Non-Executive Director roles. Her other current roles include being Non-Executive Director of Artemis Fund Managers Limited, The Law Debenture Corporation plc, Sparrows Capital Limited and Baillie Gifford Shin Nippon plc. She is also Chair of UBS Asset Management Life Limited.

*Octopus Apollo 4 VCT plc was placed into Members Voluntary Liquidation on 28 September 2012 following the merger of the Apollo VCTs and was dissolved on 15 April 2014.

Directors' Report

The Directors present their report and the audited Financial Statements for the year to 31 January 2023. The Corporate Governance Report on pages 27 to 30, and the Audit and Risk Committee Report on pages 31 and 32 form part of this Directors' Report.

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

Directors

The Board has previously reported the decision that each year two Directors will offer themselves for re-election. Accordingly, Mr Powles and Mr Hambro will retire as Directors at the AGM, and being eligible, offer themselves for re-election.

The Board has considered provisions of the Association of Investment Companies Code of Corporate Governance and, following a formal performance evaluation as part of the Board evaluation, believes that Mr Powles and Mr Hambro continue to be effective and demonstrate commitment to their role, the Board and the Company. The Board therefore has no hesitation in recommending them for re-election at the forthcoming AGM. Further details can be found in the Corporate Governance report on pages 27 to 30.

Directors' and Officers' Liability Insurance

The Company 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 the Company.

VCT Regulations

Compliance with required rules and regulations is considered when all investments decisions are made. The Company is further monitored on a continual basis to ensure compliance. The main criteria which the Company must adhere to are detailed on page 63.

The Finance Act 2014 amended the rules relating to VCT shares issued on or after 6 April 2014 such that VCT status will be withdrawn if, in respect of shares issued on or after that date, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may affect the amount of distributable reserves available to the Company to fund dividends or share buybacks. However, the Company currently has sufficient distributable reserves to allow dividends to continue to be paid in line with the current dividend policy.

The Finance (No. 2) Act 2015 received Royal Assent in November 2015 and introduced a number of changes to VCT rules to bring the legislation into line with EU State Aid Risk Finance Guidelines. The legislation introduced new criteria which stipulate a lifetime cap on the total amount of State Aid investment a company can

receive, the age of companies which are eligible for investment and specific requirements relating to the use of the funds raised.

The Company will continue to ensure its compliance with the qualification requirements.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, on pages 2 to 21. Further details on the management of financial risk may be found in Note 16 to the Financial Statements.

The Board receives regular reports from the Investment Manager and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

As mentioned in the Business Review, the Board has considered the Company's cash flow projections and found these to be realistic and reasonable.

The assets of the Company include holdings in MMFs and OEICs which are readily realisable, as well as cash. As at 31 January 2023 cash and current asset investments made up 13.0% of net assets and, accordingly, the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of this report.

Management

The Company has in place an agreement with Octopus to act as Investment Manager, which is central to the ability of the Company to continue in business. The principal terms of the Company's management agreement with Octopus are set out in Notes 3 and 19 to the Financial Statements. Octopus also provides secretarial, administrative and custodian services to the Company.

There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Investment Manager is in the best interests of the shareholders as a whole. In reaching this conclusion, the Directors who are all independent of the Investment Manager, have taken into account the performance of the investment portfolio and the ability of the Investment Manager to produce satisfactory investment performance in the future. They also considered the 12 month notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided which include secretarial and accounting services. Details of the fees paid to Octopus in respect of services provided are detailed in Note 3 to the Financial Statements.

No Director has an interest in any contract to which the Company is party.

The Company has established a performance incentive scheme whereby the Investment Manager is entitled to an annual performance related incentive fee in the event that certain performance criteria are met. Further details of this scheme are disclosed within Note 19 to the Financial Statements.

The Board has delegated the routine management decisions such as the payment of standard running costs to the Investment Manager. The Investment Manager also has authority for investment decisions.

Whistleblowing

In accordance with the recommendations of the Association of Investment Companies Code of Corporate Governance, the Board has considered the arrangements in place to encourage staff of the Investment Manager or Secretary of the Company 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

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

Environmental Policy and Greenhouse Gas Emissions

The Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible. The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by the Company. As Apollo has no employees or operations, it is not responsible for any direct emissions. The Company is a low carbon user, using less than 40,000 kWh of energy in the reporting year, and is therefore exempt from scope of the detailed requirements under the Streamlined Energy and Carbon Reporting ('SECR') regulations.

Share Issues and Open Offers

During the year under review 6,785,900 shares were issued to those shareholders who elected to receive shares under the DRIS as an alternative to dividends. This raised £3.4 million to the Company. See Note 14 to the Financial Statements for details.

On 20 October 2022, a prospectus offer was launched to raise up to £35 million, with a £15 million over-allotment facility. On 3 February 2023, the Company announced that the Offer was closed to further applications. On 5 April 2023 the Company announced its intention to increase the offer from £50 million to £90 million, with applications re-opening on 18 April 2023.

Share Buybacks and Redemptions

During the period the Company purchased for cancellation 17,195,329 Ordinary shares, with a nominal value of £17,195, at a weighted average price of 47.8p per share for total consideration of £8,220,000 (2022: 21,257,604 shares at a weighted average price of 48.2p per share). The shares were repurchased in accordance with the Company's share buyback policy to provide liquidity in the shares and to prevent the shares trading at a wide discount to the NAV. See Note 14 of the Financial Statements for details. The Board received authority at the Annual General Meeting held on 7 July 2022 to buy back up to 14.99% of the share capital, such authority to expire 15 months after the passing of the resolution. Renewal of this authority will be sought at the forthcoming AGM. The Board's policy is to apply up to a 5% discount to buybacks of Ordinary shares.

Post Balance Sheet Events

A full list of post balance sheet events since 31 January 2023 can be found in Note 17 to the Financial Statements on page 61.

Share Capital and Rights Attaching to the Shares and Restrictions on Voting and Transfer

The Company's Ordinary share capital as at 31 January 2023 was 657,239,253 Ordinary shares of 0.1p (2022: 523,651,962). No shares were held in Treasury. Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the shares confer on their holders the following principal rights:

- (a) the right to receive out of returns available for distribution to each share class 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 each class of shareholders in 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 the Company;
- (b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company 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 the Company. 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 the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting and, if the shares represent at least 0.25% of their class, the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law.

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 the Company'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 the Company 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 the Company'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 and 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 the Company in a cost-efficient manner. Any consequent modest increase in the size of the Company 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 the Company'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 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company, giving the Directors authority to allot up to 30% of the Company's issued share capital 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 Company's fundraising activities. Any shares allotted under this authority would be issued at prices at or above NAV.

Resolution 8 authorises the Directors to allot Ordinary shares in connection with the Dividend Reinvestment Scheme ('DRIS'), up to 7% of the Company's issued share capital at the date of the Notice of AGM. Such authority would expire 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company.

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 date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issuing shares out of Treasury up to a maximum of Ordinary shares (representing approximately 10% of the Company's issued share capital as at the date of this report). 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. Any shares allotted under this authority would be issued at prices at or above NAV.

Directors' Authority to Make Market Purchases of its Own Shares

The authority proposed under Resolution 11 is required so that the Directors may make purchases of up to 101,288,382 Ordinary shares, representing approximately 14.99% of the Company's issued share capital as at the date of the notice of AGM. Any shares bought back under this authority will be at a price determined by the Board, (subject to a minimum price of 0.1p (being the nominal value of such shares) and a maximum price of 5% above the average mid-market quotation for such shares on the London Stock Exchange and the applicable regulations thereunder) and may be cancelled or held in Treasury as may be determined by the Board. The authority conferred by Resolution 10 will expire 15 months after the passing of the Resolution or, if earlier, the conclusion of the next AGM of the Company unless renewed, varied or revoked by the Company in 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 outstanding to the share premium account of Apollo to create (subject to Court approval) a pool of distributable reserves. A special resolution to this effect is being proposed at Resolution 12.

Amendment to Apollo's Articles of Association

The Board considers it appropriate to obtain shareholders' approval for an update to Apollo's Articles of Association. A special resolution to this effect is being proposed at Resolution 13.

A copy of the proposed Articles, illustrating the changes, are available to view on the Company's website or are available from the Company Secretary on request. There are two key changes being proposed. 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 £150,000 to £250,000. The amendment is being proposed to allow future flexibility and ensure the Articles of Association are fit for purpose on an ongoing basis. The second key change relates to the continuation of the Company. The Board considers it appropriate to remove the provision that requires the continuation of the Company to be put to shareholders every 5 years.

Substantial Shareholdings

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

Independent Auditor and Disclosure of Information to Auditor

BDO LLP is the appointed auditor of the Company and offer themselves for re-appointment as auditor. A Resolution to re-appoint BDO LLP as auditor and to authorise the Directors to determine their remuneration 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 the Company's auditor is aware of that information.

Consumer Duty

The Directors are cognisant of the Investment Manager's obligations to comply with the FCA's Consumer Duty rules and principles introduced in 2022 and coming into force later this year. Firms subject to Consumer Duty must ensure they are acting to deliver good outcomes and that this is reflected in their strategies, governance, leadership and policies. Apollo is not directly captured by Consumer Duty, however the Directors will continue to receive updates on how the Investment Manager is meeting its obligations.

Information Given in the Strategic Report

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

On behalf of the Board



Murray Steele
Chair
26 May 2023

Corporate Governance Report

The Board of Apollo has considered the principles and provisions of the Association of Investment Companies Code of Corporate Governance ('the AIC Code') issued by the AIC in February 2019. The AIC Code 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 the Company. 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 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.

