



Molten Ventures VCT plc Prospectus

OCTOBER 2023

REGISTRATION NUMBER 03424984

Molten Ventures VCT plc is managed by Elderstreet Investments Limited, which is authorised and regulated by the Financial Conduct Authority (FRN: 148527). Elderstreet Investments Limited is a 100% subsidiary of Molten Ventures plc.

Prospective Investors are reminded that Molten Ventures VCT plc (LSE: MVCT) is distinct from Molten Ventures plc (LSE: GROW) and does not form part of its group.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA").

This document constitutes a prospectus dated 3 October 2023 (the "**Prospectus**") issued by Molten Ventures VCT plc (the "**Company**", the "**VCT**"), prepared in accordance with the Prospectus Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**Prospectus Regulation**"). This Prospectus has been approved by the Financial Conduct Authority ("**FCA**") as competent authority under the Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered an endorsement of the Company or of the quality of the securities that are the subject of this Prospectus and Investors should make their own assessment as to the suitability of investing in the securities. This Prospectus has been drawn up as part of a simplified prospectus in accordance with Article 14 of Prospectus Regulation.

A brief summary written in non-technical language and conveying the essential characteristics and risks associated with the Company and the Ordinary Shares of 5p each in the capital of the Company (the "**New Ordinary Shares**") which are being offered for subscription (the "**Offer**") is contained in a summary on pages 5 to 9 of this document, however you are advised to read the Prospectus in full, including any supplemental prospectus(es) which may be issued from time to time by the Company.

The Company and the Directors (whose names are set out on page 76) accept responsibility for the information contained in the Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

MOLTEN VENTURES VCT PLC

*(Incorporated in England and Wales under the Companies Act 1985 with
registered number 03424984)*

OFFER FOR SUBSCRIPTION

for the tax years 2023/24 and 2024/25

**Target Fundraise: £20 million plus over-allotment facility of £20 million
(Up to a maximum of 100,000,000 New Ordinary Shares)**

The Prospectus is dated 3 October 2023. The Offer will be open for applications from 9.00 a.m. on 12 October 2023 until the earlier of 4.00 p.m. on 28 June 2024 (or such later date as the Board may decide) and the date on which the relevant Maximum Subscription is reached. Applicants who wish to have some or all of their New Ordinary Shares allotted in the tax year 2023/24 must return their completed Application Form, with cleared funds received by the Receiving Agent, by 10.00 a.m. on 5 April 2024.

Early Investment Incentives

In recognition of the increased rates of interest available on cash balances held pending allotment, the Board and the Promoter have agreed an enhanced early investment incentive structure aimed at encouraging early subscriptions and ensuring that the benefit of bank interest, which would otherwise be foregone by the investor, is partially enjoyed by early investors through the application of an enhanced discount.

For valid applications received and accepted with cleared funds received by the Receiving Agent on or before the dates set out below, the relevant discount set out below will be applied to the applicant's Offer costs through the Pricing Formula:

31 October 2023	1.25%
30 November 2023	1.00%
31 December 2023	0.75%
31 January 2024	0.50%
28 February 2024	0.25%

Applications received from 1 March 2024 onwards will not attract any discount.

The Offer is not underwritten nor subject to reaching a minimum subscription level.

Shares issued by the Company to Existing Shareholders are listed on the Official List of the FCA and traded on the London Stock Exchange's market for listed securities. Application will be made to the FCA for all of the New Ordinary Shares to be issued pursuant to the Offer to be listed on the Official List and will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that Admission to the Official List will become effective and that dealings in the New Ordinary Shares will commence five Business Days following allotment. The New Ordinary Shares will rank *pari passu* with the Shares held by Existing Shareholders from the date of issue.

The minimum subscription per Investor under the Offer is £6,000 including any initial adviser charges for facilitation. Details on the procedure for lodging online Application Forms are set out on pages 84 and 85.

The Offer is not being made, directly or indirectly, in or into any jurisdiction other than the United Kingdom and should not be distributed, forwarded or transmitted in or into any other territory.

SPARK Advisory Partners Limited ("**Sponsor**"), which is authorised and regulated in the UK by the FCA, is acting as sponsor for the Company and no-one else and will not be responsible to any other person for providing the protections afforded to customers of the Sponsor or for providing advice, subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder.

In connection with the Offer, Elderstreet Investments Limited (the "**Manager**"), the promoter of the Offer and investment manager to the Company, the Manager is acting for the Company and no-one else and will not be responsible to anyone other than the Company for providing protections or for providing advice in relation to the Offer (subject to those responsibilities and liabilities arising under FSMA and the regulatory regime established thereunder). Elderstreet Investments Limited is authorised and regulated by the FCA (FRN: 148527).

If Investors have any questions regarding this investment, they should contact their own financial intermediaries. Intermediaries may wish to contact RAM Capital, who are acting as marketing advisers in respect of the Offer, on 0203 006 7530 or by sending an e-mail to taxsolutions@ramcapital.co.uk. Prospective Investors should note that no investment, tax or legal advice can be given by RAM Capital or the Manager.

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SUMMARY

SECTION 1: INTRODUCTION

This summary forms part of the Prospectus dated 3 October 2023 issued by the Company and which has been approved by the FCA, the competent authority under the Prospectus Regulation.

The Prospectus describes a public offer by the Company to raise up to £20 million (with a £20 million over-allotment facility) via the issuance of the New Ordinary Shares (ISIN: GB0002867140).

The FCA may be contacted at:

Financial Conduct Authority
12 Endeavour Square
London E20 1JN

The Company's contact details are:

Address: St Magnus House, 3 Lower Thames Street, London EC3R 6HD

VCT Administrator's Email: customer@downing.co.uk

Website: <https://investors.moltenventures.com/investor-relations/vct>

Telephone: 0207 416 7780

Warning: The summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the Investor. Investors could lose all or part of the invested capital. Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only where the Summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid Investors when considering whether to invest in such securities.

SECTION 2: KEY INFORMATION ON THE ISSUER

Who is the Issuer of the securities?

The Company is the issuer of the securities which are the subject of this Prospectus.

The Company is a public limited liability company which is registered in England and Wales with registered number 03424984. Its Legal Entity Identifier is: 2138003I9Q1QPDSQ9Z97. The Company is approved by HMRC as a venture capital trust ("**VCT**") in accordance with the VCT regulations. It is intended that the business of the Company be carried on so as to maintain its VCT status.

The Company has no parent company and is owned by individuals, none of whom owns more than 3.0% of its ordinary share capital. The Company has no subsidiaries. The Company has four non-executive directors – David Brock (Chairman), Hugh Aldous (Senior Independent Director), Richard Marsh and Nicholas Lewis.

The Company's auditors are BDO LLP of 55 Baker Street, London W1U 7EU.

What is the key financial information regarding the Issuer?

Certain key historical information of the Company is set out below:

	Audited year end to 31 March 2023	Audited year end to 31 March 2022	Audited year end to 31 March 2021
Net assets	£110,312,000	£107,567,000	£55,412,000
Number of Shares in issue	206,931,912	177,597,183	110,738,558
Net asset value per Share	53.3p	60.6p	50.0p
Dividends paid per Share in respect of the year	1.5p	4.6p*	2.5p

* Includes a special dividend of 1.6p

Income statement	Audited year end to 31 March 2023	Audited year end to 31 March 2022	Audited year end to 31 March 2021
Income	£1,000	£300,000	£104,000
Gains/(losses) on investments	£(4,926,000)	£20,233,000	£9,770,000
Investment management fees	£(2,167,000)	£(1,721,000)	£(921,000)
Other expenses	£(468,000)	£(407,000)	£(420,000)
Return/(Loss) on ordinary activities after tax	£(7,560,000)	£18,405,000	£8,533,000
Return/(Loss) per Share	(4.0)p	12.0p	7.9p

Balance Sheet	Audited year end to 31 March 2023	Audited year end to 31 March 2022	Audited year end to 31 March 2021
Fixed assets			
Investments	£81,557,000	£76,808,000	£44,756,000
Current assets			
Debtors	£27,000	£20,000	£78,000
Cash at bank and in hand	£28,845,000	£31,095,000	£10,659,000
Creditors: amounts falling due within one year	£(117,000)	£(356,000)	£(81,000)
Net current assets	£28,755,000	£30,759,000	£10,656,000
Net assets	£110,312,000	£107,567,000	£55,412,000
Capital and reserves			
Called up share capital	£10,347,000	£8,880,000	£5,537,000
Capital redemption reserve	-	£794,000	£659,000
Share premium account	£8,689,000	£56,273,000	£18,321,000
Merger reserve	-	£673,000	£1,828,000
Special reserve	£65,178,000	£5,303,000	£15,463,000
Capital reserve - unrealised	£27,346,000	£35,220,000	£14,159,000
Capital reserve - realised	£853,000	£1,516,000	-
Revenue reserve	£(2,101,000)	£(1,092,000)	£(555,000)
Total equity shareholders' funds	£110,312,000	£107,567,000	£55,412,000
Basic and diluted net asset value per share	53.3p	60.6p	50.0p

What are the key risks that are specific to the Issuer?

- The value of the Shares and the income received from them can fluctuate and Investors may not get back the amount invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying Net Asset Value, and that Shareholders will be able to realise their shareholding or that dividends will be paid.
- There is a time delay between the publication of this Prospectus and the subsequent allotment of Shares which may result in ineligibility to receive any dividends issued during the interim period and/or material deviations from the figures presented resulting from prevailing macroeconomic conditions which may require the issue of a supplemental prospectus(es).
- The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. Portfolio company performance is particularly susceptible to any economic downturn and slowdown in growth, increased interest rates, exchange rate fluctuations, inflation and wholesale price increases, and volatility in capital and foreign exchange markets. Such macroeconomic conditions may substantially and adversely affect the business, financial and operating performance. Consequently, there could be fewer willing buyers for the Company's portfolio company investments and a reduction in exit values ultimately impacting Shareholder returns, the value of the investments and income derived from them can rise and fall. Realisation of investments in small unquoted companies can be difficult and may take considerable time.
- Governmental, economic, fiscal, monetary or political policy, including but not limited to wars, unforeseen legislative changes, and/or increasing interest rates, could materially affect the UK economy and accordingly the performance of the Company and/or portfolio companies in which the Company invests, and could negatively affect the value of the Company's Shares and the levels of returns from those Shares.
- As interest rates increase, the cost of borrowing may become materially more expensive. Where debt facilities are utilised by portfolio companies, they may find themselves unable to obtain debt finance at commercially acceptable rates.
- Investment in smaller and unquoted companies typically involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. Volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken, increasing the risk of a "self-reinforcing" economic downturn. A climate of uncertainty may reduce the availability of potential funding opportunities and increases the difficulty of modelling marketing conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon forecasts. Markets for smaller companies' securities may be less regulated and are often less liquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.
- VCTs may only invest in companies which pass a "risk to capital" gateway test requiring the investee company to have long term growth and development objectives and for the investment to carry a significant risk that invested capital will be lost over and above the net return to the Company.
- The Company is required to operate within the constraints of the VCT legislation and there can be no guarantee that the Company will retain its status as a VCT, the loss of which could lead to adverse tax consequences for Investors, including a requirement to repay the 30% income tax relief. The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which could affect tax reliefs obtained by Shareholders and the VCT status of the Company.
- Pursuant to a 'sunset clause' agreed to by the UK government in order to secure State aid approval for the VCT and EIS schemes from the EU, VCT tax reliefs will only be available for shares issued before 6 April 2025 as things currently stand. In March 2023, Jeremy Hunt, the Chancellor of the Exchequer, stated that it was "the government's firm intention to extend [the VCT and EIS Schemes] beyond the current sunset on 6 April 2025". The outcome of any further government deliberations as whether to repeal, amend or renew the scheme is inherently uncertain and if the scheme is not renewed, or renewed on unfavourable terms, this could impact the Company's ability to raise funds in the future and accordingly its ability to make follow on investments into portfolio companies may be severely restricted.

SECTION 3: KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The securities being offered pursuant to the Offer are Ordinary Shares of 5 pence each (ISIN: GB0002867140). The New Ordinary Shares will be issued pursuant to resolutions passed by the Shareholders of the Company at the Company's annual general meeting which was held on 20 September 2023.

The New Ordinary Shares will rank equally in all respects with each other and with the existing Ordinary Shares. Shareholders will be entitled to receive certificates in respect of their New Ordinary Shares and will also be eligible for electronic settlement.

The New Ordinary Shares will be listed on the premium segment of the Official List and, as a result, will be freely transferable.

It is the Board's objective to maximise dividends to Shareholders and targets an annual dividend return equal to 5% of the Company's prevailing NAV, but its ability to do so will be restricted by liquidity, the availability of sufficient distributable profits, capital resources and VCT regulations. As a result, Shareholders are reminded that this is a target and the Company's ability to pay dividends is not guaranteed. Dividend amounts vary and may fall below the Board's 5% NAV target. For instance, due to VCT restrictions, the Company was only able to pay dividends equal to 2.8% of NAV in respect of the year ended 31 March 2023.

The Board does not currently intend to allot New Ordinary Shares prior to 5 April 2024 and accordingly subscribers under the Offer may not be entitled to receive the final dividend expected to be paid in April 2024 in respect of their New Ordinary Shares. The Board nonetheless may, in their absolute discretion, allot New Ordinary Shares earlier than 5 April 2024, including before the ex-dividend date which would be admissible for any future dividends.

Where will the securities be traded?

Applications will be made to the FCA for the Ordinary Shares offered for subscription pursuant to the Prospectus to be admitted to the premium segment of the Official List of the FCA. Application will also be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities. It is expected that admission will become effective and that trading in the New Ordinary Shares will commence five business days following allotment.

Is there a guarantee attached to the securities?

There is no guarantee attached to the New Ordinary Shares.

What are the key risks that are specific to the securities?

- Although the Shares will be listed on the London Stock Exchange, it is highly unlikely that a liquid market in these Shares will develop as the initial VCT income tax relief is only available to those subscribing for new shares. It may, therefore, prove difficult for Shareholders to sell their Shares and there is no guarantee that the market price of the Shares will fully reflect their underlying NAV.
- Shareholders should be aware that the sale of New Ordinary Shares within five years of their subscription will require the repayment of some or all of the 30% income tax relief obtained upon investment. Accordingly, an investment in the Company is not suitable as a short or medium term investment.
- Shareholders should note that if they have sold, or if they sell, any Shares within six months either side of their subscription for the New Ordinary Shares, then for the purposes of calculating the tax relief on the New Ordinary Shares the subscribed amount must be reduced by the amount received from the sale.
- The Finance Act 2014 amended the VCT regulations, such that VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, 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 reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks, and even prohibit it from paying dividends altogether at certain times.

SECTION 4: KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC

Under which conditions and timetable can I invest in this security?

The Offer opens on 12 October 2023 and will close on at 4.00 p.m. on 28 June 2024 subject to the discretion of the Directors to extend the Offer or close it early. The Offer will also close early if full subscription is reached. Investors must be over 18 years old.

Application has been made to the FCA for the New Ordinary Shares to be admitted to the Official List of the FCA. Application will also be made to the London Stock Exchange for such New Ordinary Shares to be admitted to trading on its market for listed securities. It is expected that Admission will become effective and that trading in the New Ordinary Shares will commence five Business Days following allotment.

The number of Shares to be issued to each Applicant will be calculated based on the following Pricing Formula (rounded down to the nearest whole Share) on the day of allotment:

$$\text{Number of New Ordinary Shares} = \left[\begin{array}{l} \text{Amount subscribed} \\ \text{(i) less Promotion Fee} \\ \text{(net of any Early Investment} \\ \text{Incentive)} \\ \text{(ii) less initial Adviser Charge or} \\ \text{commission (if any)} \end{array} \right] \div \left[\begin{array}{l} \text{Latest NAV per} \\ \text{Offer Share prior} \\ \text{to allotment date} \end{array} \right]$$

The estimated expenses of the Offer will be 5.5% of the funds raised (assuming investment solely by Investors in respect of whom commission is payable). If the Offer is fully subscribed the net proceeds of the Offer would be approximately £18.9 million (assuming no use of the over-allotment facility).

An existing holder of Ordinary Shares who does not subscribe for New Ordinary Shares pursuant to the Offer would experience no dilution in terms of NAV per share (as the assets of the Company will be increased by the proceeds of the Offer and the upfront costs of the Offer are borne by subscribers) but will experience dilution in terms of voting. The Company will pay an annual trail fee to certain eligible intermediaries, however, unlike the initial costs which are borne by subscribers through the application of the above Pricing Formula, this is a continuing cost to the Company. All other incidental costs of the Offer will be borne by the Promoter from its fee save for the costs of written Shareholder communications which shall be borne by the Company.

The Offer is not underwritten.

Why is this prospectus being produced?

The Offer is being made, and its proceeds will be used, to raise additional funds raised under the Offer to be invested in accordance with the Company's investment policy. The Company is a technology focused VCT. Funds raised under the Offer will, no later than three years following the end of the accounting period in which those shares are issued, be invested primarily in VCT qualifying companies (with the remainder being held in cash or other permitted non-qualifying investments) with 30% of such funds so invested within the first 12 to 24 months.

Consent to use Prospectus

The Company and the Directors consent to the use of this Prospectus and accept responsibility for its content also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given consent to use this Prospectus. The period for which consent to use this Prospectus is given and the offer period within which subsequent resale or final placement of securities by financial intermediaries can be made commences 3 October 2023 and closes at 4.00 p.m. on 28 June 2024 (subject to the extension or early closure of the Offer at the discretion of the Directors). All financial intermediaries may use this Prospectus for subsequent resale or final placement of the securities in the UK. There are no conditions attaching to this consent.

OFFER STATISTICS

Key Statistics

Fundraising Target	£20 million (with an over-allotment facility of up to an additional £20 million)
Illustrative Offer Price	53.3p ¹
Number of Shares expected to be issued pursuant to the Offer	38 to 75 million ²
Net Proceeds of the Offer if fully subscribed	£18.9 million – £37.8 million ²
Minimum Investment per Investor	£6,000

Offer Costs

Applications through intermediaries (commission payable³)

Promotion Fee	3.0%
Initial Commission	2.5%
Trail Commission	0.25% p.a. (maximum of five years) ³

Applications through intermediaries (no commission payable)

Promotion Fee	3.0%
Adviser Charges	As agreed between Investors and their intermediaries

Direct applications (no intermediary involvement)

Promotion Fee	3.5% ⁴
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Early Investment Incentives

For valid applications received and accepted with cleared funds received into the Receiving Agent's account before the dates set out below, the discount set out below will be applied to the applicant's offer costs through the Pricing Formula:

31 October 2023	1.25%
30 November 2023	1.00%
31 December 2023	0.75%
31 January 2024	0.50%
28 February 2024	0.25%

Applications received from 1 March 2024 onwards will not attract any discount to Offer Costs

- 1 Per New Ordinary Share; estimated figure assuming a NAV of 50.4p per Ordinary Share (being the unaudited NAV as at 31 July 2023 of 50.9p less the 0.5p dividend paid in September 2023 and adjusted for illustrative costs of 5.5%, rounded to the nearest 0.1p).
- 2 Approximate figures assuming the payment of a Promotion Fee and commission totalling 5.5% in relation to all applications. Range reflects the initial £20 million target and the potential for full use of the over-allotment facility. Note: a maximum of 100 million New Ordinary Shares may be issued pursuant to the Offer.
- 3 Commission will only be payable where permitted by FCA rules on inducements.
- 4 The Promotion Fee for direct applicants is higher than for those submitted via an intermediary due to the additional work undertaken by the Company and Manager. Shareholders are strongly encouraged to obtain independent advice with respect to any (re)investment in the Company.

Note: The New Ordinary Shares will be issued based on the Application Amount and the Pricing Formula set out on page 48 and the costs of the Promotion Fee, commission and adviser charges will be borne by subscribers through the application of the Pricing Formula. Accordingly, if an updated NAV per Ordinary Share is announced after publication of this document, this updated NAV will be used to calculate the number of New Ordinary Shares issued. In the event that such NAV per Ordinary Share materially deviates from the figures presented in this document then the Company may issue one or more supplemental prospectuses that should be read in conjunction with this Prospectus. No tax should be payable by Investors on subscription for New Ordinary Shares.

OFFER TIMETABLE

Offer opens for subscriptions	12 October 2023
First closing date (2023/24 allotments)	5 April 2024
Final closing date (unless extended)	28 June 2024
Dealings commence	within three Business Days of allotment
Share and income tax certificates despatched and CREST accounts credited	within 15 Business Days of allotment

The Directors reserve the right to make an allotment of New Ordinary Shares on any day at the Directors' absolute discretion from the date on which the Offer opens until 4.00 p.m. on 28 June 2024 (or such later date as they may determine). The Offer will close earlier than the relevant date stated above if fully subscribed by an earlier date or at the Directors' discretion.

The Board does not currently intend to allot New Ordinary Shares prior to 5 April 2024 and accordingly subscribers under the Offer may not be entitled to receive the final dividend expected to be paid in April 2024 in respect of their New Ordinary Shares. The Board nonetheless may, in their absolute discretion, allot New Ordinary Shares earlier than 5 April 2024, including before the ex-dividend date which would be admissible for any future dividends.

PART 1

RISK FACTORS

Investors should consider carefully the following risk factors in addition to the other information presented in this document. If any of the risks described below were to occur, it could have a material effect on the Company's businesses, financial condition or results of operations. The risks and uncertainties described below are not the only ones the Company, the Board or current and prospective Shareholders will face. Additional risks not currently known to the Company or the Board, or that the Company or the Board currently believe are not material, may also adversely affect the Company's businesses, financial condition and results of operations. The value of Shares could decline due to any of these risk factors, and Investors could lose part or all of their investment. Investors who are in any doubt about what to do should consult their independent financial adviser. The attention of prospective Investors is drawn to the following risks:

Risks relating to the Company

Valuation and sale of Shares

The value of the Shares and the income from them can fluctuate and Investors may not get back the amount invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying Net Asset Value, that Shareholders will be able to realise their shareholding or that dividends will be paid.

Value of underlying assets

The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. As is to be expected from a diverse portfolio, some investments will not perform to plan and it may ultimately be difficult to realise full, or any, value from such investments. Realisation of investments in small unquoted companies can be difficult and may take considerable time. Recessionary fears combined with interest rate and inflation rises will compound any issues. The Company notes the recent volatility in technology markets across the world which has had a negative effect on comparable private company valuations.

"Risk to Capital" Test

Changes to the VCT regulations in respect of investments made on or after 15 March 2018 have meant that VCTs may only invest in companies which pass a "risk to capital" gateway test requiring the investee company to have long term growth and development objectives and for the investment to carry a significant risk that invested capital will be lost over and above the net return to the Company irrespective of whether the return takes the form of income, capital growth, fees, other payments or anything else.

Nature of smaller companies

Investment in smaller and unquoted companies typically involves a higher degree of risk than investment in larger companies and those traded on the main market of the London Stock Exchange. To be qualifying holdings, VCT funds must be invested in smaller companies with gross assets of not more than £15 million prior to the investment and £16 million post investment. In addition, to be qualifying holdings, VCT funds must be invested in companies which have no more than 250 full time (equivalent) employees and do not receive more than £5 million of investment from state aided risk capital sources in the 12 months ending on the date of the VCT's investment ('knowledge intensive' companies must have fewer than 500 employees and may receive up to £10 million of state aid risk finance investment in any 12 months). Smaller companies who meet these criteria generally have limited product lines, markets and financial resources, will typically be at an early stage in demonstrating proof of concept, establishing product market fit, heavily dependent on research and development investment, and striving to generate early revenues, and may be more dependent on their management or key individuals than larger companies. Markets for smaller companies' securities may be less regulated and are often less liquid or illiquid, and this may cause difficulties in valuing and disposing of equity investments in such companies.

VCT legislation

There may also be constraints imposed on the realisation of investments in order to maintain the VCT status of Investee Companies which may restrict the Company's ability to obtain maximum value from its investments or to achieve the intended timing of distributions. For example, subject to various grace periods, the Company must maintain at least 80% of its portfolio in VCT Qualifying Investments.

Whilst it is the intention of the Directors that the Company will be managed so as to continue to qualify as a VCT, there can be no guarantee that this status will be maintained or that the UK government will retain/renew the VCT legislation in its current form. A failure to meet the qualifying requirements could result in the loss of tax reliefs previously obtained, resulting in adverse tax consequences for Investors, including a requirement to repay the income tax relief obtained, and could also cause the Company to lose its exemption from corporation tax on capital gains.

VCT restrictions

The Finance (No.2) Act 2015 introduced changes to the VCT regulations which have placed greater restrictions on the range of investments into which the Company can deploy funds. As a result, unless there is a qualifying exemption, the Company is required to invest in businesses which are less than seven years old (less than 10 years for 'knowledge intensive' companies) and VCT funds cannot be used to finance acquisitions by investee companies. The penalty for breaching these new rules is the loss of VCT status, so the Company and its Investors may face a higher risk of the loss of tax benefits than under the previous rules. Qualifying investee companies are also now subject to a lifetime risk finance investment limit of £12 million (£20 million for 'knowledge intensive' companies), which may restrict the Company's ability to make follow on investments, which may ultimately negatively impact Shareholder returns. Changes to the VCT regulations in 2018 prohibited the making of secured loans by VCTs which restricts the instruments into which the Company can deploy funds and may result in the Company being unable to participate in an investment opportunity (including a follow-on round) that is structured as debt, which may also negatively impact Shareholder returns.

Sunset clause

Pursuant to a 'sunset clause' agreed to by the UK government in order to secure State aid approval for the VCT and EIS schemes from the EU, VCT tax reliefs will only be available for shares issued before 6 April 2025 as things currently stand. In March 2023, Jeremy Hunt, the Chancellor of the Exchequer, made a statement "It is the government's firm intention to extend [the VCT and EIS schemes] beyond the current sunset on 6 April 2025". The outcome of any further government deliberations as whether to repeal, amend or renew the scheme is inherently uncertain and if the scheme is not renewed, or renewed on unfavourable terms, this could impact the Company's ability to raise funds in the future and accordingly its ability to make follow on investments into portfolio companies may be severely restricted.

Co-Investments

The Company operates a co-investment strategy and may participate alongside Molten Ventures plc, Molten Ventures EIS and other funds under the management of Molten Ventures where an investment is qualifying for VCT purposes. Consequently, the Company may invest in connection with a transaction in which Molten Ventures plc, Molten Ventures EIS and/or other funds under the management of Molten Ventures have already invested or are expected to participate. Investment allocation splits between the Company, Molten Ventures plc, Molten Ventures EIS and other funds under the management of Molten Ventures are adjusted periodically and based on a number of factors including (but not limited to) ensuring that the Company continues to qualify as a VCT tax, legal and regulatory considerations, capital available for deployment, forecast investment pipeline, applicable investment objectives and restrictions, investor base, and appetite for risk. The co-investment strategy enables the Company to participate in larger and/or later stage growth investments and leverage off the recognition of the Molten Ventures brand, however conflicts could arise between the Company, Molten Ventures plc, Molten Ventures EIS and other funds under the management of Molten Ventures with respect to differing investment strategies, deployment and realisation needs, and the contemplated manner and timing of potential exits, which could negatively impact Shareholder returns in the event that a conflict of interest functioned to preclude the Company from participating in any particular investment or exit event.

