

Product

 **Molten Ventures EIS**

Tax Status

 **Enterprise Investment Scheme**

Fund Group

 **Molten Ventures Plc**

**Risk Warning**

This communication is provided for informational purposes only. This information does not constitute advice on investments within the meaning of Article 53 of the Financial Services and Markets Act (Regulated Activities) Order 2001. Should investment advice be required this should be sought from a FCA authorised person.

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## RISK WARNINGS AND DISCLAIMERS

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## GENERAL RISK WARNINGS

Your attention is drawn to the following risk warnings which identify some of the risks associated with the investments which are mentioned in the Review:

### Fluctuations in value of investments

The value of investments and the income from them can go down as well as up and you may not get back the amount invested.

### Suitability

The investments may not be suitable for all investors and you should only invest if you understand the nature of and risks inherent in such investments and, if in doubt, you should seek professional advice before effecting any such investment.

### Past performance

Past performance is not a guide to future performance.

### Legislation

Changes in legislation may adversely affect the value of the investments.

### Taxation

The levels and the bases of the reliefs from taxation may change in the future. You should seek your own professional advice on the taxation consequences of any investment.

## ADDITIONAL RISK WARNINGS

### Enterprise Investment Scheme offerings:

- EIS companies are unquoted
- The value of EIS Shares can fluctuate and Investors may not get back their investment;
- There is no market for EIS Shares and Shareholders may not be able to realise their shareholding unless the EIS company is sold or floated on a recognised Stock Exchange. Dividends may not be paid
- Potential Investors should consider that past performance of the EIS Manager is no indication of future performance and there can be no guarantees that the EIS Company will meet its objectives.
- Investment in unquoted companies can offer good investment returns, but, by its uncertain nature involves a much higher degree of risk than investment in a quoted portfolio
- Whilst it is the intention of the EIS Directors that the EIS company will be managed so as to qualify as an EIS, there can be no guarantee that it will maintain such status. A failure to qualify could result in the Company losing the tax reliefs previously obtained, resulting in adverse tax consequences for Investors, including a requirement to repay the 30 per cent. income tax relief
- The past performance of investments should not be regarded as an indication of the future performance of an investment
- Levels and bases of, and relief from, taxation are subject to change. Such changes could be retrospective.
- From 6 April 2014 changes to scheme rules: For investments made on or after 30 November 2015, trades which consist substantially in making available reserve energy capacity, or using that capacity to generate electricity, will no longer be qualifying trades
- For investments made on or after Royal Assent November 2015, new legislation prevents all the following types of acquisitions from being a qualifying use of money:
  - an interest in another company such that that company becomes a 51% subsidiary of the issuing company
  - a further interest in another company which is already a 51% subsidiary of the issuing company
  - a trade
  - intangible assets employed for a trade
  - goodwill employed for the purposes of a trade
- For investments made on or after Royal Assent November 2015, there is an age limit on companies issuing EIS shares of 7 years from the date of first commercial sale, or 10 years in the case of a knowledge-intensive company

## Factsheet

### Molten Ventures EIS

From November 2021, Molten Ventures Plc is the new name for Draper Esprit Plc and the EIS and VCT products have now been re-named for the 2022-23 tax year onwards

Type	Generalist EIS
Manager	Encore Ventures, a subsidiary of Molten Ventures Plc
Custodian	Mainspring Fund Services
Promoter	RAM Capital LLP
Focus	Unapproved fund investing in growth/venture capital based companies
Approved Fund Available	No
Minimum investment	£25,000
Closing dates	Quarterly closes - 5th January, 5th April, 5th July, 5th October
Issue costs	2% (plus VAT)
Annual costs	2% (plus VAT) per annum for years 1-5, partially deferred and contingent on the receipt of sale proceeds. Reducing beyond year 5 so fees are payable only on the cost of assets still held
Existing shareholder priority	No
Initial advisor charges	If charged, these will be facilitated by the EIS on subscription.

## Summary

Table 1: **Tax Efficient Review summary of offering Pros and Cons**

PROs	CONs
A good track record of generating successful exits from EIS companies within the predicted timescale	Full deployment of investor capital can take up to 18 months and has been taking that long in recent months
Established venture capital manager with an extensive network and international reach	The performance fee on successful exits is paid on a deal-by-deal basis rather than total return to investors, but there is a significant performance hurdle to be reached first
Invests in some of the largest fund raising permissible within the EIS legislation and on the same terms as institutional investors	Fees are paid by investors and the fund does not make any charges to portfolio companies. Whilst this reduces the investment amount on which EIS relief is obtained, Molten Ventures say it is an essential factor to maintain the quality of investments

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## Classification

Tax Efficient Review currently classify EIS managers using the following three categories:

- Established EIS managers with a track record in growth return EIS investments (e.g. MMC, Parkwalk, Molten/Draper)
- Established EIS managers who have had to change their investment strategy to making growth return investments (e.g. Puma, Great Point Media, Ingenious)
- EIS managers who make growth return EIS investments, but are without a significant

track record of investing in and exiting these investments

Molten Ventures (previously Draper Esprit) have been EIS managers since 2012 and have generated numerous profitable exits from investee companies. As such TER classify this offer as **“EIS Growth fund, established provider, Non sector specific, with track record “**.

## Review based upon

This review is based upon the Draper Esprit EIS Information Memorandum dated November 2021, updated for the fund name change in the new Molten Ventures EIS Information Memorandum dated April 2022, and reporting

based on the 30th September 2021 valuation date, phone calls and meetings with the investment team and data provided by Molten Ventures Plc (formerly known as Draper Esprit Plc).

## Review Process

Tax Efficient Review has enhanced the contents of the EIS reviews to focus more on the areas of investment performance and underlying fees.

To increase the comparison of performance, we now include Table 3 which details and amalgamates how many investments the EIS manager has held and their performance across the following categorisations:

1. Exited above cost (EAC - creating a profit for investors)
2. Exited below cost (EBC – creating a loss for investors)
3. Completely written-off (CWO – resulting in no return for investors)
4. Still Held (SH)
5. Partially exited (PART)

**Table 2: Molten Ventures funds under management as at 31/12/2021**

Product Name	Net assets £m	Annual Management fee £m	Still to be invested £m
<b>EIS FUNDS</b>			
EIS 1	£5.6m	£Nil- no further fees	nil
EIS 2	£3.6m	£Nil- no further fees	nil
EIS 3	£4.8m	£Nil- no further fees	nil
EIS 4	£6.0m	£Nil- no further fees	nil
EIS 5	£24.0m	£Nil- no further fees	nil
Molten Ventures EIS EG	£198m	2% (for initial years, then reducing)	£37.7m
<b>NON EIS FUNDS THAT CAN CO-INVEST WITH EIS FUNDS</b>			
VCT	£88.7m	2.00%	£10.6m
PLC	£1,357m	n/a	n/a
<b>NON EIS FUNDS THAT CANNOT CO-INVEST WITH EIS FUNDS</b>			
None			
<b>TOTAL UNDER MANAGEMENT</b>			

Source: Molten Ventures EIS

We also now compare total five year predicted

fees between products.

### Changes since the last review

This TER updates the current review (TER issue 464, March 2022), updating for the name change. Other than that, the changes below repeat what was included earlier this year. The TER score is unchanged in this re-issue of the review.

In November 2021 Draper Esprit Plc became Molten Ventures Plc. The EIS and VCT products have now been renamed and new Molten Ventures EIS fund documents have been issued

Simon Cook, an original co-founder of the business (together with Stuart Chapman) has left the firm following a planned transition period. Martin Davis took over from Simon as CEO of Molten Ventures Plc in 2019 and led the firm's move from AIM onto the main listing of the LSE in 2021 and its subsequent inclusion in the FTSE 250.

Since the last full review, Molten Ventures Plc (then under its previous name) has acquired 100% ownership of the FCA Authorised Fund Management entities for Molten Ventures EIS (formerly Draper Esprit EIS) and also Molten Ventures VCT (formerly Draper Esprit VCT). Whereas previously there were different managers, different teams and arguably some degree of competition between EIS and VCT, the tax advantaged funds now operate within Molten Ventures Plc as their parent organisation and the

teams for the EIS and VCT products have been integrated together. Investors have a choice of tax wrapper through which to access a common investment strategy.

There is a single, combined Molten Ventures investment team and the EIS and VCT funds co-invest with the balance sheet of the Plc, and sometimes in syndicates with other fund managers, in EIS/VCT Qualifying deals.

In July 2021 Molten Ventures Plc moved to a main market listing on the London Stock Exchange the FTSE 250 index in September 2021 with a market capitalization of £1.6bn.

All of the earliest vintages of the EIS funds are now consistently at, or approaching, £1+ in distributions to investors for each £1 invested (plus EIS reliefs in addition) and still have significant unrealised holdings where the manager will seek to optimize exits for these remaining assets.