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

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

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

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

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

- The Company does not have a Senior Independent Director. The Board does not consider this necessary given the size of the Board.
- The Chair is a member of the Audit and Risk Committee which is considered appropriate based on the limited number of Directors.
- The Company does not have a separate Nomination Committee due to the relative size of the Board. Appointments are dealt with by the full Board as and when appropriate.
- The Company does not have a Remuneration Committee as it does not have any executive directors.
- The Company has no major shareholders with a notifiable interest. Shareholders have an opportunity to meet with the Non-Executive Directors at the AGM and there is also an opportunity to ask questions at the shareholder event. Shareholders are welcome to contact the Board or Octopus at any time.
- The Directors do not all stand for annual re-election. This is to make sure experience is retained on the Board and that the Company has two Directors at all times. As highlighted earlier, the Board considers all the Directors to be independent of the Investment Manager.

Board of Directors

The Company has a Board of four Non-Executive Directors, all of whom are considered to be independent of the Company's Investment Manager, Octopus Investments.

The director rotation for re-election is as follows:

	Date of Original Appointment	Due Date for Election/ Re-election
Murray Steele (Chair)	28/09/2012	AGM 2024
Christopher Powles	28/09/2012	AGM 2023
Alex Hambro	19/12/2016	AGM 2023
Claire Finn	21/09/2021	AGM 2024

As reported previously, the Board has decided that each year two Directors will offer themselves for re-election. The Board believes that this is in the best interests of shareholders as it complies with the Company's Articles of Association, the Companies Act for a listed company and the UK Listing Rules to have a minimum of two Directors.

The Board meets a minimum of five times per annum, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board.

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

- 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;
- the appointment, evaluation, removal and remuneration of the Investment Manager;
- the performance of the Company, including monitoring of the discount of the net asset value to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

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 the Company. 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 Secretary 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 the Company's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or the Company to identify a member of the Board as the senior independent Director.

The Company'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.

During the year the following meetings were held:

	Full Board Meetings Held	No. of Meetings Attended	Audit and Risk Committee Meetings Held	Audit and Risk Committee Meetings Attended
Murray Steele (Chair)	6	6	2	2
Chris Powles	6	6	2	2
Alex Hambro	6	6	2	2
Claire Finn	6	6	2	2

Additional meetings not included above were held as required to address specific issues including considering recommendations from the Investment Manager, allotments and share repurchases. A brief biographical summary of each Director is given on page 22.

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 a questionnaire. 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.

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

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company 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 he or she is 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 the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director of the Company by the members at a general meeting held in the interval since his or her appointment as a Director of the Company) is to be subject to election as a Director of the Company by the members at the first AGM of the Company following his or her appointment. At each AGM of the Company 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 allows shareholders in meetings 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 the Company. 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 the Company's Articles of Association.

The Board does not have a policy limiting the tenure of any Director, including the Chair, as the Board does not consider that a Director's length of service reduces their ability to act independently of the Investment Manager.

Powers of the Directors

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders.

Authority was given at the Company's AGM held on 7 July 2022 to make market purchases of up to 77,739,642 Ordinary shares, as per the terms set out in the relevant resolution. Renewed authority is being sought at the 2023 AGM as set out in the notice of meeting.

Board Committees

There is no formal management engagement committee as matters of this nature are dealt with by the Board as a whole. The Board does not have a separate Nomination Committee as such matters are dealt with by the full Board, nor does it have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 33 to 35.

The Board has appointed one committee to make recommendations to the Board in specific areas, the Audit and Risk Committee.

Audit and Risk Committee:

Christopher Powles (Chair)
Murray Steele
Claire Finn
Alex Hambro

The Audit and Risk Committee, chaired by Christopher Powles, consists of all four Directors. The independence of the Audit and Risk Committee is not impaired and due to the structure of Apollo this is appropriate. The Audit and Risk Committee believes Mr Powles possesses appropriate and relevant financial experience as per the requirements of the AIC Code of Corporate Governance. 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 and Risk Committee Report is given on pages 31 and 32.

Internal Controls

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of risk management and internal controls. The purpose of these controls is to make sure that proper accounting records are maintained, the Company'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 system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives.

The Investment Manager is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Quoted investments are held in CREST. The Investment Manager regularly reconciles the client asset register with the physical documents.

The Directors confirm that they have established a continuing process throughout the period and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company 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 guidelines. The Board does not consider it necessary to maintain a separate internal audit function.

The risk management and internal control systems relevant to financial reporting include the production and review of monthly bank reconciliations and management accounts. All outflows made from the Company's accounts require the authority of two signatories from the Investment Manager. Further to this, the Audit Partner has open access to the Directors of the Company and the Investment Manager is subject to regular review by the Octopus Compliance and Octopus Internal Audit Departments.

Financial Risk Management Objectives and Policies

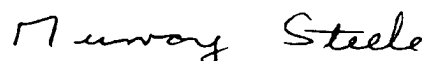
The Company is exposed to the risks arising from its operational and investment activities. Further details can be found on pages 16 and 17 and in Note 16 to the Financial Statements.

Relations with Shareholders

A shareholder event is planned for 29 June 2023 which provides shareholders with an opportunity to receive an update from the Investment Manager and raise any questions with the Investment Manager and the Board. The AGM will be held at the Company's registered office, 33 Holborn, London, EC1N 2HT.

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 is available to answer any questions that a shareholder may have and can be contacted on **0800 316 2295**.

On behalf of the Board



Murray Steele
Chair
26 May 2023

Audit and Risk Committee Report

This report is submitted in accordance with the AIC Code of Corporate Governance in respect of the year ended 31 January 2023 and describes the work of the Audit and Risk Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit and Risk Committee can be found on page 22.

Matters Considered by the Audit and Risk Committee

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

- reviewing and making recommendations to the Board in relation to the Company's published Financial Statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- reviewing the viability and going concern assessment;
- advising the Board on whether the Annual Report and Accounts provides necessary information for shareholders to assess position and performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- reviewing the valuations of the investments portfolio;
- 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 the external auditor's audit plan;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

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

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

Auditor Appointment

When considering whether to recommend the appointment or re-appointment of the external auditor, the Committee takes into account the tenure of the current auditor. The current auditor was appointed on 12 July 2018 following a competitive tender process. Vanessa Bradley, the current Audit Partner has been involved for five years. Due to rotation requirements, a new audit partner will be appointed for the 2024 year-end audit.

Auditor Independence and Objectivity

The Committee reviews the information and assurances provided by the auditor on its compliance with the relevant ethical standards. No non-audit services were provided by the auditor during the period and therefore the Audit and Risk Committee does not believe there are any influences on their independence or objectivity.

Auditor Evaluation

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. In accordance with guidance issued by the Financial Reporting Council the audit partner is rotated every five years to make sure that objectivity and independence is not impaired.

Internal Audit

The Company does not have an independent internal audit function as it is not deemed necessary given the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and, if so, would recommend this to the Board. Octopus has an internal audit team which is supported, as required, by external consultants. Octopus' Compliance Department reports to the Board on the outcome of the internal audits that have taken place, in so far as these relate to the Company, and confirms the absence of any issues relating to internal audit, of which the Board should be aware.

Octopus undertakes to immediately raise to the Committee any significant issues arising from the Octopus internal audit that affect the Company. The Committee is satisfied with the level of reporting.

The Committee will monitor the significant risks at each meeting and Octopus will work closely with the Auditors to mitigate the risks and the resultant impact.

Discharge of Responsibilities

During the period ended 31 January 2023, the Audit and Risk Committee discharged its responsibilities by:

- reviewing and amending the Committee's terms of reference;
- reviewing and updating the Company's risk register;
- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's Financial Statements, including identification of key risks and confirmation of auditor independence;
- reviewing the Octopus statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on and the effectiveness of the Octopus compliance and internal audit procedures;
- reviewing the valuations of the investment portfolio;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company'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; and
- reviewing the Company's going concern status as referred to on page 23.

The Committee has considered the Annual Report and Accounts for the year ended 31 January 2023 and has reported to the Board that it considers them to be fair, balanced and understandable and providing the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

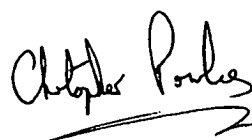
Significant Audit Risks

The Audit and Risk Committee is responsible for considering significant issues that arise in relation to the Financial Statements. The Committee has identified the most significant risks for the Company as:

- Valuation of investment portfolio: the Committee gives special audit consideration to the valuation of investments and the supporting data provided by the Investment Manager. The impact of this risk could be a large movement in the Company's net asset value. The valuations are supported by portfolio companies and third-party evidence. These give comfort to the Audit and Risk Committee.
- Management override of financial controls: the Committee reviews all significant accounting estimates that form part of the Financial Statements and consider any material judgements applied by management during the preparation of the Financial Statements.

These issues were discussed with the Investment Manager and the Auditor at the conclusion of the audit of the Financial Statements.

The Audit and Risk 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 and Risk Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the Financial Statements for the year ended 31 January 2023.



Christopher Powles
Audit and Risk Committee Chair
26 May 2023

Directors' Remuneration Report

Introduction

This report is submitted in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 in respect of the year ended 31 January 2023. The reporting obligations require that two sections be included, a Directors' Remuneration Policy Report and an Annual Remuneration Report, which are presented below.

The Company'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 37 to 42.

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

Each Director receives a letter of appointment. A Director may resign by notice in writing to the Board at any time giving three months' notice. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The maximum level of Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £150,000 per annum in aggregate; any amendment to this is by way of an Ordinary Resolution subject to the approval of shareholders in a general meeting. The Board are proposing an increase of this limited to £250,000 as part of the updated Articles of Association. Further details can be found on page 26.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company'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 and Risk 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, although such review will not necessarily result in any changes. Due to the nature of the Company, there are no employees other than the Directors and therefore there are no employee remuneration issues to consider when determining the Directors' remuneration.