Risks relating to the wider economic environment of the UK

Economic Environment

Risks vary depending on the strength of the economy and stage of the economic cycle including whether it is undergoing a period of expansion, stagnation, or contraction.

During periods of economic prosperity there may be high profile successes from European venture capital investments which could result in increased awareness and inflows of capital to the European venture capital asset class. Increased capital availability is reflected in more start-up companies receiving funding, in larger investments being made into companies, and in competition for deals. The Company may lose investment opportunities in the future because of increased competition or if it is unwilling to match investment pricing and terms offered by competitors. Similarly, attractive investment opportunities are likely to be competitive and those companies may raise larger investment rounds at higher pricing.

Adverse or stagnant economic conditions could have a substantial adverse effect on the Company and the value of portfolio companies. Volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken. A climate of uncertainty may reduce the availability of potential funding opportunities and increase the difficulty of modelling marketing conditions, potentially reducing the accuracy of financial projections. Any material changes in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance of the Company and/or valuation of portfolio company investments. The impact of market and other economic events may also affect a portfolio company's ability to raise funding to support its objective as well as the level of profitability achieved on a potential exit. If interest rates increase, the cost of borrowing may become materially more expensive. Where debt facilities are utilised by portfolio companies, such entities may be unable to obtain debt finance at commercially acceptable rates. Rising inflation and interest rates may increase the cost of doing business for portfolio companies. When coupled with a wider economic slowdown (which may result in less consumer spending on goods and services as a result of reduced disposable income), some portfolio companies may be at risk of slow or negative growth, not being able to pay their debts or other adverse effects. Both Company and portfolio company performance may be susceptible to effects of a high inflationary environment and wider economic downturn which may substantially and adversely affect financial and operating performance.

Government policy and political instability

Changes in governmental, economic, fiscal, monetary or political policy, including but not limited to increasing interest rates, could materially affect the UK economy and accordingly the performance of the Company and/or companies in which the Company invests, and could negatively affect the value of the Company's Shares and the levels of returns from those Shares.

Russia / Ukraine Conflict

The conflict in Ukraine has resulted in a significant expansion in sanctions imposed by, in particular, the United States, the United Kingdom and the European Union against Russia, the Russian financial sector and certain Russian individuals, and further sanctions (the scope and extent of which are currently unclear) may be imposed in the event of a further escalation or prolonging of hostilities in Ukraine. Such conditions may include higher inflation, higher interest rates, negative interest rates, declining access to credit, lower or stagnating wages, increasing unemployment, weakness in housing and real estate markets, changes in government regulatory, fiscal or tax policies, including changes in applicable tax rates and the modification of existing or adoption of new tax legislation with or without retrospective effect. In particular, the conflict in Ukraine is causing significant volatility and price increases in the UK and global energy markets, which is in turn driving sharp increases in levels of global inflation. Such changes in macroeconomic conditions may substantially and adversely affect the business, financial and operating performance of companies.

Further, the interruption and/or limitation in the supply of certain natural resources used in manufacturing processes and/or which form a fundamental component in important industrial products could have an adverse impact on portfolio company supply chains and their wider ability to do business. The European Union's embargo and phasing out of Russia's oil supply have seen oil prices soar. With an overall reduction in the global oil supply unlikely to ease in the immediate future, the prices of goods and services will continue to increase as transportation and shipping costs

become more expensive. Such consequences could all have negative first and second order impacts on performance.

Deterioration of international relations

A deterioration of relationships with other countries (for example, China) could serve to exacerbate the risks identified above, particularly as they relate to supply chains and the prevailing macroeconomic environment.

Risks relating to the Ordinary Shares

Liquidity

Although the Company's Ordinary Shares will be listed on the London Stock Exchange, it is highly unlikely that a liquid market in these Shares will develop as the initial VCT income tax relief is only available to those subscribing for new shares and there may never be two competitive market makers. It may, therefore, prove difficult for Shareholders to sell their Shares. In addition, there is no guarantee that the market price of the Shares will fully reflect their underlying NAV or the ability to buy and sell at that price. It should be noted that shares held in VCTs usually trade at a discount to their net asset value. There is a buyback policy set out in this Prospectus but Shareholders are reminded that the Company's ability to conduct share buybacks will depend on VCT qualifying conditions and/or the sufficiency of the cash and distributable reserves required for the Company to purchase its own Shares. Restrictions imposed by the VCT regulations have impacted distributions recently and, while this issue is expected to be temporary as further distributable reserves are expected to become available for distribution under the VCT rules on 5 April 2024 and 5 April 2025, may continue to do so over the next 18 months.

Minimum holding period

Shareholders should be aware that the sale of New Ordinary Shares within five years of their subscription will require the repayment of some or all of the 30% income tax relief obtained upon investment. Accordingly, an investment in the Company is not suitable as a short or medium term investment.

"Six month" rule

Shareholders should note that if they have sold, or if they sell, any Shares in the Company within six months either side of the subscription for the New Ordinary Shares, then for the purposes of calculating the tax relief on the New Ordinary Shares the subscribed amount must be reduced by the amount received from the sale.

Restriction on dividends from capital

In accordance with the Finance Act 2014, VCT status will be withdrawn if, in respect of shares issued on or after 6 April 2014, 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 such shares were issued. This may reduce the amount of distributable reserves available to the Company to fund dividends and share buybacks and may even prevent the Company from paying dividends and carrying out share buybacks at all in certain circumstances.

PART 2

CHAIRMAN'S LETTER

Molten Ventures VCT plc

3 October 2023

Dear Shareholders/Investors

New public offer for Ordinary Shares with a target fundraising of £20 million (plus an over-allotment facility of up to £20 million)

The board of Molten Ventures VCT plc (the "**Company**") is once more pleased to offer an opportunity to invest in this highly rated VCT with its consequent tax advantages. The Company is a successful VCT, with a high analyst's score, generating tax free income from a portfolio focused on knowledge intensive technologies.

The Company's close association with Molten Ventures plc and its subsidiary and affiliated undertakings ("**Molten Ventures**") gives the opportunity to invest with the experienced, technology focused, venture capital team at Molten Ventures in a tax efficient manner. This allows the Company to benefit from that team's distinctive abilities in technology investment with a sector focus on enterprise and consumer technology, differentiated operating systems, machine learning and digital healthcare, all of which add to the portfolio's increasing emphasis on UK leading-edge expertise. Through Molten Ventures' co-investment connections in future-focused sectors, its process, analysis, structuring, and engagement with investee companies, this VCT provides an enhanced opportunity for investors to participate in and contribute to future value in the UK and to make a serious contribution to the future of that economy and its vital, early-stage investment.

To date, the Company has enjoyed participation in outstanding, and leading-edge investments and has invested over £45 million into 39 new technology companies. Further details are set out on page 24 and Part 4 of this Prospectus.

Molten Ventures invests in Europe's technology leaders at Series A and beyond and focuses on four sectors: consumer technology, digital health & wellness, hardware & deeptech, and enterprise technology. It looks for high-growth companies with strong IP, powerful technology, and outstanding management teams. Molten Ventures operates in new markets, with serious potential for global expansion. It also looks for strong margins to ensure sustainable growth, particularly for companies on a journey to profitability.

The VCT thereby gives investors a rare opportunity to invest in private companies, in their high growth phase, that are likely to be breakthroughs in their field and become attractive candidates for acquisition, or IPO, with valuations from \$50 million to \$1 billion+.

For the year ended 31 March 2023, the Company's top 15 holdings, including two legacy investments made prior to the Company's association with Molten Ventures plc, represented 83% of the portfolio's NAV (excluding cash reserves) and an unrealised multiple of 1.9x their cost. The top five investments ranked by carrying value, and including two legacy companies, represent 44% of portfolio NAV, and have an aggregate turnover of £128 million and a combined annual revenue growth rate of 34% using the last two years filed accounts at Companies House.

The top five technology investments made alongside Molten Ventures, which excludes the legacy investments, boast an unrealised multiple of 3.2x cost. These top five companies are made up of: Thought Machine, a fintech company serving a core need of banking and which achieved 'unicorn' status (\$1 billion valuation) on receipt of a £150 million new investment in 2021; Form3, a real-time payment technology business which received third party investment of \$160 million in 2021; Endomagnetics, whose technology is used by over 1,000 cancer hospitals globally; Riverlane, which is building the operating system to unleash the power of quantum computing; and Focal Point Positioning, a Bristol-based deeptech business whose patented technology dramatically improves the performance of GPS chips in smartphones, wearables and vehicles.

Whilst valuations across the portfolio inevitably fluctuate in the current economic environment, the Company believes it is well positioned with its diversified portfolio of companies across sectors and

stages of their lifecycles and tax efficient wrapper. The first successful exit by the Company from the new technology-focused portfolio, Pod Point Limited (a significant player in the surge towards electric vehicle adoption), was made in February 2020 delivering the Company a 2.2x return on cost and an IRR of 63%. This was followed by Roomex which was sold in 2022 delivering a 1.3x return on cost.

The Company's 'legacy portfolio' also performed and the most recent exit from Lyalvale Express in April 2022 delivered a 4.58x return on cost and was the rationale behind the payment of a special dividend paid in August 2022.

Meanwhile over the past six years, Molten Ventures has scaled its platform to enable access to some of the best deal flow across Europe. The participation of the Company alongside co-branded Molten Ventures investment partners enable the Company to obtain access to private technology company fundraisings that are rarely accessible to individual investors.

In October 2022, the Company scored 87/100 from Martin Churchill of Tax Efficient Review, a well-respected VCT analyst, increasing its re-rating from 84/100 since January 2019. At the time of going to print, the Company is awaiting a new review which is expected to be published in October.

As a consequence, I am delighted to offer you the chance to invest in the Molten Ventures VCT plc. The Board believes that investing in knowledge intensive, high growth technology companies inside a VCT tax wrapper is an attractive investment offering.

Managers and management team

The Manager is a wholly owned subsidiary of Molten Ventures plc. Short biographies of the members of the Manager's Investment Committee, complemented by the wider Molten Ventures Investment Team, are set out on pages 43 and 44.

Portfolio

At 31 July 2023, the Company had £35.5 million of cash and near cash assets. This represents c.29% of the Company's unaudited net assets of £123.9 million as at 31 July 2023. At the time of writing, the Manager has completed further deals and entered into further binding commitments and term sheets to invest a further £5.16 million. If these were to complete, the Company's adjusted cash would be equal to approximately c.25% of the 31 July 2023 unaudited NAV.

Consequently, if this offer is taken up in full (including the over-allotment facility), once invested, the Company will have over £160 million of net assets of which over 90% will be allocated predominantly to technology investments, driven by the co-investment strategy the Company operates alongside Molten Ventures.

As to the legacy portfolio that pre-dates the Company's strategic partnership with Molten Ventures, as at 31 July 2023 86% of the legacy portfolio is made up of two companies - Access Intelligence and Fords Packaging. The former is an AIM quoted software business, and the latter is a private profitable engineering company. The performance of these investments can be found on page 37.

Dividend policy

The Board maintains its objective of paying tax free dividends equating to an annual return of 5% of NAV. Further details on potential returns can be found on page 30. Investors should note that the level of dividend is not guaranteed, especially in the current macroeconomic environment, and no profit forecast is to be inferred or is implied by these statements.

Since incorporation, the Company has paid in total dividends of 115.1p per share, with dividends of 3.1p per share paid in the year ended 31 March 2023 which represented a yield of 5.1% on the 31 March 2022 NAV.

Dividends of 1.5p have been paid in the six month period up to 30 September 2023, representing a yield of 2.8% on the 31 March 2023 NAV which falls short of the above target. This was due to restrictions on distributions imposed by the VCT regulations which are expected to be temporary only as further £11.5 million of distributable reserves are expected to become available for distribution under the VCT rules by the 5 April 2024.

Early Investment Incentive

Early subscribers in the Offer have the opportunity to further enhance their potential returns by taking advantage of the Early Investment Incentive.

In recognition of the increased rates of interest available on cash balances held pending allotment, the Board and the Promoter have agreed an enhanced early investment incentive structure aimed at encouraging early subscriptions and ensuring that the benefit of bank interest, which would otherwise be foregone by the investor, is partially enjoyed by early investors through the application of an enhanced discount.

For valid applications received and accepted with cleared funds received into the Receiving Agent's account before the dates set out below, the discount set out below will be applied to the applicant's Offer costs through the Pricing Formula:

31 October 2023	1.25%
30 November 2023	1.00%
31 December 2023	0.75%
31 January 2024	0.50%
28 February 2024	0.25%

Applications received from 1 March 2024 onwards will not attract any discount.

Key tax benefits

- 30% income tax relief is available on the amount subscribed up to £200,000, provided the New Ordinary Shares are held for at least five years. Further information on VCT tax benefits can be found on page 52.
- Tax free dividends and capital gains.

Furthermore, the Company's focus on 'knowledge intensive' technology companies is in line with the Government's drive to maintain the focus of VCT investment on innovative companies.

Next steps

In order to invest please read this Prospectus (particular attention is drawn to Part 1: Risk Factors) and then complete the online Application Form via the Company's website at <https://investors.moltenventures.com/investor-relations/vct>. If Investors have any questions regarding this investment, they should contact their own financial advisors. For questions relating to an application, please contact the Receiving Agent as set out on page 85. Advisors and intermediaries should contact RAM Capital, who are acting as marketing advisers in respect of the Offer, on 0203 006 7530 or by sending an e-mail to taxsolutions@ramcapital.co.uk. Prospective Investors should note that no investment advice can be given by the Manager, Molten Ventures plc, RAM Capital, the Receiving Agent or the Company.

Yours sincerely

David Brock

Chairman

PART 3

INFORMATION ABOUT MOLTEN VENTURES VCT PLC

INTRODUCTION

The Company is an established, technology focused VCT managed by Elderstreet Investments Limited, a subsidiary of Molten Ventures plc. The objective of the Company is to provide long-term, tax-free returns to Shareholders through a combination of dividends and capital growth. The Company has a track record of providing favourable returns for its Shareholders. The Board and Investment Management Team, former executives, and their families have invested in excess of £1,000,000 in the Company to date.

The Company's strategy is to invest in unquoted VCT qualifying companies principally in the technology sector. The Manager has particular expertise in growing businesses through a 'hands-on' investment style and, in aggregate with Molten Ventures plc, Molten Ventures EIS and other funds under the management of Molten Ventures, aims to hold a significant stake and a board or observer positions in its portfolio companies. Molten Ventures screen thousands of business plans per annum, talk to about 1,000 companies and, in a typical year, targets approximately 15 to 30 investments, including follow-on investments.

In 2016 the Board and the manager, Elderstreet Investments Limited, reached a significant co-investment agreement with Molten Ventures plc to share deal flow, management experience, and investment opportunities, as the Company transitioned from a generalist VCT to a technology focused fund. Following a successful four year co-investment strategy, Molten Ventures plc acquired the Manager in February 2021.

INFORMATION ABOUT MOLTEN VENTURES PLC AND MOLTEN VENTURES EIS

IMPORTANT NOTICE: Prospective Investors are reminded that the Company (LSE: MVCT) is distinct from Molten Ventures plc (formerly Draper Esprit plc) (LSE: GROW) and does not form part of its group. The Board remains independent of Molten Ventures plc.

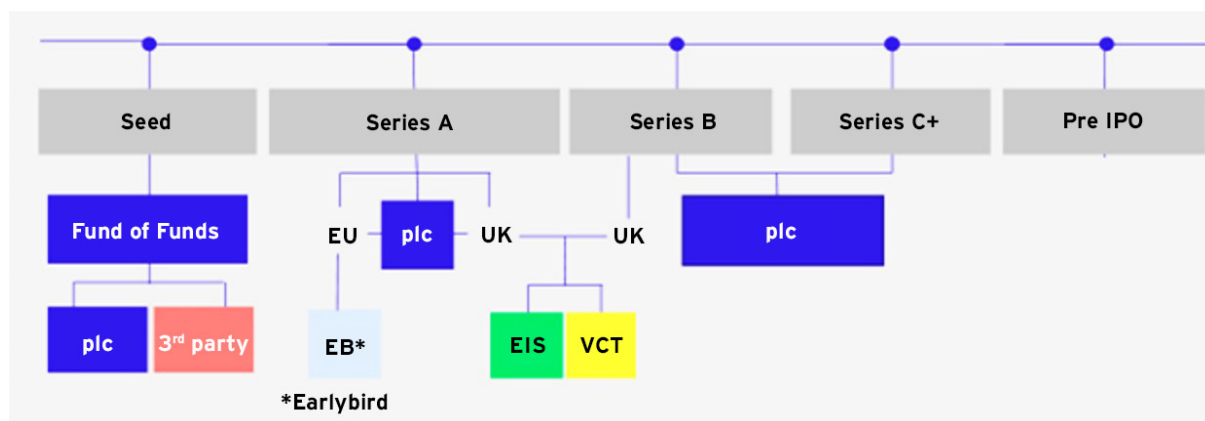
Given that the Company co-invests alongside Molten Ventures plc and the Molten Ventures EIS for VCT Qualifying Investments, and the Manager is a wholly owned subsidiary of Molten Ventures plc, the Company has included information relating to Molten Ventures plc for completeness below.

Please note that the information set out in this section relates to Molten Ventures plc and Molten Ventures EIS and not the Company which you are subscribing for shares in. Please consult with your independent financial adviser should you wish to acquire shares in Molten Ventures plc (LSE: GROW). This is not to be regarded as an offer or invitation to buy or sell shares in Molten Ventures plc.

Molten Ventures plc is a highly regarded venture capital investor in the UK and European technology sector and is listed on the Main Market of the London Stock Exchange.

Molten Ventures plc is one of the leading venture capital firms in the UK and Europe, investing in high growth technology companies with global ambitions. Molten Ventures believe the best entrepreneurs in the UK and Europe can build the businesses of the future. Molten Ventures plc undertook an IPO to bring it to the AIM market in June 2016 then moved to a main market listing on the London Stock Exchange in July 2021. In the year ending March 2023, Molten Ventures plc had deployed £138 million into fast growing technology companies and had realised £48 million (gross of carry payments)¹. Molten Ventures is actively involved with its investments, taking board and observer positions where appropriate, and has the ability and experience to add value. The Molten Ventures seed and early-stage fund of fund strategy is a key differentiator for sourcing Series A and B deal flow.

The following diagram shows how the stages where the various Molten-managed funds invest.



Source: Molten Ventures plc

Molten Ventures EIS Funds

In 2012, Molten Ventures launched its first EIS fund. This ten-year track record gives Molten Ventures extensive experience in the tax investing space. At the 31 March 2023 valuation and reporting point, Molten Ventures EIS and the prior EIS Funds had made investments in 54 companies. Out of these 54 companies there had been 18 realisations as at that date, comprising 11 that were profitable and seven that were not. Of the profitable exits, two returned over 9.8x gross cash on cash. Of the investments exited at a loss, three returned between 0x and 1x, and there have been four nil returns.²

¹ These figures have been provided for general information purposes and are not intended to be relied on, nor are they intended or to be construed as an invitation or offer to engage in investment activity with respect to Molten Ventures plc.

² These figures have been provided for general information purposes and are not intended to be relied on, nor are they intended or to be construed as an invitation or offer to engage in investment activity with respect to Molten Ventures EIS.

Molten Ventures EIS funds have been the highest rated EIS by Tax Efficient Review for the past eight years running to June 2023 with a rating of 89/100, and have a current rating of 88/100 as at August 2023.

MJ Hudson Allenbridge also awarded Molten Ventures EIS their highest score for an EIS fund (87/100) in the last year of scoring EIS funds in December 2019.

The Company along with Molten Ventures EIS, Molten Ventures plc, and other funds under the management of Molten Ventures will invest up to Series A and B rounds but, due to the VCT regulations, is unlikely to participate in Series C and beyond. The syndicate will invest in UK and international companies where HMRC qualifying status can be obtained.

Technology Sectors

The Company and Molten Ventures' shared investment strategy focuses on the following technology subsectors:

1. Consumer Technology - companies with new consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional opportunities enabled by technology.
2. Enterprise Technology - companies developing the software infrastructure, applications and services that make enterprises more productive, cost-efficient, and smoother to run.
3. Hardware & DeepTech - companies developing R&D-heavy technologies which emerge to become commercially dominant, upending industries and enabling entirely new ways of living and doing business.
4. Digital Health & Wellness - companies using data, software and hardware to create new products and services for the health and wellness markets.

Thesis driven Investment Strategy

Within the four sectors noted above, the Molten Ventures investment team focuses on thesis-driven sub-sectors and themes. Molten Ventures and the Company invest in sub-sectors like fintech, where enterprise and deeptech overlap with companies like Thought Machine and Form3, or the space where deeptech and healthtech overlap in companies like Endomag and Evonetix.

Molten Ventures plc Deal Origination

Deal sourcing requires excellence in multiple areas - the Molten Ventures plc brand, people, network, access via seed and early-stage Molten Ventures plc's fund of funds programme, and utilisation of data. This provides access to a large pipeline of deals across the ecosystem ensuring Molten Ventures plc can take a market-wide view before investing, ultimately benefitting the Company.

Developing highly coordinated outbound thesis-driven proprietary dealflow is a key role of the deal origination team. Regular thematic deep dives are undertaken by the Molten Ventures plc team based on emerging trends identified in technology, industry verticals, and business models. The utilisation of data and software are key elements at the deal identification stage and management of the investment process. The Molten Ventures plc pipeline is comprised of new companies as well as success stories from within the Molten Ventures plc's and Company's portfolios. These are reviewed by Molten Ventures plc's deal origination team to filter for the next stage of the investment screening process. Leveraging operational expertise across the wider investment team and in-market networks within key geographies further enable access to high-quality deal flow.

In October 2017, Molten Ventures launched its seed and early-stage fund of funds programme. As at 31 March 2023, the programme has committed c. £148 million to 75 funds in total, including a blend of mature, emerging, and forward-thinking new investment managers. Those funds already have approximately 1,700 portfolio companies. By seeding the early-stage ecosystem, Molten Ventures plc can source the best companies for Series A and B, pool expertise from sector specific funds, and benefit from scouts based in every corner of Europe. The seed and early-stage fund of funds in which Molten Ventures plc invest always have one eye on the next Innovation.

The Investment Process

- Across the Molten Ventures plc investment platform, thousands of businesses a year are reviewed – searching for the brightest opportunities, and the clearest visions. Molten Ventures leverage deep networks and seed and early-stage fund of funds to help spot new trends and ideas to back.
- Molten Ventures plc talk to promising businesses that clear the screening process, getting to know the teams, their ways of thinking and their ambitions.
- Molten Ventures plc target 15 to 30 investments a year, including follow on investments, bringing ambitious tech companies into the portfolio.
- Post-investment, Molten Ventures plc work with portfolio companies to help them grow in a sustainable way, helping to create companies which are ready to take their place amongst the business leaders in their space.

Track Record of Molten Ventures plc

Since its IPO in June 2016 Molten Ventures plc had a historical track record of delivering returns of 35% per annum on opening gross portfolio value relative to its targeted 20% gross portfolio returns.

Co-investor Sustainability and ESG Policy

The Manager's ESG agenda is led by Molten Ventures plc, the parent company of the Manager, who's stated mission is to advance society through technological innovation. This mission informs the company's sustainability and ESG agenda, with the aim to use its platform in VC to encourage and promote its values and ESG considerations in developing best-in-class technology companies and achieving strong returns for its investors. The Manager, as a subsidiary of Molten Ventures plc, shares this vision. In Molten Ventures plc's capacity as stewards for its stakeholders, it is committed to investing responsibly and recognising its role in building a more sustainable financial system, demonstrated as a signatory to the UN Principles for Responsible Investment (UN PRI). Molten Ventures plc's ESG Policy, adopted in September 2020, sets out how it aims to achieve this. A copy of this policy can be located at: <https://investors.moltenventures.com/esg-policy>.

Responsible Investment: Due diligence and screening

Using the ESG target standards and pre-investment provisions set out in its ESG Policy as a baseline, Molten Ventures plc screens prospective portfolio companies using an exclusion list before performing wider ESG-related due diligence as part of the deal-execution process. Molten Ventures plc's Exclusion List sets out the sectors, businesses and activities that Molten Ventures plc (and the Manager), as responsible stewards, will not make investments in due to their having an objective or direct impact that is not aligned with Molten Ventures plc's ESG objectives. Included within this list are: slavery, forced or child labour; illegal or banned products or activities; activities that compromise endangered or protected wildlife; fossil-fuel mining; production of non-defensive arms or ammunitions; tobacco or alcohol; asbestos; trade in human body parts or organs; or animal testing other than to satisfy medical regulatory requirements.

Throughout the due diligence process, Molten Ventures plc will assess the ESG opportunities, risks and gaps inherent in a business, employing a risk-scoring system to assess a broad range of ESG issues. The outcome of this process is documented alongside the wider investment recommendation materials presented to the Manager's Investment Committee. Significant ESG risks are flagged and escalated to General Counsel, but otherwise the terms of investment will typically require a commitment by portfolio company management to strive towards Molten Ventures plc's target ESG standards, during the course of the investment. Molten Ventures plc aims to help the portfolio company in achieving whatever action is proposed.

Portfolio engagement in ESG

As an active, responsible investor, Molten Ventures plc engages with its portfolio companies to assess their performance in ESG through both quantitative and qualitative means. This involves the distribution of the ESG Framework both during due diligence and on an ongoing annual basis which enables portfolio ESG data collection and subsequent performance tracking. This data is then used to develop tailored action plans for each portfolio company and the provision of relevant tools, resources and guidance to help achieve these milestones. More specifically, as part of its Climate






































Strategy, Molten Ventures plc will engage with carbon hotspots identified within its portfolio and use its influence as responsible investors to educate and improve the climate literacy of these companies, in the hopes of driving them towards net zero alignment. Molten Ventures plc also provides ESG onboarding to new investments, 1:1 engagements with Molten Ventures plc's ESG Lead and runs ESG engagement events with external advisors for all portfolio companies.

Mapping and monitoring

Following completion of a direct investment, Molten Ventures plc maps the assessed ESG status of the company to the UN Sustainable Development Goals (SDGs) and works alongside the management team to support and monitor performance to these criteria. Molten Ventures plc works with the management team, using its ESG assessment based on the data provided in the ESG Framework, to establish measures and strategies they should monitor. The scope and nature of ESG focus will evolve as the portfolio business grows and matures and is able to embed ESG more effectively and holistically in their business model. Molten Ventures plc intends to continually monitor the implementation of the ESG Policy and update it over time as we rise to meet new challenges and continue to improve ESG standards. Molten Ventures plc Sustainability Report FY23 is available: https://investors.moltenventures.com/storage/uploads/ESG/Documents/Molten_Ventures_plc_Sustainability_Report_FY23_kdvpv.pdf.