Since the previous Molten Ventures EIS review, the team raised £27m in the 2019/20 tax year and, £36m in 2020/21, which rebounded quickly following lower fund raising at the end of the prior tax year owing to coronavirus impacts

### Structure

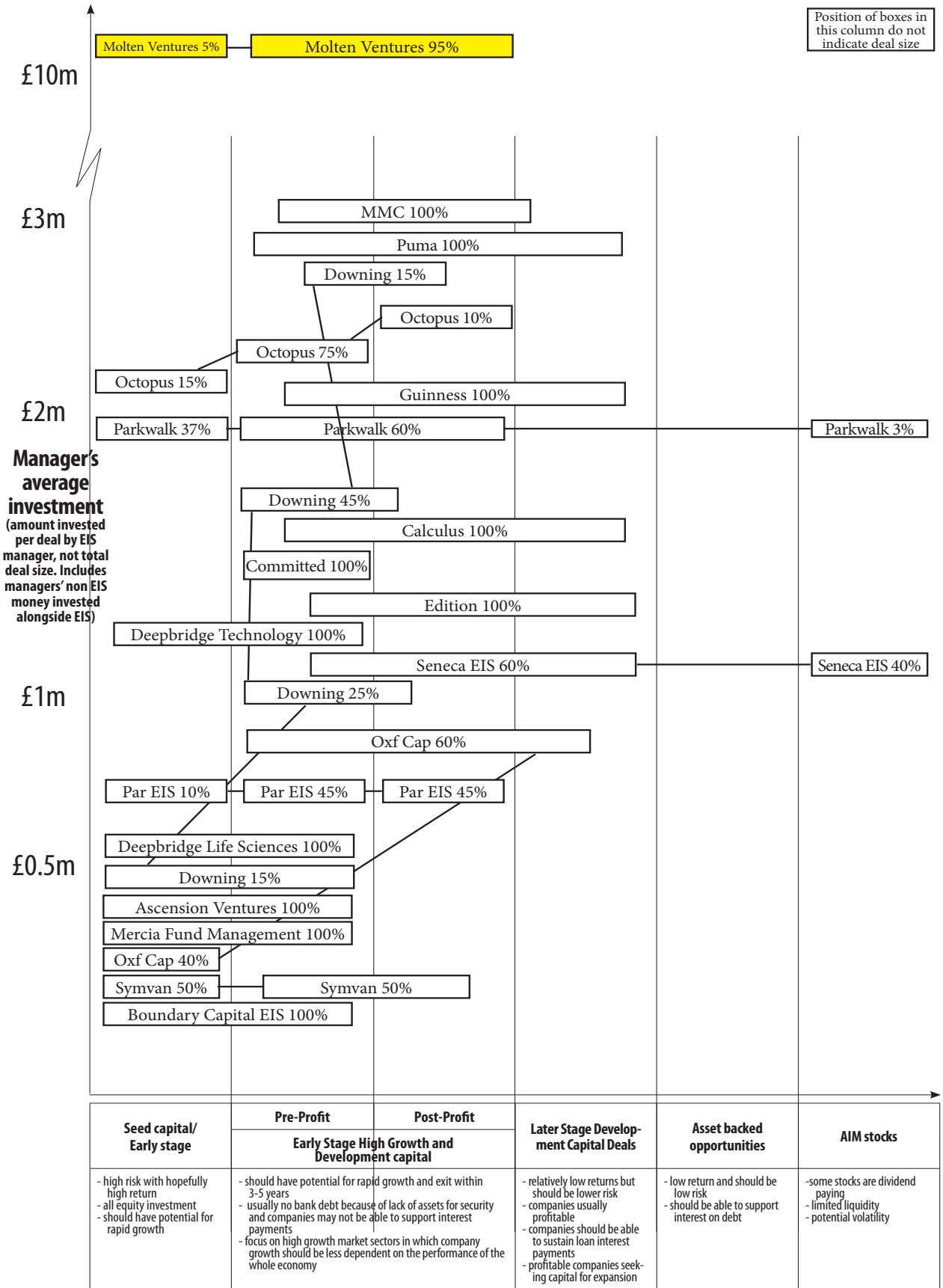
This offering is classified by the provider as a non-UCIS discretionary managed investment service. TER by reviewing the product does not validate, ratify, endorse or confirm its classification.

Companies that are hoping to attract subscriptions under the EIS can seek an assurance from HMRC, in advance of inviting applications for shares, to the effect that it is accepted that the conditions of the scheme will be satisfied. The response to a request for an assurance will take the form of a statement as to whether, on the basis of the information provided, HMRC would be able to authorise the company to issue certificates under ICTA/

S306 (2) or ITA/S204 in respect of the shares to be issued, following receipt of a form EIS1 satisfactorily completed. For this Fund, we are told that no investment will be made into a company unless advance assurance has been received prior to the date of investment.

The Molten Ventures EIS Fund is an unapproved fund so tax relief will only be available from the date of the underlying EIS investments. The risk for investors in an unapproved fund is that they cannot be sure how much tax relief will be available in a certain tax year, as it is driven by the investment rate of the provider, nor when they will become fully invested. Please note Tax Efficient Review does not give tax advice.

**Diagram 1: Investment strategies of main Growth EIS managers**  
 Source: Fund Managers (% figures refer to funds invested in companies, not funds raised) 06 June 2022





The Molten Ventures EIS programme has been managed from inception in 2012 by Encore Ventures LLP, which is independently regulated and authorised by FCA. In 2020 Molten Ventures Plc (under its previous name) acquired the

partnership interests of the two Managing Partners in Encore Ventures LLP (Richard Marsh and David Cummings) and became the 100% ultimate owner of the manager.

## The Offer

Molten Ventures EIS is known to focus on larger and later stage investment rounds in syndicated deals that would otherwise generally be beyond the reach of most EIS managers. The fund intends to invest in 8-12 companies for each fund raising close within 12-18 months of each close.

The fund manager sees its EIS investment strategy as differentiated because it offers private investors participation in investments through the same processes, and meeting the criteria, for a large publicly-listed venture capital fund run by an established manager with a strong exit track record. This hopefully might provide quality deal flow, including later stage investments into growth rounds for companies which have substantial revenues and high growth rates.

The fund has a co-investment strategy to invest alongside other funds and managers, including an internal deal sharing agreement with Molten Ventures PLC and the Molten Ventures VCT.

Molten Ventures Plc moved to a main market listing on the London Stock Exchange in 2021 subsequently entered the FTSE 250 index in September 2021.

Molten Ventures first entered the EIS market following changes in the 2012 Budget which expanded the number of employees an EIS qualifying company could have from 50 to 250. At a stroke, this enabled a lot of the companies that Molten Ventures were investing in to become EIS qualifying. Therefore, the investment strategy they have pursued since the launch of the first Molten Ventures EIS fund in 2012 has really been unchanged since 2006.

So how has this strategy performed for investors? The funds have achieved 14 exits to date, of which 10 have been profitable outcomes ranging from 1.3x - 10x gross return vs cost. Set against these 10 profitable exits, only 4 investments have returned less than their cost, with only one where there was a nil outcome, and the others

achieving a 0.2x-0.96x recovery of capital (with EIS reliefs in addition to this). This profile with its high proportion of profitable outcomes is worth noting and comparing against earlier stage investment strategies where a higher failure rate for investments is expected.

The Molten EIS team tell us that there have been no company failures arising from the coronavirus pandemic and the portfolio, overall, has been a beneficiary of the accelerated shifts in technology, eCommerce and digital adoption that reflect core components of the fund's' investment strategy.

The funds have seen exits in the past year which according to the manager were at early stages last year in processes that were paused when coronavirus hit. The positive impact however for one of these, SportPursuit, was that it navigated a very difficult operating environment to consistently achieve record results last year leading to a higher outcome for investors than might have been achieved 12 months earlier.

Within the portfolio, Graphcore, a semi-conductor business developing a new silicon chip architecture for Machine Learning (ML) and Artificial Intelligence (AI) applications was valued at \$2.8bn in its latest funding round. And Thought Machine, a software business developing 'cloud-based' core banking reached a \$1bn+ valuation following an investment round that included J. P. Morgan.

Most recently, as this report was being produced, the acquisition of portfolio company Bright Computing by NASDAQ-listed Nvidia was announced.

By way of recent examples of larger and/or late stage deals which the Molten Ventures team have invested in:

- **Graphcore Ltd:** now has a most recent valuation of \$2.8bn. Graphcore is a semi-

conductor business that aims to deliver up to 10-100x faster speeds for artificial intelligence (AI) and machine learning (ML) processing. The EIS funds invested as part of an overall investment round of \$30m from a syndicate which included leading UK and US venture capital funds, as well as Samsung and other strategic investors. Graphcore has now gone on to raise over \$500m in funding from investors including Microsoft and Silicon Valley-based Sequoia Capital

**PodPoint Ltd:** a portfolio company which was sold to EDF Energy, having established a position as one of the UK's leading providers of electric vehicle ("EV") charging points. PodPoint has developed one of the UK's largest public networks, connecting EV drivers with hundreds of charging stations nationwide, in addition to installing its products at home for customers of major automotive brands

- **Thought Machine Ltd:** The EIS funds first invested in 2020 as part of a funding round that was led by Molten Ventures and reported as an \$83m investment round, which demonstrates the scale of deals that the firm can lead and that the EIS fund can access. Thought Machine is a software business that is developing next generation core banking software built using modern, flexible, cloud computing-based technologies and design approaches to replace legacy IT systems. In November 2021 the company announced a further \$200m funding round including J. P. Morgan as a strategic investor, that resulted in another \$1bn+ valuation company in the portfolio
- **Back Office Technologies Ltd (t/a Form3):** The EIS funds first invested in 2019 and again 16 months later in 2020. The company is another 'Fintech' software business serving the finance sector and enabling account to account payments, again via a cloud computing-based software architecture that

can be rapidly integrated into other systems and workflows. In September 2021 the company announced a new funding round of \$160m led by Goldman Sachs which resulted in an 8x uplift in (unrealised) valuation for the fund's initial investment and over 3x for the second investment

The Molten Ventures EIS fund will typically focus its investment strategy on the following sectors:

1. **Consumer Technology:** companies with exceptional growth opportunities in national or international markets that are underpinned by new consumer facing products, innovative business models and proven execution capabilities
2. **Enterprise Technology:** companies developing the software infrastructure, applications and services that drive productivity improvements, convenience and cost reduction for enterprises
3. **'Deep Tech' Hardware:** companies developing differentiated technologies that underpin advances in computing, consumer electronics and other industries
4. **Healthcare:** companies leveraging digital and genomic technologies to create new products and services for the health and wellness markets

Historically, the Molten Ventures EIS funds have held back a portion of the fund (10%) as a reserve to provide follow-on funding to companies to protect investors from future dilution where companies need support. This follow-on funding is expected to be EIS Qualifying but may occur in later years. Now, however, this follow-on reserve has been made an option and investors may choose to opt-out and accelerate the deployment of their capital.