The Company'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. No other remuneration or compensation was paid or payable by the Company to any of the Directors during the period.

An Ordinary Resolution to approve the Directors' Remuneration Policy of the Company was put to shareholders at the 2020 AGM and remains in force for a three year period. Therefore a resolution will be put to the 2023 AGM seeking re-approval which will remain in force for a further three year period. The policy will remain in force for a three-year period. The Board, in conjunction with the Investment Manager, will review the remuneration of the Directors if thought appropriate and monitors competitors in the VCT industry on an annual basis.

Annual Remuneration Report

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

Statement of Voting at the Annual General Meeting

The most significant portion of the votes cast against a resolution at the 2022 AGM were for the resolutions relating to the approval of the Directors Remuneration Report (2.84%) and the election of Claire Finn (2.28%). No communication was received from shareholders giving reasons for the votes against the resolutions. Shareholders' views are always welcomed and considered by the Board.

Relations with Shareholders

The Company will be holding a shareholder event on 29 June 2023 to enable shareholders to receive an update from the Investment Manager. This will also provide an opportunity for shareholders to ask questions of the Board relating to the AGM resolutions and the Annual Report and Accounts.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager.

through the Investment Management Agreement, as referred to in the Directors' Report. The performance graph on page 13 shows the performance of the Company.

Directors' Fees (audited)

The amount of each Director's fees, as audited, were:

	Year ended 31 January 2023 £	Year ended 31 January 2022 £
Murray Steele (Chair)	40,000	30,000
Christopher Powles	35,000	25,000
James Otter (resigned on 31 July 2021)	n/a	11,250
Alex Hambro	30,000	22,500
Claire Finn (appointed on 21 September 2021)	30,000	9,375
Total	135,000	98,125

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 the Company and no bonuses were or will be paid to the Directors.

The Chair of the Company and Audit Chair receive additional remuneration over the basic Director's fee in recognition of the additional responsibilities and time commitment of their roles. On an annualised basis, there has been a 35% increase in Directors fees in the reporting period, following a review last year of VCT Director fees in conjunction with the Investment Manager, whereby the Investment Manager made recommendations on the appropriate levels of remuneration. This review determined that with effect from 1 February 2022 fees will be paid at the following rates: Chair £40,000, Audit and Risk Committee Chair £35,000 and Non-Executive Directors £30,000. Prior to this increase, fees had not increased for five years.

Directors' Fees annual percentage change

	2023 % change (annualised)	2022 % change	2021 % change
Murray Steele (Chair)	33%	0%	0%
Christopher Powles	40%	0%	0%
James Otter (resigned on 31 July 2021)	n/a	(50%)	0%
Alex Hambro	33%	0%	0%
Claire Finn (appointed on 21 September 2021)	33%	n/a	n/a
Total	35%	(1.9%)	0%

Relative Importance of Spend on Pay

The actual expenditure in the current year is as follows:

	Year to 31 January 2023 £'000	Year to 31 January 2022 £'000	% change
Total buybacks	8,220	10,254	(20%)
Total dividends paid	14,323	28,366	(50%)
Total management and performance fees	14,949	13,509	11%
Total Directors' fees	135	98	38%

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

Directors' Interests in Shares (Audited)

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

	As at 31 January 2023	As at 31 January 2022
Murray Steele (Chair)	404,962	307,776
Christopher Powles	34,982	34,982
Alex Hambro	103,615	98,385
Claire Finn	20,205	0

In the period 31 January 2023 to the date of this report, the Directors' share interests have increased as follows as a result of participation in the Dividend Reinvestment Scheme under which shareholders elect to receive Ordinary shares as an alternative to a dividend.

On 28 April 2023, Murray Steele acquired 7,881 Ordinary shares, and his spouse 2,261 Ordinary shares. Claire Finn acquired 506 Ordinary shares.

All of the Directors' shares were held beneficially. Any information required by legislation in relation to executive directors (including a Chief Executive Officer) or employees has been omitted because the Company has neither and therefore it is not relevant.

Shareholders Proxy Voting Information

As required by Schedule 8:23 of the Regulations, the votes received at the AGM held on 7 July 2022 were as follows:

	For		Discretion		Against	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of Directors' Remuneration Report	9,077,007	83.89	1,436,414	13.27	306,790	2.84

The votes received for the approval of the Directors' Remuneration Policy at the AGM held in 2020 were as follows:

	For		Discretion		Against	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of Directors' Remuneration Policy	8,585,836	86.20	1,064,828	10.69	309,831	3.11

By Order of the Board

Murray Steele

Murray Steele
Chair
26 May 2023

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 Accounts include information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to make sure that the financial statements and the Directors' Remuneration Report 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 in accordance with applicable law and regulations. Having taken advice from the Audit and Risk Committee, the Directors consider the annual report and the financial statements, taken as a whole, provide the information necessary to assess the Company's position, 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 Accounts (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



Murray Steele
Chair
26 May 2023

Independent Auditor's Report to the Members of Octopus Apollo 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 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Octopus Apollo VCT Plc (the 'Company') for the year ended 31 January 2023 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 12 July 2018 to audit the financial statements for the year ended 31 January 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 January 2019 to 31 January 2023. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

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

- Obtaining the VCT compliance reports prepared by management's expert during the year and as at year end and reviewing the calculations therein to check that the Company was meeting its requirements to retain VCT status;
- Consideration of the Company's expected future compliance with VCT legislation, the absence of bank debt, contingencies and commitments and any market or reputational risks;
- Reviewing the forecasted cash flows that support the Directors' assessment of going concern, challenging assumptions and judgements made in the forecasts, and assessing them for reasonableness. In particular, we considered the available cash resources relative to the forecast expenditure which was assessed against the prior year for reasonableness; and
- Evaluating the Directors' method of assessing the going concern in light of market volatility and the present uncertainties in economic recovery created by market volatility and the impact of the Russian aggression in Ukraine.

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

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

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

Overview

		2023	2022
Key audit matters	Valuation of Unquoted Investments	✓	✓
Materiality	Company financial statements as a whole £6,900,000 (2022: £4,250,000) based on 2% (2022: 2%) of adjusted net assets. Adjusted net assets is the net asset value adjusted for the cash that has been recently raised from funding during the year, where applicable.		

An overview of the scope of our audit

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

Key audit matters

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

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of unquoted investments (Notes 10 and 12 to the financial statements) 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 also 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 the fund, as shown in note 3. For these reasons we considered the valuation of unquoted investments to be a key audit matter.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. For all investments in our sample we: Challenged whether the valuation methodology was the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ('IPEV') Guidelines and the applicable accounting standards. We have recalculated the value attributable to the Company, having regard to the application of enterprise value across the capital structures of the investee companies. For investments sampled that were valued using less subjective valuation techniques (price of recent investment and calibration to price of recent investment reviewed for changes in fair value) we: • Verified the cost or price of recent investment to supporting documentation; • Considered whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee Company; • Considered whether there were any indications that the cost or price of recent investment was no longer representative of fair value considering, inter alia, the current performance of the investee company and the milestones and assumptions set out in the investment proposal; and • Considered whether the price of recent investment is supported by alternative valuation techniques. For investments sampled that were valued using more subjective techniques (revenue multiples and calibration to revenue multiple) 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 used in the valuations; - Considered the revenue multiples applied and the discounts applied by reference to observable listed company market data; and - Challenged the consistency and appropriateness of adjustments made to such market data in establishing the revenue multiple applied in arriving at the valuations adopted by considering the individual performance of 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.
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Our application of materiality

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

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

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

	Company Financial statements	
	2023	2022
Materiality	£6,900,000	£4,250,000
Basis for determining materiality	2% of adjusted net assets	
Rationale for the benchmark applied	In setting materiality, we have had regard to the nature and disposition of the investment portfolio. Given that the VCT's portfolio is comprised of unquoted investments which would typically have a wider spread of reasonable alternative possible valuations, we have applied a percentage of 2% of adjusted net assets. The benchmark used is lower than the net asset value to take into account cash that has been recently raised from fund raising, where applicable.	
Performance materiality	£5,100,000	£3,180,000
Basis for determining performance materiality	75% of materiality	
Rationale for the percentage applied for performance materiality	The level of performance materiality applied was set after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year.	

Lower Testing Threshold

While the majority of long-term returns are expected to arise from capital, we note that ongoing costs and revenue returns are still important to users of the financial statements, despite being considerably smaller in magnitude. As a result, we determined a lower testing threshold for those items impacting revenue return of £1,880,000 (2022: £1,570,000) based on 10% of expenditure (2022: 10% of expenditure).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £300,000 (2022: £171,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

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; and • The Directors' explanation as to their assessment of the Company's prospects, the period this assessment covers and why the period is appropriate.
Other Code provisions	• Directors' statement on fair, balanced and understandable; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and • The section describing the work of the Audit Committee.

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:

Non-compliance with laws and regulations

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

Our procedures in respect of the above included:

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Agreement of the financial statement disclosures to underlying supporting documentation;
- Enquiries of 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 meeting of those charged with the period for instances of non-compliance with laws and regulations.

Fraud

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

Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Audited Entity's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Considering performance incentive schemes and performance targets and the related financial statement areas impacted by these.