PORTFOLIO OVERVIEW OF THE COMPANY

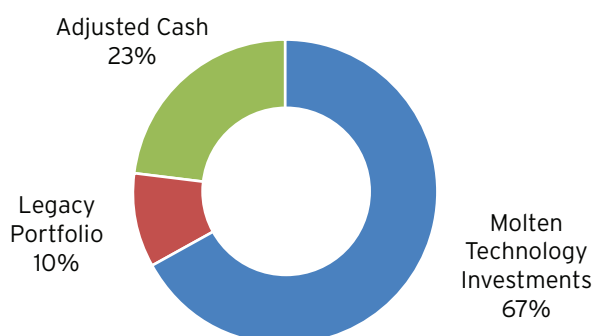
The chart below shows the split of the technology companies by sector as a proportion of total NAV in which the Company has invested alongside the other Molten Ventures syndicate funds as at 31 July 2023 and is adjusted to include four follow on and three new deals completed after that date and two further deals which are works in progress but where the Manager has high confidence they will complete.

Sector split as % of the Molten Ventures portfolio		Companies				
Consumer Technology	4%	 PrimaryBid	 allplants	 crowdcube	 Unbound	 SWEEP
		 Freetrade	 Cauldron	 AGORA	 resolver	 pollen
Enterprise Technology	17%	 FORM3 FINANCIAL CLOUD	 Morressier	 ALTRUISTIQ	 Apperio	 AppUX
		 worldr	 real eyes emotional intelligence			
Hardware and Deeptech	29%	 Thought Machine	 FocalPoint	 river lane	 SATELLITEVU	 zaptic
		 hadean	 BeZero	 Ravelin	 GARDIN	 causaLens  PARAGRAF
Digital Health and Wellness	17%	 endomag	 ieso digital health	 evonetix	 oliva	 Fluidic Analytics
Legacy Portfolio	10%	 accessintelligence	 FORDS	 SENTIMENT	 CASHFAC	
Adjusted Cash	23%					

Source: Elderstreet Investments Limited

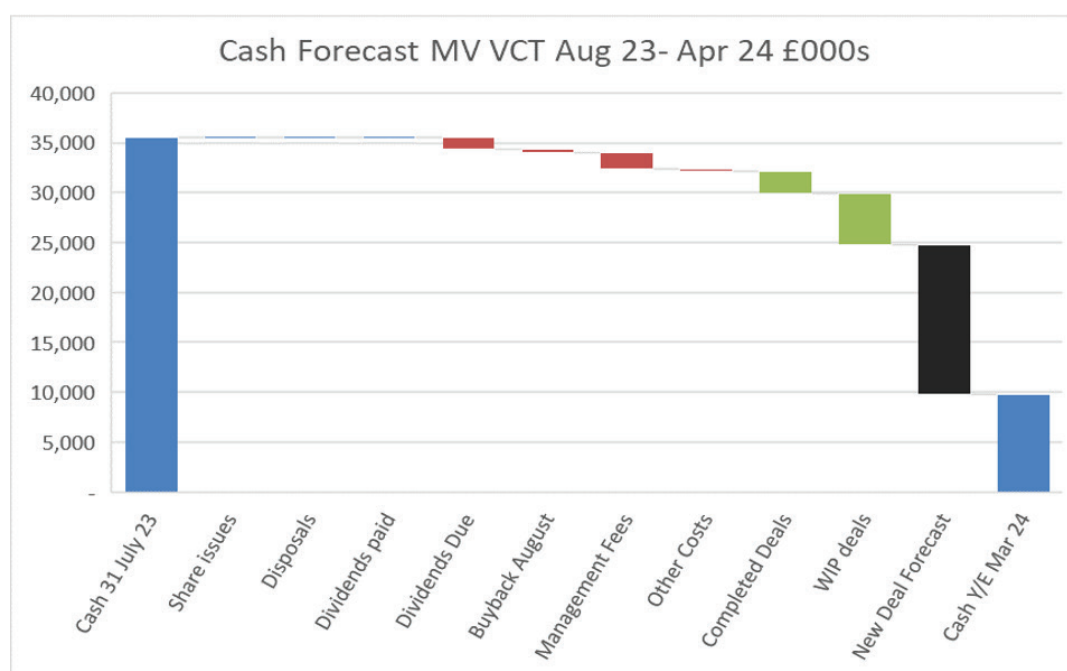
NAV Breakdown

The chart below shows the breakdown of the Company by Net Asset Value % as at 31 July 2023, adjusted for deals completed or where the Manager has high confidence they will complete but which are work in progress. Details on the companies in the portfolio can be found in Part 4.



Source: Elderstreet Investments Limited

The Manager forecasts that the cash element of the Company at the year ending 31 March 2024 would be c. £10 million prior to any new funds being allotted via this Offer. This would represent c.8% of the unaudited NAV as at 31 July 2023. This forecast is based on completing a further £15 million of investments, deducting estimated running costs and future dividends (not guaranteed), and no further realisations in the period. This can be seen in the following chart that shows cash flows movements from the 31 July 2023 unaudited cash balance and a projection of the cash movements to the year end 31 March 2024.



Source: Elderstreet Investments Limited

TRACK RECORD OF THE COMPANY

Since its launch in 1998, the Company has paid cash dividends amounting to 115.1p per Ordinary Share. With an unaudited Net Asset Value of 50.9p per Ordinary Share as at 31 July 2023, the Company has produced a total return since launch (cumulative dividends paid up to 31 July 2023 plus NAV) of 165.5p per Ordinary Share, a 106.9% tax-free uplift on the net investment (of 80p per share) of Shareholders who invested at inception.

The returns to 31 July 2023 for a Shareholder with Ordinary Shares who invested in the Company at launch are shown below:

Initial net investment per Ordinary Share ¹	Cumulative cash dividends per Ordinary Share	NAV per Ordinary Share (unaudited as at 31 July 2023)	Total return per Ordinary Share (unaudited)	Tax-free uplift on net investment ²
80p	114.6p	50.9p	165.5p	106.9%

1 Assumes an investment of 100p per Ordinary Share by a Qualifying Investor, less income tax relief at 20%, resulting in a net investment of 80p per Ordinary Share.

2 The percentage tax-free uplift is the excess of the total return over the initial investment net of tax relief received by Qualifying Investors divided by the initial investment net of income tax relief receivable by Qualifying Investors. **The tax-free uplift has been set out for illustrative purposes only, is not guaranteed, is not necessarily a guide to future performance and no forecast or projection should be inferred.**

Source: Elderstreet Investment Limited

The performance over the short to medium term is shown below and does not include any initial tax reliefs:

Returns	10 Years	5 Years	3 Years	1 Year
	31 Dec 13 – 31 Mar 23	31 Dec 18 – 31 Mar 23	31 Mar 20 – 31 Mar 23	31 Mar 22 – 31 Mar 23
Total Return ¹	61.6%	18.1%	34.6%	-6.9%
Annual Total Return per annum ²	6.2%	3.6%	11.5%	-6.9%
Average Annualised Dividend Yield ³	8.2%	5.1%	6.2%	5.1%

1 The Total Return is calculated from the movement in Net Asset Value (NAV) plus dividends paid in the period divided by the NAV at the start of the period. Data is taken from the VCT year-end accounts.

2 The annual Total Return is calculated by taking the Total Return and dividing it by the years in the period. **This yield has been set out for illustrative purposes only, is not guaranteed, is not necessarily a guide to future performance and no forecast or projection should be inferred.**

3 The average annualised dividend yield is calculated by dividing the total dividends paid in the period by the years divided by the aggregate NAV in the period divided by the years. **This yield has been set out for illustrative purposes only, is not guaranteed, is not necessarily a guide to future performance and no forecast or projection should be inferred.**

Since 2005 the Company has raised further capital predominantly in the same share class, with the exception of a 2005 offer of C ordinary shares which were subsequently converted into Ordinary Shares. The performance of each of these fundraisings are shown below, including initial tax reliefs.

Tax year of Investment ending 5th April	Rate of Initial Tax relief	Initial investment per Ordinary Share after tax relief ***	Cumulative cash dividend per Ordinary Share	NAV per Ordinary Share (31-7-23 unaudited)	Total return per Ordinary Share (31-7-23 unaudited)	Increase on investment without initial tax reliefs	Tax-free % increase on net investment *
1998	20%	80.0	114.6	50.9	165.5	65%	107%
2005 **	40%	60.0	83.6	34.1	117.6	18%	96%
2006	40%	41.3	85.1	50.9	136.0	97%	229%
2008	30%	64.4	78.1	50.9	129.0	40%	100%
2009	30%	52.3	71.6	50.9	122.5	64%	134%
2010	30%	56.3	68.6	50.9	119.5	49%	112%
2011	30%	54.6	64.6	50.9	115.5	48%	112%
2012	30%	49.5	60.6	50.9	111.5	58%	125%
2013	30%	47.3	56.6	50.9	107.5	59%	128%
2015	30%	50.3	33.6	50.9	84.5	18%	68%
2016	30%	49.7	23.6	50.9	74.5	5%	50%
2017	30%	44.3	18.6	50.9	69.5	10%	57%
2018	30%	44.1	15.6	50.9	66.5	6%	51%
2019	30%	41.1	12.6	50.9	63.5	8%	55%
2020	30%	29.6	9.6	50.9	60.5	43%	105%
2021	30%	38.6	7.1	50.9	58.0	5%	50%
2022	30%	45.1	4.1	50.9	55.0	-15%	22%
2023	30%	37.2	0.5	50.9	51.4	-3%	38%

* The percentage tax-free increase is the excess of the total return per Ordinary Share over the initial investment net of tax relief received by Qualifying Investors divided by the initial investment net of income tax relief receivable by Qualifying Investors. The tax-free increase figures have been set out for illustrative purposes only, are not guaranteed, are not a guide to future performance and no forecast or projection should be inferred.

** The 2005 numbers and NAV have been adjusted to reflect the merger of the C ordinary share class with the Ordinary Share class at a rate of 0.6691 Ordinary Shares for each C ordinary share.

*** The initial investment per Ordinary Share for the years 2006 to 2017 reflecting the new offers which have 'time qualified' for HMRC purposes reflects the actual offer price at the time of subscription adjusted by the rate of initial tax relief applicable at the time. No offers were made in 2014.

Source: Elderstreet Investment Limited

DIVIDENDS

It is the Board's objective to maximise dividends to Shareholders and targets an annual dividend return equal to 5% of the Company's prevailing NAV, but its ability to do so will be restricted by liquidity, the availability of sufficient distributable profits, capital resources and VCT regulations. As a result, Shareholders are reminded that this is a target and the Company's ability to pay dividends is not guaranteed. Dividend amounts vary and may fall below the Board's 5% NAV target. For instance, due to VCT restrictions as described further below, the Company was only able to pay dividends equal to 2.8% of NAV in respect of the year ended 31 March 2023.

As Shareholders may be aware, the VCT regulations restrict the payment of dividends out of reserves related to funds raised in the last three to four years (depending on the date shares were allotted). Accordingly, even where a VCT has significant distributable reserves for the purposes of the

Companies Act 2006, not all of these may be available to be paid out as dividends at a given moment in time. As the Company has raised substantial levels of new funds in recent years, the Board needs to continue to manage reserves carefully in the short term to ensure that this test is not breached, but once current reserves are available for distribution, the Company intends to continue with its dividend policy for current and future subscribing shareholders. For the above reason, the proposed final dividend for the year ending 31 March 2023 was below target and lower than previous years. A final dividend of 0.5p per share was paid on 29 September 2023 to Shareholders on the register at 25 August 2023. This will bring the total dividends paid in respect of the year ending 31 March 2023 to 1.5p per share which represents a yield of 2.8% on the 31 March 2023 NAV. Future dividends are expected to be funded primarily from increasing distributable reserves, augmented by portfolio exits.

Further details on the potential returns can be found on page 30.

At the end of July 2023, of the Company's distributable reserves, £2.4 million were available to be distributed without breaching the VCT regulations described above. A further £11.5 million of distributable reserves are expected to become available for distribution under the VCT rules by the 5 April 2024, and a further £36 million by 5 April 2025.

The Company also launched a Dividend Reinvestment Scheme (DRIS) in March 2022 so Shareholders can elect to have their dividends reinvested into the Company for additional Ordinary Shares. By reinvesting dividends, Investors are able to increase the size of their holding without incurring any additional offer costs, and, subject to their personal circumstances, will receive an additional 30% income tax relief on amounts reinvested on their total VCT investments of up to £200,000 per tax year, subject always to the prevailing VCT rules and limits. The full terms and conditions of the Company's dividend reinvestment scheme are set out in Part 10 of this Prospectus.

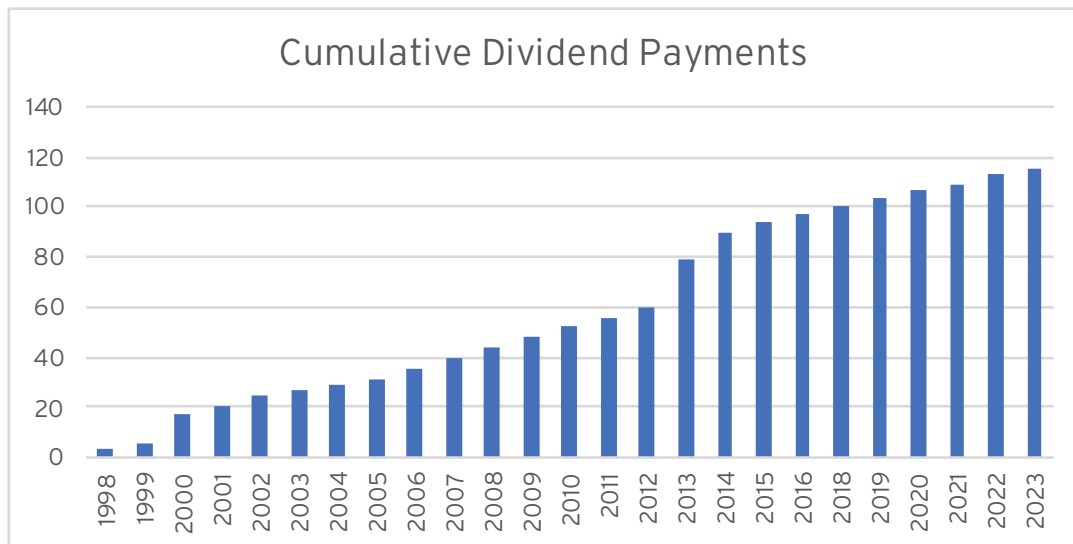
Investors should note that the level of dividend is not guaranteed and no profit forecast should be inferred from these statements. Capital is at risk.

Regular interim and final dividends have historically been paid in September and March every year although going forward the Board intends to pay dividends in April and August/September. It should be noted that payment of dividends, and the exact timing of such payment, cannot be guaranteed. Any interim dividend payable in April 2024 is expected to be announced with the interim results in December although shares issued pursuant to the Offer may not be eligible for this dividend unless the board have allotted those shares in advance of the ex-dividend date. In addition, special one-off dividends, normally as a result of successful portfolio company exits, have been declared in the past by the Board on an ad-hoc basis. Since September 2014, following successful portfolio company exits, a total of 21.6p in special dividends have been paid per Ordinary Share.

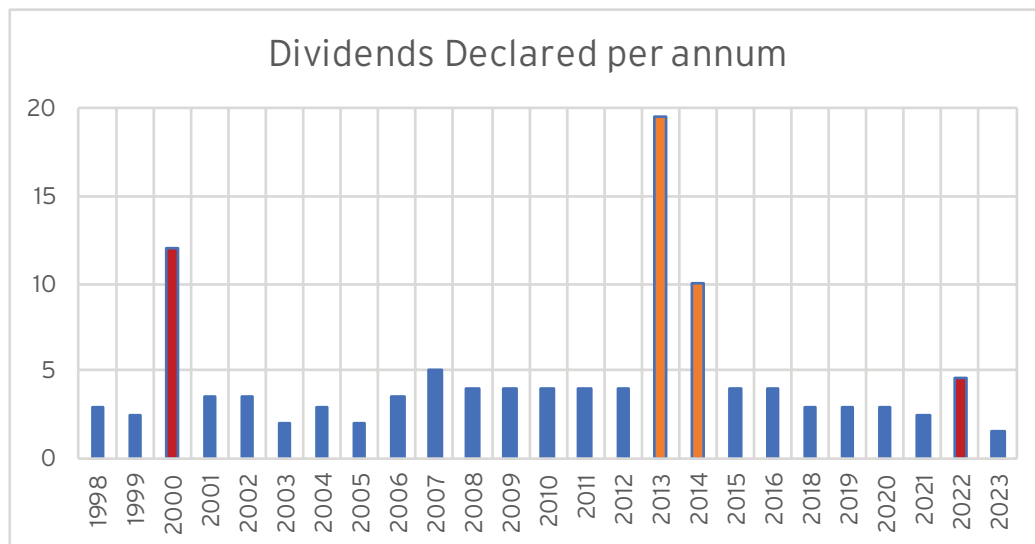
The following table shows the dividends declared per Ordinary Share in respect of each year since inception:

1998	1999	2000	2001	2002	2003	2004
3.0	2.5	12.0	3.5	3.5	2.0	3.0
2005	2006	2007	2008	2009	2010	2011
2.0	3.5	5.0	4.0	4.0	4.0	4.0
2012	2013	2014	2015	2016	2018	2019
4.0	19.5	10.0	4.0	4.0	3.0	3.0
2020	2021	2022	2023	Total Paid to 31 Jul 23		Paid 30 Sep 23
3.0	2.5	4.6	1.0	114.6		0.5

Source: Company accounts & Downing LLP as administrator

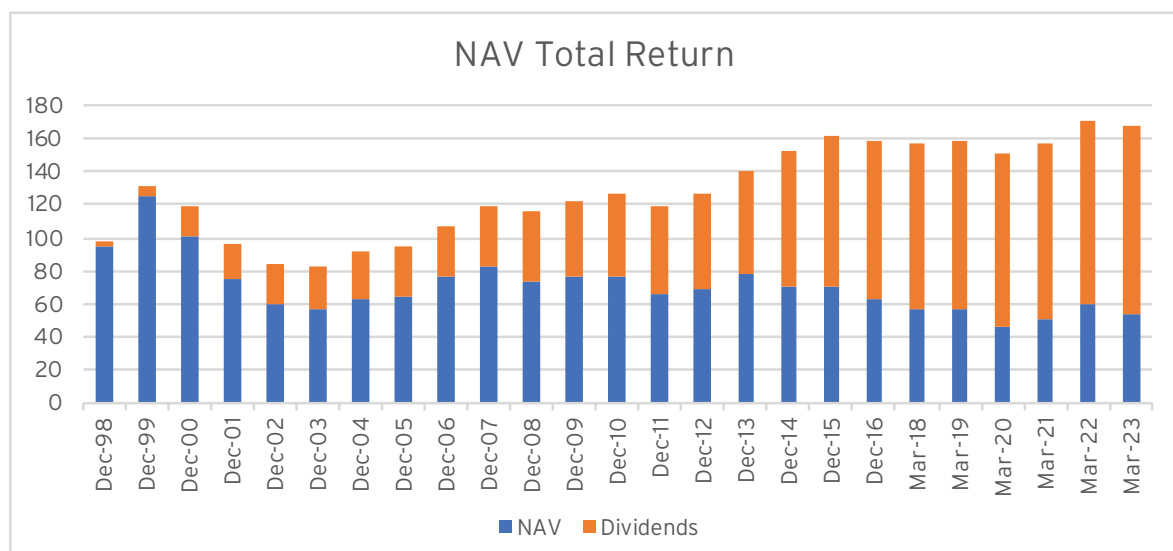


Source: Company accounts & Downing LLP as administrator



The special dividend returns shown in red above in 2000, 2013 and 2014 and 2022 are the result of strong exits in the portfolio and also include the ordinary dividends declared in that year.

Source: Company accounts & Downing LLP as administrator



Source: Company accounts & Downing LLP as administrator

Income Yield on Ordinary Shares

The following table gives an illustration of potential returns to Ordinary Shareholders, assuming a dividend of either 1.0p, 2.0p or 3.0p per annum is paid, and the equivalent taxable yield based on the Estimated Offer Price net of 30% income tax relief grossed up for a taxpayer paying 40% or 45% tax on their income. Dividends of 3.1p per Share were paid in the year ended 31 March 2023, and dividends of 1.5p have been paid since then.

Illustration of potential return per Ordinary Share after 30% tax relief

Estimated Offer Price Pence * (net of tax relief)	Illustrative annual dividend pence	Tax free yield per annum	Grossed up yield to a	
			40% taxpayer	45% taxpayer
37.3	1.0	2.7%	4.5%	4.9%
37.3	2.0	5.4%	8.9%	9.7%
37.3	3.0	8.0%	13.4%	14.6%

* Using an Illustrative Offer Price of 53.3p being the unaudited 31 July 2023 NAV multiplied by 70% to reflect the initial 30% up front income tax relief and adjusted for the September 2023 dividend and maximum issue costs of 5.5%. Note that the NAV will be calculated prior to the allotment and adjusted for any dividend declared and unpaid prior to that allotment. No forecast or projection should be implied or inferred.

Illustration of potential return per Ordinary Share with no initial tax relief

Estimated Offer Price Pence* (gross of tax relief)	Illustrative annual dividend pence	Tax free yield per annum	Grossed up yield to a	
			40% taxpayer	45% taxpayer
53.3	1.0	1.9%	3.1%	3.4%
53.3	2.0	3.8%	6.3%	6.8%
53.3	3.0	5.6%	9.4%	10.2%

* Using an Illustrative Offer Price of 53.3p being the unaudited 31 July 2023 NAV adjusted for the September 2023 dividend and maximum issue costs of 5.5%. Note that the NAV will be calculated prior to the allotment and adjusted for any dividend declared and unpaid prior to that allotment. No forecast or projection should be implied or inferred.

RECENT AND HISTORICAL EXITS

Over the life of the VCT, excluding legacy fixed income investments, the realised gains from exits have been £33 million versus realised losses³ of £19.4 million. Several successful exits are highlighted below.

In November 2022, the Company sold its holding in Roomex a travel and expenses management solution, specifically designed for businesses with a large mobile workforce. The sale returned a multiple of 1.3x cost. The acquirer, Fleetcor, described the transaction in their announcement: "[Roomex] provides us a base of operations, expertise and a hotel network from which we can build out the lodging business across Europe while leveraging the significant client base we already have there".

In July 2022, a small legacy holding in Servoca was sold for a total consideration of £359,000, a small profit of 6% on cost.

In April 2022, the Company sold its holding in Lyalvale Express Ltd, a manufacturer of game and clay shooting shotgun cartridges. This holding was part of the legacy portfolio from prior to the co-investment agreement with Molten Ventures. The investment was an MBO made in 1998 and returned a multiple of 4.58x and an IRR of 15.9% over the investment period. The consideration was £5.9 million, having received further income and principal debt repayments of £2.8 million over the investment period. The sale allowed the payment of a special dividend of 1.6p in August 2022.

In July 2021 £660,000 was realised from the sale of IXL Premfina Limited, a specialist software solution platform for the insurance industry. The company was purchased by private equity buyers and, rather than hold a de-minimis stake in the resulting business, the VCT sold its stake for a 0.87x return on cost.

³ Realised losses do not include dormant companies or companies which are not yet shown as dissolved at Companies House.

In February 2020 the Company sold its holding in Pod Point, an electric vehicle charger installation company, realising a profit of £1 million and an IRR of 63%. This was the first exit following the 2016 partnership with Molten Ventures. Having backed Pod Point through a critical stage in the company's development and supported it through its journey through to its partnership with EDF Energy, Pod Point is a good example of how the Company and Molten Ventures aspires to help portfolio companies secure important backing from strategic partners.

Both Pod Point and IXL Premfina were companies invested in under the Molten Ventures co-investment agreement along with StreetTeam Software (trading as Pollen) which has been liquidated and Push Dr, Resolving (trading as Resolver), and Cervest which are all in administration and are almost certain to be a zero return when realised.

In July 2018 the Company made a partial realisation of Fulcrum Utilities Group plc, a gas utilities company quoted on AIM, realising a profit of £0.5 million and an IRR of 24%. The Company retained further shares with a value of £0.7 million as at 31 July 2023 on a cost of £0.38 million.

The Company sold Concorde Solutions Limited ('Concorde') in April 2017 realising a small profit over cost. A further escrow payment was received in October 2018 giving a fully realised IRR of 6%.

The Company sold its stake in SMART Education Limited ('SMART') in December 2015, realising a profit of £3.6 million. SMART is a teacher supply agency which the Company first invested in in October 2005. This investment backed an existing successful management team that were previously known to the Manager. A further contractual escrow of £1.5 million was paid in December 2016. Taking this into account the investment returned a cumulative IRR of 19.5%.

In June 2014, the Company sold its stake in Wessex Advanced Switching Products ('WASP'), realising an initial profit of £8.8 million, and further escrow amounts of £0.9 million. WASP is a manufacturer of military and aerospace switches and lighting products. The investment was made in 1999 and returned an IRR of over 30%. As a result of this very profitable exit the Board declared a special dividend of 15p per Ordinary Share (amounting in total to £4.5 million) paid in September 2014, representing a significant 15% of the Net Asset Value of the Company at the time.

The prior two exits before WASP were the trade sales of Wecomm Limited in March 2011 to OpenText Corporation and Melorio plc in June 2010 to Pearson plc. The Melorio realisation achieved a multiple return of 2.2x. The Wecomm realisation achieved a 1.2x multiple of cost.

A selection of meaningful and successful exits from the portfolio

£'000	Molten/ Legacy	Sector	Date of Exit	Profit/ Loss	Uplift %	Multiple of Cost
Roomex	Molten	Technology	Nov-22	276	25%	1.3
Lyalvale Express	Legacy	Manufacturing	Apr-22	6,852	358%	4.6
IXL Premfina	Molten	Technology	Jul-21	(95)	-13%	0.9
Podpoint	Molten	Technology	Feb-20	1,005	117%	2.2
Fulcrum Utilities	Legacy	Utilities	Aug-18	518	454%	5.5
Concorde Solutions	Legacy	Technology	Apr-17	258	16%	1.2
SMART Education	Legacy	Recruitment	Dec-15	3,653	202%	3.0
WASP	Legacy	Engineering	Apr-14	9,747	17828%	179.3
Wecomm	Legacy	Software	Mar-11	202	24%	1.2
Melorio	Legacy	Services	Jun-10	240	120%	2.2
Fords	Legacy	Engineering	Feb-09	1,150	144%	2.4
Mediasurface	Legacy	Software	Jul-08	153	23%	1.2
U-Mole	Legacy	Engineering	Mar-08	1,507	350%	4.5
CSG	Legacy	Software	Apr-07	2,497	167%	2.7
Ovum	Legacy	Services	Dec-06	87	58%	1.6
ET&T	Legacy	Software	Oct-06	210	47%	1.5
Milkround	Legacy	Recruitment	Mar-06	147	59%	1.6
HJ Bean	Legacy	Leisure	Sep-05	343	58%	1.6
Interlink Foods	Legacy	Food	Jan-00	682	159%	2.6
Systems Union	Legacy	Software	Jan-00	1,368	574%	6.7
Total				30,799	215%	3.1

Note: Uplift % and multiple of cost is calculated including the repayment of any loan notes during the life of the investment

Source: Elderstreet Investments Limited

INVESTMENT POLICY

The policy below was approved by the FCA and by Shareholders at a general meeting on 27 March 2019. Any material change to this policy requires Shareholder and FCA approval in accordance with the Listing Rules.