**Tax Efficient Review Strategy rating: 29 out of 30**

## Track Record/Performance

Performance measurement in the Generalist EIS area is difficult to measure and this is down to a number of factors:

- Generalist EIS providers have moved away from raising funds in tranches where all

investors received holdings in the same set of investee companies (and where performance of the set of companies could be measured) and have moved to multiple closings. This means that investors have more individual portfolios.

- Some providers are reluctant to provide data on individual portfolio performance claiming that, in some instances, poor performance can be down to pressure from investors to invest quickly and therefore ending up with little diversification which can lead to poor performance.
- With very few exits, performance becomes driven by manager valuation of unquoted holdings.
- There are multiple variations to performance measurement, for instance methodology (Internal Rate of Return, multiple of cost) and whether fees and tax breaks can be included or excluded from the calculation.

As part of our review process, we normally compile a performance measure showing, for each year of investment since 2013, figures for “Cost”, “Total Value (Realised & Unrealised)” and “Gross Multiple of investments purchased in the year” as a multiple of cost.

As the earlier Molten Ventures EIS funds are maturing and generating their own track record alongside the long standing Molten Ventures track record, they have generated 14 exits to date, of which 10 were profitable outcomes from 1.3x up to 10x, and 4 which returned less than their investment cost.

Within the investments that did not return their investment cost, three were partial recoveries of capital and one was a nil outcome for investors. The investments are, and remain, risk equity, but this ratio of successes is demonstrating a different return profile when compared with earlier stage and seed investment strategies that have been more common with EIS. The 2018 Grapeshot exit has shown that Molten Ventures’s late stage investment strategy does not restrict the upside from these investments (c.10x was achieved in this exit).

It is encouraging to see a flow of exits coming through from the manager’s EIS funds. The exit track record of Molten Ventures as a group has been consistently strong over the years, albeit a substantial portion of this exit track record was historically for investments that pre-dated the EIS programme. There is now evidence coming through that the manager’s EIS investments are also leading to successful and timely exits. The manager’s first EIS fund was invested during 2013. In total, the EIS funds have invested in 45

companies as at 30th September 2021, of which 14 have been realised at the time of writing

The ratio of profitable exits vs non-profitable is approximately 2:1, and there have been partial cost recovery from the non-profitable outcomes. This is consistent with the long run track record of the investment strategy that is also followed by Molten Ventures Plc and was set out in its IPO admission document.

Successful exits (1.3x to 10x gross investments return vs cost, including escrow / earnout, prior to performance fee):

- Neul (2.0x gross return) via an M&A exit to Chinese telecoms giant Huawei
- Datahug (1.3x gross return) via an M&A exit to NASDAQ-listed Callidus Cloud
- Conversocial (1.4x gross return, 0.8x for an earlier investment; profitable overall) via an M&A exit to NASDAQ-listed Verint Systems
- Horizon Discovery (two separate exits for two separate original investments, a 2.0x gross return, and a 2.7x gross return) via a sale of shares following IPO and the expiry of the EIS 3 year holding periods
- Unbound (2.5x gross return) via an optional exit for investors who had the opportunity to sell their shares to Molten Ventures Plc during a 2017 financing round
- PodPoint (2.7x gross return, and 2.2x gross return for a later investment) via an M&A exit to utilities company EDF Energy
- SportPursuit (4.7x gross return, and 2.8x gross return for a later investment round) via a sale to private equity investor BD Capital
- Bright Computing (4.9x gross return, and 2x gross return and 2.4x gross return for earlier investment rounds) via an M&A exit to NASDAQ-listed Nvidia
- Tails (10x gross return, and 5x gross return for a later investment round), via an M&A exit to Purina Petcare, a subsidiary of Nestlé
- Grapeshot (~10x gross return, and ~5x gross return for a later investment round, subject to USD FX rate for the final escrow payment) via an M&A exit to NASDAQ-listed Oracle.

The high multiple exits from Grapeshot and Tails show that the investment strategy, and the firm’s portfolio and exit management, can deliver high return multiples as well as numbers of exits. The Molten Ventures investment team and style is described as experienced, hands-on investors that will act early and work hard to find

successful outcomes via M&A for investments that have not performed to plan. The partial cost recoveries from Premfina, Aveillant and Campanja come from pro-active portfolio management to secure modest M&A transactions and exits rather than allowing the companies to fail. This is also demonstrated in the exit of Datahug which is described as “securing a profitable exit from an underperforming investment”.

Non-profitable / partial recovery investment outcomes (0x-0.4x):

- Achica (initially sold to Worldstores in a stock transaction, equivalent to ~0.45x of investment cost, excluding EIS reliefs). Ultimately Worldstores was acquired by Dunelm Group Plc in a low value transaction that yielded a 0x outcome for the EIS investment through this second transaction.
- Campanja (0.4x gross return) via an M&A exit to a private company.
- Aveillant (0.2x gross return) via an M&A exit to Thales.
- Premfina (0.9x) gross return) via an M&A exit to a private equity buyer.

We asked the manager to provide data on exits which have already been achieved to date from EIS investments. This is shown in Table 8. As can be seen, there have been a large number of exits to date.

Table 6 shows the data for each cohort/tranche

## The Manager

Molten Ventures is one of the largest and most active venture capital investors in Europe and the combined investment deployment in its financial year to 31st March 2022 is expected to be £300-400m+ across the group vehicles (Plc, EIS, VCT).

Molten Ventures, remains a member of the Draper Venture Network which is a collective of independent funds that operate across 30 cities on 4 continents, and cooperates on investment diligence, market intelligence, corporate relationships, co-investments and supporting portfolio companies' international expansion. The Draper Venture Network has offices in Silicon Valley and a team of business development executives available to assist any network portfolio company. An annual CEO conference is held (in pre-pandemic times and hopefully will resume) with attendance by 100s of CEO's and business development executives of important

of investments which Molten Ventures have made since 2013. Table 7 shows the list of existing investments within the Molten Ventures portfolio.

Table 9 shows the percentage split of the portfolio by the changes to the valuations. The majority of the portfolio is covered by either being held at cost or up-rated in value.

Table 10 shows the sector split of the portfolio with technology and healthcare taking up dominant positions across the investments. Table 11 shows the split of the portfolio by stage of investment, and this reflects one of the defining characteristics of the Molten Ventures EIS offer of investing in the larger/late stage companies permissible within the EIS legislation.

In summary, the track record of the Molten Ventures EIS has been impressive and early investors will quite rightly be happy with the returns they have seen. These returns have been derived from successful exits such as Grapeshot, Tails and sportPursuit. Later investments in more recent years are yet to show such promise, which is to be expected, but there are encouraging signs from Endomagnetics, Freetrade and Back Office Technology.

**Tax Efficient Review Track Record rating: 36 out of 40**

technology companies.

The investment team today has expanded considerably in since the Molten Ventures Plc IPO and now comprises 20 professionals. There is a single investment team that operates to find investments, and manage those assets through to exit, and there is an allocation to the EIS and VCT funds for Qualifying deals.

Since the last report, Simon Cook, an original co-founder of the business (together with Stuart Chapman) has left the firm following a planned transition period. Martin Davis took over from Simon as CEO of Molten Ventures Plc in 2019 and led the firm's move from AIM onto the main listing of the LSE in 2021 and its subsequent inclusion in the FTSE 250.

Despite the loss of Simon Cook, the team remains

Table 3 (1 of 2): Summary of EIS Performance by Tax Year - Gross multiple of investments made in the tax year