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

Our procedures in respect of the above included:

- The procedures set out in the key audit matters section above;
- Obtaining independent evidence to support the ownership of a sample of investments;
- Recalculating investment management fees in total;
- Obtaining independent confirmation of bank balances; and
- Reviewing journals posted in preparation of the financial statements 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 who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities

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
26 May 2023

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

Income Statement

	Notes	Year ended 31 January 2023			Year ended 31 January 2022		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments	10	–	525	525	–	4,439	4,439
Change in fair value of fixed asset investments	10	–	49,921	49,921	–	40,581	40,581
Change in fair value of current asset investments		–	(800)	(800)	–	(228)	(228)
Investment income	2	2,257	11	2,268	2,260	85	2,345
Investment management fees	3	(1,437)	(13,512)	(14,949)	(1,178)	(12,331)	(13,509)
Other expenses	4	(2,431)	–	(2,431)	(2,171)	–	(2,171)
Foreign currency translation		7	–	7	–	–	–
(Loss)/profit before tax		(1,604)	36,145	34,541	(1,089)	32,546	31,457
Tax	6	–	–	–	–	–	–
(Loss)/profit after tax		(1,604)	36,145	34,541	(1,089)	32,546	31,457
(Loss)/earnings per share – basic and diluted	8	(0.3p)	6.3p	6.0p	(0.2p)	7.4p	7.2p

- The 'Total' column of this statement is the profit and loss account of the Company; the 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.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

The Company has no other comprehensive income for the period.

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

Balance Sheet

	Notes	As at 31 January 2023		As at 31 January 2022	
		£'000	£'000	£'000	£'000
Fixed asset investments	10		306,930		190,671
Current assets:					
Investments	11	3,970		21,429	
Money market funds	11	40,360		-	
Debtors	12	4,866		3,889	
Cash at bank		14,251		58,332	
		63,447		83,650	
Creditors: amounts falling due within one year	13	(20,884)		(11,362)	
Net current assets			42,563		72,288
Net assets			349,493		262,959
Share capital	14		657		52,365
Share premium			78,440		81,600
Special distributable reserve			174,061		58,918
Capital redemption reserve			159		8,441
Capital reserve realised			(20,136)		(5,197)
Capital reserve unrealised			119,032		68,079
Revenue reserve			(2,720)		(1,247)
Total shareholders' funds			349,493		262,959
Net asset value per share – basic and diluted	9		53.2p		50.2p

The statements were approved by the Directors and authorised for issue on 26 May 2023 and are signed on their behalf by:

Murray Steele

Murray Steele
Chair

Company number: 05840377

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

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Special distributable reserves* £'000	Capital redemption reserve £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve* £'000	Total £'000
As at 1 February 2022	52,365	81,600	58,918	8,441	(5,197)	68,079	(1,247)	262,959
Total comprehensive income for the year	-	-	-	-	(12,976)	49,121	(1,604)	34,541
Total contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(17)	-	(8,220)	17	-	-	-	(8,220)
Issue of shares	151	78,876	-	-	-	-	-	79,027
Share issue cost	-	(4,491)	-	-	-	-	-	(4,491)
Dividends paid	-	-	(14,323)	-	-	-	-	(14,323)
Total contributions by and distributions to owners:	134	74,385	(22,543)	17	-	-	-	51,993
Other movements:								
Prior year fixed asset losses now realised	-	-	-	-	(1,963)	1,963	-	-
Cancellation of Share Premium	-	(77,545)	77,545	-	-	-	-	-
Cancellation of Capital Redemption Reserve	-	-	8,299	(8,299)	-	-	-	-
Share capital nominal value reduction	(51,842)	-	51,842	-	-	-	-	-
Transfer between reserves	-	-	-	-	-	(131)	131	-
Total other movements	(51,842)	(77,545)	137,686	(8,299)	(1,963)	1,832	131	-
Balance as at 31 January 2023	657	78,440	174,061	159	(20,136)	119,032	(2,720)	349,493

	Share Capital £'000	Share Premium £'000	Special distributable reserves* £'000	Capital redemption reserve £'000	Capital reserve realised* £'000	Capital reserve unrealised £'000	Revenue reserve* £'000	Total £'000
As at 1 February 2021	34,206	45,141	52,397	6,315	(9,046)	39,382	(158)	168,237
Total comprehensive income for the year	-	-	-	-	(7,807)	40,353	(1,089)	31,457
Contributions by and distributions to owners:								
Repurchase and cancellation of own shares	(2,126)	-	(10,254)	2,126	-	-	-	(10,254)
Issue of shares	20,285	85,825	-	-	-	-	-	106,110
Share issue cost	-	(4,225)	-	-	-	-	-	(4,225)
Dividends paid	-	-	(28,366)	-	-	-	-	(28,366)
Total contributions by and distributions to owners:	18,159	81,600	(38,620)	2,126	-	-	-	63,265
Other movements:								
Prior year fixed asset gains now realised	-	-	-	-	11,656	(11,656)	-	-
Cancellation of share premium	-	(45,141)	45,141	-	-	-	-	-
Total other movements	-	(45,141)	45,141	-	11,656	(11,656)	-	-
Balance as at 31 January 2022	52,365	81,600	58,918	8,441	(5,197)	68,079	(1,247)	262,959

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

*Included in these reserves is an amount of £151,204,000 (2022: £52,474,000) which is considered distributable to shareholders per the Companies Act.

Cash Flow Statement

	Notes	Year to 31 January 2023 £'000	Year to 31 January 2022 £'000
Cash flows from operating activities			
Profit after tax		34,541	31,457
Adjustments for:			
Increase in debtors	12	(977)	(1,554)
Increase in creditors	13	776	4,641
Gain on disposal of fixed assets	10	(525)	(4,439)
Gain on valuation of fixed asset investments	10	(49,921)	(40,581)
Loss on valuation of current asset investments		800	228
In-specie dividends	2	(11)	(85)
Net cash utilised in operating activities		(15,317)	(10,333)
Cash flows from investing activities			
Purchase of fixed asset investments	10	(69,393)	(55,673)
Proceeds on sale of fixed asset investments	10	3,591	53,939
Purchase of current asset investments		–	(5,000)
Transfer of current asset investments*		16,659	–
Net cash utilised in investing activities		(49,143)	(6,734)
Cash flows from financing activities			
Movement in applications account	13	8,746	(2,546)
Purchase of own shares	14	(8,220)	(10,254)
Proceeds from share issues	14	75,662	99,691
Cost of share issues	14	(4,491)	(4,225)
Dividends paid (net of DRIS)	7	(10,958)	(21,947)
Net cash generated from financing activities		60,739	60,719
Increase/(Decrease) in cash and cash equivalents		(3,721)	43,652
Opening cash and cash equivalents		58,332	14,680
Closing cash and cash equivalents		54,611	58,332

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

*During the year Octopus Portfolio Manager (OPM) began the process of being closed down. The only investment remaining is in a Blackrock MMF. The classification of this asset was therefore transferred from an OEIC to a MMF within the accounts and is therefore classified as a cash equivalent. See note 11 for further details.

Notes to the Financial Statements

1. Principal Accounting Policies

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

The Company's principal activity is to invest in a diverse portfolio of predominantly unquoted companies with the aim of providing shareholders with attractive tax-free dividends and long-term capital growth.

Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice ('GAAP'), including Financial Reporting Standard 102 – '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 (issued 2014 and updated in April 2021 with consequential amendments)'.

The principal accounting policies have remained unchanged since those set out in the Company's 2022 Annual Report and Accounts. A summary of the principal accounting policies is set out below.

FRS 102 sections 11 and 12 have been adopted with regard to the Company's financial instruments. The Company held all fixed asset investments at fair value through profit or loss ('FVTPL'); therefore all gains and losses arising from such investments held are attributable to financial assets held at FVTPL. Accordingly, all interest income, fee income, expenses and gains and losses on investments are attributable to assets held at FVTPL.

Going Concern

After reviewing the Company's forecasts and expectations, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The annual expenses of the Company are around £8.2 million and the Company had £45.4 million in cash and MMFs at the year end. Therefore if there was a serious downturn, the Company could continue by choosing to retain cash in order to pay these expenses as they fall due. The ability to retain cash is largely in our control as we can shift investment strategy to make sure we have

a sufficient cash buffer, subject to VCT rules. The Company therefore continues to adopt the going concern basis in preparing its Financial Statements. See Director's Report on page 23 to 26 for further details.

Key Judgements and Estimates

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

Investment valuation policies are important to the depiction of the Company's financial position and require the application of subjective and complex judgements, notably with regards to unquoted holdings, 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 main accounting and valuation policies used by the Company are disclosed below.

Investments are regularly reviewed to make sure that the fair values are appropriately stated. Unquoted investments are valued in accordance with current IPEV guidelines, although this does rely on subjective estimates such as appropriate sector revenue multiples, forecast results of portfolio companies, asset values of the subsidiary companies of portfolio companies and liquidity or marketability of the investments held. Quoted investments are valued at the closing bid price on the year-end date.

Although the Company 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 (see Note 10).

Revenue and Capital

The Company presents its Income Statement in a three column format to give shareholders additional details of the performance of the Company, split between items of a revenue or capital nature as required by the SORP.

The revenue column of the Income Statement includes revenue income and revenue expenses of the Company. 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 the revenue (25%) and capital (75%) in the same way that the income streams are derived.

Cash and Liquid Resources

Cash, for the purposes of the cash flow statement, comprises cash at bank and cash held in MMFs. 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 OEICs and MMFs subject to insignificant changes in fair value.

Financing Strategy and Capital Structure

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. The Company currently has no borrowings nor does it anticipate that it will have any borrowing facilities in the future to fund the acquisition of investments.

The Company does not have any externally imposed capital requirements.

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 in accordance with Special Resolution 11 in order to maintain sufficient liquidity in the Company's shares.

Reserves

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

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

Special distributable reserves: includes cancelled share premium available for distribution.

Capital redemption reserve: includes nominal share capital which has been bought back by the Company for cancellation and cannot be distributed to shareholders.