VCT Qualifying Investments

The Company currently holds a portfolio which is mixed by sector, with new investment activity focused on the technology sector.

The Company will continue to invest in a diversified portfolio of companies predominantly in the technology sector, with a particular emphasis on unquoted companies which will usually have the following characteristics:

1. Companies which meet the VCT criteria with the ability to grow, which are seeking growth capital;
2. A strong, balanced and well-motivated management team;
3. Investments where the Manager can typically be an active investor and have a board or observer position;
4. Companies with products or services which have the potential to sustain a competitive advantage; and
5. Companies with reasonable prospects of achieving a trade sale or stock market flotation.

Future VCT Qualifying Investments will usually be syndicated alongside other Molten Ventures funds with a focus on the following technology sectors:

1. Consumer Technology - companies with new consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional opportunities enabled by technology.
2. Enterprise Technology - companies developing the software infrastructure, applications and services that make enterprises more productive, cost-efficient, and smoother to run.
3. Hardware & DeepTech - companies developing different technologies that underpin advances in computing, consumer electronics and other industries.
4. Digital Health & Wellness - companies using data, software and hardware to create new products and services for the health and wellness markets.

Non-Qualifying Investments

The Company will invest such funds not utilised in VCT Qualifying Investments in cash and other near cash assets including money market funds, as permitted under VCT regulations. Cash is currently held in the VCT's own bank account at either Bank of Scotland plc or Royal Bank of Scotland plc although this is subject to change and prevailing interest rates.

Risk Diversification

The Company's portfolio will be diversified by investing in a portfolio of VCT qualifying investments covering a number of technology sectors. The maximum that the Company will hold in a single investment (by value at the time of investment) is 15% of funds invested.

Venture Capital Trust regulations

The Company will be managed with the intention of maintaining its VCT status by satisfying a number of tests set out in Part 6 of the Income Tax Act 2007.

Borrowings

It is not the Company's intention to have any borrowings; however, the Company does have the contractual ability in the investment restrictions to borrow up to 10% of the aggregate of the nominal capital of the Company (being issued and paid up) plus the amounts standing to the credit of the consolidated reserves of the Company.

SHARE BUYBACK POLICY

The Company has from time to time bought back its Ordinary Shares for cancellation. The Company intends to continue to buy back its Ordinary Shares at a discount of approximately 5.0% to the last published NAV, subject to liquidity, VCT regulations and the Listing Rules. Shareholders are reminded that buyback levels may vary. The Board will agree the price at which such buybacks are undertaken which will not be more than 95.0% of the last published NAV for the Ordinary Shares although the Board may decide to buy back shares at their discretion at a larger discount subject to VCT regulations, liquidity and the Listing Rules.

The implementation of the buyback policy in relation to Ordinary Shares will be at the Board's discretion and subject to the Company's liquidity, and stock market and other applicable regulations.

THE MANAGER

The Manager has acted as investment manager for the Company since its inception in 1998, working with Molten Ventures plc (then Draper Esprit plc) since 2016 under a profit-sharing agreement before being fully acquired in 2021.

The Manager has expertise in VCT tax efficient investing, and is a specialist in the smaller, unlisted sector. The Manager has a thesis-driven proprietary deal flow and a "hands on" portfolio management style.

The Manager's holding company, Elderstreet Holdings Limited, is 100% owned by Molten Ventures plc.

The Administration Manager

Downing LLP (and previously its predecessor, Downing Management Services Limited) has been the Company's Administration Manager since the Company's inception in 1998 and performs similar services for a number of other VCTs.

VCT Status Monitoring

The Directors have appointed Philip Hare & Associates LLP to advise the Company on compliance with the taxation legislative requirements relating to VCTs.

Management Fees and Charges

The Manager receives an annual fee (the "**Annual Fee**") equal to 2.0% of the Net Assets of the Company subject to the expenses cap (see below). The Annual Fee is payable quarterly in advance.

Downing LLP currently receives an annual fee of £85,000 plus 0.1% of further new funds raised (excluding VAT) subject to an aggregate annual cap of £100,000 for its role as the Administration Manager.

Expenses Cap

The annual running costs (including VAT) of the Company are capped at 3.5% of its Net Assets with any excess being refunded by way of a reduction in the fees payable to the Manager.

The running costs include, inter alia, fees payable to the Manager and the Administration Manager, Directors' fees, audit and taxation fees, registrar's fees and costs of communicating with Shareholders. The expenses cap excludes the performance incentive fee. For the year ended 31 March 2023 the Ongoing Charges Figure (OCF) was 2.5% (using a weighted NAV), 31 March 2022 the OCF was 2.4%, 31 March 2021 the OCF was 2.4%, 31 March 2020 the OCF was 3.3% and for the year ending March 2019 the OCF was 3.0%. The Manager expects the OCF to reduce over time as the Company's NAV increased.

Performance Incentive Fees

Under arrangements introduced between the Company and the Manager in February 2021, no performance fee is payable unless a realised gain is made on the disposal of an investment where both the hurdles below are met:

- (a) an IRR hurdle requiring the achievement of at least 7% p.a. based on cash flows of additions and disposal proceeds related to all investments made within a five-year investment pool, calculated by reference to the audited valuations of all investments within that investment pool held by the Company at the end of each financial period, the first such five-year period starting from 1 April 2021, the second starting from 1 April 2026 etc.; and
- (b) a NAV per share hurdle requiring the NAV per share at the end of the year in which the gain is made to be higher than the NAV per share at the commencement of the five year pool period in which the investment was made having added back any dividends paid since the date of the relevant NAV Base and having subtracted any performance fee(s) or deferred performance fee(s) to be paid in respect of the financial period to the extent provision has not already been for these made in the NAV.

The performance fee is only payable where a realised gain has been made and both the IRR and NAV hurdles have been met. In this case a performance fee equal to 20% of the realised gain is payable to the Manager.

No performance fees will be paid in respect of a given five-year period more than 10 years after the end of that period.

To the extent a performance fee is not paid due to failure to meet either hurdle, it may be paid at a later date if the hurdles are then achieved. Under these arrangements, no performance fee was paid in the year ended 31 March 2023 or in the current year to date.

Arrangement and Monitoring Fees

The Manager may charge an arrangement fee to each portfolio company in which the Company invests. This fee is restricted to 3% of the gross amount invested by the Company. No arrangement fees have

been charged by the Manager for any of the Molten Ventures-managed deals completed to date. The Manager may also charge portfolio companies for its monitoring services and non-executive director fees but has not done so in respect of investments made under the Molten co-investment syndicate. The Manager views fees of this nature to be non-market standard in the tier of the market in which it operates, and that they would typically present an impediment to securing competitive deals.

CO-INVESTMENT AND CONFLICTS POLICY

The Company has a co-investment right alongside other Molten Ventures funds. This is broadly based on the liquid funds available, the EIS/VCT qualifying status of each investment, the existing asset allocation within each pool of funds (i.e. conflict issues around investing in a potential competitor to an existing portfolio company), and for the Company, the current percentage of VCT qualification in each of its pool of VCT funds. This co-investment right and allocation is reviewed on a periodic basis. The Directors believe that this co-investment arrangement provides Shareholders with a number of advantages, particularly in relation to deal flow and the opportunity for the Company to participate in larger deals and later stage companies. The average investment size made by the VCT of the last six new deals completed to the end of July 2023 was £2.2 million.

The allocation percentages amongst the Molten Ventures syndicate funds are reviewed and updated periodically and are subject to change depending on the deployment requirements and cash reserves of each participant.

Molten Ventures has a comprehensive internal policy in place to deal with potential conflicts of interest. In the event of a conflict of interest between the funds (which shall include where an investment is proposed in a company in which another fund already has an interest), or where co-investments are proposed to be made other than on the above basis, such an investment by the Company will require the approval of those members of the Company's board who are independent of the Manager.

The Board is independent of the Manager and Molten Ventures plc and while the Manager may recommend investments on the above basis, the Board has the right to challenge or even decline investment opportunities where the VCT allotment would be above £5 million under the terms of the Investment Management Agreement. Richard Marsh sits on the board of the Manager and is also a director of the Company. Pursuant to the Company's articles of association, all Directors must declare any actual or potential conflicts connected to the business of each meeting of the Board and where such a conflict exists may, at the discretion of the other Board members, be deemed not count towards a quorum for such a meeting and be excluded from discussions of and from voting on matters where such a conflict or potential conflict exists.

Each of the Manager and Molten Ventures plc has developed effective procedures for the post investment monitoring and support of portfolio companies by way of board representation, monitoring of management accounts and internal reporting practices. The Directors believe that such procedures are an essential element in successful venture capital management.

NET ASSET VALUE CALCULATION

Investments are designated as "fair value through profit or loss" assets, upon acquisition, due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company's investment policy.

Investments quoted on AIM and the Main Market are measured using bid prices in accordance with IPEV (International Private Equity and Venture Capital Valuation) Guidelines. For unquoted instruments, fair value is established using the IPEV. The valuation methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value.

The Company's net asset value is formally calculated every six months by the Manager, approved by the Board and published on an appropriate Regulatory Information Service.

PART 4

INVESTMENT PORTFOLIO

The investment portfolio of the Company as at the date of this document is set out below (the valuations being the unaudited valuations and cash balances as at 31 July 2023. These valuations are based on 31 March 2023 year end valuations, updated for publicly quoted AIM stocks at 31 July 23 and where there has been a new deal or follow on round. It should be noted that the Company will be releasing the 30 September interim results prior to the December 2023 calendar year end).

The table also includes (i) new 'Committed' investments where the Company has signed up to a binding investment document but is awaiting HMRC approval prior to formally completing its investment in the relevant company and (ii) new 'Anticipated' investments where a term sheet has been signed. These 'Committed' and 'Anticipated' investments have been deducted from the actual cash balance in the Company.

Investments	Actual Cost	Unaudited 31 July 23 Valuation	Unrealised Gain/Loss	Portfolio by % Value	Valuation date
Molten Ventures Completed Investments	Cost £	Valuation £	Gain/Loss £	%	
Thought Machine Group Limited	2,399,996	10,300,183	7,900,186	8.3%	31 March 23 valuation
Endomagnetics Limited	2,147,141	8,635,243	6,488,102	7.0%	31 March 23 valuation
Form3 UK Limited(formerly Back Office Technology Ltd)	1,419,974	6,605,680	5,185,707	5.3%	31 March 23 valuation
Focal Point Positioning Limited	3,299,989	5,561,466	2,261,477	4.5%	31 March 23 valuation
RiverLane Ltd	2,660,874	4,113,500	1,452,626	3.3%	31 March 23 valuation
Global Satellite Vu Limited	4,088,837	4,104,765	15,927	3.3%	Round post 31.3.23
IESO Digital Health Limited	3,566,702	3,877,639	310,937	3.1%	31 March 23 valuation
Evonetix Limited	2,999,450	3,382,751	383,301	2.7%	31 March 23 valuation
Morressier GmbH	3,162,375	3,162,375	-	2.6%	Round post 31.3.23
Expanding Circle Ltd (AltruistIQ)	2,931,197	2,931,197	-	2.4%	31 March 23 valuation
Juliand Digital Limited (t/a Zaptic)	2,439,063	2,439,063	-	2.0%	31 March 23 valuation
Apperio Limited	1,597,143	2,052,053	454,910	1.7%	Round post 31.3.23
Impulse Innovations Limited (t/a Causalens)	2,079,418	1,953,213	(126,205)	1.6%	31 March 23 valuation
Hadean Supercomputing Limited	1,774,992	1,937,953	162,961	1.6%	31 March 23 valuation
Worldr Technologies Limited	1,696,778	1,696,778	-	1.4%	31 March 23 valuation
Molten Ventures Other investments ***	20,600,306	13,504,161	(7,096,145)	10.9%	31 March 23 valuation
	58,864,235	76,258,019	17,393,784	62%	

Molten Ventures committed Investments post 31.7.22 **

Company A	2,640,000	-	2.1%	Awaiting HMRC
Company B	2,161,115	-	1.7%	Completed August 23
Company M	2,520,000	-	2.0%	Awaiting HMRC

Molten Ventures - total completed, committed and anticipated investments	83,579,134	17,393,784	67%
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Net cash minus committed and anticipated investments	28,197,773	23%
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Legacy Elderstreet Investments	Cost £	Valuation £	Gain/Loss £	%	
Fords Packaging TopCo Ltd	2,432,856	5,866,632	3,433,776	4.7%	31 March 23 valuation
Access Intelligence PLC *	2,586,379	4,487,825	1,901,446	3.6%	31 July 23 Bid price
Macranet Ltd T/A Sentiment Metrics	1,187,169	1,187,171	2	1.0%	31 March 23 valuation
Cashfac plc	260,201	525,413	265,212	0.4%	31 March 23 valuation
	6,466,605	12,067,041	5,600,436	10%	
Legacy Other Investments	4,437,136	25,737	(4,411,399)	0.0%	
Net Assets		123,869,686		100%	

* AIM quoted

** 'Committed' and 'Anticipated' investments as described above

*** One portfolio company has completed a round after the year end and another portfolio company, which has been in M&A discussions, may enter administration, with a further expected negative impact of c.0.5p on the Company's NAV

Quoted investments are valued at bid prices with a liquidity discount, where appropriate, and unquoted investments are valued in accordance with IPEV Guidelines.

Company's Molten Ventures-managed Portfolio Holdings

Further information on the top fifteen holdings of the Molten Ventures technology portfolio company follows:

Company Name	Sector	Description	Equity %
Thought Machine Group Limited	Enterprise Technology	Cloud core bank systems	<5%

Thought Machine has developed a cloud-based Core Banking System (CBS) for banks. This is one of the first bottom-up attempts to build a modern computer system for banks, which can be used out of the box by any bank and tailored as necessary. Each instance has its own private blockchain and cryptographic ledger, hosted by Thought Machine. Thought Machine's core offering provides a next generation core banking platform that enables banks, both traditional established organisations and new so-called 'challenger banks', to compete in a cloud-based era. Thought Machine was founded in 2014 by serial entrepreneur and former Google engineer, Paul Taylor. Monese and Curve, the popular pan-European fintechs have announced they will be adopting Thought Machine's platform, Vault.

Company Name	Sector	Description	Equity %
Endomagetics Limited	Digital Health & Wellness	Cancer trace and guidance systems	<5%

Endomag has developed a minimally-invasive surgical guidance system, which can locate early-stage and impalpable tumours, and help determine whether the cancer has spread. The system has been used in over 30,000 procedures across 300 hospitals in 30 countries and is the subject of 12 clinical publications, all confirming its efficacy compared with current standards. Endomag's mission is to improve the standard of cancer care for everyone, everywhere, by providing more accurate, convenient and less-invasive solutions for diagnosis and treatment.

Form3 UK Limited	Enterprise Technology	Payment processing technology	<5%
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Form3 delivers cloud-based connectivity, payment processing, clearing and settlement services. Their clients include a wide range of regulated financial institutions, including leading banks, non-bank financial institutions and fin-techs. Form3 couples their technology with banking partnerships to facilitate agency payment services, accessed through a simple API on a per transaction commercial model, with no big upfront costs. Form3 won the UK Business Angels Association 2018 Best Investment in Fintech Award for demonstrating innovation, and the capability to disrupt the market and the capacity to achieve high growth.

Focal Point Positioning Limited	Hardware & Deep Tech	Super accurate GPS positioning technology	<5%
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FocalPoint is a deep tech start-up whose IP addresses fundamental weaknesses of GPS and other positioning technologies, enabling new capabilities for hardware and software businesses across mobiles, wearables, autonomous vehicles, security and IoT. Founded in 2015 the team of domain experts has more than 100 years of combined knowledge in the world of positioning, navigation and timing. Their supercorrelation technology provides coherent integration times in excess of 1 second on low cost consumer platforms during complicated motions and results in angle-of-arrival detection using signal processing alone. This mitigates multipath interference, boosts sensitivity and improves positioning accuracy. It also ignores spoofing attacks (since the signals arrive from wrong directions), enables spoofer localisation and can provide a magnetic-free compass.

RiverLane Limited	Hardware & Deep Tech	Quantum computing software	<5%
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Riverlane builds ground-breaking software to unleash the power of quantum computers, transforming experimental technology into commercial products. Today's quantum computers have limited capabilities because their fundamental building block, qubits, are highly error prone. It's not enough to simply build quantum computers with more and better qubits. Unlocking the full spectrum of quantum computing application requires new hardware and software tools to control inherently unstable qubits and comprehensively correct system errors ten billion times or more per second. Riverlane designs and engineers such tools. We implement them with leading quantum computer makers using every type of qubit.

Global Satellite Vu Limited	Hardware & Deep Tech	Spacetechnology	<5%
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Founded in 2016 to be an unmatched global reference on human activity from space with the ambition to fill the void in high resolution thermal data from space. Satvu is now a high-growth space tech company poised to help the globe address its sustainability challenges through high-resolution thermal imaging to ensure any structure on the planet is energy efficient and support the reduction of businesses' carbon footprint. In near real-time, Satvu will use Infrared technology to monitor the Earth and will be able to assess and determine insights into economic activity. This will allow businesses to make decisions in order to become more environmentally friendly.

Company Name	Sector	Description	Equity %
IESO Digital Health Limited	Digital Health & Wellness	One-to-one clinically led online therapy	<5%

Ieso provides clinically validated Cognitive Behavioural Therapy (CBT) treatments through its proprietary online platform. Behavioural health patients interact with highly-qualified CBT therapists via a written transcript. The company has demonstrated since 2013 that its approach is not only as good as face to face therapy but has advantages over face-to-face, video and tele-based treatments. The NHS, via contracts with individual authorities, is a significant customer. The cost of mental health conditions, globally, according to the WHO (World Health Organisation) is currently \$2.4tn and it is expected to more than double by 2030. The existing provision of treatment reaches only a fraction of those affected, and new methods and more scalable delivery of services is required to serve the needs of patients. Ieso has clinical evidence to validate its approach. It has achieved success in use for the NHS and the opportunity now is to expand in the UK and internationally and establish a position as the market leader in this sector.

Evonetix Limited	Digital Health & Wellness	Gene synthesis technology	<5%
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Evonetix is a synthetic biology company which is developing a highly novel and advanced silicon-chip based method of producing synthetic DNA. It is a 'deep tech' investment with high potential upside. The rapidly emerging synthetic biology industry is utilising scientific advances in the field of DNA and protein engineering to revolutionise bioproduction, however one of the current bottlenecks in designing new products and processes is the ability to design and produce high quality, error free DNA on demand.

Evonetix is trying to solve this problem using a novel, patented method which is able to synthesise large amounts of DNA on a chip with a built-in error correction algorithm.

Morressier GmbH	Enterprise Software	Publishing software platform	<5%
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Morressier provides publishers and societies with workflows for transforming scholarly communications. The Morressier platform supports the entire pre-publishing journey, from hybrid and virtual conferences where research is shared in its earliest stages, to journal submissions, peer-review workflows, and AI-powered integrity checks. Morressier works with over 200 Societies, Associations, Institutions, Corporations, and Research Organizations around the world, across all disciplines.

Expanding Circle Limited (t/a AltruistIQ)	Enterprise Software	Carbon abatement software	<5%
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Founded in 2020, the London-based startup is pioneering a carbon abatement model. It's a process that goes deeper than simply committing to carbon offsets through identifying emission and reduction initiatives. Instead, Altruistiq's offering is directly impacting how clients do business - creating change that is better embedded in business processes, and, therefore, with greater long-term efficacy. Sustainability SaaS solutions are growing in popularity and importance. It's a sector that provides the vital tech needed to reach climate targets and, finally, reach zero. The market is reported to be worth almost €8 million and growing at more than 30% CAGR.

Juliand Digital Limited (t/a Zaptic)	Hardware and Deeptech	Connected worker platform	<5%
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Since 2015, we've collaborated closely with world class manufacturers to develop a leading Connected Worker Platform which gives workers the information and tools they need to do their jobs safely, efficiently and effectively, and to drive operational excellence for the organisation. Supply chains leaders partner with Zaptic to digitise operations for frontline teams, empowering workers with information and tools they need to drive operational excellence. Currently, manufacturers such as Carlsberg, Hovis, Berry Global, and Celgard use Zaptic as part of their transformation activities, digitising operations for frontline teams and accelerating operational excellence journeys.

Company Name	Sector	Description	Equity %
Apperio Limited	Enterprise Technology	Legal fees spend software	5-10%

Apperio is a business to business (B2B) software company that operates in the legal sector. It provides companies' General Counsels and in-house legal teams with a real-time view of all of their legal expenditure across all of the law firms that they work with. This includes visibility of unbilled work in progress, showing the hours and individuals involved that are currently 'on the clock' but not yet billed. Apperio's technology is internet-based and provided on a Software as a Service (SaaS) basis with an annual licence fee. It provides benefits to both corporate clients and the law firms they work with. For corporate clients of law firms, Apperio enables a real-time view of their legal spend and easily allows in-house counsel to track the various matters they manage, which typically leads to very substantial savings. For law firms, Apperio enables bills to be agreed and settled substantially quicker, automates fee reporting to clients and improves client retention due to the elimination of surprise legal bills.

Impulse Innovations Limited	Hardware and Deeptech	Causal AI technology	<5%
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Impulse Innovations trading as CausaLens has customers and partners currently in organizations in healthcare, financial services and government, among a number of other verticals, where its technology is used not just for AI-based decision making but to bring in more cause-and-effect nuance when arriving at outcome. Sometimes the "logical" answers produced by predictive AI can prove disastrous. CausaLens has developed causal inference technology – aimed at introducing nuance, reasoning and cause-and-effect sensibility into an AI-based system – which it believes can solve this problem.

Hadean Supercomputing Limited	Deep Tech	Gaming Technology	<5%
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Hadean is a software company that is developing an ambitious approach for very large scale, high performance computing requirements. The premise is to design an operating system from first principles that is optimised for internet-based 'cloud computing' tasks – its product, HadeanOS, is described as a cloud-first operating system. Hadean's software is installed on hardware in the same manner as, but instead of, operating systems such as Windows or Linux, and controls the low level management of the processing and the hardware resources. It is designed to execute large and complex tasks amongst many different machines by dynamically managing the number of servers that are required at any one time. It eliminates much of the complexity and middleware code when compared with existing 'per machine' techniques.

The first commercial application is for the online multi-player games industry, where Hadean set a world record for the number of simultaneous players in a demonstration at the Game Developers' Conference (GDC) 2019 in San Francisco. It is also working on other large scale simulation environments, including with the Francis Crick Institute for cancer gene modelling, and also risk simulation for financial institutions.

Worldr Technology Limited	Enterprise Software	Messaging compliance software	<5%
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Founded by Max Buchan Worldr is designed as an elegant secure messaging platform that meets the strict compliance standards required by the financial and legal sectors from which they hail. Worldr works on what they call a zero-trust model: essentially it means that companies using it do not need to rely on any external platforms for their security as despite the enormous amount of security in place, any external service presents a risk. "One company hosting the conversations of hundreds of thousands of companies becomes a very appealing target," Buchan explained. "We wanted to decentralise that risk, so using our Teams later, you take back ownership of the data. Even if Microsoft is hosting it, the company creating the conversations is the only one that has the private key to decrypt it."

Company Name	Sector	Description	Equity %
Fords Packaging Topco Ltd	Manufacturing	Rotary sealers	48%

Based in Bedford, Fords Packaging is a profitable leading supplier of capping presses and also manufactures rotary sealers. It is widely known for its expertise in sealing and closure technology for food and drink applications where high standards of hygiene are required. Fords products are mainly for use in the food and dairy industries and the company has global clients. In 2018 Fords won the award for Best Closure for their Fords foil caps at the World Beverage Innovation Awards, held in Germany. Winning this award is a recognition of the innovative solutions Fords are developing to bring a unique range of benefits to brand owners and consumers, in sustainability, consumption experience and packaging innovation. With the single serve water bottle their innovative foil seal delivers bottle weight reduction by removing threads from the neck finish. Combined with elimination of the need for a plastic screw cap and tamper evident band, it delivers the lowest package weight in the market. The Investment Manager has a seat on the board of directors.

Access Intelligence plc	Enterprise Software	Marketing insights software	6%
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Access Intelligence is an AIM-listed tech innovator, delivering high quality SaaS products that address the fundamental business needs of clients in the marketing and communications industries. Their technology is used by 6,000 organisations every day, from global blue-chip enterprises and world-leading marketing agencies to public sector organisations and not-for-profits. They combine AI technologies with human expertise to analyse data and create insights to understand what has impact on an organisation and their key audiences - from customers to stakeholders, politicians to influencers and the media. In the age of 'information overload' where influence moves in real-time across multiple platforms, Access provide organisations with a single, real time view of reputation. This includes where risks or opportunities are emerging, when and how to engage, with the tools to evaluate how effective activity is against commercial objectives.

Source: Elderstreet Investments Limited

Legacy Portfolio Holdings

Unless stated to the contrary the figures for each of the portfolio companies below have been extracted from their annual accounts filed at Companies House. Where information has been sourced from the management accounts of the portfolio companies, the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading. The total Legacy Portfolio companies account for 9.8% of the Company's unaudited NAV as at 31 July 2023. Two of these companies account for 86% of that Legacy Portfolio.

The current carrying value and historical investment performance of these two legacy portfolio companies is shown in the table below. Taking into account the repayment of loan stock, loan stock interest and dividends paid, these companies have all returned over 3.0x cost.