Tax Year	Ascension EIS Fund as at 21/03/2022	Deepbridge Tech as at 30/09/2021	Deepbridge Life Sciences as at 30/09/2021	Downing Healthcare as at 31/12/2021	Downing Ventures as at 31/12/2021	Molten Ventures as at 31/12/2021	Guinness as at 31/03/2022
2013/14		<b>3.10x</b> 4th of 7 3 (1 SH, 1 EAC, 1 PART)				<b>3.28x</b> 3rd of 7 11 (6 EAC, 1 EBC, 2 CWO, 2 SH)	
2014/15		<b>2.97x</b> 5th of 9 4 (2 SH, 1 EAC, 1 PART)		<b>3.83x</b> 3rd of 9 3 (1 CWO, 2 SH)	<b>6.30x</b> 1st of 9 7 (1 PE, 3 CWO, 3 SH)	<b>2.21x</b> 6th of 9 10 (2 EAC, 3 EBC, 1 CWO, 4 SH)	
2015/16		<b>3.29x</b> 3rd of 9 6 (3 SH, 1 CWO, 1 EAC, 1 PART)		<b>5.17x</b> 1st of 9 4 (1 CWO, 3 SH)	<b>2.24x</b> 6th of 9 20 (1 EAC, 1 PE, 8 CWO, 10 SH)	<b>2.74x</b> 5th of 9 13 (5 EAC, 1 CWO, 1 EBC, 6 SH)	
2016/17		<b>2.54x</b> 5th of 9 7 (4 SH, 1 CWO, 1 EAC, 1 PART)		<b>3.09x</b> 3rd of 9 3 (1 CWO, 2 SH)	<b>1.78x</b> 8th of 9 21 (1 EAC, 1 EBC, 1 PE, 8 CWO, 10 SH)	<b>4.38x</b> 1st of 9 6 (1 CWO, 5 SH)	
2017/18	<b>4.91x</b> 1st of 13 4 (1 EAC, 3 SH)	<b>1.30x</b> 11th of 13 11 (09 SH, 1 CWO, 1 PART)	<b>1.43x</b> 9th of 13 10 (09 SH, 1 CWO)	<b>1.83x</b> 6th of 13 7 (2 CWO, 5 SH)	<b>1.79x</b> 7th of 13 29 (1 PE, 9 CWO, 19 SH)	<b>1.56x</b> 8th of 13 8 (2 EAC, 6 SH)	<b>1.43x</b> 9th of 13 14 (2 EAC, 1 CWO, 3 PE, 8 SH)
2018/19	<b>1.62x</b> 4th of 14 14 (3 EAC, 1 CWO, 1 PART, 9 SH)	<b>1.17x</b> 10th of 14 13 (11 SH, 2 CWO)	<b>1.23x</b> 9th of 14 14 (14 SH)	<b>0.62x</b> 14th of 14 3 (2 CWO, 1 SH)	<b>1.79x</b> 2nd of 14 23 (8 CWO, 15 SH)	<b>1.46x</b> 6th of 14 14 (1 EAC, 4 CWO, 9 SH)	<b>1.67x</b> 3rd of 14 15 (1 EAC, 3 CWO, 11 SH)
2019/20	<b>1.66x</b> 5th of 14 5 (5 SH)	<b>1.17x</b> 12th of 14 24 (21 SH, 3 CWO)	<b>1.10x</b> 14th of 14 26 (26 SH)	<b>1.14x</b> 13th of 14 8 (1 CWO, 7 SH)	<b>1.22x</b> 10th of 14 27 (1 EAC, 4 CWO, 22 SH)	<b>1.89x</b> 3rd of 14 12 (1 EAC, 1 CWO, 10 SH)	<b>1.21x</b> 11th of 14 18 (1 EAC, 4 CWO, 13 SH)
2020/21	<b>1.17x</b> 8th of 14 8 (8 SH)	<b>1.28x</b> 6th of 14 19 (17 SH, 2 CWO)	<b>1.04x</b> 11th of 14 24 (24 SH)	<b>0.81x</b> 14th of 14 3 (3 SH)	<b>0.99x</b> 13th of 14 17 (2 CWO, 15 SH)	<b>1.79x</b> 2nd of 14 12 (2 CWO, 10 SH)	<b>1.57x</b> 4th of 14 14 (1 EAC, 1 CWO, 12 SH)
2021/22	<b>1.17x</b> 3rd of 14 16 (16 SH)	<b>1.24x</b> 2nd of 14 21 (21 SH)	<b>1.00x</b> 8th of 14 24 (24 SH)	<b>0.97x</b> 12th of 14 7 (7 SH)	<b>0.93x</b> 14th of 14 14 (1 CWO, 13 SH)	<b>1.00x</b> 8th of 14 7 (7 SH)	<b>1.00x</b> 8th of 14 17 (17 SH)

Source: Return calculations from providers, analysis by Tax Efficient Review 31/05/2022. Annual numbers of investments include new and follow-on

Table 3 (2 of 2): Summary of EIS Performance by Tax Year - Gross multiple of investments made in the tax year

Tax Year	Hambro Perks as at 31/03/2022	Mercia as at 30/09/2021	MMC as at 31/03/2022	Parkwalk as at 31/03/2022	Par as at 31/03/2022	Praetura Ventures as at 31/03/2022	Vala Capital as at 31/03/2022
2013/14		<b>1.59x</b> 7th of 7 6 (2 EAC, 1 EBC, 3 CWO)	<b>2.73x</b> 5th of 7 10 (3 EAC, 1 PE, 1 EBC, 5 CWO)	<b>2.14x</b> 6th of 7 16 (6 EAC, 1 EBC, 5 CWO, 4 SH)	<b>9.38x</b> 1st of 7 4 (3 EAC, 1 CWO)	<b>8.61x</b> 2nd of 7 2 (1 EAC, 1 EBC)	
2014/15		<b>3.41x</b> 4th of 9 10 (1 EAC, 7 CWO, 2 SH)	<b>2.21x</b> 6th of 9 11 (3 EAC, 1 EBC, 1 PE, 2 CWO, 4 SH)	<b>1.34x</b> 8th of 9 18 (2 EAC, 1 EBC, 6 CWO, 9 SH)	<b>1.09x</b> 9th of 9 6 (2 CWO, 4 SH)	<b>4.89x</b> 2nd of 9 4 (1 EAC, 1 CWO, 2 SH)	
2015/16		<b>1.11x</b> 9th of 9 17 (1 EAC, 9 CWO, 7 SH)	<b>4.04x</b> 2nd of 9 13 (3 EAC, 2 PE, 4 CWO, 4 SH)	<b>1.30x</b> 8th of 9 20 (4 EAC, 2 EBC, 7 CWO, 7 SH)	<b>1.36x</b> 7th of 9 1 (1 SH)	<b>3.10x</b> 4th of 9 3 (1 CWO, 2 SH)	
2016/17		<b>1.84x</b> 7th of 9 24 (1 EAC, 8 CWO, 15 SH)	<b>3.71x</b> 2nd of 9 11 (3 EAC, 2 PE, 1 CWO, 5 SH)	<b>1.86x</b> 6th of 9 22 (4 EAC, 2 CWO, 16 SH)	<b>0.88x</b> 9th of 9 6 (1 EAC, 2 EAC, 2 CWO, 1 SH)	<b>2.69x</b> 4th of 9 4 (1 CWO, 3 SH)	
2017/18		<b>0.99x</b> 13th of 13 24 (1 EAC, 1 EBC, 5 CWO, 17 SH)	<b>2.07x</b> 4th of 13 12 (2 EAC, 1 PE, 2 CWO, 7 SH)	<b>1.24x</b> 12th of 13 32 (3 EAC, 1 EBC, 4 CWO, 24 SH)	<b>2.26x</b> 3rd of 13 8 (1 EAC, 1 CWO, 6 SH)	<b>3.98x</b> 2nd of 13 4 (1 EAC, 1 CWO, 2 SH)	<b>1.92x</b> 5th of 13 7 (7 SH)
2018/19	<b>1.02x</b> 12th of 14 11 (1 CWO, 10 SH)	<b>1.44x</b> 8th of 14 21 (1 EAC, 1 CWO, 19 SH)	<b>2.86x</b> 1st of 14 14 (2 EAC, 12 SH)	<b>1.15x</b> 11th of 14 28 (1 EAC, 3 EBC, 4 CWO, 20 SH)	<b>0.80x</b> 13th of 14 10 (1 CWO, 9 SH)	<b>1.45x</b> 7th of 14 3 (3 SH)	<b>1.57x</b> 5th of 14 9 (9 SH)
2019/20	<b>2.77x</b> 2nd of 14 13 (13 SH)	<b>1.37x</b> 6th of 14 22 (22 SH)	<b>2.82x</b> 1st of 14 16 (1 EAC, 15 SH)	<b>1.30x</b> 7th of 14 29 (2 EAC, 1 EBC, 26 SH)	<b>1.23x</b> 9th of 14 13 (1 EAC, 2 CWO, 10 SH)	<b>1.29x</b> 8th of 14 9 (9 SH)	<b>1.68x</b> 4th of 14 9 (9 SH)
2020/21	<b>1.69x</b> 3rd of 14 12 (12 SH)	<b>1.28x</b> 6th of 14 17 (17 SH)	<b>3.61x</b> 1st of 14 12 (1 EAC, 11 SH)	<b>1.08x</b> 10th of 14 26 (1 CWO, 25 SH)	<b>1.03x</b> 12th of 14 18 (2 CWO, 16 SH)	<b>1.15x</b> 9th of 14 5 (5 SH)	<b>1.54x</b> 5th of 14 10 (10 SH)
2021/22	<b>0.96x</b> 13th of 14 12 (12 SH)	<b>1.01x</b> 7th of 14 12 (12 SH)	<b>1.34x</b> 1st of 14 10 (1 EAC, 9 SH)	<b>1.02x</b> 5th of 14 32 (32 SH)	<b>1.05x</b> 4th of 14 15 (15 SH)	<b>1.00x</b> 8th of 14 6 (6 SH)	<b>1.02x</b> 5th of 14 9 (9 SH)

IMPORTANT NOTE: The main constituent in the valuation is the manager's view of their investments (as there are few exits) - where an investee company is still held then the manager has provided the valuation. As a result of this element of discretion, valuations can vary materially, so a detailed analysis of the manager's valuation methodology is recommended in order to make meaningful comparisons

HOW TO READ THIS TABLE: This table seeks to provide some performance data related to unquoted investments made by the EIS managers in each tax year. As no investor investing in the tax year will have received holdings in each investee company, it does not reflect individual portfolio performance. In addition, different valuation dates between providers makes comparison a difficult task