Capital reserve realised: when an investment is sold, any balance held in Capital reserve unrealised is transferred to Capital reserve realised on disposal, as a movement in reserves. The portion of the management fee allocated to capital expenditure is also included in this reserve. This reserve is available for distribution.

Capital reserve unrealised: when the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to Capital reserve unrealised.

Revenue reserve: includes all net revenue profits and losses of the Company.

Functional and Presentational Currency

The financial statements are presented in Sterling (£). The functional currency is also Sterling (£).

2. Investment Income

Accounting Policy

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis (including time amortisation of any premium or discount to redemption), so as to reflect the effective interest rate, provided it is considered probable that payment will be received in due course. Income from fixed-interest securities and deposit interest is accounted for on an effective interest rate method. Investment income includes interest earned on bank balances and includes income tax withheld at source. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when the Company's right to receive payment is established and it is probable that payment will be received. Fixed returns on debt are recognised provided it is probable that payment will be received in due course. The nature of dividends received is assessed to establish whether they are revenue or income dividends. During the year the Company received shares in Verici Dx plc as a result of an in-specie dividend. These have been treated as capital income.

Disclosure

	31 January 2023 £'000	31 January 2022 £'000
Loan note interest receivable	1,600	1,972
Dividends receivable	354	288
Other income	303	–
In-specie dividend	11	85
	2,268	2,345

3. Investment Management Fees

	31 January 2023			31 January 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,437	4,311	5,748	1,178	3,534	4,712
Investment performance fee	–	9,201	9,201	–	8,797	8,797
	1,437	13,512	14,949	1,178	12,331	13,509

For the purpose of the revenue and capital columns in the Income Statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term split of returns in the form of income and capital gains respectively from the Company's investment portfolio. The investment performance fee, explained below, is allocated 100% to capital as it is deemed that capital appreciation on investments has primarily driven the total return of the Company above the required hurdle rate at which the performance fee is payable. The management fee, administration and accountancy fees are calculated based on the NAV which is then multiplied by the number of shares in issue, calculated on a daily basis.

Octopus provide investment management, accounting and administration services and company secretarial services to the Company under a management agreement which may be terminated at any time thereafter by not less than twelve months' notice given by either party. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided. The basis upon which the management fee is calculated is disclosed within Note 19 to the Financial Statements.

The Company has established a performance incentive scheme whereby the Investment Manager is entitled to an annual performance related incentive fee in the event that certain performance criteria are met. Further details of this scheme are disclosed within Note 19 to the Financial Statements. As at 31 January 2023 £9,201,000 was due to the Investment Manager by way of annual performance fee (2022: £8,797,000).

4. Other Expenses

Accounting Policy

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, apart from management fees charged 75% to capital and 25% to revenue, performance fees charged wholly to capital and transaction costs. Transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period that they occur.

Disclosure

	31 January 2023 £'000	31 January 2022 £'000
Ongoing trail commission	767	690
Accounting and administration services	862	662
Legal fees	33	28
Other administration expenses	434	531
Directors' fees	135	98
Registrars' fees	127	114
Audit fees	73	48
	2,431	2,171

The ongoing charges ratio of the Company for the year to 31 January 2023 was 2.5% (2022: 2.7%). Total annual running costs are capped at 3.3% of average net assets (2022 cap: 3.3% of average net assets). This figure excludes any extraordinary items, costs related to mergers, adviser charges, impairment of interest and performance fees.

VAT is included within other administration expenses. No non-audit services were provided by the Company's auditor.

5. Directors' Remuneration

Total Directors' fees paid during the year were £135,000 (2022: £98,125). This excludes Employer's National Insurance contributions of £14,000 (2022: £8,000) which have been included within other administration expenses. The highest paid director received £40,000 (2022: £30,000). None of the Directors received any other remuneration or benefit from the Company during the year. The Company has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the year was four (2022: four).

6. Tax

Accounting Policy

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

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive 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.

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

Disclosure

	31 January 2023			31 January 2022		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Loss)/profit before tax	(1,604)	36,145	34,541	(1,089)	32,546	31,457
Tax at 19% (2022: 19%)	(305)	6,867	6,562	(207)	6,184	5,977
Effects of:						
Non-taxable dividend income	(67)	(2)	(69)	(55)	(16)	(71)
Non-taxable capital gains on valuations and disposals	-	(9,432)	(9,432)	-	(8,511)	(8,511)
Expenses not deductible for tax purposes	-	7	7	-	12	12
Excess management expenses on which deferred tax not recognised	372	2,560	2,932	262	2,331	2,593
Total tax charge	-	-	-	-	-	-

Approved VCTs are exempt from tax on chargeable gains within the Company. Since the Directors intend that the Company will continue to conduct its affairs so as to maintain its approval as a VCT, no deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments. In March 2021, the UK Government announced that from 1 April 2023, the main rate of Corporation Tax will be increased to 25%. Consequently, deferred tax has been calculated at the year end using a tax rate of 25%. As at 31 January 2023, there is an unrecognised deferred tax asset of £7,310,000 (2022: £6,622,000) in respect of surplus management expenses, based on a prospective tax rate of 25% (2022: 25%). This deferred tax asset could in future be used against taxable profits. Provided the Company continues to maintain its current tax status, it is unlikely that the expenses will be utilised and that the Company will obtain any benefit from this asset.

7. Dividends**Accounting Policy**

Dividends payable are recognised as distributions in the Financial Statements when the Company's liability to make payment has been established. This liability is established on the record date, the date on which those shareholders on the share register are entitled to the dividend. Interim dividends to equity shareholders are declared by the Directors.

Disclosure

	31 January 2023 £'000	31 January 2022 £'000
Dividends paid on ordinary shares		
Final dividend- 1.3p paid 31 May 2022 (2022: 1.3p)	6,771	5,725
Interim dividend- 1.3p paid 22 November 2022 (2022: 1.3p)	7,552	6,689
Special dividend- N/A (2022: 3.1p)	-	15,952
	14,323	28,366

During the year £3,365,000 (2022: £6,419,000) of dividends were reinvested under DRIS, see Note 14.

	31 January 2023 £'000	31 January 2022 £'000
Dividends paid and proposed in respect of the year – Ordinary shares		
Interim dividend– 1.3p paid 22 November 2022 (2022: 1.3p)	7,552	6,689
Special dividend– N/A (2022: 3.1p)	–	15,952
Second interim dividend declared– 1.3p paid 28 April 2023 (2022: 1.3p)	8,739	6,771
	16,291	29,412

The second interim dividend declared of 1.3p per share for the year ended 31 January 2023 was paid on 28 April 2023 to shareholders on the register on 11 April 2023.

8. Earnings Per Share

	31 January 2023			31 January 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
(Loss)/profit attributable to ordinary shareholders (£'000)	(1,604)	36,145	34,541	(1,089)	32,546	31,457
Earnings per ordinary share (p)	(0.3p)	6.3p	6.0p	(0.2p)	7.4p	7.2p

The earnings per share is based on 572,765,083 (2022: 438,445,830) shares, being the weighted average number of shares in issue during the year.

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

9. Net Asset Value Per Share

	31 January 2023 Ordinary Shares	31 January 2022 Ordinary Shares
Net assets (£)	349,493,000	262,959,000
Shares in issue	657,239,253	523,651,962
Net asset value per share (p)	53.2	50.2

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

10. Fixed Asset Investments At Fair Value Through Profit or Loss

Accounting Policy

The Company'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 direct to equity.

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

These investments will be 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 valuation policy. The Company's investments are measured at subsequent reporting dates at fair value.

In the case of unquoted investments, fair value is established by assessing different methods of valuation, such as price of recent transaction, earnings or revenue-based multiples, discounted cash flows and net assets. This is consistent with current IPEV guidelines. Where price of a 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 the Company'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 the Company 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. The Company'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. The Company 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. The Company's unquoted investments are included in Level 3 in the current and prior year.

There have been no transfers between these classifications in the year (2022: none). The change in fair value for the current and previous year is 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 January 2023 are summarised below in and in Note 11.

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 the Company are classified as FVTPL and measured in accordance with the International Private Equity and Venture Capital Valuation ('IPEV') guidelines, as updated in December 2022. For investments actively traded on organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

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

- (i) 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 a recent investment ('PRI'), if resulting from an orderly transaction, is assumed to represent fair value as of the transaction date. At every subsequent measurement date, the PRI may remain an appropriate indicator of fair value, however as its validity is eroded over time, adequate consideration will be given to the current facts and circumstances, including, but not limited to, changes in the market or changes in the performance of the portfolio company. We may solely rely on PRI for certain investments where other valuation methodologies may not be possible, notably where there are no current or short-term future revenues expected.

Where a recent transaction is not deemed to be representative of fair value, a market approach may be considered. This technique involves the application of an appropriate multiple to a performance measure (typically revenue, but potentially also EBITDA) in order to derive the value of the business. Appropriate multiples will usually be derived by reference to a current market-based multiple, as reflected in market valuations of comparable quoted companies or the price at which comparable companies have changed ownership, to the extent this information is publicly available; or calibration to the PRI validates that the valuation techniques using contemporaneous market inputs generate fair value at the investment date and that the same valuation techniques using updated market inputs as of each subsequent reporting date will generate fair value at each such date. This approach will notably help capture any risks associated with a lack of liquidity in the minority holding of an unquoted investment and may be further adjusted to reflect the trading performance of the portfolio company versus expectations as at the investment.