Legacy Elderstreet Investments	Total Cost	Total Realised	Carrying Value July 23	Total Return	Multiple of Cost
Access Intelligence plc	2,586,379	910,483	4,487,825	5,398,308	2.09
Fords Packaging Top Co Ltd	2,432,856	2,245,674	5,866,632	8,112,306	3.33
Total	5,019,235	3,156,157	10,354,457	13,510,614	2.69

Source: Elderstreet Investments Limited

Information on the top two legacy portfolio companies follows:

Company Name	Sector	Description	Equity %
Fords Packaging Topco Ltd	Manufacturing	Rotary sealers	48%

Based in Bedford, Fords Packaging is a profitable leading supplier of capping presses and also manufactures rotary sealers. It is widely known for its expertise in sealing and closure technology for food and drink applications where high standards of hygiene are required. Fords products are mainly for use in the food and dairy industries and the company has global clients. In 2018 Fords won the award for Best Closure for their Fords foil caps at the World Beverage Innovation Awards, held in Germany. Winning this award is a recognition of the innovative solutions Fords are developing to bring a unique range of benefits to brand owners and consumers, in sustainability, consumption experience and packaging innovation. With the single serve water bottle their innovative foil seal delivers bottle weight reduction by removing threads from the neck finish. Combined with elimination of the need for a plastic screw cap and tamper evident band, it delivers the lowest package weight in the market. The Investment Manager has a seat on the board of directors

Access Intelligence plc	Enterprise Software	Marketing insights software	6%
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Access Intelligence is an AIM-listed tech innovator, delivering high quality SaaS products that address the fundamental business needs of clients in the marketing and communications industries. Their technology is used by 6,000 organisations every day, from global blue-chip enterprises and world-leading marketing agencies to public sector organisations and not-for-profits. They combine AI technologies with human expertise to analyse data and create insights to understand what has impact on an organisation and their key audiences - from customers to stakeholders, politicians to influencers and the media. In the age of 'information overload' where influence moves in real-time across multiple platforms, Access provide organisations with a single, real time view of reputation. This includes where risks or opportunities are emerging, when and how to engage, with the tools to evaluate how effective activity is against commercial objectives.

Source: Elderstreet Investments Limited and Company's accounts at Companies House

PART 5

MANAGEMENT TEAM AND WIDER PLATFORM

The Manager's Investment Team

The Investment Committee of the Manager consists of four executives as follows:

Martin Davis is the CEO of Molten Ventures plc. He has more than 20 years' experience in financial services and joined Draper from Aegon Asset Management where he was the Head of Europe, Aegon Asset Management & CEO Kames Capital. Prior to Aegon Asset Management, Martin served as CEO at Cofunds, spent 8 years at Zurich Insurance Group, and was also CEO of Zurich's joint venture, Openwork, the largest network of financial advice firms in the UK. Prior to this, Martin held senior management roles at Misys and Reuters. He also worked as Executive Vice President International for high growth start up, Corillian, an internet banking software company. Martin also served for 11yrs in the British Army. Martin has an MBA from London City Business School (CASS) and Diplomas from the Institute of Marketing and the Market Research Society.

Richard Marsh (Chief Portfolio Officer of Molten Ventures plc) has worked in start-ups and venture capital since 1997 and is an experienced entrepreneur as well as a venture capitalist. He founded and built Datanomic, a Cambridge-based software company which was a pioneer of Data Quality software and was acquired by Oracle. As an investor, Richard has worked across software, hardware, mobile and cleantech sectors. He is responsible for the Drape Esprit group's investments in Apperio, Bright Computing (acquired by Nvidia), Garlik (acquired by Experian), Green Park Content, GreenPeak Technologies (acquired by Qorvo), Polatis (acquired by Huber and Suhner), Psytechnics (acquired by NetScout), and SportPursuit (majority investment by BD Capital). Richard is an Engineering graduate of Cambridge University where he also received his PhD. Richard holds an MBA from IMD Business School, Lausanne, where he was a Sainsbury Management Fellow. Richard was the founder of the Molten EIS practice.

William Horlick (Head of VCT) has worked at Elderstreet Investments Limited since 1998. He has worked on over 70 venture capital investments. William has held several board seats in the past on portfolio companies. William graduated from RMA Sandhurst in 1980. Prior to joining the Manager, he was managing director of a mail order company and spent seven years in investment banking and stockbroking.

Ben Wilkinson has been CFO of Molten Ventures plc since 2016. He has over 10 years of experience as a public company CFO. At Molten Ben has been responsible for building out the balance sheet, through equity and debt financing and broadening the shareholder register. He has developed the finance function and led on Molten's move to the main market. Prior to Molten, Ben served for five years as CFO of AIM-quoted President Energy plc. Ben is a Chartered Accountant, FCA, with a background in M&A investment banking from ABN Amro/RBS where he was involved with multiple cross-border transactions and corporate financings. Ben is a graduate of Royal Holloway, University of London with a BSc in Economics.

Molten Ventures Platform Team

The Manager's Investment Committee is assisted in its selection process by Molten Ventures plc's wider executive and investment team:

Stuart Chapman is the co-founder and executive director of Molten Ventures plc. Prior to establishing Molten Ventures (then Draper Esprit), with Simon Cook in 2006, Stuart was a Director of 3i Ventures in London. Having joined 3i in 1992, he has 25 years of venture capital experience in Europe and the US. He was a founding partner of 3i US, based in Menlo Park, CA from 1999 until 2003. Stuart was responsible for Esprit's investments in Conversocial (sold to Verint Systems), Lagan Technology (sold to KANA), Redkite (sold to Nice) and Kiadis (IPO). Stuart currently serves as a director with Riverlane, Realeyes and an observer with Graphcore and Crate. Prior to 3i, Stuart was involved in software and systems implementations for Midland Bank. He is a graduate of Loughborough University and currently serves on the Strategic Advisory Board for the Loughborough School of Business and has served as a member of the British Venture Capital Association Venture Committee.

Jonathan Sibilia (Partner, Head of Fund of Funds and Secondaries) joined Molten Ventures in 2009, prior to which he was a senior associate in the technology group at Jefferies International advising on high-profile cross-border M&A, debt & equity offerings. Jonathan previously he worked at Rothschild & CIE in Paris. He also worked at Apax Partners Corporate Finance in France. Jonathan holds a MA in Management from EM-Lyon and the University of St Gallen in Switzerland and a MA in Advanced Corporate Finance from the University of Paris IX Dauphine.

Nicola McClaferty (Partner) joined Molten Ventures in 2017 and focuses on investments in consumer and SaaS. In addition, Nicola serves as a Board Director for NDRC, Ireland's largest technology accelerator and previously was chairperson of the Irish Venture Capital Association. Prior to joining Molten Ventures, Nicola was co-founder and CEO of online fashion marketplace, Covetique. Nicola spent 5 years as a venture capital investor with Balderton Capital and media-consultancy Ravensbeck, focussing on early stage technology and digital media investments. Nicola started her career as an investment banking analyst in the technology team of Jefferies International in London. She graduated from University College Dublin with a BComm in International Business & French.

Vinoth Jayakumar (Partner) joined Molten Ventures in 2016, prior to which he worked at a boutique management consulting firm in London and was an angel investor in various startups. Vinoth leads Fintech investing at Molten Ventures, leading investments into companies like Thought Machine, Form3, and Ravelin. He is focussed on investing against a thesis that is built around the future of financial services covering how people interact with money, all the way through to the infrastructure software behind the architecture of banks.

Christoph Hornung (Partner) joined Molten Ventures in 2020 and focuses on consumer internet, financial services and online marketplaces. Prior to Molten Ventures, Christoph was with Rocket Internet in Asia and Australia, where he helped build The Iconic and Lazada. Previously, Christoph worked as Investment manager at Seven Ventures, where he focused on consumer and e-commerce investments. Christoph is also the founder of a data company in the Sports and Entertainment industry. Christoph is from Germany and graduated from CASS Business School in London.

Dr Inga Deakin (Principal) joined Molten Ventures in 2021 to build and support the healthtech investment portfolio. Her experience includes 6 years at VC Touchstone/Imperial Innovations investing in life science and digital health companies emerging from top UK universities. Inga led investments, bringing in new and diverse syndicate investors, and was on the board of 5 companies, resulting in 2 acquisitions and bringing medical and life science products from research stage to the market. She then spent 3 years in the USA, gaining international industry and healthcare experience, as Chief of Staff in a commercial stage genetic molecular diagnostics company, and more recently as Entrepreneur in Residence at Duke University. Her scientific training includes a DPhil and MSc in Neuroscience from the University of Oxford, and a BA from the University of Cambridge.

Edel Coen (Principal) Edel started her career in Silicon Valley where she spent five years working with Irish enterprise software companies on all aspects of their US market entry strategy. Prior to Molten, she invested in early-stage sustainability and digital health ventures with BVP. Edel is Head of Dealflow and manages Molten's Deal Origination team. Her investment focus areas are Enterprise, DeepTech, and Digital Health and she acts on the Boards of Gardin, Aktia, MostlyAI, Clue, and Automation Hero.

Nelly Markova (Principal). Before joining Molten Ventures, Nelly spent eight years focussing on growth equity investing in software and Consumer Internet businesses. She helped establish and grow Permira's Growth Opportunities fund in Europe and was previously a Vice President at General Atlantic working on investments in the German speaking countries. Nelly holds an MBA from Harvard Business School and a degree in Computer Science from the Technical University of Munich.

The Board

The Company has four Directors, all of whom are non-executive and the majority of whom, including the chairman, are independent of the Manager.

David Brock (Chairman) is an experienced company Chairman in both private and public companies and a former main board director of MFI Furniture Group Plc. He is currently Chairman of ECS Global Group Ltd and Hargreave Hale AIM VCT plc.

Hugh Aldous is currently chairman of Downing Strategic Micro-Cap Investment Trust plc and was chairman of SPL Guernsey ICC Ltd until December 2021. He has chaired venture capital backed companies since 2000 including two of this Company's more successful investments. He was previously a partner in Grant Thornton UK LLP, a DTI Company Inspector, a director of Polar Capital Holdings plc and a director of Innospec Inc. (NASDAQ). He was a Member of the Competition Commission.

Nicholas Lewis is a partner of Downing LLP, a business he founded as Downing Corporate Finance Limited in 1986. Downing LLP specialises in managing, promoting and administering tax-based investments and has over £1 billion of funds under management. Prior to founding Downing, he was with NatWest Ventures Limited and, before that, with Apax Partners & Co Limited.

Richard Marsh is the Chief Portfolio Officer of Molten Ventures. Richard's brief resume is set out on page 43.

The Board is currently responsible for leading the Company, approving the Net Asset Value, approving certain investments proposed by the Manager and for the determination of the Company's investment policy.

The Board is also in the process of looking to refresh its membership over the coming months.

PART 6

INFORMATION RELATING TO THE OFFER

The Offer

The Offer is for New Ordinary Shares. The maximum number of New Ordinary Shares to be issued pursuant to the Offer is 100,000,000 Ordinary Shares, which would represent approximately 29% of the enlarged issued Ordinary Shares of the Company

A raise of £20 million (assuming the Maximum Subscription but no use of the over-allotment facility), equates to an approximate net amount to be raised of £18,900,000 based on Offer costs of 5.5%. The Offer is cost-neutral as regards the NAV of the Company as the up-front costs of the Offer are borne entirely by subscribers through the application of the Pricing Formula. There is no minimum subscription required for the Offer to proceed.

The unaudited net asset value per Ordinary Share as at 31 July 2023 was 50.9p (this being the most recent NAV per Ordinary Share published by the Company prior to the publication of this document). The Estimated Offer Price of 53.3p is the NAV of 50.9p, less the 0.5p dividend paid in September 2023, grossed up for estimated Offer costs of 5.5%. Should there be a material movement in the NAV between the normal reporting dates, the Company may issue a supplemental prospectus and/or announce an updated unaudited NAV, which will be used to calculate the number of New Ordinary Shares to be allotted. The Pricing Formula will be adjusted for any declared dividends where the shares are to be allotted after the record date but before the dividend payment date.

This Prospectus should be read in conjunction with any supplemental prospectus(es) which may be issued from time to time.

Reasons for the Offer

The Company is raising funds by way of the Offer for the tax years 2023/24 and 2024/25 to fund another phase of investment. The Company considers that its co-investment strategy with Molten Ventures plc, Molten Ventures EIS, and other funds under the management of Molten Ventures will continue to provide a flow of attractive investment opportunities for which new and follow-on capital will be required.

The Directors believe that the proposed fundraising under the new Offer will benefit Existing Shareholders in the following ways:

- Shareholders will suffer no NAV dilution as a result of the Offer as New Ordinary Shares will be issued at a price equal to NAV plus offer costs.
- The New Ordinary Shares issued will increase the capital available to the Company which may be invested alongside existing capital. This affords existing Shareholders investment opportunities they might not otherwise have.
- The fixed running costs of the Company will be spread over a larger combined asset base as a result of the issue of New Ordinary Shares, thereby reducing the level of the running costs attributable to each existing holder of Ordinary Shares and, therefore, providing the potential for enhanced returns to existing Shareholders.
- The Board believes the co-investment agreement with Molten Ventures will continue to bring new technology focused investment opportunities to the Company and benefit both existing and prospective new Investors, and that the ability to continue to participate in a funding syndicate alongside Molten Ventures funds will bring access to larger deals in companies that enjoy higher revenues and which operate in high growth sectors which have the potential to scale rapidly and have the potential to exit or attract further funding rounds faster than earlier stage lower revenue companies.

Benefits for new Shareholders

The Directors believe that the proposed fundraising through the Offer may benefit new Shareholders in the following ways:

- Immediate exposure to the Company's existing portfolio, including a number of mature companies.
- Exposure to companies within the Company's existing portfolio which may no longer be able to receive VCT investment as they are not Qualifying Investments under the amended VCT regulations.

Use of proceeds

The Board intends to invest the net proceeds from the Offer in accordance with the Company's existing investment policy as set out on pages 32 and 33.

The Company intends to invest at least 80% of funds raised for the year ending 31 March 2024 in Qualifying Investments. The net proceeds of the Offer will be approximately £18.9 million with expenses of approximately £1.1 million (assuming Maximum Subscription, no utilisation of the over-allotment facility and total costs of 5.5% on all Applications).

Key Terms of the Offer - Promotion Fees and Commission

Applications through intermediaries (commission payable*)

Promotion Fee	3.0% of the Application Amount
Initial commission to intermediaries	2.5% of the Application Amount
Trail commission	0.25% of the gross subscription per annum for five years (subject to a cumulative maximum trail commission of 1.25%)

* Commission will only be payable where permitted by the FCA's rules on inducements.

Applications through intermediaries (no commission payable)

Promotion Fee	3.0% of the Application Amount
Adviser Charges - Such initial charges that are agreed between each Investor and their financial intermediary	Variable

Direct Investors

Promotion Fee	3.5% of the Application Amount
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Early Investment Incentive

For valid applications received and accepted with cleared funds received by the Receiving Agent on or before the dates set out below, the relevant discount set out below will be applied to the applicant's Offer costs through the Pricing Formula:

31 October 2023	1.25%
30 November 2023	1.00%
31 December 2023	0.75%
31 January 2024	0.50%
28 February 2024	0.25%

Applications received from 1 March 2024 onwards will not attract any discount. The costs of the above discounts will be borne primarily by the Company in recognition of its retention of the interest earned on balances held pending allotment and also by way of discounts to the Promoter's Fees as agreed between the Company and the Promoter.

Pricing of the Offer

Investors are invited to subscribe an amount in pounds sterling rather than apply for a particular number of New Ordinary Shares. The fees payable to the Promoter and to the Investor's financial intermediary will be taken into account in calculating the number of New Ordinary Shares the Investor will receive.

The number of New Ordinary Shares to be issued to each Applicant in the Company will be calculated at the time of allotment based on the following Pricing Formula and rounding down to the nearest whole Share:

Number of New Ordinary Shares

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Amount subscribed
(i) less Promotion Fee (net of any early investment discount)
(ii) less initial Adviser Charge or commission (if any)

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Latest NAV per Offer Share prior to allotment date

If an updated NAV per Ordinary Share is announced after publication of this document, this updated NAV will be used to calculate the price and the number of New Ordinary Shares to be issued. Should there be a material movement in the NAV between the normal reporting dates, the Company may announce an updated unaudited NAV by announcement on a Regulation Information Service. The NAV used in the Pricing Formula will be adjusted, as required, to account for dividends payable to existing Shareholders where these are not yet reflected in the NAV. The Company will announce the number of New Ordinary Shares issued and the range of Offer Prices by way of a Regulatory Information Service announcement following allotment.

Pricing Formula: Worked Examples

	Investment on 15 October 2023 through a financial intermediary charging 2.0% as an Adviser Charge	Investment on 15 December through a financial intermediary charging 1.5% as an Adviser Charge	Investment on 15 January 2024 through a commission- eligible financial intermediary who waives commission in full
Amount Subscribed	£10,000	£10,000	£10,000
Promotion Fee	3.0%	3.0%	3.0%
Early Investment Incentive	(1.25)%	(0.75)%	(0.5)%
Adviser Charge	2.0%	1.0%	-
Commission	-	-	2.5%
Commission waived	-	-	(2.5)%
Latest unaudited NAV per share ²	50.4p	50.4p	50.4p
Offer Price given by the Pricing Formula	52.36p	52.09p	51.69p
Number of New Ordinary Shares allotted	19,097	19,196	19,345

In each of the above cases, Investors can then claim VCT income tax relief of 30% on their gross subscription (the Application Amount) rather than the net amount after the payment of fees, subject to their personal circumstances. This would equate to £3,000 of relief in respect of the £10,000 subscription noted in each of the above examples.

Some further information about when Adviser Charges are applicable and when commission is applicable is set out below. The Manager may also agree (at its discretion) to reduce fees further (in whole or part) in respect of any specific Investor or group of Investors for the benefit of such Investors.

Adviser Charges and Commission

In accordance with the FCA's Conduct of Business Sourcebook, commission (including on-going trail commission) is generally not permitted to be paid to Intermediaries who provide independent advice or personal recommendations to UK clients in respect of their investments in VCTs.

Instead of commission being paid by the VCT, an Adviser Charge will usually be agreed between the intermediary and Investor for the advice and related services. This fee can either be paid directly by the Investor to the intermediary or, if it is an initial one-off fee of up to 4.5%, the payment of such fee may be facilitated by the Company. Ongoing fees to Intermediaries will not be facilitated by the Company. If the payment of the Adviser Charge is to be facilitated by the Company, then the Investor is required to specify the amount of the charge in Section 6 of the relevant Application Form. The Investor will be issued fewer New Ordinary Shares (to the equivalent value of the Adviser Charge) through the Pricing Formula set out above. The Adviser Charge is deemed to be inclusive of VAT, where applicable. Adviser Charge facilitation payments will be made on behalf of Investors from the Company's share premium account (or reserves created therefrom) in respect of share capital issued prior to 6 April 2014 or which was created pursuant to shares issued more than three years prior to the payment.

² Assumes allotment based on 31 July 2023 NAV, adjusted solely for the dividend of 0.5p per share paid in September 2023.

Commission may be payable in respect of applications by an "execution only" Investor who has received no advice in respect of the investment and, as such, the Company will only pay commission to firms:

- (a) which do not provide personal recommendations or investment advice (save where this is restricted advice given to professional clients of the advisor);
- (b) where the payment of such commission is designed to enhance the quality of the relevant (non-advisory) service to the Investor;
- (c) where the intermediary has confirmed that they will clearly disclose to the Investor the existence, nature and amount of such commission prior to the provision of the service; and
- (d) in the case of on-going payments (trail commission) where such criteria are fulfilled on an on-going basis.

Those Intermediaries who are permitted to receive commission will usually receive an initial commission of 2.5% of the amount invested by their clients under the Offer unless waived by the intermediary. Additionally, provided that the intermediary continues to act for the Investor and meet the criteria above and the Investor continues to be the beneficial owner of the New Ordinary Shares, and subject to applicable laws and regulations, the intermediary will usually be paid an annual trail commission of 0.25% of their client Investors' gross subscriptions for a maximum of five years. Trail commission will be paid annually in October (commencing in October 2024).

Minimum Subscription

The minimum subscription amount for an Applicant in relation to the New Ordinary Share is £6,000 including any initial Adviser Charges for facilitation and, provided this condition is met (which the Board in their absolute discretion may waive), Applications under the Offer may be for any amount. There is no maximum individual subscription level under the Offer but the maximum investment on which tax reliefs on investments in VCTs are currently available is £200,000 in each of the 2023/24 and 2024/25 tax years.

The Offer will not be revoked in respect of New Ordinary Shares that have been admitted to the Official List and to trading on the London Stock Exchange.

Capital Raising Fees

The Company shall meet certain costs of the Offer including printing and distributing this Prospectus, the registrar's costs in issuing the applicable share certificates and Promotion Fees. Promotion Fees and Adviser Charges payable in relation to Applications are facilitated through the Pricing Formula.

Timetable

The Offer will be open for applications from 12 October 2023. The Offer will remain open until the earlier of 4.00 p.m. on 28 June 2024 (unless previously extended, or closed early, by the Directors) and the date on which the relevant Maximum Subscription is reached. Please note Application Forms specifying that some or all Shares are to be allotted in the tax year 2023/24 must be returned by 10.00 a.m. on 5 April 2024. The results of the Offer and any exercise of the Directors' right to extend the Offer will be announced to the London Stock Exchange through a Regulatory Information Service provider authorised by the Financial Conduct Authority. It is expected that dealings will commence within three Business Days following the date of allotment. Share certificates are expected to be issued (and, where relevant, CREST accounts credited) no later than 15 Business Days following the date of allotment.

Application procedure

Applications will be accepted on a "first-come, first-served" basis, subject always to the discretion of the Board. For these purposes, **"first-come, first-served" shall be assessed based on the date and time of receipt of a fully completed Application Form, subject to receipt of Application monies (in full) in cleared funds within five Business Days thereafter to retain the Applicant's priority position.** This is particularly of note in relation to the Early Investment Incentives. If Application monies are not received within such time, the relevant date and time shall be when the Applicant's application monies are received in cleared funds. An Application may not be considered eligible for allotment until identity verification is complete and/or, where relevant, information or supporting evidence required for the Application is no longer outstanding.

Provided that Applications are for the minimum subscription amount of £6,000 (including any initial Adviser Charges for facilitation and subject to the Board's discretion to accept lower amounts), they can be for any amount. Application Forms should be submitted online to the Receiving Agent together with the full amount payable in respect of the Application, in accordance with the procedures set out on page 84. The maximum investment on which tax reliefs on investments in Venture Capital Trusts is available is £200,000 in any tax year. Your attention is drawn to the statements concerning the Money Laundering Regulations in the terms and conditions of application. A person may make multiple Applications, each of which will be treated as a separate Application by the Company.

Admission to trading and dealing arrangements

Application will be made for Admission in respect of the New Ordinary Shares. Following Admission, announcements of allotments pursuant to the Offer will be made as required by the Listing Rules. It is expected that Admission will become effective and dealings in the New Ordinary Shares will commence within three Business Days after their allotment. For successful Applicants (and their intermediaries, if any), the Receiving Agent will make available an allotment letter and an income tax relief certificate to the online tracking service within three Business Days of the allotment, a notification via email will be sent once this is available. Where an email address has not been provided, these documents will be sent in the post within ten business days of the allotment to the address stated in section 2 of the application form. The Registrar will issue the associated share certificates by post within ten Business Days of the allotment. Temporary documents of title will not be used in connection with the allotment of New Ordinary Shares. Dealings prior to receipt of share certificates will be at the risk of the Applicants.

New Ordinary Shares will be in registered form capable of being transferred by means of the CREST system. Those Applicants who wish to take advantage of the ability to trade in New Ordinary Shares in uncertificated form, and who have access to a CREST account, may arrange with their CREST operator to hold their New Ordinary Shares in dematerialised form. Investors should be aware that New Ordinary Shares delivered in certificated form are likely to incur higher dealing costs than those in respect of Shares held in CREST.

PART 7

BENEFITS OF VENTURE CAPITAL TRUSTS

Venture Capital Trusts are designed to provide private investors with an attractive and tax-efficient method of investing in a portfolio of small to medium-size trading companies in the UK. It is often difficult for private investors to have access to such investment opportunities, and few have the time or means to identify, assemble and monitor a portfolio of companies with such potential. VCTs also offer substantial tax benefits to private investors.

The principal benefits offered by VCTs to private investors are:

Income tax relief Private investors subscribing for new shares in a VCT in the 2023/24 or 2024/25 tax years should receive income tax relief at 30% of the amount subscribed against their income tax liability in the year of subscription, provided that such shares are held for at least five years.

Tax-free dividends Private investors should be exempt from income tax on dividends received from a VCT.

Capital gains tax exemption There should be no capital gains tax on disposal of shares in a VCT; conversely there is no relief for losses.

Personal taxation benefits All the reliefs described above are available to individual investors, provided certain conditions are met and the shares are acquired within the permitted maximum of £200,000 in any one tax year. Relief from income tax on investment only applies to subscriptions for new shares.

Professional investment team VCTs are advised by professional advisers with specific experience and proven track records. Prior to the launching of a VCT the investment manager(s) must meet certain criteria laid down by the FCA Rules and the VCT must have obtained approval (provisional or full) by HMRC.

Corporate governance VCTs must appoint a board of directors who are majority independent of the investment manager(s) and led by an independent chairperson.

Spread of investments VCTs spread their investments across a range of companies (either within the same sector or across several sectors), with a view to creating a more balanced portfolio than could be achieved by individuals investing in separate companies.

Tax-free realisations Capital gains realised by a VCT should be exempt from corporation tax within the VCT thereby potentially allowing increased distributions to shareholders.

Admission to the Official List The shares of a VCT must be listed on a European regulated market providing investors with a potential market to trade their shares and a means of assessing their value.

The above is only an outline of the tax reliefs associated with VCTs and should be read in conjunction with the detailed provisions of the current legislation, a summary of which appears in Parts 8 and 9 of this Prospectus.

Prospective Investors are recommended to consult a professional adviser as to the taxation consequences of, and capital risk posed by, an investment in a VCT.

PART 8

TAX POSITION OF INVESTORS

The tax reliefs set out below are available to individuals aged 18 or over who subscribe under the Offer. Whilst there is no specific limit on the amount of an individual's acquisitions of shares in a VCT, tax reliefs will only be given to the extent that the total of an individual's subscriptions or other acquisitions of shares in VCTs in any tax year does not exceed £200,000. Tax treatment depends on the individual circumstances of each Investor and may be subject to change in the future.

Investors who intend to invest more than £200,000 in VCTs in any one tax year should consult their professional advisers.

(a) Income Tax

(i) Relief from income tax on investment

A private investor subscribing for New Ordinary Shares will be entitled to claim income tax relief on amounts subscribed (along with any other VCT shares subscribed for) up to a maximum of £200,000 in any tax year. For the 2023/24 and 2024/25 tax years the relief is given at 30% of the amount subscribed although the relief cannot exceed the amount which reduces the Investor's income tax liability to nil. Investments to be used as security for or financed by loans may not qualify for relief, depending on the circumstances. Tax relief is restricted on subscriptions for shares in a VCT where, within six months of subscription, the investor disposes of shares in the same VCT (or in another VCT which is known to be seeking a merger with that VCT).

(ii) Dividend relief

An Investor who acquires in any tax year New Ordinary Shares having a value (along with any other VCT shares acquired by him in that tax year) of up to £200,000 will not be liable to income tax on dividends paid by the VCT on those shares.