Gross Valuation multiple and position in year group → **1.23x** 1st of 8  
 ← Colour of cell indicates tercile position of that year's performance  
 ■ indicates first tercile (best) ■ indicates second tercile ■ indicates third tercile (worst)  
 ← Number of investments (including follow-on) and current status CWO Complete Write-off or where current valuation is less than 5% of cost  
 EAC Exit Above Cost EBC Exit Below Cost PART Partial Exit SH Still Held

Provider fees have not been accounted for nor have any EIS tax breaks such as up-front tax relief or Loss Relief  
 For each tax year in column 1, the numbers in columns for each provider show the current value of all the investments made by the provider in that tax year followed by the number of holdings. So for example, a figure of 1.4x means that the value of the investments made that tax year are now valued by the manager at 1.4 times cost. A figure below 1 means the current value has declined below cost

Source: Return calculations from providers, analysis by Tax Efficient Review 31/05/2022. Annual numbers of investments include new and follow-on

one of the most experienced in European venture capital with a mix of experience and skill sets. Key team members, who form also the Management Board of Encore Ventures LLP, include:

- **Richard Marsh** (Senior Partner, Molten Ventures Plc; formerly Managing Partner of Encore Ventures LLP the EIS fund manager prior to its 100% acquisition by Molten Ventures Plc) has over 15+ years of experience in venture capital and investing through the EIS scheme. He is a successful entrepreneur and was Founder of software company Datanomic that was sold to Oracle. He holds an MBA from IMD, Switzerland
- **Stuart Chapman** (Chief Portfolio Officer, Director Molten Ventures PLC) has 20+ years of experience in venture capital in UK and US (Silicon Valley) and also started his VC career at 3i. Stuart was a previously a Board member of the British Venture Capital Association (BVCA).
- **Ben Wilkinson** (Chief Financial Officer, Director, Molten Ventures PLC) Ben is an experienced leader of public company finance teams having previously served for 5 years as CFO of AIM-listed President Energy PLC. Ben is a Chartered Accountant, FCA, with a background in M&A investment banking from ABN Amro/RBS
- **David Cummings** (Venture Partner, Molten Ventures Plc; formerly Managing Partner of Encore Ventures LLP the EIS fund manager prior to its 100% acquisition by Molten Ventures Plc) has been an active angel investor since 2001, was Managing Director of Lazard's TMT group in London, and a Director of KPMG. He is an LP in several VC funds, an active angel investor, and a member of Cambridge Angels. David holds an MBA from London Business School.
- **2017** – Resolver (Stuart Chapman), Real Eyes (Stuart Chapman), Pod Point (Simon Cook), Grapeshot (Stuart Chapman), Ieso Digital Health (Vishal Gulati), Streetteam (Simon Cook)
- **2018** – PushDr (Vishal Gulati), Evonetix (Vishal Gulati), Kaptivo (Stuart Chapman/ Jonathan Sibilia), Pod Point (Simon Cook), AppUX (Simon Cook/Philip O'Reilly), Endomagnetics (David Cummings/ Vishal Gulati), Real Eyes (Stuart Chapman), IXL Premfina (Simon Cook/Vinoth Jayakumar), Resolving (Stuart Chapman), Roomex (Nicola McClafferty), Apperio (Richard Marsh/Philip O'Reilly)
- **2019** – Fluidic Analytics (Vishal Gulati/ Richard Marsh), Form3 (Vinoth Jayakumar), Hadean Supercomputing (David Cummings), Ieso Digital Health (Vishal Gulati), Conversocial (Stuart Chapman), Streetteam Software (Simon Cook), Paragraf (David Cummings), Real Eyes (Stuart Chapman), Sweepr (Nicola McClafferty), Perkbox (Simon Cook / Vinoth Jayakumar),
- **2020** - Thought Machine (David Cummings / Vinoth Jayakumar), Curio Labs (Richard Marsh), PushDr (Stuart Chapman), Freetrade (Simon Cook / Vinoth Jayakumar), Perkbox (Simon Cook / Vinoth Jayakumar), Evonetix (Vishal Gulati), Ravelin Technology (Vinoth Jayakumar), Roomex (Nicola McClafferty), Form3 (Vinoth Jayakumar), Endomagnetics (David Cummings)
- **2021** - Primary Bid (Vinoth Jayakumar), Fluidic Analytics (Vishal Gulati), Riverlane Research (David Cummings / Stuart Chapman), Agora (Will Turner / Christoph Hornung), Focal Point Positioning (David Cummings), Cervest (Vinoth Jayakumar), Ieso (Vishal Gulati), SateliteVu (George Chalmers / Vinoth Jayakumar)

Table 12 in the appendix of this report contains a breakdown of their roles within the running of the Molten Ventures EIS. We asked Molten Ventures for a list for the investments made in recent years and who was the lead investment partner for each deal:

- :
- **2016** – PushDr (Vishal Gulati), Fluidic Analytics (Vishal Gulati, Richard Marsh), Graphcore (Alan Duncan), Perkbox (Simon Cook)

Molten Ventures is one of the largest and most active venture capital investors in Europe and the combined investment deployment in its financial year to 31st March 2022 is expected to be £300-400m+ across the group vehicles (Plc, EIS, VCT).

**Tax Efficient Review Management Team/Deal Flow/Exit rating: 17 out of 20**

## Fees and Costs

The difficulty in trying to compare fees and costs between EIS offers is that they can be charged to both the EIS investor directly or indirectly through the underlying EIS companies. TER consider that any charges made to the EIS companies affects the return to the EIS investor and therefore TER amalgamates both direct and indirect fees to compile a total “five year cost of ownership”. In order to compile the comparison table to illustrate the effect of total charges on a £100,000 portfolio invested for five years, TER have had to make a few assumptions which by definition are not “real world”. The key ones are:

- Level of charges are based on data provided by the portfolio manager
- The 20% assumed annual growth rate of investee companies is made by Tax Efficient Review for modelling purposes only. No estimate is either intended nor implied. Investee company values can go down as well as up.
- No investee company is written-off and all companies are sold together after five years
- Some providers have higher annual costs to reflect the more extensive levels of in-house management and administration of their EIS activities

From the data, TER has compiled two tables. Table 4 shows the detail of how the fees and charges accrue over five years together with a potential exit value of the portfolio if sold after five years.

Table 5 then compares the total fees for all the EIS providers and relates total fees to the level of gain driven by the assumed 20% growth rate of the portfolio.

As can be seen from Table 5, Molten are middle of the pack when comparing fees per £ of profit on our simulation.

Molten Ventures EIS fees are paid by investors and the fund does not make any charges to portfolio companies. Whilst this reduces the amount of an investor's subscription on which EIS relief is obtained, and some investors may

grumble about the upfront charges, Molten Ventures say it is an essential factor to maintain the quality of investments.

Molten Ventures say it is not market practice for mainstream venture capital funds to charge their portfolio companies and so if they were to do so, they would not be competitive in winning deals. The manager points out that charging deal fees to portfolio companies are not attractive to entrepreneurs for this reason, and will also need to invest more money in order to cover the outflow of these fees, and at a higher valuation for an equivalent equity ownership in the company – which is ultimately detrimental to investors' cash and returns.

Due to this policy, Molten Ventures has always charged it's fees to investors, however, this reduces the amount of tax relief an investor can claim. In 2019, Molten Ventures evolved their charging structure, so for each £1 subscribed into the fund (after any adviser fees, if relevant) 90p is invested and to achieve this a portion of the fees are deferred. The 4 year fee cap has been removed, but the management fee reduces down pro rata as holdings are sold and are no longer under management.

- **Initial Charge : 2% (+ VAT)**
- **Annual management charge : 2%+VAT** - for Years 1-5. Then reduces to 2% (+VAT) of the cost of remaining holdings in later years subject to a minimum threshold of 0.5% (+VAT) of the original subscription amount

However, the combined amount payable from initial subscriptions will not exceed of 7.5% (+VAT) plus £480 custodian fees and purchase dealing costs held back, so that a ~90p in each £1 subscribed can be invested. The balance of the managers' fees is deferred, and subject to, realisations of the investments.

- **Performance Fee: 20%+VAT** of proceeds above a hurdle rate of return for each investment

The performance fee is payable on a deal by deal basis but investors must be in profit

on their overall subscription to the fund at the end of the fund life for the manager to retain the performance fees. For each investment the hurdle rate is the part of an Investor's Subscription that is committed to that particular investment plus 6% per annum (compounded) until it reaches 1.25x of the amount invested, after which it shall not increase further.

A performance fee based on successful investment realisations rather than being paid

on the total return to the investor is not in the best interests of investors. However, our disappointment in this area is counterbalanced by the incorporation of a hurdle before the fee is paid. To judge how well Encore perform, one of the measures of satisfied investors is the performance fee earned by Encore. Encore tell us that they have earned a performance fee of "undisclosed, seven figures".