- (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 the Company receives the right to the premium and when considered recoverable.
- (iii) Where a number of discreet outcomes can be expected for an investment, a simplified probability-weighted expected return model may be used to determine fair value.
- (iv) Where appropriate, an income approach may be used.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the profit and loss and revaluation reserves and movements in the period are shown in the Income Statement. All figures are shown net of any applicable transaction costs incurred by the Company. 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 Investment 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: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total investments £'000
Cost at 1 February 2022	3,205	121,543	124,748
Unrealised gain at 1 February 2022	4,122	61,801	65,923
Valuation at 1 February 2022	7,327	183,344	190,671
Movement in the year:			
Purchases at cost	-	69,393	69,393
In-specie dividend	11	-	11
Disposal proceeds	-	(3,591)	(3,591)
Gain on realisation of investments	(76)	601	525
Change in fair value in year	(688)	50,609	49,921
Closing valuation at 31 January 2023	6,574	300,356	306,930
Cost at 31 January 2023	2,385	186,739	189,124
Unrealised gain at 31 January 2023	4,189	113,617	117,806
Valuation at 31 January 2023	6,574	300,356	306,930

Level 1 valuations are valued in accordance with the closing bid-price on the relevant date. Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review.

Unquoted investments in the portfolio are considered Level 3 assets, such that their values are not directly observable but are estimated using a combination of valuation methodologies which notably extrapolate from observable market data for comparable assets. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Portfolio Manager's Review. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in Note 16. The loan and equity investments are considered to be one instrument due to them being bound together when assessing the portfolio's returns to shareholders. This is consistent with the Company's investment policy. Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review on pages 4 to 11.

Subsidiaries

The following company is deemed to be a subsidiary of Apollo because the Company owns more than 50% of the voting rights in that company:

Portfolio company	Country of incorporation	Sector	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% equity held by Octopus Apollo VCT plc	Voting rights held by Octopus Apollo VCT plc
Superior Heat Limited*	United Kingdom	Ground source heat	(2)	(233)	100	100

*Registered address: 33 Holborn, London, EC1N 2HT.

By virtue of FRS 102 section 9.9, the Company does not have to produce consolidated Financial Statements owing to the fact that its interests in subsidiaries are all held as part of an investment portfolio (as defined by FRS 102), and therefore its interests in subsidiaries are excluded from consolidation. They have therefore been treated in the same way as other portfolio companies and are held at fair value. These financial statements are therefore separate financial statements to those of its subsidiaries.

11. Current Asset Investments, Cash and Cash Equivalents

Accounting Policy

For the purpose of the Cash Flow Statement, cash at bank comprises cash in hand and any deposits payable on demand, less any overdrafts payable on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. This comprises government securities, investment grade bonds and investments in MMFs. Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents. Current asset investments on the Balance Sheet comprise OEICs and MMFs and 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 the Company, within seven days. The current asset investments are held for trading, are actively managed and the performance is evaluated on a fair value basis in accordance with a documented investment strategy. Information about them is provided internally on that basis to the Board.

Disclosure

Current asset investments comprised of OEICs and MMFs. These fall into Level 1 of the fair value hierarchy as defined in the fixed asset investment accounting policy in Note 10 above.

	Level 1: OEIC investments £'000
Cost at 1 February 2022	21,528
Unrealised loss at 1 February 2022	(99)
Valuation at 1 February 2022	21,429
Movement in the year:	
Additions	27,710
Disposal proceeds	(4,312)
Change in fair value in the year	(497)
Closing valuation at 31 January 2023	44,330
Cost at 31 January 2023	44,927
Unrealised loss at 31 January 2023	(597)
Valuation at 31 January 2023	44,330

	31 January 2023 £'000	31 January 2022 £'000
OEICs:		
Octopus Portfolio Manager – Cash	–	16,659
Sequoia Economic Infrastructure Fund ('SEI')	3,970	4,770
MMFs:		
BlackRock MMF (previously Octopus Portfolio Manager)*	16,016	–
HSBC MMF	12,171	–
Deutsche Bank MMF	12,173	–
Total current asset investments	44,330	21,429
Cash at bank	14,251	58,332
Total current asset investments and cash	58,581	79,761

*During the year Octopus Portfolio Manager ('OPM') began the process of being closed down. OPM previously invested in various different assets, however following this process the entire investment is now in a BlackRock managed MMF. The classification of this asset was therefore transferred from an OEIC to a MMF within the accounts and is therefore classified as a cash equivalent.

12. Debtors

	31 January 2023 £'000	31 January 2022 £'000
Accrued income	3,716	2,640
Other debtors	1,130	1,234
Prepayments	20	15
	4,866	3,889

13. Creditors: Amounts Falling Due Within One Year

	31 January 2023 £'000	31 January 2022 £'000
Trade creditors	–	3
Accruals	11,623	10,844
Other creditors	9,261	515
	20,884	11,362

At 31 January 2023, other creditors included £9,261,000 (2022: £515,000) of funds to be allotted as shares.

Accruals included £9,201,000 for performance fees due to Octopus (2022: £8,797,000).

14. Share Capital

	31 January 2023 £'000	31 January 2022 £'000
Allotted and fully paid up:		
657,239,253 Ordinary shares of 0.1p (2022: 523,651,962 Ordinary shares of 10p)	657	52,365

The Company issued the following Ordinary shares during the year:

Date	Number of shares	Price per share (p)	Net proceeds from share issues (£'000)
14 April 2022	970,650	53.2	489
31 May 2022 (DRIS)	3,213,016	48.9	1,571
08 June 2022	53,974,947	51.8	26,315
07 July 2022	12,923,487	51.8	6,280
14 July 2022	971	48.9	0
14 July 2022	144,683	48.9	71
22 November 2022 (DRIS)	3,572,884	50.2	1,794
24 November 2022	43,773,589	53.2	21,931
14 December 2022	32,208,393	53.2	16,085
Total	150,782,620		74,536

The Ordinary shares issued during the year were issued at a weighted average price of 49.4p. Excluding the value of shares issued under the DRIS, the total value of shares issued net of share issue costs was £71,171,000 (2022: £95,466,000). This is shown in the Cash Flow Statement.

The Company purchased for cancellation the following shares during the year:

Date	Number of shares	Price per share (p)	Total cost of shares repurchased (£'000)
25 March 2022	3,745,056	48.1	1,801
26 April 2022	2,267,533	46.9	1,063
25 May 2022	2,428,135	46.9	1,139
17 June 2022	1,199,568	46.9	563
14 July 2022	1,095,310	46.9	514
13 October 2022	3,283,146	49.4	1,622
12 December 2022	3,176,581	47.8	1,518
Total	17,195,329		8,220

The Ordinary shares repurchased for cancellation during the year were cancelled at a weighted average price of 47.8p. The total nominal value of the shares repurchased for cancellation was £17,195 representing 2.6% of the issued share capital.

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 12. The Company is not subject to any externally imposed capital requirements.

Capital management is monitored and controlled using the internal control procedures set out on page 29 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

15. Reconciliation of Movements in Equity

	31 January 2023 £'000	31 January 2022 £'000
Shareholders' funds at start of year	262,959	168,237
Profit after tax	34,541	31,457
Shares bought for cancellation	(8,220)	(10,254)
Issue of shares (net of issue costs)	74,536	101,885
Dividends paid	(14,323)	(28,366)
Shareholders' funds at end of year	349,493	262,959

When the Company revalues its investments during the year, any gains or losses arising are credited/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 under the Companies Act by way of a dividend are:

	£'000
As at 1 February 2022	52,474
Movement in year	98,730
As at 31 January 2023	151,204

This is the maximum value of reserves available for potential distribution under the Companies Act, which will be impacted by the future convertibility, into cash, of gains and losses included in the Capital reserve unrealised. Amounts available for distribution may be lower under HMRC Distributable Reserves restrictions.

The purpose of the special distributable reserve is to create a reserve which will be capable of being used by the Company to pay dividends and for the purpose of making repurchases of its own shares in the market with a view to narrowing the discount to net asset value at which the Company's Ordinary shares trade. The Company cancelled the share premium balance (£77.5 million) and the capital redemption reserve balance (£8.3 million) as at 7 December 2021 after obtaining a court order on 8 February 2022 (in the year to 31 January 2022 a share premium balance of £45.1 million was cancelled after obtaining a court order on 10 August 2021). On the same date the Company also confirmed the reduction in the nominal value of the Company's issued share capital from 10p per Ordinary share to 0.1p per Ordinary share.

16. Financial Instruments and Risk Management

The Company's financial instruments comprise equity investments, unquoted loans, cash balances and cash equivalents including debtors and creditors. The Company 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

The Company held the following categories of financial instruments, all of which are included in the Balance Sheet at fair value, at 31 January 2023 and 31 January 2022:

	31 January 2023 £'000	31 January 2022 £'000
Financial assets at fair value through profit or loss		
Fixed asset investments	306,930	190,671
Current asset investments	44,330	21,429
Total	351,260	212,100
Financial assets at amortised cost		
Cash at bank	14,251	58,332
Accrued income	3,716	2,640
Total	17,967	60,972
Financial liabilities at amortised cost		
Accruals and other creditors	20,884	11,362
Total	20,884	11,362

Fixed and current asset investments (see Note 10 and 11) are valued at fair value. For quoted investments this is bid price. Unquoted investments are carried at fair value as determined by the Directors in accordance with IPEV guidelines as detailed within the Investment Manager's Review. The fair value of all other financial assets and liabilities are represented by their carrying value in the Balance Sheet. The Directors believe that the fair value of the assets held at the year-end is equal to their carrying value.

The Company's creditors and debtors are initially recognised at fair value, which is usually transaction cost and subsequently measured at amortised cost using the effective interest method.

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

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 12. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Directors' Report on pages 23 to 26, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in smaller companies, by their nature, usually involve a higher degree of risk than investments in larger 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 the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the Balance Sheet date are set out on page 6.