The return to Investors from the Company will depend on the type of profit received by it. Capital gains realised by a VCT are tax-free. No tax is payable by a VCT on distributing these gains by way of dividend and such dividends are received tax-free by shareholders who benefit from dividend relief. However, income received by a VCT will usually constitute either interest (on which the VCT may be subject to tax) or a dividend from a UK company (on which the VCT would not be subject to tax). Such income as is reduced by the payment of tax (if applicable) can be distributed tax-free to shareholders who benefit from dividend relief. It is expected, however, that the bulk of the returns generated by the Company will derive from the realisation of capital gains from its portfolio (on which the VCT would not usually be subject to tax).

(iii) Purchases in the market

An individual purchaser of existing Ordinary Shares in the market will be entitled to claim dividend relief (as described in paragraph (ii) above) but not relief from income tax on the purchase price.

(iv) Withdrawal of relief

Relief from income tax on a subscription for shares in a VCT is withdrawn if the shares are disposed of (other than between spouses) within five years of issue or if the VCT loses its approval within this period (see below). Relief also ceases to be available on any dividend paid in respect of profits or gains in any accounting period ending at a time when VCT status has been lost.

(b) Capital Gains Tax

(i) Relief on the disposal of New Ordinary Shares

A disposal by an Investor of New Ordinary Shares will give rise to neither a chargeable gain nor an allowable loss for the purposes of UK capital gains tax. The relief is limited to the disposal of New Ordinary Shares acquired within the limit of £200,000 for any tax year, determined as for dividend relief.

(ii) Purchases in the market

An individual purchaser of existing Ordinary Shares in the market will be entitled to claim relief on disposal (as described in paragraph (i) above).

(iii) Withdrawal of relief

If a company which has been granted approval as a VCT subsequently fails to comply with the conditions for approval, approval as a VCT may be withdrawn or treated as never having been given. The exemption from corporation tax on capital gains will not apply to any gain realised by the VCT after this time. If VCT approval is withdrawn, any gains on the New Ordinary Shares up to the date from which loss of VCT status is treated as taking effect will be exempt but gains thereafter will be taxable.

Obtaining tax reliefs

A VCT will provide to each investor a certificate which the investor may use to claim income tax relief, either by obtaining from HMRC an adjustment to their tax code under the PAYE system or by waiting until the end of the tax year and using their tax return to claim relief.

Investors not resident in the UK

Investors not resident in the UK should seek their own professional advice as to the consequences of making an investment in a VCT, as they may be subject to tax in other jurisdictions as well as in the UK.

The above is only a summary of the law as at the date of this document concerning the tax position of UK Investors in VCTs. The tax rates and reliefs shown are those currently in use and could alter in future years. Prospective Investors are recommended to consult a professional adviser as to the taxation consequences of investment in a VCT.

PART 9

TAX POSITION OF THE COMPANY

1. Qualification as a VCT

The legislation relating to VCTs sets out tests which a company has to satisfy in order to be treated as a VCT and attract tax benefits for itself and its shareholders. The legislation summarised below is that in force as at the date of this document.

To qualify as a VCT, a company must be approved as such by HMRC. To obtain approval:

- (a) it must not be a close company;
- (b) it must have each class of its ordinary share capital listed on a European regulated market throughout the accounting period following that in which the application for approval is made;
- (c) it must derive its income wholly or mainly from shares or securities;
- (d) at least 80% by value of its investments must be represented by shares and securities comprising Qualifying Investments; and
- (e) at least 30% of new monies raised must be invested in qualifying holdings within 12 months of the end of accounting period in which the relevant VCT shares are issued;
- (i) at least 70% by value of its Qualifying Investments must be represented by holdings of 'eligible shares'. Eligible shares are shares which carry no present or future preferential rights to a portfolio company's assets on its winding-up, and no present or future right to be redeemed, but which may have certain preferential rights to dividends (investments made before 6 April 2018 from funds raised before 6 April 2011 are excluded from this requirement);
- (f) at least 10% of its total investment in any Qualifying Company must consist of eligible shares;
- (g) loan investments made by the Company after 14 March 2018 must be made on an unsecured basis at a commercial rate of interest;
- (h) not more than 15% by value of its investments may be in a single company or group (other than a VCT or a company which would, if its shares were listed, qualify as a VCT);
- (i) not more than 15% of its income derived from shares and securities in any accounting period may be retained;
- (j) the VCT must only make Qualifying Investments, or certain non-qualifying investments permitted by section 274 ITA 2007;
- (k) no investment by a VCT can cause a company to receive more than a total of £5 million in any period of twelve months (£10 million for "knowledge intensive" companies), nor more than £12 million (£20 million for "knowledge intensive" companies) over its lifetime;
- (l) a VCT cannot invest in a company whose first commercial sale was more than seven years ago (ten years for a "knowledge intensive" company) unless the company had previously received State Aid risk finance within that period or it is seeking to break into a new product or geographic market and a turnover test is met. In the case of "knowledge intensive" companies, the company may elect for the 10 year period to commence from the end of the accounting period in which its annual turnover first exceeded £200,000; and
- (m) an investment by a VCT cannot be used by an investee to acquire a trade, business or shares in a company.

For the purpose of conditions (j) above, permitted investments include ordinary shares or securities listed on a regulated market (such as the London Stock Exchange) and shares or units in alternative investment funds and UCITS which may be repurchased or redeemed on seven days' notice.

2. Qualifying Investments

To be a Qualifying Investment, an investment must consist of shares or securities first issued to the VCT (and held by it ever since) by an unquoted company satisfying certain conditions. The conditions are complex but include conditions that any investment must be in a qualifying company which must:

- (a) meet a principles-based "risk to capital" gateway test requiring the company to have genuine plans to grow and develop over the long term and for there to be a significant risk to the VCT that invested capital of an amount greater than its net investment return will be lost;
- (b) have gross assets not exceeding £15 million immediately before and £16 million immediately after the VCT's investment (these tests are applied on a group basis if applicable);
- (c) have fewer than 250 full-time employees (or their equivalents) at the date on which the VCT investment is made (this test is applied on a group basis if applicable) (fewer than 500 for a "knowledge intensive" company);
- (d) not have raised more than £5 million in the 12 month period ending on the date of the VCT's investment (£10 million for a "knowledge intensive" company), nor more than a lifetime total of £12 million (£20 million for a "knowledge intensive" company), from State aid sources including from VCTs and under the Enterprise Investment Scheme;
- (e) have made its first commercial sale less than seven years ago (ten years for a "knowledge intensive" company which can also elect to start this ten year period from the last day of the accounting period in which it first reaches a turnover of £200,000) unless one or more of the exemptions set out at paragraph 1(l) above applies;
- (f) apply the money raised for the purposes of a qualifying trade carried on by the company or its qualifying 90% subsidiary within certain time periods and more generally for the purpose of growth and development of its business;
- (g) must at all times have a permanent establishment in the United Kingdom; and
- (h) not be controlled by another company nor control another company save where this is a qualifying 51% subsidiary.

Companies whose shares are traded on AIM are treated as unquoted companies for the purposes of eligibility as a Qualifying Investment. Unquoted company shares that subsequently become listed may still be regarded as a Qualifying Investment for a further five years following listing, provided all other conditions are met.

3. Qualifying Companies

A qualifying company must exist wholly or mainly for the purpose of carrying on a qualifying trade or be the parent company of a qualifying trading group. For this purpose, certain activities are prohibited such as dealing in land or shares or providing financial, legal or accountancy services, managing nursing homes or hotels (where the manager is in occupation or owns an interest in the land), property development, leasing or farming, shipbuilding, and coal and steel production. The trade must either be carried on by, or be intended to be carried on by, the qualifying company or by a qualifying subsidiary at the time of the issue of its shares or securities to the VCT (and by such company or its qualifying subsidiary at all times thereafter). A qualifying subsidiary for these purposes is at least 90% directly owned by the qualifying company, or is a 100% subsidiary of at least a 90% subsidiary of the qualifying company, or is at least a 90% subsidiary of a 100% subsidiary of the qualifying company.

A company intending to carry on a qualifying trade must begin to trade within two years of the issue of shares or securities to the VCT.

A qualifying company can be the parent company of a trading group. If this is the case, the group, when taken together as one business, must carry on activities which constitute a qualifying trade. Any subsidiary must be more than 50% owned. However, if a subsidiary is one which carries on the trade by reference to which the investment is to qualify as a Qualifying Investment, that subsidiary must be a 90% qualifying subsidiary as described above.

4. Approval as a VCT

A VCT must be approved at all times by HMRC. Approval has effect from the time specified in the approval. A VCT cannot be approved unless the tests are met throughout the most recent complete accounting period of the VCT and HMRC is satisfied that they will be met in relation to the accounting period of the VCT which is current when the application is made. However, in order to facilitate the launch of a VCT, HMRC may provisionally approve a VCT notwithstanding that certain of the tests are not met at the time of application, provided that HMRC is satisfied that the tests will be met within certain time limits. In particular, in the case of the test described at 1(d) and (f) above, approval may be given if HMRC is satisfied that this will be met throughout an accounting period of the VCT beginning no more than three years after the date when approval takes effect.

5. Withholding Tax at Source

There is no withholding tax on dividends paid by a UK company and, consequently, the Company does not assume responsibility for withholding tax at source on dividends.

6. Definition of "Knowledge Intensive" Company

In order to meet the definition of a knowledge intensive company, a company must meet one or both of the two "operating costs conditions" set out below and one or both of the "innovation condition" and the "skilled employee condition".

The first "operating costs condition" is that in at least one of the relevant three preceding years at least 15% of the relevant operating costs constituted expenditure on research and development or innovation.

The second "operating costs condition" is that in each of the relevant three preceding years at least 10% of the relevant operating costs constituted such expenditure.

The "innovation condition" is met where the relevant company is engaged in intellectual property creation and it is reasonable to assume that, within 10 years of the date of investment, one or a combination of the exploitation of relevant intellectual property held by the company and business which results from new or improved products, processes or services utilising relevant intellectual property held by the company will form the greater part of its business.

The "skilled employee condition" is met if at least 20% of a company's full time employees hold a relevant higher education qualification and are engaged directly in research and development.

PART 10

DIVIDEND REINVESTMENT SCHEME

PART I: INTRODUCTION

The Board are pleased to offer all Shareholders in the Company the opportunity to participate in a Dividend Reinvestment Scheme (the "**Scheme**") administered by The City Partnership (UK) Limited ("**Scheme Administrator**").

The Company has a stated objective of paying annual dividends equal to 5% of the prevailing NAV of the Ordinary Shares per annum although its ability to do so is subject to investment performance, availability of distributable reserves and the need to retain cash for investment purposes and annual running costs.

With the introduction of the Scheme, Shareholders may elect, instead of receiving dividends in cash, to receive New Shares, credited as fully paid, of the equivalent value. This is a simple, cost-effective method for Shareholders to increase the size of their holding in the Company and to benefit from additional VCT income tax relief.

There are no costs applied to subscriptions for New Shares pursuant to the Scheme. Costs of subscribing under a public offer are often 5% or more and so the Board consider participation in the Scheme to be the most cost-effective way of increasing exposure to the Company's shares and obtaining further VCT tax reliefs.

VCT Tax Reliefs

Participants will be eligible for the income and capital gains tax advantages available to shareholders in VCTs, in respect of the New Ordinary Shares subscribed under the Scheme, subject to their personal circumstances. In particular, Investors who participate in the Scheme will be entitled to income tax relief at the rate of 30% on the amount reinvested for New Shares, so long as their total investment in VCTs, including these New Shares, does not exceed £200,000 the relevant tax year.

Legislation introduced by the Government in its 2014 Budget restricts income tax relief on the subscription of new VCT shares where an Investor has sold shares in the same VCT within the period of six months before to six months after the subscription. **Please note that this restriction does not apply to Shares subscribed for through dividend reinvestment schemes and so will not apply to New Shares subscribed for under the Scheme.**

Shareholders wishing to participate

The Scheme is being made available to all registered Shareholders in respect of their entire holdings. Beneficial Shareholders can elect to participate through their nominees. The Scheme is available to UK Shareholders only.

If you wish to participate in the Scheme, you can make an election using the election form or through The City Hub (in accordance with the procedures available at <https://molten-ventures-vct.cityhub.uk.com/>

Nominees may make a partial election in respect of some of the Shares held in an account holding. A cash dividend will be paid in respect of the balance of Shares not included in the election. Partial elections can be made using the election form and shall only apply to the relevant dividend for which the election has been received. A separate election must be made to participate in the Scheme for each dividend.

Shareholders who hold their shares in CREST can elect to participate in respect of a particular dividend by completing and returning an election form. A separate election must be made to participate in the Scheme for each dividend.

Completed election forms should be returned to the Scheme Administrator at The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH

If you have any queries, please contact The City Partnership (UK) Limited on 01484 240 910 (9am - 5.30pm, Monday to Friday excluding English public holidays) or by email at registrars@city.uk.com. Neither the Company nor the Scheme Administrator is able to provide you with any financial, tax or investment advice.

PART II: RISK FACTORS

- The value of the Shares and the income from them can fluctuate and Investors may not get back the amount invested. In addition, there is no certainty that the market price of the Shares will fully reflect the underlying Net Asset Value, and that Shareholders will be able to realise their shareholding or that dividends will be paid.
- The Net Asset Value of the Shares will reflect the values and performance of the underlying assets in the respective portfolios. The value of the investments and income derived from them can rise and fall. Realisation of investments in small unquoted companies can be difficult and may take considerable time.
- VCTs may only invest in companies which pass a "risk to capital" gateway test requiring the investee company to have long term growth and development objectives and for the investment to carry a significant risk that invested capital will be lost over and above the net return to the Company. Although the existing Ordinary Shares issued by the Company have been (and it is anticipated that the Ordinary Shares to be issued pursuant to the Scheme will be) admitted to the Official List of the FCA and traded on the London Stock Exchange's main market for listed securities, it is unlikely that there will be a liquid market as there is a limited secondary market for VCT shares and Investors may find it difficult to realise their investments. The market price of the Ordinary Shares may not fully reflect, and will tend to be at a discount to, their underlying net asset value.
- The Company is required to operate within the constraints of the VCT legislation and there can be no guarantee that the Company will retain its status as a VCT, the loss of which could lead to adverse tax consequences for Investors, including a requirement to repay the 30% income tax relief. The tax rules, or their interpretation, in relation to an investment in the Company and/or the rates of tax may change during the life of the Company and may apply retrospectively which could affect tax reliefs obtained by Shareholders and the VCT status of the Company.
- Although the Shares will be listed on the London Stock Exchange, it is highly unlikely that a liquid market in these Shares will develop as the initial VCT income tax relief is only available to those subscribing for new shares. It may, therefore, prove difficult for Shareholders to sell their Shares and there is no guarantee that the market price of the Shares will fully reflect their underlying NAV.
- Shareholders should be aware that the sale of New Ordinary Shares within five years of their subscription will require the repayment of some or all of the 30% income tax relief obtained upon investment. Accordingly, an investment in the Company is not suitable as a short or medium term investment.

PART III: TERMS AND CONDITIONS

1. Elections to participate in the Scheme should be addressed to the Scheme Administrator, in accordance with condition 20, and will only be effective for dividends to be paid ten Business Days (or thereafter) following receipt of the election by the Scheme Administrator. 'Business Day' means any day excluding Saturdays, Sundays and bank holidays in the UK.
2. Election to participate may be through an election form made available by the Scheme Administrator ("**Election Form**"), through an election contained in an offer for subscription application form, through an election using The City Hub (in accordance with the procedures available at <https://molten-ventures-vct.cityhub.uk.com/> or as may otherwise be agreed with the Scheme Administrator (on behalf of itself and the Company). In respect of CREST participants, notwithstanding the provisions of conditions 3 - 11, elections to participate in the Scheme must be given in respect of each dividend in accordance with condition 21.
3. The Company, acting through the Scheme Administrator, shall have absolute discretion to accept, reject or cancel elections. An applicant shall become a member of the Scheme upon acceptance of his or her election by the Scheme Administrator on the Company's behalf ("**Participants**"). The Scheme Administrator will provide written notification if an election is rejected. Only registered Shareholders of the Company may join the Scheme.
4. Participants may only participate in the Scheme if all Ordinary Shares of 5p each in the capital of the Company ("Shares") registered in their name are mandated to the Scheme in relation to the specific account holding for which an election has been made unless condition 5 applies. By

joining the Scheme in relation to a specific account holding, Participants hereby instruct the Scheme Administrator that the election shall apply to the full number of Shares held by them in relation to that account as entered onto the share register of the Company from time to time. A separate election must be made in relation to each account holding where multiple account holdings are held.

5. Shareholders who hold their shares as nominees ("**Nominee Participants**") may make a partial election under the Scheme in respect of some of the Shares held in a specific account. A cash dividend will be paid in respect of the balance of Shares not included in the election. A partial election shall only apply to the relevant dividend for which the election has been received and will not apply to future dividends in accordance with condition 22.
6. The Company shall use dividends on Shares to be paid to Participants in the subscription of further Shares of behalf of the Participants. The Scheme Administrator shall not have the discretion, and Participants may not instruct the Scheme Administrator, to apply those dividends ("**Funds**") towards any investments other than investment in Shares as set out in this condition 6.
7. New Shares under the Scheme will only be allotted to the registered Shareholder and added to the specific account holding for which the election has been received and not any ultimate beneficial holder. Nominee Participants shall not be entitled to instruct the Scheme Administrator to allot shares to a beneficial holder (and Participants are advised to read condition 26 in respect of the consequences for VCT tax reliefs).
8. On or as soon as practicable after a day on which any dividend on the Shares is due to be paid to Shareholders or, if such day is not a dealing day on the London Stock Exchange, the dealing day thereafter ("**Payment Date**"), a Participant's Funds held by the Company shall, subject to conditions 17, 19 and 32 below, the Company having the requisite authorities to allot Shares and any other statutory or regulatory restrictions, be applied on behalf of that Participant to subscribe for the maximum number of whole new Shares which can be allotted with such Funds pursuant to condition 9.
9. The number of Shares to be allotted to a Participant pursuant to condition 8 above shall be calculated by dividing the amount of Participant's Funds held by the last published net asset value per existing Share immediately prior to allotment (adjusted to take into account the relevant dividend to be paid unless the latest net asset value per Share prior to the allotment date already reflects such dividend to be paid). Shares will not be allotted at less than their nominal value.
10. Fractional entitlements will not be allotted and any cash balance will be retained by the Company and carried forward and included in the Participant's Funds available in calculating the number of Shares to be issued to the Participant on the next Payment Date. No interest shall accrue or be payable in respect of any such cash balances carried forward.
11. The Company shall not be obliged to allot Shares under the Scheme to the extent that the total number of Shares allotted by the Company pursuant to the Scheme in any rolling 12-month period would exceed 10% of the aggregate number of Shares at the beginning of that period. In such circumstances, the Company may allocate the availability of the Scheme as it sees fit.
12. The Scheme Administrator shall as soon as practicable after the allotment of Shares in accordance with condition 8 procure that the Participants are entered onto the share register of the Company as the registered holders of such Shares and that Share certificates (unless such Shares are to be uncertificated) are sent, at the Participant's own risk, to Participants to the address set out in the register of members for the relevant Participant. Where the Shares within the specific account holding are held in CREST, the relevant CREST account will be credited with the Shares issued to the relevant Participant. Income tax relief certificates will be made available on the online tracking service.
13. The Scheme Administrator will also, as soon as practicable after the allotment of Shares in accordance with condition 8, send to Participants a statement detailing:
 - 13.1 the total number of Shares held at the record date for which a valid election was made;
 - 13.2 the number of Shares allotted;

- 13.3 the price per Share allotted;
 - 13.4 the cash equivalent of the Shares allotted;
 - 13.5 the date of allotment of the Shares;
 - 13.6 any funds to be carried forward for investment on the next Payment Date.
- 14. Each Participant warrants to the Company and the Scheme Administrator that all information set out in any Election Form (or equivalent, including any electronic election) on which the election to participate in the Scheme is contained is correct and to the extent any of the information changes they will notify the changes to the Scheme Administrator (on behalf of itself and the Company) and that during the continuance of their participation in the Scheme they will comply with the provisions of condition 15 below.
 - 15. The right to participate in the Scheme will not be available to any person who has a registered address in any jurisdiction outside the UK. No such person receiving a copy of the Scheme Terms and Conditions or any other Scheme related documents may treat them as offering such a right unless an offer could properly be made to such person. It is the responsibility of any Shareholder wishing to participate in the Scheme to be satisfied as to the full observance of the laws of the relevant jurisdiction(s) in connection therewith, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in any such jurisdiction(s). By providing an election to participate in the Scheme, the Participant declares that they are not resident in any foreign jurisdiction that requires the Company to comply with any governmental or regulatory procedures arising out of this mandate and nor does the Participant hold the shares to which this mandate relates as nominee or trustee for any beneficial owner who is so resident. The Participant undertakes to notify the Scheme Administrator (on behalf of itself and the Company) should there be a change in this declaration.
 - 16. Participants acknowledge that neither the Company nor the Scheme Administrator is providing a discretionary management service. Neither the Company nor the Scheme Administrator shall be responsible for any loss or damage to Participants as a result of their participation in the Scheme unless due to the negligence or wilful default of the Company or the Scheme Administrator or either of their respective employees and agents.
 - 17. Participants may at any time by notice to the Scheme Administrator terminate their participation in the Scheme (in respect of all or some of their account holdings where multiple accounts are held). Such notices shall not be effective in respect of the next forthcoming Payment Date unless it is received by the Scheme Administrator at least ten Business Days prior to such Payment Date. Such notice will be deemed to have been served where, in respect of any specific account holding, the shareholding of the Participant reduces to nil. Upon receipt of notice of termination (or deemed termination), any Funds in excess of £5 held by the Company shall be returned to the Participant as soon as reasonably practical by means of a crossed cheque sent, at the risk of the Participant, to the address set out in the register of members for the relevant Participant, subject to any deductions which the Company may be entitled or bound to make hereunder.
 - 18. Cash balances of less than £5 held by the Company on behalf of Participants who have withdrawn from the Scheme (or on deemed termination) will be retained by the Company and used for its own purposes.
 - 19. The Company shall be entitled at its absolute discretion, at any time and from time to time to:
 - 19.1 suspend the operation of the Scheme;
 - 19.2 terminate the Scheme without notice to the Participants; and/or
 - 19.3 resolve to pay dividends to Participants partly by way of cash and partly by way of new Shares pursuant to the Scheme.
 - 20. All Election Forms (or equivalent) and notices and instructions in connection with this Scheme shall be given to the Scheme Administrator and delivered by hand or posted to The City Partnership (UK) Limited, The Mending Rooms, Park Valley Mills, Meltham Road, Huddersfield HD4 7BH. Notices and instructions must be in writing.
 - 21. If a Participant's shareholding is in uncertificated form in CREST (including a CREST sponsored member) and was in uncertificated form as at the record date for the relevant dividend, the

Participant can elect to participate in the Scheme in respect of the relevant dividend. The election can be made using an Election Form. A separate election must be made to participate in the Scheme for each dividend.

22. Partial elections by Nominee Participants can be made using an Election Form. A separate election must be made to participate in the Scheme for each dividend.
23. An election other than those falling under condition 21 and/or 22 will remain valid for all dividends paid to the Participant by the Company in respect of all Shares held within the relevant account holding (including new Shares added to that account whether pursuant to the Scheme or otherwise) until such time as the Participant gives notice in writing to the Scheme Administrator that the Participant no longer wishes to participate in the Scheme.
24. The Company shall be entitled to amend the Scheme Terms and Conditions on giving one month's notice in writing to all Participants. Amendments arising as a result of any change in statutory or other regulatory requirements may be effected without notice if in the Company's opinion the change materially affects the interests of Participants. Amendments to these Scheme Terms and Conditions which are of a formal, minor or technical nature or made to correct a manifest error and which do not adversely affect the interests of Participants may also be effected without notice.
25. By completing and delivering the Election Form (or equivalent, including any electronic election), the Participant:
 - 25.1 agrees to provide the Company with any information which it may request in connection with such election and participation in the Scheme and to comply with legislation relating to venture capital trusts or other relevant legislation (as the same may be amended from time to time); and
 - 25.2 declares that a loan has not been made to the Participant or, in the case of any Nominee Participant, the beneficial owner on whose behalf the Shares are held (or any associate of either of them), which would not have been made, or not have been made on the same terms, but for the Participant electing to receive new Shares and that the Shares are being acquired for bona fide investment purposes and not as part of a scheme or arrangement the main purpose of which is the avoidance of tax.
26. Elections by individuals for Shares should attract applicable VCT tax reliefs (depending on the particular circumstances of a particular individual) for the tax year in which the Shares are allotted. Shares allotted to Nominee Participants may attract tax relief for their beneficial owners (where HM Revenue & Customs accepts that the beneficiary is the underlying participant of the Scheme and, therefore, the applicant for such Shares). Participants and beneficial owners are, however, responsible for ascertaining their own tax status and liabilities and should obtain tax advice in relation to their own particular circumstances. Neither the Company nor the Scheme Administrator provides any guarantee that VCT tax reliefs will be available or accepts any liability in the event that VCT tax reliefs are not obtained.
27. The Tax Certificate can be used to claim any relevant income tax relief either by obtaining from HM Revenue & Customs an adjustment to a Participant's tax coding under the PAYE system or by waiting until the end of the year and using the Self-Assessment Tax Return. Nominee Participants may need to provide supporting evidence as to the beneficial holder and that participation in the Scheme is at the request, and on behalf, of the beneficial owner.
28. Participants should be aware of the following (which is based on current VCT legislation and is subject to change):
 - 28.1 Up-front income tax relief of up to 30% will only be available on amounts subscribed in VCT shares up to an aggregate amount of £200,000 in any one tax year (subject to the Participant's income tax liability being reduced to nil).
 - 28.2 A disposal of VCT shares will be subject to clawback by HM Revenue & Customs of any income tax relief originally obtained if such shares are sold within five years of issue. HM Revenue & Customs operate a first in, first out policy to shares disposed of.
 - 28.3 Whilst it is the intention of the Board that the Company will continue to be managed so as to qualify as a VCT, there can be no guarantee that such status will be maintained.