**Tax Efficient Review Costs rating: 7 out of 10**

Table [X]: **EIS offers estimated five year costs ranked by cost per £1 of profit**

Provider	Simulated 5 year return net of fees and charges	Simulated 5 year fees and charges	Simulated 5 year cost per £1 of investor profit (column 3 divided by excess of column 2 over £100,000)	% of costs charged to investors	% of costs charged to investee companies	Provider treatment of VAT on fees (Note 1)		
						VAT charged on Initial charge?	VAT charged on AMC?	VAT charged on Performance Fee?
BOUNDARY	£202,848	£32,311	£0.31	59%	41%	N/A	N/A	No
GUINNESS	£243,358	£47,078	£0.33	72%	28%	N/A	N/A	Yes
PAR EQUITY	£202,878	£34,613	£0.34	77%	23%	Yes	Yes	Yes
ASCENSION	£197,378	£36,849	£0.38	87%	13%	N/A	Yes	No
HAMBRO PERKS	£189,534	£35,084	£0.39	100%	0%	N/A	No	No
COMMITTED	£192,195	£39,367	£0.43	93%	7%	Yes	Yes	No
PARKWALK	£181,645	£34,986	£0.43	100%	0%	No	Yes	No
<b>MOLTEN VENTURES</b>	<b>£178,342</b>	<b>£35,772</b>	<b>£0.46</b>	<b>100%</b>	<b>0%</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
DOWNING HEALTHCARE	£191,645	£44,349	£0.48	94%	6%	No	Yes	Yes
DOWNING VENTURES	£191,645	£44,349	£0.48	94%	6%	No	Yes	Yes
DEEPBRIDGE TECH	£198,507	£48,592	£0.49	52%	48%	N/A	N/A	Yes
OXFORD CAPITAL	£177,473	£44,590	£0.58	93%	7%	Yes	Yes	Yes
MMC	£172,984	£43,891	£0.60	100%	0%	Yes	Yes	Yes
OCTOPUS	£189,598	£54,799	£0.61	100%	0%	No	Yes	Yes
MERCIA EIS	£173,744	£53,530	£0.73	73%	27%	Yes	Yes	Yes

Note 1: The treatment of VAT on fees differs between offers. "Yes" indicates that VAT is charged by the provider. "N/A" indicates that the fee is not charged. "No" indicates that the fee is not subject at present to VAT. This could change in the future. TER does not give VAT advice

This table illustrates the effect of total charges on a £100,000 portfolio invested for five years

Level of charges based on data provided by the portfolio manager

Some providers have higher annual costs to reflect the more extensive levels of in-house management and administration of their EIS activities

Key unrealistic assumptions made by Tax Efficient Review for modelling purposes only: 20% annual growth rate of all investee companies, no investee company is written-off, all companies are sold together after five years

No guarantee of future performance is either intended nor implied. Investee company values can go down as well as up. TER does not give tax advice.



Table 5: Tax Efficient Review Estimate of Total Charges over a five year period for MOLTEN VENTURES EIS

Fee type	Amount	Description	
Investor- Initial charge	2.40%	2%+VAT	
Investor- Annual management charge	2.40%	2%+VAT of net subscription	
Investor- Annual operating costs	0.00%	None	
Investor- Transaction specific costs	0.20%	0.2% (no VAT)	
Investor- Performance hurdle	125.00%	6% pa with max 125%	
Investor- Performance Fee	24.00%	20% plus VAT of profitable exits above hurdle, subject to 100% of an investors subscription being returned	
Investor- Custodian Fees-Admin per annum	0.00%	£80 per annum	
Investee companies- arrangement fees	0.00%	None	
Investee companies- dealing fee	0.00%	None	
Investee companies- annual monitoring fees	0.00%	None	
Investee companies- Exit fees	0.00%	None	
Number of investee companies	8		
Held back upfront to cover fees	10.00%	Covers 2.4% initial charge, 6 years of custodian fees and 2.75 years of management fees	
% of fund invested in yr1	50.00%		
% of fund invested in yr2	50.00%		
Assumed growth*	20.00%	Tax Efficient Review assumption	

	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL 5 YEAR FEES
Value of portfolio beg year	£100,000	£98,901	£118,573	£142,288	£170,745	
Less Initial charge	£10,000	£0	£0	£0	£0	£10,000
Less Transaction fees	£90	£90	£0	£0	£0	£180
Less Annual Operating Costs	£0	£0	£0	£0	£0	£0
Less Annual management charge	£0	£0	£0	£0	£4,800	£4,800
Less Arrangement fee	£0	£0	£0	£0	£0	£0
plus Assumed growth*	£8,991	£19,762	£23,715	£28,458	£33,189	
Monitoring fees	£0	£0	£0	£0	£0	£0
Exit fees/Deferred fees	£0	£0	£0	£0	£0	£0
Performance Fee	£0	£0	£0	£0	£20,792	£20,792
Value of portfolio at year end	£98,901	£118,573	£142,288	£170,745	£178,342	£35,772
Total cumulative charges	£10,090	£10,180	£10,180	£10,180	£35,772	

This table illustrates the effect of total charges on a £100,000 portfolio invested for five years.

Level of charges based on data provided by the portfolio manager.

Some providers have higher annual costs to reflect the more extensive levels of in-house management and administration of their EIS activities

\*Assumed annual growth rate of investee companies is made by Tax Efficient Review for modelling purposes only.

No estimate is either intended nor implied. Investee company values can go down as well as up.

Source: Fees data from Providers, Calculation by Tax Efficient Review. Report produced 09/11/2021

## Conclusion

The Molten Ventures EIS has been a welcome success story within the EIS market over the past 9 years. Investors in this EIS between 2013 and 2016 would be very happy with the returns they have seen in their back pocket. All of the earliest vintages of the EIS funds are now consistently at, or approaching, £1 in distributions to investors for each £1 invested (plus EIS reliefs in addition) and still have significant unrealised holdings remaining.

Performance within the EIS market can be difficult to assess, with many small EIS funds trumpeting how all of their investments have “gone up” in value. But these are often on the basis of the manager’s own valuations of their investee companies and with little or no “profitable exits” which have actually returned money back to investors. Molten Ventures are in a group of EIS managers who can actually show they have returned money back to investors from multiple profitable exits.

One of the main differentiators of the Molten Ventures EIS is that it targets larger and later stage companies permissible within the EIS legislation for investment. They also bring a level of institutional venture capital rigour to the analysis of these companies. Whilst this doesn’t necessarily mitigate the risk of EIS investing, the companies within the Molten EIS are expected to be at a later stage and/or better funded with larger rounds than other EIS funds within the peer group.

Fees are relatively competitive within the EIS market but they are set aside upfront (and drawn down over time). Whilst this reduces the investment amount on which EIS relief is obtained, Molten Ventures say it is an essential factor to maintain the quality of investments, and that the companies they are looking to invest in would not accept the charges that other EIS managers look to levy with an investment.

There have been some slow downs in the rate of deployment for recent tranches, although to be fair to Molten, they have always said it would take up to 12-18 months to achieve full deployment. But recently it has been taking towards the upper limit of that time frame. Whilst the pandemic can be pointed to for some of the blame for this length of time to achieve full deployment, it is something that advisers need to bear in mind.

But in summary, the track record of the Molten Ventures EIS has been impressive and early investors will quite rightly be happy with the returns they have seen. The management team have worked together for many years and they can draw of the extensive resources of their listed parent company. The earlier successes of companies such as Graphcore, Tails and Podpoint are something which the team can rely on less and less as time goes on, since investments in more recent years are yet to show such promise, which is to be expected. But there are encouraging signs in the valuations of more recent investments such as Endomagnetics, Freetrade and Back Office Technology.

**Tax Efficient Review Total rating: 89 out of 100** (for “EIS Growth fund from an established provider with track record”)

**Table 6: Analysis of Molten Ventures EIS unquoted holdings as at 31 Dec 2021**

	Issuer Name	Status	Cost	Value as at 31 Dec 2021	Multiple of value over cost
<b>Follow-on investments to be shown in year actually made and not aggregated with first investment</b>					
2013	Achica	Complete write-off	£655,115	£-	0%
2013	Datahug	Exited	£371,576	£440,444	119%
2013	Aveillant	Complete write-off	£174,761	£-	0%
2013	Horizon	Exited	£235,900	£468,743	199%
2013	Neul	Exited	£367,636	£756,015	206%
2013	United Authors Publishing Ltd	Exited	£24,400	£60,390	248%
2013	Tailsco Limited	Exited	£81,859	£839,631	1026%
2013	United Authors Publishing Ltd	Still Held	£28,020	£14,571	52%
2013	Lyst Limited	Still Held	£214,738	£4,467,533	2080%
2013	Conversocial Ltd	Exited	£174,747	£134,446	77%
2013	SportPursuit Ltd	Exited	£993,814	£3,706,752	373%
<b>2013 Total</b>			<b>£3,322,567</b>	<b>£10,888,526</b>	<b>328%</b>
2014	Horizon Tranche 2	Exited	£235,900	£638,439	271%
2014	Aveillant (follow on)	Exited	£52,428	£10,414	20%
2014	Achica (follow on)	Complete write-off	£150,103	£-	0%
2014	Campanja	Exited	£307,478	£119,531	39%
2014	Aveillant Tr1	Exited	£73,399	£14,581	20%
2014	Achica	Complete write-off	£854,842	£-	0%
2014	Lyst Limited	Still Held	£595,213	£3,746,681	629%
2014	Conversocial Ltd	Exited	£52,422	£40,655	78%
2014	Green Park Content Ltd	Still Held	£76,440	£76,440	100%
2014	Fluidic Analytics Limited	Still Held	£250,000	£759,370	304%
2014	United Authors Publishing Ltd	Still Held	£299,998	£113,454	38%
2014	SportPursuit Ltd	Exited	£-	£993,808	n/a
<b>2014 Total</b>			<b>£2,948,223</b>	<b>£6,513,373</b>	<b>221%</b>
2015	Datahug (follow on)	Exited	£93,821	£167,605	179%
2015	Aveillant Tr2 (follow on)	Exited	£34,952	£6,943	20%
2015	Aveillant Tr2 (follow on)	Exited	£48,933	£9,720	20%
2015	Achica	Exited	£267,205	£-	0%
2015	Tailsco Limited	Exited	£184,413	£872,872	473%
2015	Grapeshot	Exited	£999,999	£9,773,284	977%
2015	SportPursuit Ltd	Exited	£1,025,001	£2,908,736	284%
2015	Miura Systems Limited	Still Held	£1,010,914	£1,006,215	100%
2015	Lyst Limited	Still Held	£894,075	£1,995,967	223%
2015	Currency Fair	Still Held	£357,142	£425,451	119%
2015	Bright Computing	Still Held	£392,848	£471,348	120%
2015	Crowdcube Limited	Still Held	£679,997	£1,255,186	185%
2015	Conversocial Ltd	Exited	£328,307	£481,705	147%
2015	Push Dr Limited	Still Held	£750,033	£2,556	0%
<b>2015 Total</b>			<b>£7,067,639</b>	<b>£19,377,589</b>	<b>274%</b>
2016	Push Dr Limited	Still Held	£250,011	£852	0%
2016	Fluidic Analytics Limited	Still Held	£749,989	£1,027,549	137%
2016	Bright Computing	Complete write-off	£50	£-	0%
2016	Bright Computing	Still Held	£278,784	£292,468	105%
2016	Graphcore Ltd	Still Held	£694,235	£15,244,000	2196%
2016	Perkbox Ltd	Still Held	£785,828	£785,828	100%
2016	Green Park Content Ltd	Still Held	£959,923	£959,923	100%
2016	Push Dr Limited	Still Held	£460,740	£1,108	0%
<b>2016 Total</b>			<b>£4,179,560</b>	<b>£18,311,728</b>	<b>438%</b>