85.9% (2022: 69.7%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. In the context of continued market uncertainties caused by macroeconomic factors, we have maintained the sensitivity analysis at 20%, consistent with 2022. A 20% overall decrease in the valuation of the unquoted investments at 31 January 2023 would have decreased net assets and the total profit for the year by £60,071,000 (2022: £36,669,000 at 20%). An equivalent change in the opposite direction would have increased net assets and the total profit for the year by the same amount.

85.4% of net assets (97.2% of portfolio value) is valued using revenue-based multiples, including PRI calibration. An increase in the multiple used by 10% would increase the net asset value by 3.2% (£9,513,000). Conversely, a decrease in the multiple used by 10% would decrease the net asset value by 2.8% (£8,280,000). The 10% sensitivity used provides the most meaningful impact of average multiple changes across the portfolio.

26.6% of net assets (30.3% of portfolio value) is exposed to changes in the foreign exchange rate. An increase in the rate of 5% would increase the net asset value by 3.6% (£3,384,000). Conversely, a decrease in the rate of 5% would decrease the net asset value by 3.2% (£3,005,000). The 5% sensitivity used provides the most meaningful impact of average foreign exchange rate changes across the portfolio. Current asset investments comprised 12.7% of the Company's net assets by value (2022: 8.1%). A 20% decrease (2022: 20%) in the price of these securities at 31 January 2023 would have decreased net assets by £8,866,000 (2022: £4,286,000 decrease); and an equivalent change in the opposite direction would have increased net assets for the year by the same amount.

Interest Rate Risk

Some of the Company's financial assets and current asset investments are interest-earning. As a result, the Company 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 interest-bearing loans made to portfolio companies:

	31 January 2023			31 January 2022		
	Total loan portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years	Total loan portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed Years
Unquoted interest bearing loans	15,640	11.0	4.6	18,440	9.0	4.6

Floating Rate

The Company's floating rate investments comprise cash held within interest-bearing money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 3.5% at 31 January 2023 (31 January 2022: 0.25%). The amounts held in floating rate investments at the Balance Sheet date were as follows:

	31 January 2023 £'000	31 January 2022 £'000
Money market funds	40,360	-

Every 1% increase or decrease in the base rate would increase or decrease income receivable from these investments and the total profit for the year by £403,602 (2022: £nil).

Credit Risk

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 the Company. The Investment 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 January 2023, the Company's financial assets exposed to credit risk comprised the following:

	31 January 2023 £'000	31 January 2022 £'000
Investments in interest bearing instruments	15,640	18,440
Cash on deposit	14,251	58,332
Accrued dividends and interest receivable	3,715	2,640
	33,606	79,412

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 the UK Government and major UK institutions. Credit risk relating to loans and preference shares in unquoted companies is considered to be part of market risk. The investments in OEICs 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.

The Company's current accounts are maintained with HSBC Bank plc. Should the credit quality or the financial position of HSBC Bank plc deteriorate significantly the Investment Manager will move the cash holdings to another bank.

Credit risk which is associated with accrued dividends and interest receivable is considered to be small as the Company performs impairment assessments on these amounts and makes reasonable provisions where necessary on an on-going basis.

Liquidity Risk

The Company's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. As a result, the Company 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.

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

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2023 these investments were valued at £49,321,000 (2021: £79,245,000).

17. Events After the End of the Reporting Period

The following events occurred between the Balance Sheet date and the signing of these financial statements:

- 5.1 million shares were purchased at a price of 51.1p per share on 31 March 2023.
- 20.1 million shares were issued at an allotment price of 56.3p per share on 31 March 2023.
- The Company announced its intention to increase the fundraising offer from £50 million to £90 million on 5 April 2023, with applications opening on 18 April 2023.
- 583,979 shares were purchased at a price of 49.89p per share on 28 April 2023.

- The Company invested a total of £8.7 million into five follow-on investments.
- The Company sold The Safeguarding Company for initial cash proceeds of £10.6 million.
- A dividend of £8.7 million was paid on 28 April 2023.

18. Contingencies, Guarantees and Financial Commitments

There were no contingencies or guarantees as at 31 January 2023. There are two committed follow-on investments totalling £4.2 million (2022: none).

19. Transactions with the Investment Manager

The Company has employed Octopus throughout the year as the Investment Manager. The Company has incurred £5,748,000 (2022: £4,712,000) in management fees due to the Investment Manager in the year. At 31 January 2023 there was £1,599,000 outstanding (2022: £1,288,000). The management fee is payable quarterly in arrears and is based on 2% of the NAV calculated daily from 31 January.

The Investment Manager is entitled to an annual performance related incentive fee, subject to the total return (NAV plus cumulative dividends paid) per share being at least 100p at the end of the relevant period. This performance fee is equal to 20% of the amount by which the NAV plus cumulative dividends paid per share exceeds the higher of:

- The highest total return in previous accounting periods. This is currently the return in the year to 31 January 2022 (132.3p).
- The total return as at 1 February 2012, plus the average Bank of England interest rate to date, commencing 1 February 2012.

The Board considers that the liability becomes due at the point that the performance criteria are met, which has happened at the end of this financial year. In the year, the Company incurred performance fees of £9,201,000 (2022: £8,797,000). At 31 January 2023 there was £9,201,000 of outstanding performance fees to be paid (2022: £8,797,000).

The Investment Manager also provides accounting and administrative services to the Company, payable quarterly in arrears, for a fee of 0.3% of the NAV calculated daily. During the year £862,000 (2022: £662,000) was paid to the Investment Manager, of which £240,000 (2022: £193,000) was outstanding at the Balance Sheet date, for the accounting and administrative services. In addition, the Investment Manager also provides company secretarial services for a fee of £20,000 per annum (2022: £20,000).

20. Related Party Transactions

Several members of the Octopus investment team hold non-executive directorships as part of their monitoring roles in the Company's portfolio companies, but they have no controlling interests in those companies. The Investment Manager receives transaction fees and directors' fees from these portfolio companies. During the year ended 31 January 2023, directors' fees of £686,000 attributable to the investments of the Company were received by the Investment Manager (2022: £601,000).

As at 31 January 2023, Octopus Investments Nominees Limited ('OINL') held 173,900 shares (2022: 9,260) in the Company as beneficial owner, having purchased these from shareholders to protect their interests after delays or errors with shareholder instructions and other similar administrative issues. Throughout the period to 31 January 2023 OINL purchased 384,179 shares (2022: 9,743) at a cost of £183,363 (2022: £4,638) and sold 219,539 shares (2022: 483) for proceeds of £103,040 (2022: £256). This is classed as a related party transaction as Octopus, the Investment Manager, and OINL are part of the same group of companies. Any such future transactions, where OINL takes over the legal and beneficial ownership of Company shares will be announced to the market and disclosed in annual and half yearly reports.

Shareholder Information and Contact Details

Apollo, formerly named Octopus Apollo VCT 3 plc, was launched in July 2006. On 27 September 2012, the Company acquired the net assets of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc. On the same day, the Company was renamed Octopus Apollo VCT plc. On 28 November 2015 the Company acquired the net assets of Octopus VCT plc ('OVCT') in consideration for the issue of 52,035,840 C Ordinary shares. On 27 January 2016 the Company acquired the net assets of Octopus VCT 2 plc in consideration for the issue of 19,082,726 D Ordinary shares. On 19 December 2016 the Company acquired the net assets of Octopus Eclipse VCT plc in consideration for the issue of 35,349,838 Ordinary 10p shares.

The Company was incorporated on 7 June 2006. During the period from launch to 5 April 2007 over £27.1 million (£25.9 million net of expenses) was raised through an Offer for Subscription. Since then the Company has raised additional investment through further fundraises as follows:

- £29.3 million (£27.8 million net of expenses) during the year to 31 January 2013;
- £22.4 million (£20.6 million net of expenses) during the year to 31 January 2014;
- £8.7 million (£8.3 million net of expenses) during the year to 31 January 2015;
- £31.2 million (£30.3 million net of expenses) during the year to 31 January 2016;
- £37.4 million (£35.9 million net of expenses) during the year to 31 January 2017;
- £16.6 million (£16.1 million net of expenses) during the year to 31 January 2018;
- £21.7 million (£21.0 million net of expenses) during the year to 31 January 2020.
- £28.1 million (£27.6 million net of expenses) during the year to 31 January 2021.
- £106.1 million (£101.9 million net of expenses) during the year to 31 January 2022.
- £79.0 million (£74.5 million net of expenses) during the year to 31 January 2023.

The objective of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate income and preserve capital over the long-term.

Further details of the Company's progress are discussed in the Chair's Statement and Investment Manager's Review on pages 2 and 3 and pages 4 and 5, 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% up-front income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

The Company has been approved as a VCT by HMRC. In order to maintain its approval the Company must comply with certain requirements of the Income Tax Act 2007 on a continuing basis, specifically the provisions of chapter 3 and, in particular, s280A:

- at least 80% of the Company's investments must comprise 'qualifying holdings' (as defined in the legislation);
- for cash raised in accounting periods beginning on or after 5 April 2018, at least 30% of the funds raised must be invested into qualifying holdings within twelve months of the end of the accounting period in which they were raised;
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

A 'qualifying holding' consists of up to £5 million invested in any one year (£10 million for knowledge intensive companies) in new shares or securities in an unquoted UK company (or companies traded on AIM or Aquis) 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.

The Company invests in a diversified portfolio of AIM-traded and smaller unquoted UK companies in order to preserve capital over the long-term as well as to deliver an attractive tax-free dividend stream.

The Directors have managed the affairs of the Company with the intention of maintaining its status as a VCT.