29. The Company will, save as otherwise provided in these Scheme Terms and Conditions, issue Shares in respect of the whole of any dividend payable (for the avoidance of doubt irrespective of whether the amount of allotment is greater than any maximum limits imposed from time to time to be able to benefit from any applicable VCT tax reliefs) unless the Scheme Administrator has been notified to the contrary in writing at least ten Business Days before a Payment Date.
30. Shareholders electing to receive Shares rather than a cash dividend will be treated as having received a normal dividend. Shareholders qualifying for VCT tax reliefs should not be liable to income tax on Shares allotted in respect of dividends from qualifying VCT shares.
31. For capital gains tax purposes, Shareholders who elect to receive Shares instead of a cash dividend are not treated as having made a capital disposal of their existing Shares. The new Shares will be treated as a separate asset for capital gains purposes.
32. The Company shall not be obliged to accept any application or issue Shares hereunder if the Board so decides in its absolute discretion. The Company may do or refrain from doing anything which, in the reasonable opinion of the Board, is necessary to comply with the law of any jurisdiction or any rules, regulations or requirements of any regulatory authority or other body, which is binding upon the Company or the Scheme Administrator.
33. The amount of any claim or claims a Participant has against the Company or the Scheme Administrator shall not exceed the value of such Participant's Shares in the Scheme. Nothing in these Scheme Terms and Conditions shall exclude the Company or the Scheme Administrator from any liability caused by fraud, wilful default or negligence. Neither the Company nor the Scheme Administrator will be responsible for:
 - 33.1 acting or failing to act in accordance with a court order of which the Company and/or the Scheme Administrator has not been notified (whatever jurisdiction may govern the court order); or
 - 33.2 forged or fraudulent instructions and will be entitled to assume that instructions received purporting to be from a Shareholder (or, where relevant, a nominee) are genuine; or
 - 33.3 losses, costs, damages or expenses sustained or incurred by a Shareholder (or, where relevant, a nominee) by reason of industrial action or any cause beyond the control of the Company or the Scheme Administrator, including (without limitation) any failure, interruption or delay in performance of the obligations pursuant to these Scheme Terms and Conditions resulting from the breakdown, failure or malfunction of any telecommunications or computer service or electronic payment system or CREST; or
 - 33.4 any indirect or consequential loss.
34. The Company reserves the right to interpret these Scheme Terms and Conditions and apply them (and instruct the Scheme Administrator to apply them) as modified from time to time to be able to operate, and to achieve the intended principles of, the Scheme.
35. The Company respects the privacy of its Shareholders and Participants in the Scheme and is committed to protecting their personal information. To find out more about how the Company uses and looks after personal information, please refer to the Molten Ventures privacy notice, adopted by the Company, which can be found at <https://investors.moltenventures.com/privacy-policy>.
36. Shareholders and Participants have certain rights in relation to their personal information, including the right to receive a copy of the information that is held about them. For more details, please see the privacy notice referred to above.
37. Certain information may be shared with the Scheme Administrator, the Company's registrars and/or other delegates for the purposes of processing elections, participation in the Scheme and in relation to a Shareholder's ongoing investment in the Company. Information may also be shared with regulatory bodies to the extent any of the above entities are required, or consider themselves obliged, to do so in accordance with any statute, or regulation or if governmental, judicial and law enforcement bodies require.
38. Each Participant authorises the Company and its delegates (including the Scheme Administrator) to provide any information provided by or to the Participant in connection with that Participant's participation in the Scheme to any authorised financial intermediary of the Participant notified to the Company (or on its behalf) from time to time.

39. These Scheme Terms and Conditions are for the benefit of a Participant only and shall not confer any benefits on, or be enforceable by, a third party and the rights and/or benefits a third party may have pursuant to the Contracts (Rights of Third Parties) Act 1999 are excluded to the fullest possible extent.
40. All costs and expenses incurred by the Scheme Administrator in administering the Scheme will be borne by the Company.
41. These Scheme Terms and Conditions shall be governed by, and construed in accordance with, English law and each Participant submits to the jurisdiction of the English courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with the Scheme in any other manner permitted by law or in any court of competent jurisdiction.

Shareholders in any doubt about their tax or risk tolerance position should consult their independent professional adviser.

PART 11

GENERAL INFORMATION

1. The Company

1.1 Molten Ventures VCT plc was incorporated in England and Wales on 26 August 1997 with the name Downing Street VCT plc. The Company has traded under the following names:

- a) Downing Street VCT plc from 26 August 1997 to 20 October 1997;
- b) Elderstreet Downing VCT plc from 20 October 1997 to 26 January 2005;
- c) Elderstreet VCT plc from 26 January 2005 to 7 December 2017;
- d) Elderstreet Draper Esprit VCT plc from 7 December 2017 to 10 January 2019;
- e) Draper Esprit VCT plc from 10 January 2019 to 4 February 2022; and
- f) Molten Ventures VCT plc from 4 February 2022 to date.

The Company's legal entity identifier is 213800319Q1QPDSQ9Z97.

1.2 The Company is incorporated and operates under the Act as a public company limited by shares, with registered number 03424984. The Company is not part of a group.

1.3 The registered office and principal place of business of the Company is 6th Floor, St Magnus House, 3 Lower Thames Street, London EC3R 6HD and its telephone contact number 020 7416 7780.

1.4 HMRC provisional approval was granted to the Company to trade as a VCT under the Income and Corporation Taxes Act 1988 (as amended) on 28 January 1998 and since that date the Company has carried on its business in accordance with that act and the ITA. The Company intends to continue to carry on its business such that its VCT status will be maintained. The various requirements are now contained within the ITA. The Company is not otherwise regulated.

1.5 The Company's auditors are BDO LLP of 55 Baker Street, London W1U 7EU.

1.6 Current share capital:

1.6.1 As at 2 October 2023, being the latest practicable date prior to the publication of this document, the issued share capital of the Company was 242,913,196 fully paid up Ordinary Shares with a nominal value of 5p each. The ISIN of the Ordinary Shares is GB0002867140. Ordinary Shares to be issued pursuant to the Offer will rank *pari passu* in all respects with the existing Ordinary Shares.

1.6.2 At close of the Offer, assuming the Maximum Subscription is raised and the full over-allotment facility is utilised, Existing Shareholders will hold approximately 76% of the enlarged Ordinary Share capital of the Company.

1.6.3 No single Shareholder currently holds more than 3.0% of the Company's Ordinary Shares nor is the Company directly or indirectly under the control of any person nor, to the Company's knowledge, are there any arrangements in place the operation of which may result in a change of control of the Company.

1.6.4 No share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option. No shares of the Company represent anything other than capital. No shares of the Company are held by or on behalf of the Company itself. There are no convertible securities, exchangeable securities or securities with warrants attached to them currently in issue by the Company.

1.7 The Company has not made any disclosures under the Market Abuse Regulation in the 12 months prior to the date of this Prospectus.

1.8 The Company's Ordinary Shares are categorised as a readily realisable securities (RRS) under the FCA's Policy Statement 'Strengthening our financial promotion rules for high-risk investments and firms approving financial promotions' (PS22/10) by virtue of their being listed on the Official List of the FCA and admitted to trading on the London Stock Exchange's main market for listed securities, with additional liquidity offered via a number of sources including potential share buybacks.

2. The Investment Manager

- 2.1 The Manager was incorporated in England and Wales on 18 June 1984 and operates under the Act as a private company limited by shares, with registered number 01825358. It is domiciled in the United Kingdom.
- 2.2 The registered office and principal place of business of the Manager is 20 Garrick Street, London WC2E 9BT and its telephone contact number is 020 7831 5088. The Manager is authorised and regulated by the FCA with registered number 148527 and, as a small, authorised UK AIFM, has permission to manage alternative investment funds within the meaning of the Alternative Investment Fund Managers Regulations 2013 (as amended).
- 2.3 The Manager is a venture capital fund management company. Funds managed by the Manager include the Company. The Manager is a wholly owned subsidiary of Elderstreet Holdings Limited which is itself a wholly owned subsidiary of Molten Ventures plc.
- 2.4 The Administrator provides custody services to the Company by holding securities in certificated form on behalf of the Company. Investec Wealth and Investment Limited hold the quoted securities in their CREST account on behalf of the Company. The Company has no other third party custodian.

3. The Directors of the Company

- 3.1 As at 2 October 2023, each of the Directors is also a shareholder in the Company as set out in the table below:

Director	Shares	Shareholding %
Richard Marsh	1,103,990	0.45%
Nicholas Lewis	48,498	0.02%
David Brock	533,043	0.22%
Hugh Aldous	105,850	0.04%
Total	1,791,381	0.74%

- 3.2 No New Ordinary Shares under the Offer are being reserved for allocation to existing shareholders, directors or employees of the Company or the Manager.
- 3.3 Each of the Directors has a consultancy agreement with the Company; the current fees, term and notice periods of the Directors as follows:

Director	Agreement Date	Fees per Annum	Term	Notice Period
David Brock	30 January 1998	£35,000	rolling	3 months
Hugh Aldous	1 March 2007	£31,500	rolling	3 months
Richard Marsh*	11 August 2021	Nil	rolling	3 months
Nicholas Lewis**	30 January 1998	£29,000	rolling	3 months

* Richard Marsh is an employee of Molten Ventures plc, the ultimate parent company of the Manager

** Nicholas Lewis is a member of Downing LLP, which provides administration services to the Company.

- 3.4 Save as disclosed in this document, the Directors do not have any other commission or profit-sharing arrangements with the Company. The agreements do not contain any provision for compensation payable upon early termination of the agreements.
- 3.5 The following are directorships (unless otherwise stated) and partnerships held by the Directors in the five years prior to the date of this document and the principal activities of the Directors outside the Company where these are significant with respect to the Company:

David Brock	Current	Past 5 Years
	ECS Global Group Ltd Hargreave Hale AIM VCT plc Leeson Limited	Park Regis Birmingham LLP* Primrose Group Limited* Honest Brew Ltd* Puma 12 VCT plc*
Hugh Aldous	Current	Past 5 Years
	Downing Strategic Micro-Cap Investment Trust plc Fords Packaging Systems Limited Fords Packaging Topco Limited	Fundamentum Supported Housing REIT plc Polar Capital Holdings plc Financial Ventures Limited Savile AD4 Limited* Savile AD7 Limited* Savile AD8 Limited* Savile Durham 1 Limited* Savile Exeter 1 Limited* Savile ML1 Limited The Peoples Investment Trust plc* Innospec Inc KCSB Properties Ltd Savile AD9 Limited SPL Guernsey ICC Ltd DKP Consultants Limited*
Richard Marsh	Current	Past 5 Years
	Apperio Limited Bright Computing B.V. Elderstreet Holdings Limited Elderstreet Investments Limited IESO Digital Health Limited	Encore Ventures LLP Sportpursuit Limited
Nicholas Lewis	Current	Past 5 Years
	Baron House Hotel Limited Blakes Partnership LLP BOV LLP Broad Street Commercial Limited Broad Street Unit A Limited Broad Street Unit B Limited Cumberland House Hotel Birmingham Limited Cumberland House Properties Limited Downing Corporate Finance Limited Downing LLP Downing Members Limited Ebury Corporate Services Limited Fenkle Street BPRA Property Fund LLP Fenkle Street Hotel Limited Frame Wiesbaden LLP Harrogate Street BRPA LLP Horseferry Developments LLP London Luton Hotel 2010 Limited London Luton BPRA Property Fund LLP Ludorum Plc (in liquidation) Moor House Hotel Liverpool Limited NW (Blakes) Limited Snow Hill BPRA LLP Snow Hill Hotel Limited St Chad's (Birmingham) Holdings Limited St Chad's (Birmingham) Hotel Limited The Downing Foundation West Bar Hotel Limited	Horseferry Associates Limited

* Company has been dissolved

- 3.6 None of the Directors nor any director of the Manager has for at least the previous five years: (i) had any convictions in relation to fraudulent offences; or (ii) been associated with bankruptcies, receiverships or liquidations (save for members' voluntary liquidations) in relation to an entity for which they have been acting as members of the administrative, management or supervisory bodies or senior management who was relevant to establishing that the entity had the appropriate expertise and experience for the management of its business; or (iii) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or been disqualified by a Court from acting as a director or member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any issue.
- 3.7 The Company complies with the provisions of the UK Corporate Governance Code, with the exception of the following, for the reasons set out below:
- (i) new Directors do not receive a full, formal and tailored induction on joining the Board and such matters are addressed on an individual basis as they arise. In addition, as the Company does not have any major shareholders, shareholders are not given an opportunity to meet any new nonexecutive directors at specific meetings other than at the general meetings of the Company;
 - (ii) due to the size of the Board, there are no formal performance evaluations of the Board, their committees, the individual Directors or the Chairman. Specific performance issues are dealt with as they arise; and
 - (iii) the Directors do not have service contracts but do have consultancy agreements, further details of which are set out at 3.3 above, whereas the recommendation in the UK Corporate Governance Code is for fixed term renewable contracts.

The Board comprises four members, all of whom are non-executive Directors, three of whom (including the Chairman) are considered to be independent of the Manager. Richard Marsh, as an employee of Molten Ventures plc, is not considered to be independent of the Manager.

The Board meets regularly throughout the year (normally at least quarterly) and all necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively. Additionally, special meetings take place or other arrangements are made when Board decisions are required in advance of regular meetings. The Board is responsible for controlling the Company. The Board is responsible for the determination and calculation of the Company's Net Asset Value, which will be undertaken in accordance with the Company's accounting policies (the Company's current accounting policies are set out on pages 41 to 43 of its report and accounts for the year ended 31 March 2023) and published on an appropriate Regulatory Information Service (including in the announcement of annual and half yearly results of the Company). In the unlikely event that valuation was suspended, where the underlying data necessary to value the investments of the Company could not readily, without undue expenditure, be obtained, such suspension would be communicated to shareholders in a similar manner.

- 3.8 As the Company has a small Board of non-executive Directors, all Directors sit on the Nomination Committee and Remuneration Committee. Hugh Aldous is the Chairman of the Remuneration Committee and David Brock is the chairman of the Nomination Committee. David Brock and Hugh Aldous sit on the Audit Committee. Hugh Aldous is Chairman of the Audit Committee and Senior Independent Director. Committee meetings are held in conjunction with the Board meetings. The Audit Committee is responsible for
- monitoring the Company's financial reporting;
 - reviewing internal controls and risk management systems; and
 - matters regarding audit and external auditors.

The Remuneration Committee meets, as required, to discuss the existing levels of remuneration for the non-executive Directors and whether they reflect the time commitment and responsibilities of the positions and are comparable with industry standards. Where deemed necessary, they will recommend adjustments to the remuneration levels.

4. General Information

- 4.1 There have not been any governmental, legal or arbitration proceedings in the 12 months prior to the publication of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Company, nor are there any such proceedings pending or threatened of which the Company is aware.
- 4.2 No person receiving a copy of this document or an Application Form in any territory other than the UK may treat the same as constituting an offer or invitation to him to subscribe for or purchase New Ordinary Shares.
- 4.3 Shareholders' authority to create, allot and issue new Ordinary Shares up to an aggregate maximum nominal value of £6,000,000, with pre-emption rights dis-applied in respect of such issues, was obtained at the annual general meeting of the Company held on 20 September 2023. All Shareholders will have the same voting rights in respect of the existing share capital of the Company. An existing holder of Ordinary Shares who does not subscribe for New Ordinary Shares pursuant to the Offer would experience no dilution in terms of NAV per share (as the assets of the Company will be increase by the proceeds of the Offer and the upfront costs of the Offer are borne by subscribers) but would experience dilution in terms of their voting power. The New Ordinary Shares are ordinary shares of five pence each (ISIN: GB0002867140) created under the CA 2006 and are freely transferable.
- 4.4 No action has been taken to permit the distribution of this document in any jurisdiction outside the UK where such action is required to be taken. All applicants under the Offer will be required to warrant that they are not a US Person.
- 4.5 All information regarding Molten Ventures in this document has been sourced by the Company or the Manager from Molten Ventures and has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 4.6 Where other information set out in this document has been sourced from third parties the source has been identified at the relevant place in the document and the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published, no facts have been omitted which would render the reproduced information inaccurate or misleading.

5. Material Contracts

- 5.1 Under an agreement (the "**Investment Management Agreement**") dated 9 February 2021 between the Company and the Manager, the Manager provides transaction and portfolio management services to the Company. In consideration for these services, the Manager receives a fee of 2.0% of net assets of the Company payable quarterly in advance. The Manager is also entitled to a performance incentive fee equal to 20% of any realised gains achieved during a financial period, subject to the achievement of NAV and IRR hurdles (described in more detail on page 34).

Further, under the Investment Management Agreement, the annual running costs of the Company (including VAT) are restricted to 3.5% of its net asset value (as defined in the agreement) with any excess being refunded by way of a reduction in the fees payable to the Manager and to the Administration Manager pro rata.

The Manager is also entitled to certain non-executive directors' fees, arrangement fees and expenses in respect of any investee company although these are not commonly charged.

- 5.2 Under an agreement dated 30 January 1998 originally between the Company and Downing Management Services Limited and novated by a deed of novation dated 25 August 2011 such that since 1 June 2011 the parties thereto are the Company and Downing LLP, and as amended by a deed of variations dated 3 October 2019 and 10 February 2021 (the "**Administration Agreement**"), Downing will provide or procure the provision of certain administration services to the Company for a fee of £85,000 plus 0.1% of new funds raised per annum (excluding VAT), subject to an aggregate annual cap of £100,000.

- 5.3 A sponsor and promoter agreement dated 3 October 2023 ("**Promoter Agreement**") between the Company (1), the Directors (2) the Promoter (3) and SPARK Advisory Partners Limited ("**SPARK**") (4) whereby the Promoter has agreed to act as promoter in connection with the Offer and SPARK has agreed to act as sponsor to the Company in connection with the Offer. The agreement contains warranties given by the Company and the Directors to the Promoter and to SPARK. The Company will pay to the Promoter a fee of 3.0% of funds raised under the Offer (3.5% where applications are made direct and not through an Intermediary) and is also responsible for paying initial and trail commission in respect of the Offer where applicable. All others incidental costs of the Offer will be borne by the Promoter from its fee save for the costs of written Shareholder communications which shall be borne by the Company.
- 5.4 A letter of engagement dated 17 August 2023 from SPARK pursuant to which SPARK have been appointed as sponsor to the Company in connection with the Offer. The Company has agreed to indemnify SPARK for any loss suffered in respect of its role as sponsor to the Offer (save for when such loss has arisen out of SPARK's breach, wilful default, misconduct or gross negligence). The Company's liability under this indemnity is unlimited.
- 5.5 A sponsor and promoter agreement dated 27 October 2022 between the Company (1), the Directors (2) the Promoter (3) and SPARK (4) under which the Promoter agreed to act as promoter in connection with the 2021 Offer and SPARK agreed to act as sponsor to the Company in connection with the 2022 Offer. The agreement contained warranties given by the Company and the Directors to the Promoter and to SPARK. The Company was obliged to pay to the Promoter a fee of 3.0% of funds raised under the 2022 Offer and is also responsible for paying initial and trail commission in respect of the 2022 Offer where applicable. All others incidental costs of the 2022 Offer were to be borne by the Promoter from its fee save for the costs of written Shareholder communications which were to be borne by the Company.
- 5.6 Richard Marsh is an employee of Molten Ventures plc, the ultimate parent company of the Manager which is entitled to performance incentive fees and investment management fees from the Company, as well as Promotion Fees in relation to the Offer described paragraph 5.3. Mr Marsh is also a director of Encore Ventures LLP which is the appointed manager of Molten Ventures EIS and participates in syndicated investments alongside the Company and Molten Ventures plc.
- 5.7 Nicholas Lewis, a director of the Company, and Grant Whitehouse, the company secretary, are each members of Downing LLP, which provides administration services to the Company in relation to the agreement described in paragraph 5.2 above.
- 5.8 Other than as disclosed in paragraphs 5.6 and 5.7 of this section there are no potential conflicts of interests between the duties of the Directors to the Company and their private interests or other duties.
- 5.9 There are no material potential conflicts of interest as between the duties of Elderstreet Investments Limited or Downing LLP, the Company's investment adviser and administration provider respectively, to the Company and duties owed by those service providers to third parties or their other interests.
- 5.10 The typical investor in the Company will be a UK higher-rate income taxpayer, over 18 years of age and with an investment range of between £6,000 and £200,000 who is capable of understanding and is comfortable with the risks of VCT investment.

6. Historical Financial Information

Audited statutory accounts for the Company for the years ended 31 March 2023, 31 March 2022 and 31 March 2021, on which unqualified audit reports (not containing a statement under section 237(2) or (3) of the Companies Act 2006) have been given by the auditors BDO LLP have been filed with the Registrar of Companies. BDO LLP is registered with the Institute of Chartered Accountants of England and Wales to carry out audit work.

Copies of the audited annual accounts and the unaudited half year accounts referred to above are also available at the following website: <https://investors.moltenventures.com/investor-relations/vct> and from the registered office of the Company and the Manager.

A description of cash flows, funding and treasury policies, covenants and liquidity is set out in the financial statements and notes to the financial statements published in the published audited statutory accounts of the Company for the periods stated which are incorporated by reference into the Prospectus as noted in this paragraph 6. The Company's capital resources are restricted insofar as they may be used only in putting into effect the investment policy described on pages 32 and 33 and in accordance with the VCT Rules.

	Audited year end to 31 March 2023	Audited year end to 31 March 2022	Audited year end to 31 March 2021
Income Statement	page 37	page 38	page 36
Dividends per share	page 3	page 2	page 2
Balance sheet	page 38	page 40	page 38
Cash flow statement	page 40	page 41	page 39
Notes to financial statements	page 41	page 42	page 40
Accounting policies	page 41	page 42	page 40
Independent auditors' report	page 31	page 32	page 30

Operating and Financial Review

A description of the changes in the performance of the Company, both capital and revenue, and changes to the Company's portfolio of investments is set out in the sections headed "Chairman's Statement", "Investment Adviser's Report" and "Investment Portfolio" in the published audited statutory accounts of the Company for the periods stated.

	Report and Accounts for Year Ended 31 March 2023	Report and Accounts for Year Ended 31 March 2022	Report and Accounts for Year Ended 31 March 2021
Chairman's Statement	page 7	page 4	page 4
Manager's Report	page 9	page 7	page 7
Investment Portfolio	Page 10	Page 9	page 9

Significant change

Save for:

- the decrease in the net asset value per Ordinary Share from 53.3p (audited) to 50.9p as at 31 July 2023 (unaudited and following the payment of a dividend of 1.0p per Ordinary Share paid on 7 April 2023)
- the payment of a further dividend of 0.5p paid in September 2023;
- the issue of approximately 37 million Ordinary Shares and the buyback of approximately c. 1.2 million Ordinary Shares; and
- the possibility that, since the 31 July 2023 valuation point, one portfolio company which has been in M&A discussions may enter administration with a further negative impact of c 0.5p on NAV,

there has been no significant change in the financial position of the Company since the end of the last financial period for which financial information has been published (being the audited financial information to 31 March 2023) prior to the date of this Prospectus.

Incorporation by Reference

The audited statutory accounts for the Company, for the years ended 31 March 2023, 31 March 2022 and 31 March 2021 are being incorporated by reference in this Prospectus and are available at the registered offices of the Company and the Manager set out on page 76. Where these documents make reference to other documents, such other documents are not incorporated into and do not form part of this Prospectus. Those parts of the annual statutory accounts

referred to above which are not being incorporated into this Prospectus by reference are either not relevant for Investors or are covered elsewhere in this Prospectus.

Document	Website
Annual Report - 31 March 2023	https://investors.moltenventures.com/investor-relations/vct
Annual Report - 31 March 2022	https://investors.moltenventures.com/investor-relations/vct
Annual Report - 31 March 2021	https://investors.moltenventures.com/investor-relations/vct

7. Working capital

The Company is of the opinion that its working capital is sufficient for its present requirements, that is for at least the twelve month period from the date of this document.

8. Capitalisation and Indebtedness

The table below shows the capitalisation of the Company as at 31 July 2023.

	£'000
Total current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Total non-current debt	
Guaranteed	-
Secured	-
Unguaranteed/secured	-
Shareholders' equity	
Share capital	12,169
Other reserves	111,701
TOTAL	123,870

The following table shows the Company's net indebtedness as at 31 July 2023.

	£'000
A Cash	5,091
B Cash equivalent	30,000
C Trading securities	-
D Liquidity (A+B+C)	35,091
E Current financial debt (including debt instruments, but excluding current portion of noncurrent financial debt)	132
F Current portion of non-current financial debt	-
G Current financial indebtedness (E-F)	132
H Net current financial indebtedness (G-D)	(34,959)
I Non-current financial debt (excluding current portion and debt instruments)	-
J Debt instruments	-
K Non-current trade and other payables	-
L Non-current financial indebtedness (I+J+K)	-
M Total financial indebtedness (H+L)	(34,959)

The Company does not have any contingent or indirect indebtedness.

Save for (i) the payment of an interim dividend of 1.0p per Ordinary Share paid on 7 April 2023 and the payment of a final dividend of 0.5p per Ordinary Share paid on 29 September 2023 for year ended 31 March 2023 (ii) the issue of a total of c.37 million Ordinary Shares and (iii) the buyback of a total of c.1.2 million Ordinary Shares, there has been no material change in the capitalisation, indebtedness or shareholders' equity of the Company since 31 March 2023, being the date to which the Company has last published audited financial information.

9. Articles

9.1 The Company's principal object is to carry on business as an investment company and a venture capital trust. The Memorandum of Association and Articles of Association are available for inspection at the address specific in paragraph 12 below.

9.2 Set out below is a summary of certain key provisions of the Company's Articles of Association which were adopted on 17 March 2021:

A. Voting rights

Every Shareholder present in person at a general meeting shall upon a show of hands have one vote and every Shareholder present in person or by proxy shall upon a poll have one vote for every share held by him.

The share capital of the Company is made up of Ordinary Share each with a nominal value of 5p per share.

B. Dividends

The Company in general meeting may declare a dividend to be paid to the Shareholders according to their respective rights and interests in the profits, but no larger dividend shall be declared than is recommended by the Directors.

C. Distribution of assets on liquidation

On a winding up the capital and assets of the Company shall be divided amongst the holders of the Ordinary Shares pro rata according to their holding of Ordinary Shares.

D. Transfer of Shares

Shares may be transferred by means of the CREST system.

The Directors may, in their absolute discretion and without assigning any further reason therefore, refuse to register any share transfer unless

- it is in respect of a fully paid share;
- it is in respect of a share on which the Company does not have a lien;
- it is in respect of only one class of shares;
- it is in favour of not more than four joint holders as transferees; and
- the conditions referred to in the next succeeding Article have been satisfied in respect thereof.

If the Directors refuse to register a transfer they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal and return to him the instrument of transfer. The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine and either generally or in respect of any class of shares provided that the register shall not be closed for more than thirty days in any year.

E. Variation of rights

If at any time the capital is divided into different classes of shares all or any of the rights or privileges attached to any class may be varied or abrogated (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class, but not otherwise.

The creation or Issue of shares ranking pari passu with or subsequent to the shares of any class shall not (unless otherwise expressly provided by these Articles or the rights attached to such last mentioned shares as a class) be deemed to be a variation of the rights of such shares.

F. Increase or reduction of capital

The Company may, from time to time, by Ordinary Resolution, increase the capital of the Company by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution may prescribe.

The Company may from time to time by Special Resolution reduce its share capital, any capital redemption reserve fund and any share premium account in any manner authorised by law. The Company may also by Ordinary Resolution cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the nominal value of the shares so cancelled.