**Table 6: Analysis of Molten Ventures EIS unquoted holdings as at 31 Dec 2021**

	Issuer Name	Status	Cost	Value as at 31 Dec 2021	Multiple of value over cost
2017	Grapeshot	Exited	£363,092	£1,743,372	480%
2017	Podpoint	Exited	£1,561,000	£4,251,253	272%
2017	Realeyes (Holdings) Ltd	Still Held	£521,496	£134,762	26%
2017	Resolving Ltd	Still Held	£370,446	£315,968	85%
2017	United Authors Publishing Ltd	Still Held	£527,720	£110,874	21%
2017	Miura Systems Limited	Still Held	£86,573	£240,731	278%
2017	United Authors Publishing Ltd	Still Held	£495,272	£104,057	21%
2017	leso Digital Health Ltd	Still Held	£2,113,064	£3,672,311	174%
2017	Streetteam Software Ltd	Still Held	£1,605,152	£1,388,041	86%
<b>2017 Total</b>			<b>£7,643,815</b>	<b>£11,961,369</b>	<b>156%</b>
2018	Podpoint	Exited	£1,107,766	£2,446,076	221%
2018	Push Dr Limited	Still Held	£1,207,595	£981	0%
2018	Bright Computing	Still Held	£150,507	£604,445	402%
2018	Push Dr Limited	Still Held	£685,052	£556	0%
2018	Bright Computing	Still Held	£739,261	£3,044,546	412%
2018	Evonetix Ltd	Still Held	£1,004,524	£1,507,641	150%
2018	Light Blue Optics Ltd	Complete write-off	£440,808	£-	0%
2018	AppUX Ltd	Complete write-off	£412,496	£-	0%
2018	Endomagnetics Ltd	Still Held	£3,898,967	£13,203,202	339%
2018	Realeyes (Holdings) Ltd	Still Held	£434,850	£106,004	24%
2018	IXL PremFina Ltd	Exited	£926,176	£809,111	87%
2018	Resolving Ltd	Still Held	£1,942,207	£1,093,458	56%
2018	Roomex Ltd	Still Held	£2,374,367	£2,322,945	98%
2018	Apperio Ltd	Still Held	£2,950,135	£1,475,053	50%
2018	Crowdcube Limited	Still Held	£1,586,544	£4,017,941	253%
2018	Perkbox Ltd	Still Held	£3,676,124	£3,676,043	100%
<b>2018 Total</b>			<b>£23,537,380</b>	<b>£34,308,002</b>	<b>146%</b>
2019	Fluidic Analytics Limited	Still Held	£3,966,350	£3,966,350	100%
2019	Back Office Technology Ltd	Still Held	£2,787,403	£22,211,535	797%
2019	Hadean Supercomputing Limited	Still Held	£1,599,996	£2,333,328	146%
2019	United Authors Publishing Ltd	Still Held	£73,112	£119,194	163%
2019	Push Dr Limited	Complete write-off	£564,176	£699	0%
2019	leso Digital Health Ltd	Still Held	£545,882	£948,692	174%
2019	Conversocial Ltd	Exited	£1,000,000	£1,396,172	140%
2019	Perkbox Ltd	Still Held	£1,965,998	£1,965,996	100%
2019	Streetteam Software Ltd	Still Held	£4,700,673	£4,363,774	93%
2019	United Authors Publishing Ltd	Still Held	£246,497	£401,864	163%
2019	Paragraf Limited	Still Held	£1,717,446	£3,854,058	224%
2019	Realeyes (Holdings) Ltd	Still Held	£2,145,500	£542,169	25%
2019	Sweep Technologies Limited	Still Held	£2,006,261	£2,066,344	103%
<b>2019 Total</b>			<b>£23,319,293</b>	<b>£44,170,174</b>	<b>189%</b>
2020	Light Blue Optics Ltd	Still Held	£103,802	£25,242	24%
2020	Thought Machine Group	Still Held	£7,431,509	£12,463,461	168%
2020	Curio Labs Limited	Still Held	£1,100,922	£1,100,862	100%
2020	Push Dr Limited	Still Held	£19	£1,897	n/a
2020	Push Dr Limited	Complete write-off	£765,137	£949	0%
2020	Freetrade Limited	Still Held	£2,400,000	£9,467,158	394%
2020	Evonetix Ltd	Still Held	£2,198,710	£2,198,710	100%
2020	Ravelin Technology Ltd	Still Held	£6,087,073	£10,091,365	166%
2020	Roomex Ltd	Still Held	£1,749,316	£1,667,349	95%
2020	Back Office Technology Ltd	Still Held	£2,325,726	£7,679,079	330%

**Table 6: Analysis of Molten Ventures EIS unquoted holdings as at 31 Dec 2021**

	Issuer Name	Status	Cost	Value as at 31 Dec 2021	Multiple of value over cost
2020	Streetteam Software Ltd	Still Held	£728,159	£702,855	97%
2020	Endomagnetics Ltd	Still Held	£4,075,501	£8,458,239	208%
2020	Push Dr Limited	Still Held	£1,075,211	£3,999	0%
<b>2020 Total</b>			<b>£30,041,085</b>	<b>£53,861,164</b>	<b>179%</b>
2021	PrimaryBid Limited	Still Held	£3,052,973	£3,052,973	100%
2021	Fluidic Analytics Limited	Still Held	£649,997	£649,997	100%
2021	River Lane Research Limited	Still Held	£2,972,977	£2,972,977	100%
2021	Guybrush Limited	Still Held	£889,382	£889,382	100%
2021	Focal Point	Still Held	£1,979,997	£1,979,997	100%
2021	Cervest Limited	Still Held	£4,330,359	£4,330,359	100%
2021	Ieso Digital Health Ltd	Still Held	£3,333,287	£3,333,287	100%
2021	Global Satellite Vu Ltd	Still Held	£1,954,734	£1,954,734	100%
2021	All Plants Limited	Still Held	£2,354,540	£2,354,540	100%
<b>2021 Total</b>			<b>£21,518,248</b>	<b>£21,518,248</b>	<b>100%</b>
<b>Overall</b>			<b>£123,577,808</b>	<b>£220,910,173</b>	<b>179%</b>

Source: Molten Ventures EIS

Table 7: Molten Ventures EIS Unquoted portfolio analysis for Tax Efficient Review as at 31st Dec 2021

Investee name	Amount invested £m	Current Value £m	Date of first investment	Syndicated	Lead investor	Structure of investment	Industry sector	Financing stage	Valuation method	Multiple of cost
Graphcore Ltd	0.69	15.53	Sep-16	Y	Y	Equity	Technology Hardware & Equipment	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	22.37
Lyst Limited	1.70	10.21	Jan-13	N	Y	Equity	General Retailers	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	5.99
Back Office Technology Ltd	5.11	29.89	Feb-19	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	5.85
Freetrade Limited	2.40	9.47	Mar-20	N	Y	Equity	General Financial	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	3.94
Bright Computing	1.56	4.41	Jul-15	Y	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on industry valuation benchmarks	2.83
Endomagnetics Ltd	7.98	21.66	Jul-18	N	Y	Equity	Health Care Equipment & Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	2.72
Crowdcube Limited	2.27	5.27	Oct-15	Y	N	Equity	General Financial	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	2.33
Paragraf Limited	1.72	3.85	Oct-19	Y	N	Equity	Construction & Materials	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	2.24
Thought Machine Group	7.43	12.46	Feb-20	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	1.68
Ravelin Technology Ltd	6.09	10.09	Jun-20	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on industry valuation benchmarks	1.66
Hadean Supercomputing Limited	1.60	2.33	Apr-19	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on industry valuation benchmarks	1.46
Ieso Digital Health Ltd	5.99	7.95	Dec-17	N	Y	Equity	Health Care Equipment & Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	1.33
Currency Fair	0.36	0.43	Jul-15	Y	N	Equity	General Financial	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on price of recent investment	1.19
Evonetix Ltd	3.20	3.71	May-18	N	Y	Equity	Pharmaceuticals & Biotechnology	Early Stage, Pre-Revenue	Uplift in value, manager valuation based on price of recent investment	1.16
Fluidic Analytics Limited	5.62	6.40	Dec-14	Y	N	Equity	Health Care Equipment & Services	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on industry valuation benchmarks	1.14