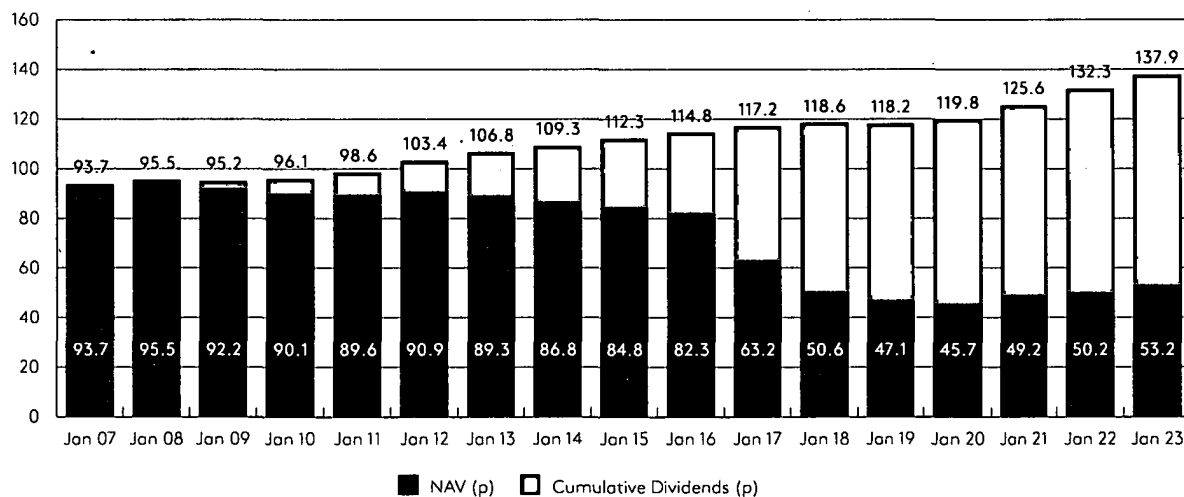
Dividends

Dividends are paid by Computershare Investor Services PLC ('Computershare') on behalf of the Company. 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 6327** (calls to this number cost the same as a normal local or national landline call and may be included in your service providers tariff. Calls outside the United Kingdom will be charged at the applicable international rate. Computershare are open between 8.30am-5.30pm, Monday to Friday excluding public holidays in England and Wales), or by writing to them at:

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

Total Value Since Inception



The following table shows the net asset value ('NAV') per Ordinary share and lists the dividends that have been paid since the launch of Apollo:

Year Ended	NAV	Dividends Paid in Year	Cumulative Dividends Paid	NAV + Cumulative Dividends
31 January 2008	95.5p	-	-	95.5p
31 January 2009	92.2p	3.0p	3.0p	95.2p
31 January 2010	90.1p	3.0p	6.0p	96.1p
31 January 2011	89.6p	3.0p	9.0p	98.6p
31 January 2012	90.9p	3.5p	12.5p	103.4p
31 January 2013	89.3p	5.0p	17.5p	106.8p
31 January 2014	86.8p	5.0p	22.5p	109.3p
31 January 2015	84.8p	5.0p	27.5p	112.3p
31 January 2016	82.3p	5.0p	32.5p	114.8p
31 January 2017	63.2p	21.5p	54.0p	117.2p
31 January 2018	50.6p	14.0p	68.0p	118.6p
31 January 2019	47.1p	3.1p	71.1p	118.2p
31 January 2020	45.7p	3.0p	74.1p	119.8p
31 January 2021	49.2p	2.3p	76.4p	125.6p
31 January 2022	50.2p	5.7p	82.1p	132.3p
31 January 2023	53.2p	2.6p	84.7p	137.9p

The second interim dividend of 1.3p per Ordinary share was paid on 28 April 2023 to shareholders on the register on 11 April 2022.

At the General Meeting held in November 2014 shareholders approved a Dividend Reinvestment Scheme ('DRIS') and gave the Directors authority to offer shareholders the right to elect to receive Ordinary shares instead of a cash dividend. Any shareholder wishing to reinvest their dividends, and who has not already elected to do so, can request a DRIS mandate form by calling Computershare on **0370 703 6327**. The DRIS mandate form can also be found on the Octopus website: www.octopusinvestments.com.

Share Price

The Company'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	OAP3
Latest share price 25 May 2023	49.15p per share

Buying and Selling Shares

The Company's Ordinary shares can be bought and sold in the same way as any other company quoted on the London Stock Exchange via a stockbroker. 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

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ('Panmure').

Panmure is able to provide details of close periods (when the Company is prohibited from buying its own shares) and details of the price at which it has bought shares. Panmure 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 therefore tax advice should be obtained before shareholders dispose of their shares.

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 the Company'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 67.

Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Investment Manager's website at www.octopusinvestments.com. Other statutory information about the Company can also be found here.

Electronic Communications

Reports and accounts and all other correspondence are published 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 6327**. 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 offers for free company reports.

Please note that it is very unlikely that the Company, the Investment Manager or the 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/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams. You can report any share fraud to them by calling **0800 111 6768**.

Glossary of Terms

Alternative performance measure (APM)

APM's are financial measures 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 the Company's progress. A number of terms within this Glossary have been identified as APMs.

Net Asset Value or NAV

NAV is the value of the VCTs' 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 the Company is the sum of the underlying assets less the liabilities of the Company 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 the fund in the future.

This is calculated by dividing expenses of £7,369,000, which includes the expenses listed out in Note 4 on page 50 excluding performance fee, exceptional costs and trail commission by average net assets of £298,103,000.

Total Return (APM)

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

Money Market Fund (MMF)

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

Open Ended Investment Company (OEIC)

A type of investment fund that invests in equities, bonds, and other securities. The price of the shares is based on the underlying assets of the fund. These are highly liquid as new shares can be created to meet investor demand and the fund will cancel shares of investors who exit the fund.

Directors and Advisers

Board of Directors

Murray Steele (Chair)
Christopher Powles
Alex Hambro
Claire Finn

Company Number

Registered in England & Wales
No. 05840377

Legal Entity Identifier (LEI)

213800Y3XEIQ18DP3O53

Secretary and Registered Office

Octopus Company Secretarial Services Limited
33 Holborn
London
EC1N 2HT

Investment and Administration Manager

Octopus Investments Limited
33 Holborn
London
EC1N 2HT
Tel: 0800 316 2295
www.octopusinvestments.com

Corporate Broker

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

Independent Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Tax Adviser

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

VCT Status Adviser

Shoosmiths LLP (appointed 22 February 2022)
Apex Plaza
Forbury Road
Reading
RG1 1SH

Bankers

HSBC Bank plc
31 Holborn
London
EC1N 2HR

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Tel: 0370 703 6327

(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/

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting ('AGM') of Octopus Apollo VCT plc will be held at 33 Holborn, London, EC1N 2HT on 11 July 2023 at 10.00am 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 13 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the Annual Report and Accounts and the audited financial statements for the year to 31 January 2023.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report.
4. To re-elect Christopher Powles as a Director.
5. To re-elect Alex Hambro 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 13 as Special Resolutions:

7. Authority to allot relevant securities

THAT, in addition to existing authorities, the Directors be and are generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 ('the Act') to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £202,712 (representing approximately 30% of the Ordinary share capital in issue at the date of this Notice) such authority to expire at the earlier of the conclusion of the Company's AGM next following the passing of this Resolution and the expiry of 15 months from the passing of the relevant Resolution (unless previously renewed, varied or revoked by the Company in a general meeting) but so that such authority allows the Company to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after 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 shares in the Company up to a maximum nominal amount of £47,299 in connection with the Company's dividend reinvestment scheme (representing approximately 7% of the Ordinary share capital in issue as at the date of this Notice) 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 or, if earlier, the conclusion of the Company's next AGM following 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, and in addition to existing authorities, the Directors of the Company be and are hereby empowered pursuant to s571 of the Act to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority granted by Resolution 7 as if s561 of the Act did not apply to any such allotments and so that:

- (a) reference to allotment in this Resolution shall be construed in accordance with s560(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 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 or, if earlier, the conclusion of the Company's next AGM following the passing of this Resolution (unless previously renewed, varied or revoked by the Company in general meeting).

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

THAT, conditional upon the passing of Resolution 8, and in addition to existing authorities, the Directors of the Company be and are hereby empowered pursuant to s571 of the Act to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority granted by Resolution 8 as if s561 of the Act did not apply to any such allotments and so that:

- (a) reference to allotment in this Resolution shall be construed in accordance with s560(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 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 or, if earlier, the conclusion of the Company's next AGM following 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 market purchases (within the meaning of s693(4) of the Act) of Ordinary shares of 0.1p each in the Company ('Ordinary shares') provided that:

- (a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 101,288,382 Ordinary shares, representing approximately 14.99% of the Company's issued share capital at the date of this Notice;
- (b) the minimum price which may be paid for an Ordinary share shall be its nominal value;
- (c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to the higher of: (i) 105% of the average of the middle market quotation for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased; and (ii) the amount stipulated by Article 5(6) of the Market Abuse Regulation;

(d) the authority conferred comes to an end at the conclusion of the next AGM of the Company or upon the expiry of 15 months from the passing of this Resolution, whichever is the earlier; and

(e) that the Company may enter into a contract to purchase its Ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

12. Cancellation of Share Premium Account

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

13. 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

Murray Steele

Murray Steele
Chair
26 May 2023

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 Company's registrars, 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 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 note 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 ApolloAGM@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.
- (h) Under sections 338 and 338A 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 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 Companies Act 2006 is included on the Company's website, **www.octopusinvestments.com** under Venture Capital Trusts. Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the AGM, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.
- (j) As at 26 May 2023 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 675,706,348 Ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 26 May 2023 are 675,706,348.

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