Table 7: Molten Ventures EIS Unquoted portfolio analysis for Tax Efficient Review as at 31st Dec 2021

Investee name	Amount invested £m	Current Value £m	Date of first investment	Syndicated	Lead investor	Structure of investment	Industry sector	Financing stage	Valuation method	Multiple of cost
Miura Systems Limited	1.10	1.25	Apr-15	Y	N	Equity	Technology Hardware & Equipment	Later Stage, Pre-profit expansion	Uplift in value, manager valuation based on industry valuation benchmarks	1.14
Sweep Technologies Limited	2.01	2.07	Dec-19	N	Y	Equity	Software & Computer Services	Early Stage, Pre-Revenue	Cost	1.03
All Plants Limited	2.35	2.35	Dec-21	N	Y	Equity	Food & Drug Retailers	Later Stage, Pre-profit expansion	Cost	1.00
Cervest Limited	4.33	4.33	Oct-21	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Cost	1.00
Focal Point Positioning Ltd	1.98	1.98	Apr-21	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Cost	1.00
Global Satellite Vu Limited	1.95	1.95	Nov-21	Y	N	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Cost	1.00
Green Park Content Ltd	1.04	1.04	Jul-14	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Cost	1.00
Guybrush Limited	0.89	0.89	Apr-21	N	Y	Equity	General Retailers	Later Stage, Pre-profit expansion	Cost	1.00
PrimaryBid Limited	3.05	3.05	Jan-21	Y	N	Equity	General Financial	Later Stage, Pre-profit expansion	Cost	1.00
River Lane Research Limited	2.97	2.97	Mar-21	N	Y	Equity	Software & Computer Services	Early Stage, Pre-Revenue	Cost	1.00
Perkbox Ltd	6.43	6.43	Dec-16	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Cost	1.00
Curio Labs Limited	1.10	1.10	Feb-20	Y	N	Equity	Media	Later Stage, Pre-profit expansion	Cost	1.00
Roomex Ltd	4.12	3.99	Oct-18	N	Y	Equity	Travel & Leisure	Later Stage, Pre-profit expansion	Write-down up to 15%	0.97
Streetteam Software Ltd	7.03	6.45	Dec-17	N	Y	Equity	Travel & Leisure	Later Stage, Pre-profit expansion	Write-down up to 15%	0.92
Resolving Ltd	2.31	1.41	Feb-17	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Write-down 26%-50%	0.61
United Authors Publishing Ltd	1.70	0.86	Dec-12	Y	Y	Equity	Media	Later Stage, Pre-profit expansion	Write-down 26%-50%	0.51
Apperio Ltd	2.95	1.48	Nov-18	N	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Write-down 26%-50%	0.50
Realeyes (Holdings) Ltd	3.10	0.78	Feb-17	Y	Y	Equity	Software & Computer Services	Later Stage, Pre-profit expansion	Write-down 51%-75%	0.25
Kaptivo/Lifesize	0.55	0.03	Jun-18	Y	N	Equity	Technology Hardware & Equipment	Later Stage, Pre-profit expansion	Write-down 76%-100%	0.05
Push Dr Limited	5.76	0.01	Dec-15	Y	Y	Equity	Health Care Equipment & Services	Later Stage, Pre-profit expansion	Write-down 76%-100%	0.00
AppUX Ltd	0.41	-	Jul-18	N	Y	Equity	Software & Computer Services	Early Stage, Pre-Revenue	Write-down 76%-100%	-
<b>TOTALS</b>	<b>£110.87m</b>	<b>£188.11m</b>								<b>1.70</b>

Source: Molten Ventures EIS

Table 8 (1 of 2): Realisation analysis including write-offs - since inception to 31st Dec 2021

Investee Company Name	Achica	Aveillant	Campanja	Conversocial	Datahug	Grapeshot	Horizon Discovery	
Structure of investment (Equity/Debt)	Equity	Equity	Equity	Equity	Equity	Equity	Equity	
Sector	eCommerce	Technology, hardware and Equipment	Software,& Computer services	Software,& Computer services	Software,& Computer services	Software,& Computer services	Healthcare	
Financing stage when first invested	Later Stage, Pre-profit expansion	Later Stage, Pre-profit expansion	Later Stage, Pre-profit expansion	Later Stage, Pre-profit expansion	Later Stage, Pre-profit expansion	Later Stage, Pre-profit expansion	Later Stage, Pre-profit expansion	
Board Seat (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Syndicated (Yes/No)	Not initially	Yes	Yes	Not initially	No	Yes	Yes	
Amount EIS originally invested (£000)	655,115	174,761	307,478	174,747	371,576	999,999	235,900	
Date	07/12/2012	28/03/2013	04/04/2014	24/05/2013	27/03/2013	17/12/2015	30/05/2013	
Further investment amounts (if any) (£000 & dates)	1,004,945 27/06/2014 237,929 09/07/2015 92,617 24/07/2015	125,827 11/06/2014 83,885 22/04/2015		52,422 24/02/2014 328,307 15/12/2015 1,000,000 20/08/2019		93,821 12/02/2015	363,092 24/04/2017	235,900 10/03/2014
Realisations/ Dividends (£000 & dates)	0 28/11/2016	34,143 28/11/2017	174,668 14/08/2015	2,005,379 20/08/2021	592,896 07/11/2016	11,233,793 15/05/2018	479,390 20/01/2017 640,703 19/07/2017	
Annual internal rate of return (%)	-41.36%	-19.08%	-8.22%	12.17%	13.55%	79.62%	27.57%	
Length of investment (years)	4	5	1	8	4	2	4	

Source: Molten Ventures EIS

Table 8 (1 of 2): Realisation analysis including write-offs - since inception to 31st Dec 2021

Investee Company Name	Neul	Podpoint Holdings	IXL Premfina	SportPursuit	Taisco	Unbound
Structure of investment (Equity/Debt)	Equity	Equity	Equity	Equity	Equity	Equity
Sector	Technology, hardware and Equipment	Electric Vehicle Charging	Insurance technology	eCommerce	eCommerce	eCommerce, Publishing
Financing stage when first invested	Early Stage, Pre-Revenue	Later Stage, Pre-profit expansion	Early Stage, Pre-Revenue	Later Stage, Pre-profit expansion	Early Stage, Pre-Revenue	Later Stage, Pre-profit expansion
Board Seat (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes
Syndicated (Yes/No)	Yes	No	Yes	Not initially	Yes	Not initially
Amount EIS originally invested (£000)	367,636	1,561,000	926,176	993,814	81,859	24,400
Date	03/09/2013	04/04/2017	28/07/2018	25/10/2013	13/12/2013	20/12/2012
Further investment amounts (if any) (£000 & dates)		1,107,766 05/07/2018		1,025,001 02/03/2015 0 02/10/2015	186,005 27/11/2015	
Realisations/ Dividends (£000 & dates)	756,015 18/09/2014	6,650,785 13/02/2020	809,111 20/07/2021	7,609,296 14/06/2021	1,710,093 27/04/2018	60,390 31/03/2017
Annual internal rate of return (%)	99.87%	46.00%	-1.60%	53.04%	76.33%	23.59%
Length of investment (years)	1	3	3	8	4	4

Source: Molten Ventures EIS



**Table 9: Molten Ventures EIS unquoted portfolio analysis of valuation methodology (% of original cost) as at 31st Dec 2021**

Cost	25%
Write-down up to 15%	10%
Write-down 26%-50%	6%
Write-down 51%-75%	4%
Write-down 76%-100%	6%
Uplift in value, manager valuation based on price of recent investment with no new external investor	0%
Uplift in value, manager valuation based on price of recent funding round which included new external investor(s)"	35%
Uplift in value, manager valuation based on industry valuation benchmarks	14%
<b>TOTAL</b>	<b>100%</b>

Source: Molten Ventures EIS

**Table 10: Molten Ventures EIS unquoted analysis of sector (% of original cost) as at 31st December 2021**

DESCRIPTION	
Software & Computer Services	46%
Health Care Equipment & Services	23%
Travel & Leisure	10%
General Financial	7%
Pharmaceuticals & Biotechnology	3%
Media	3%
General Retailers	2%
Food & Drug Retailers	2%
Technology Hardware & Equipment	2%
Construction & Materials	2%
<b>TOTALS</b>	<b>100%</b>

Source: Molten Ventures EIS

**Table 11: Molten Ventures EIS unquoted portfolio analysis of investment stage (% of original cost) as at 31st December 2021**

DESCRIPTION	
Early Stage, Pre-Revenue	8%
Later Stage, Pre-profit expansion	92%
<b>TOTALS</b>	<b>100%</b>

Source: Molten Ventures EIS

**Table 12: Matrix of individual responsibilities - Molten Ventures EIS- 31st Dec 2021**

NAMES	Richard Marsh	Stuart Chapman	Ben Wilkinson	Additionally, Investment Team across all funds (Plc, EIS, VCT)
Deal origination	5%	5%		40%
General enquiries	5%			
New deal doing	10%		5%	5%
Investee board observer seat				
Investee board director seats No.	3	5		c.50
Sitting on Boards/Monitoring	30%	20%		40%
Fund raising	20%			
Internal issues	20%	5%	5%	10%
Exits	5%		5%	5%
<b>NON EIS WORK</b>				
Non EIS work	5%	70%	85%	
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Years in venture capital	20	20	5	
Years involved with EIS Funds	20	10	5	
Years with current team	11	15	5	

Source: Molten Ventures EIS