G. Directors

Unless and until otherwise determined by the Company in General Meeting the number of Directors shall not be less than two nor more than ten. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors be less than the prescribed minimum the remaining Director or Directors shall forthwith appoint an additional Director or Directors to make up such minimum or shall convene a general meeting of the Company for the purpose of making such appointment. If there is no Director or are no Directors able or willing to act then any two holders may summon a general meeting for the purpose of appointing Directors.

At the next Annual General Meeting following a Director's first appointment such Director shall retire from office and may stand for re-election.

The Directors shall be paid out of the funds of the Company by way of fees for their services and shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties.

H. Meetings of Directors

The Directors may meet together in person or by for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit, and determine the quorum necessary for the transaction of business. Until otherwise determined two Directors shall constitute a quorum. Questions arising at any meeting shall be determined by a majority of votes. In case of any equality of votes the Chairman shall have a second or casting vote.

I. Directors' Interests

The Board may, provided the quorum and voting requirements are satisfied, authorise any matter that would otherwise involve a Director breaching his duty under the Companies Act 2006 to avoid conflicts of interest. Where the Board gives authority in relation to such a conflict, it may impose terms upon the Director concerned including, without limitation, the exclusion of that Director from the receipt of information, or participation in discussion (whether at meetings of the Board or otherwise) related to the conflict and the Director concerned and any other Director with a similar interest will be obliged to conduct himself in accordance with any terms imposed by the Board from time to time.

J. General Meetings

Annual general meetings shall be held at such time and place as may be determined by the Directors and within a period of six months beginning on the day following the Company's accounting reference date. The Directors may determine that a general meeting may be held entirely or partly through one or more electronic facilities, including via satellite meetings at any other place in the world, and may permit any person entitled to attend and participate in a general meeting to do so by simultaneous attendance and participation by means of one or more electronic facilities or such satellite meetings.

An annual general meeting called for the passing of a special resolution and/or ordinary resolution shall be called by not less than twenty-one days' notice in writing, and all other general meetings of the Company shall be called by not less than fourteen days' notice in

writing unless it is proposed to pass a resolution of which special notice is required by law, in which case 28 days' notice is required.

The quorum for a general meeting shall not be less than two Shareholders present in person or by proxy. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of Shareholders, shall be dissolved. In any other case it shall stand adjourned to such time (being not less than fourteen days and not more than twenty eight days hence) and at such place as the Chairman shall appoint. At any such adjourned meeting the Shareholder or Shareholders present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

K. Borrowing Powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking property and uncalled capital, or any part thereof and to issue debentures and other securities. The Directors shall restrict the borrowings of the Company that the aggregate amount at any one time owing by the Company shall not at any time without the previous sanction of the Company in general meeting exceed the greater of the sum of ten per cent of the aggregate of the paid up share capital of the Company and amount standing to the credit of the consolidated reserves of the Company and its subsidiaries whether distributable or undistributable and including (without limitation) share premium account, capital redemption reserve and profit and loss account.

10. Consent to use prospectus

The Company and the Directors consent to the use of this Prospectus and accept responsibility for its content also with respect to the subsequent resale or final placement of securities by any financial intermediary which was given consent to use this prospectus. The period for which consent to use this prospectus is given and the offer period within which subsequent resale or final placement of securities by financial intermediaries can be made commences 3 October 2023 and closes on 28 June 2024 (subject to the extension or early closure of the Offer at the discretion of the Directors). All financial intermediaries may use this Prospectus for subsequent resale or final placement of the securities in the UK. There are no conditions attaching to this consent.

In the event of an offer being made by a financial intermediary, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

Any financial intermediary using this prospectus has to state on its website that it uses the prospectus in accordance with the consent and the conditions attached thereto.

11. Consents

The Sponsor and the Manager have given and have not withdrawn their written consents to the issue of this document with the references to them in the form and context in which they appear.

12. Documents on display

Copies of this document are available for download at <https://investors.moltenventures.com/investor-relations/vct> and may be obtained free of charge at the Company's registered office, where they are also on display, at 6th Floor, St Magnus House, 3 Lower Thames Street, London EC3R 6HD during the period in which the Offer remains open. Also available from <https://investors.moltenventures.com/investor-relations/vct> are copies the Company's annual report and accounts for the periods ended 31 March 2023, 31 March 2022 and 31 March 2021.

The Company's Memorandum and Articles of Association are available for download for no charge from <https://find-and-update.company-information.service.gov.uk/company/03424984/filing-history>.

DIRECTORY

Directors

David Brock (Non-executive Chairman)
Hugh Aldous (Non-executive Director)
Richard Marsh (Non-executive Director)
Nicholas Lewis (Non-executive Director)

Company Secretary

Grant Whitehouse

Sponsor

SPARK Advisory Partners Limited
5 St John's Lane
London EC1M 4BH

VCT Status Monitor

Philip Hare & Associates LLP
4-6 Staple Inn
High Holborn
London WC1V 7QH

Auditor

BDO LLP
55 Baker Street
London W1U 7EU

Registrar

The City Partnership (UK) Ltd
The Mending Rooms
Park Valley Mills, Meltham Road
Huddersfield HD4 7BH

Investment Manager

Elderstreet Investments Limited
20 Garrick Street
London WC2E 9BT

Administration Manager

Downing LLP
St Magnus House
3 Lower Thames Street
London EC3R 6HD

Solicitors

RW Blears LLP
6 Kinghorn Street
London EC1A 7HT

Receiving Agent

The City Partnership (UK) Ltd
The Mending Rooms
Park Valley Mills, Meltham Road
Huddersfield HD4 7BH

Marketing Adviser

RAM Capital Partners LLP
18 Soho Square
London W1D 3QL

For intermediary enquiries:

Telephone: 0203 006 7530

Email: taxsolutions@ramcapital.co.uk

DEFINITIONS

In this document the following words and expressions shall, unless the context requires otherwise, have the following meanings:

"2022 Offer"	the offer for subscription contained in a prospectus published by the Company on 27 October 2022 and which closed on 30 June 2023
"Act"	the Companies Act 2006 (as amended)
"Administration Manager"	the administration manager of the Company, Downing LLP
"Admission"	admission of the New Ordinary Shares to the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities
"Adviser Charge"	a fee, payable to a financial intermediary, agreed with the Investor for the provision of a personal recommendation and/or related services in relation to an investment in New Ordinary Shares, and detailed on the Application Form
"AIM"	AIM, a market operated by the London Stock Exchange, formerly known as the Alternative Investment Market
"Applicant"	an investor whose name appears in an Application Form
"Application"	an application for New Ordinary Shares under the Offer
"Application Amount"	amount (in pounds sterling) due from an Applicant in respect of their application or such part (if any) of their Application as is accepted
"Application Form(s)"	a validly complete application form in the form available at https://investors.moltenventures.com/investor-relations/vct
"Articles"	the articles of association of the Company from time to time
"Business Days"	any day (other than a Saturday or Sunday) on which clearing banks are open for normal banking business in sterling
"Company"	Molten Ventures VCT plc (company number 03424984)
"Commission"	commission paid to the financial intermediaries of limited classes of eligible Investors
"CREST"	the computerised settlement system to facilitate the transfer of the title to shares in uncertificated form operated by Euroclear UK & Ireland Limited
"Direct Investor"	an Investor who applies under the Offer directly without any financial intermediary (whether advisory or non-advisory)
"Directors" or "Board"	directors of the Company as at the date of this document, whose names are set out on page 72 of this document
"EUWA"	the European Union (Withdrawal) Act 2018
"Existing Shareholder"	a Shareholder who holds shares in the Company subscribed for prior to the launch of the Offer
"FCA"	Financial Conduct Authority

"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"Gross Proceeds"	the amount of monies subscribed by Applicants for New Ordinary Shares under the Offer (disregarding any Adviser Charges or Commission)
"HMRC"	His Majesty's Revenue & Customs
"Illustrative Offer Price"	the amount of 53.3p per New Ordinary Share, calculated on the basis of the assumptions referred to on page 10 of this document
"Investment Management Agreement" or "IMA"	the investment management agreement entered into between the Company and the Manager on 9 February 2021, as varied or replaced from time to time
"Investment Management Team"	those people whose details are set out in Part 5 of this document
"Investment Manager" or "Manager" or "Promoter"	Elderstreet Investments Limited
"Investor"	an individual investor, who is aged 18 or over, investing no more than £200,000 qualifying for HMRC VCT tax reliefs n VCTs in any one tax year
"ITA"	Income Tax Act 2007 (as amended)
"Listed"	admitted to the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities
"Listing Rules"	the listing rules issued by the FCA
"London Stock Exchange"	London Stock Exchange plc
"Market Abuse Regulation"	Regulation (EU) No 596/2014 (as amended) as it forms part of domestic UK law by virtue of the EUWA
"Maximum Subscription"	approximately 56 million New Ordinary Shares in the event that the Offer is fully subscribed with no use of the over-allotment facility or approximately 75 million New Ordinary Shares in the event of full use of the over-allotment facility (save that a maximum of 100 million New Ordinary Shares may be issued pursuant to the Offer)
"Molten Ventures"	Molten Ventures plc and/or its subsidiary and affiliated undertakings
"Money Laundering Regulations"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, (as amended)
"Net Asset Value" or "NAV"	net asset value per Ordinary Share
"Net Assets"	gross assets less all liabilities (excluding contingent liabilities) of the Company
"New Ordinary Shares"	the Ordinary Shares available for subscription pursuant to the Offer
"Offer"	the offer for subscription for New Ordinary Shares contained in the Prospectus

"Offer Price"	the price at which New Shares will be issued to be determined by dividing the Application Amount by the number of New Ordinary Shares to be issued as calculated pursuant to the Pricing Formula
"Official List"	official list of the FCA
"Ordinary Shares"	ordinary shares of 5p (sterling) each in the capital of the Company with ISIN GB0002867140
"Pricing Formula"	the mechanism by which the Offer Price may be adjusted by the Board according to the latest announced NAV, the level of the Promotion Fee, Commission or Adviser Charges (as relevant) to intermediaries, as described on page 48 of this document and in the Terms and Conditions of Application
"Promoter Agreement"	the sponsor and promoter agreement dated on or around the date of this Prospectus between the Company (1), the Directors (2) the Promoter (3) and the Sponsor (4) whereby the Promoter has agreed to act as promoter in connection with the Offer
"Promotion Fee"	the fees payable by the Company to, or as directed by, the Manager (as promoter of the Offer), calculated as a percentage of each Applicant's gross subscription in the Offer in the amounts set out on page 43 of this document
"Prospectus"	this document and any supplemental prospectus(es) which relates to this prospectus issued from time to time by the Company
"Prospectus Regulation"	Regulation (EU) 2017/1129 (as amended) as it forms part of domestic UK law by virtue of the EUWA
"Qualifying Company"	an unquoted (or AIM quoted) company which satisfies the requirements of Chapter 4 of Part 6 of ITA
"Qualifying Investment"	shares in, or securities of, a Qualifying Company held by a VCT which meet the requirements of Chapter 4 of Part 6 of ITA
"Qualifying Investor"	an individual who subscribes for or acquires shares in a VCT and satisfies the conditions of eligibility for tax relief available to investors in a VCT
"Receiving Agent"	The City Partnership (UK) Ltd
"Registrar"	The City Partnership (UK) Ltd
"Shareholders"	holders of Shares
"Shares"	Ordinary Shares of 5p (sterling) each issued in the capital of the Company from time to time
"Sponsor"	SPARK Advisory Partners Limited
"Terms and Conditions"	terms and conditions of Application as set out at the end of this document
"US Person"	as defined in the United States Securities Act of 1933 (as amended)
"Venture Capital Trust" or "VCT"	a venture capital trust as defined in Section 259 of ITA

TERMS & CONDITIONS OF APPLICATION

1. Applications for New Ordinary Shares under the Offer should be made online by navigating to <https://investors.moltenventures.com/investor-relations/vct> and completing the online Application Form.
2. The right is reserved to reject any Application in whole or in part or to accept any Application in whole or in part and to allot New Ordinary Shares notwithstanding that the Offer is not subscribed in full. If any Application is not accepted, or if any contract created by acceptance does not become unconditional, or if any Application is accepted for a lesser amount than was applied for, the application monies or the balance of the amount paid on Application will be returned without interest by Bacs at the risk of the Applicant.
3. By completing and delivering an Application Form, you:
 - (a) irrevocably offer to subscribe the amount of money specified in your Application Form or such lesser amount as is accepted (in each case such amount being referred to as the "**Application Amount**") which shall be applied to purchase New Ordinary Shares on the basis of the Pricing Formula set out on page 48 of this Prospectus and subject to the provisions of the Prospectus including these Terms and Conditions and the Articles;
 - (b) accept that the Net Asset Value used will be the most recently announced net asset value per Ordinary Share, updated at the discretion of the Board should there be a material movement in Net Asset Value, and adjusted where necessary for the subsequent payment of dividends, expressed in pence (sterling) prior to the date of allotment of the relevant New Ordinary Shares (and will ordinarily be unaudited);
 - (c) authorise your financial adviser, or whoever they may direct, the Registrar or the Company to send a document of title for the number of New Ordinary Shares for which your Application is accepted by post at your risk to your address as set out on your Application Form;
 - (d) agree that in consideration of the Company agreeing that it will not, prior to the closing date of the Offer, offer any New Ordinary Shares to any persons other than by means of the procedures set out or referred to in this Prospectus, agree that your Application may not be revoked prior to the Offer closing and that this paragraph constitutes a collateral contract which will become binding upon despatch by post or delivery of your Application Form duly completed to the Company or to your financial adviser;
 - (e) warrant that your remittance will be honoured on first presentation and agree that, if such remittance is not so honoured, you will not be entitled to receive a share certificate for the New Ordinary Shares applied for or to enjoy or receive any rights or distributions in respect of such New Ordinary Shares unless and until you make payment in cleared funds for such New Ordinary Shares and such payment is accepted by the Company (which acceptance shall be in its absolute discretion and may be on the basis that you indemnify it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of your remittance to be honoured on first presentation) and that at any time prior to unconditional acceptance by the Company of such late payment in respect of such New Ordinary Shares, the Company may (without prejudice to its other rights) treat the agreement to allot such New Ordinary Shares as void and may allot such New Ordinary Shares to some other person, in which case you will not be entitled to any refund or payment in respect of such New Ordinary Shares (other than return of such late payment);
 - (f) agree that all cheques and bankers' drafts may be presented for payment on the due dates and any definitive document of title and any monies returnable to you may be retained pending clearance of your remittance and the completion of any verification of identity required by the Money Laundering Regulations and that such monies will not bear interest;
 - (g) undertake to provide satisfactory evidence of identity within such reasonable time (in each case to be determined in the absolute discretion of the Company and the Manager) to ensure compliance with the Money Laundering Regulations;
 - (h) agree that, in respect of those New Ordinary Shares for which your Application has been received and processed and not rejected, acceptance of your Application shall be constituted by the Company instructing the Registrar to enter your name on the share register of the Company;

- (i) agree that all documents in connection with the Offer and any returned monies will be sent at your risk and may be sent to the bank account or the postal address as set out in the Application Form;
- (j) agree that, having had the opportunity to read this document, you are deemed to have had notice of all information and representations contained therein including the risk factors contained on pages 13 to 16;
- (k) confirm that (save for advice received from your financial adviser) in making such application you are not relying on any information or representation other than those contained in this document and you accordingly agree that no person responsible solely or jointly for this document will have any liability for any such other information or representation;
- (l) agree that all Applications, acceptances of Applications and contracts resulting there from under the Offer shall be governed by and construed in accordance with English law and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (m) authorise the Company, the Registrar or the Manager or any other person authorised by them, as your agent, to do all things necessary to effect registration of any New Ordinary Shares subscribed by you into your name and authorise any representatives of the Company, the Registrar or the Manager to execute any document required therefor and to enter your name on the register of members of the Company;
- (n) agree to provide the Company, the Receiving Agent, Registrar or the Manager with any information which they may request in connection with your Application or to comply with the VCT regulations or other relevant legislation (as the same may be amended from time to time);
- (o) warrant that, in connection with your Application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your Application in any territory and that you have not taken any action which will or may result in the Company or the Manager acting in breach of the regulatory or legal requirements of any territory in connection with the Offer or your Application;
- (p) confirm that you have read and complied with paragraph 4 below;
- (q) confirm that you have reviewed the restrictions contained in paragraph 5 below;
- (r) warrant that you are not under the age of 18 years;
- (s) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to your Application, warrant that you have complied with all such laws and none of the Company or the Manager or any of their respective agents will infringe any laws of any such territory or jurisdiction directly or indirectly as a result or in consequence of any acceptance of your Application;
- (t) agree that your Application Form is addressed to the Company;
- (u) warrant that if you sign the Application Form on behalf of somebody else or yourself and another or others jointly or a corporation you have the requisite power to make such investments as well as the authority to do so and such person will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake (save in the case of signature by an authorised financial adviser on behalf of the Investor) to send a power of attorney or a copy thereof duly certified in ink by a solicitor to the receiving agent, either with the accompanying application form or a covering letter where an application form has been completed online;
- (v) warrant that you are not subscribing for the New Ordinary Shares using a loan which would not have been given to you, or not given to you on such favourable terms, if you had not been proposing to subscribe for the New Ordinary Shares;

- (w) warrant that the New Ordinary Shares are allotted to you for bona fide investment purposes and not as part of a scheme or arrangement, the main purpose of which, or one of the main purposes of which, is the avoidance of tax;
 - (x) warrant that you are not a US Person or resident of Canada and that you are not applying on behalf of or with a view to the offer, sale or delivery, directly or indirectly, to or for the benefit of any US Person or resident of Canada; and
 - (y) warrant that the information contained in the Application Form is accurate.
4. No person receiving a copy of this document or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to them, nor should they in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her or such Application Form could lawfully be used without contravention of any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application thereunder to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any of the formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.
 5. The New Ordinary Shares have not been and will not be registered under the United States Securities Act 1933, as amended, or under the securities laws of any state or other political subdivision of the United States, and may not be offered or sold in the United States of America, its territories or possessions or other areas subject to its jurisdiction (the "USA"). In addition, the Company has not been and will not be registered under the United States Investment Company Act of 1940, as amended. No Application will be accepted if it bears an address in the USA.
 6. This Application is addressed to the Company. The rights and remedies of the Company and the Manager under these Terms and Conditions are in addition to any rights and remedies which would otherwise be available to either of them, and the exercise or partial exercise of one will not prevent the exercise of others.
 7. The dates and times referred to in these Terms and Conditions may be altered by the Company. In particular, the Directors may close the Offer early at their sole discretion and may allot New Ordinary Shares pursuant to the Offer notwithstanding that the Offer is not fully subscribed.
 8. Authorised financial intermediaries who, acting on behalf of their clients, submit valid Application Forms bearing their FCA number following the provision of restricted advice to their professional clients or in respect of execution-only transactions where they can demonstrate and confirm to the Company that their duty to act honestly, fairly and professionally in the best interest of the client is not impaired and that they provide an enhanced value service in accordance with COBS 2.3A.6 to 2.3A.9, will be entitled to commission on the amount payable in respect of the New Ordinary Shares allocated for each such Application Form at the rates specified in the paragraph "Terms of the Offer" in Part 6 (Information relating to the Offer) of this document. The Company reserves the right to amend its policy on the payment of commission at any time. Authorised financial intermediaries may agree to waive part or all of their initial commission in respect of an Application. If this is the case, then the Application Amount will be increased by an amount equivalent to the amount of commission waived. Financial intermediaries should keep a record of Application Forms submitted bearing their stamp to substantiate any claim for their commission. No commission is payable on reinvested commission. In addition, provided they continue to act for their client and the client continues to hold such New Ordinary Shares, such intermediaries will usually be paid an annual trail commission of 0.25% of the gross subscription for a maximum of five years. Annual trail commissions will be paid in October (commencing in October 2024) by the Company.
 9. In respect of Applications received where commission is payable in accordance with applicable rules and guidance, such commission (but not annual trail commission) will be taken into account when calculating, and will reduce, the number of New Ordinary Shares which are to be issued on the basis of the Pricing Formula.
 10. Where Application Forms are submitted on your behalf by an authorised financial intermediary who has given you a personal recommendation in respect of your application, the Company will facilitate the payment of any up-front Adviser Charge agreed between you and your

intermediary (up to a maximum of 4.5%), as validated by completion of Section 8 on the Application Form. Anything over and above 4.5% should be handled directly between the Applicant and the intermediary. The amount of the agreed Adviser Charge will be facilitated by the Company making a payment on your behalf equal to the agreed up-front Adviser Charge to the intermediary from the Company's share premium account (or reserves created therefrom) in respect of share capital issued prior to 6 April 2014 (or otherwise in accordance with the VCT rules) and this will be taken into account when calculating, and will reduce, the number of New Ordinary Shares which are issued to you on the basis of the Pricing Formula. The Applicant will be issued fewer New Ordinary Shares to the equivalent value of the Adviser Charge. The Adviser Charge is inclusive of VAT, where applicable.

11. If you have agreed to pay on-going charges to an intermediary in respect of services related to your investment, for example, for conducting associated administrative tasks or managing your relationship with the Company, then the Company will not facilitate the payment of any such on-going adviser charge.
12. The section headed Application Procedure below forms part of these Terms and Conditions.
13. It is a condition of the Offer that compliance with the Money Laundering Regulations is ensured. The City Partnership (UK) Ltd is therefore entitled to require, at its absolute discretion, verification of identity from any Applicant including, without limitation, any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of a person or persons other than the Applicant or (ii) appears to The City Partnership (UK) Ltd to be acting on behalf of some other person. Pending the provision of evidence satisfactory to The City Partnership (UK) Ltd as to the identity of the Applicant and/or any person on whose behalf the Applicant appears to be acting, The City Partnership (UK) Ltd may, in its absolute discretion, retain an Application Form submitted by an Applicant and/or the cheque or other remittance relating thereto and/or The City Partnership (UK) Ltd may not enter the Applicant on the register of members of the Company or issue any share certificates in respect of such Application. If verification of identity is required, this may result in delay in dealing with an Application and in rejection of the Application. The Company reserves the right, in its absolute discretion, for it or The City Partnership (UK) Ltd to reject any Application in respect of which The City Partnership (UK) Ltd considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an Application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the money payable or paid in respect of the Application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the Shares in question (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute an undertaking by the Applicant to provide promptly to The City Partnership (UK) Ltd such information as may be specified by it as being required for the purpose of the Money Laundering Regulations.
14. The right is also reserved to treat as valid any Application not complying fully with these Terms and Conditions for the Offer or not in all respects complying with the Application Procedure. In particular, but without limitation, the Company may accept Applications made otherwise than by the submission of an electronic Application Form where the Applicant has agreed in some other manner acceptable to the Company to apply in accordance with these Terms and Conditions. The Company reserves the right to make non-material amendments to these Terms and Conditions without notice to any person.

APPLICATION PROCEDURES

Lodging of Application Forms and dealing arrangements

Before making an Application, investors should consider whether to (i) consult an independent financial adviser authorised under FSMA, (ii) submit their Application through an 'execution only' intermediary or (iii) apply directly.

The Offer will be open for applications on 12 October 2023 until the earlier of 4.00 p.m. on 28 June 2024 (or such later date as the Board may decide) and the date on which the relevant Maximum Subscription is reached. Applicants who wish to have some or all of their New Ordinary Shares allotted in the tax year 2023/24 must return their completed Application Form and cleared funds by 10.00 a.m. on 5 April 2024.

Once the Offer opens to Applications, both direct and intermediary-introduced Application Forms can be submitted online using the Company's secure online receiving agent service, ORA, at <https://investors.moltenventures.com/investor-relations/vct>.

From a speed of processing perspective and to reduce the Offer's carbon footprint, the Company recommends the use the online Application Form and to remit monies via bank transfer.

Alternatively, you may request a PDF copy of the Application Form by contacting Molten Ventures VCT plc. Please complete and send your PDF Application Form via email to moltenventuresvct@city.uk.com or via post/hand delivery to the Receiving Agent:

Molten Ventures VCT Offer
The City Partnership (UK) Ltd
The Mending Rooms
Park Valley Mills
Meltham Road
Huddersfield
HD4 7BH

It is recommended that you use Royal Mail Special Delivery or Tracked mail and allow at least two working days for delivery.

If you send a soft copy of your Application Form to the Receiving Agent, please do not send a hard copy in the post.

Applications will be accepted on a "first-come, first-served" basis, subject always to the discretion of the Board. For these purposes, **"first-come, first-served" shall be assessed based on the date and time of receipt of a fully completed Application Form, subject to receipt of Application monies (in full) in cleared funds within five Business Days thereafter to retain the Applicant's priority position.** If Application monies are not received within such time, the relevant date and time shall be when the Applicant's application monies are received in cleared funds. An Application may not be considered eligible for allotment until identity verification is complete and/or, where relevant, information or supporting evidence required for the Application is no longer outstanding.

Nominee Applications

If you are a nominee applying on behalf of beneficial owners, you must complete and submit an Application Form for each beneficial owner with the relevant nominee details (CREST or otherwise). Subject to the number of beneficial owners within the nominee, the Receiving Agent may configure an online Application Form pre-filled with the nominee's details to expedite the subscription process. Nominees should contact the Receiving Agent regarding the remittance of the associated subscription monies to ensure compliance with the Money Laundering Regulations.

Payment Instructions

Payment can be made by bank transfer or cheque, and the associated instructions can be found in the Application Form and in the Notes on the Application Form, both of which will be made available when the Offer opens to Applications on 12 October 2023.

Tracking the Status of Your Application Form & Monies

In addition to email/post communications from the Receiving Agent concerning receipt of your Application and associated monies, you may use the Receiving Agent's online tracking service to track the status of your Application Form and download a PDF copy of your Application Form.

For any new shares for which your application is accepted, the Receiving Agent will issue an email notification concerning the availability of the associated allotment letter and income tax relief certificate for download via the online tracking service within three working days following the allotment. The Receiving Agent will issue the associated allotment correspondence by post within 10 working days following the allotment for applicants who do not provide an email address. The Registrar will issue the related share certificate (where applicable) by post within 10 working days following the allotment.

The Receiving Agent's online tracking service is at: <https://cityora.uk.com/offers/mltn-2324/tracking>.

To access the service, you need to provide (i) your unique Application reference number (starting "MLTN-2324-"), which will be noted on the Receiving Agent's correspondence to you, (ii) your date of birth, and (iii) your National Insurance number or Unique Taxpayer Reference, as provided in your Application Form.

Administrative Queries

If you have any administrative questions regarding the completion and return of the Application Form, please contact the Receiving Agent, The City Partnership (UK) Limited, on 01484 240 910 (Monday to Friday, excluding English public holidays, 9.00 am - 5.30 pm) or at moltenventuresvct@city.uk.com.

MONEY LAUNDERING NOTICE - IMPORTANT

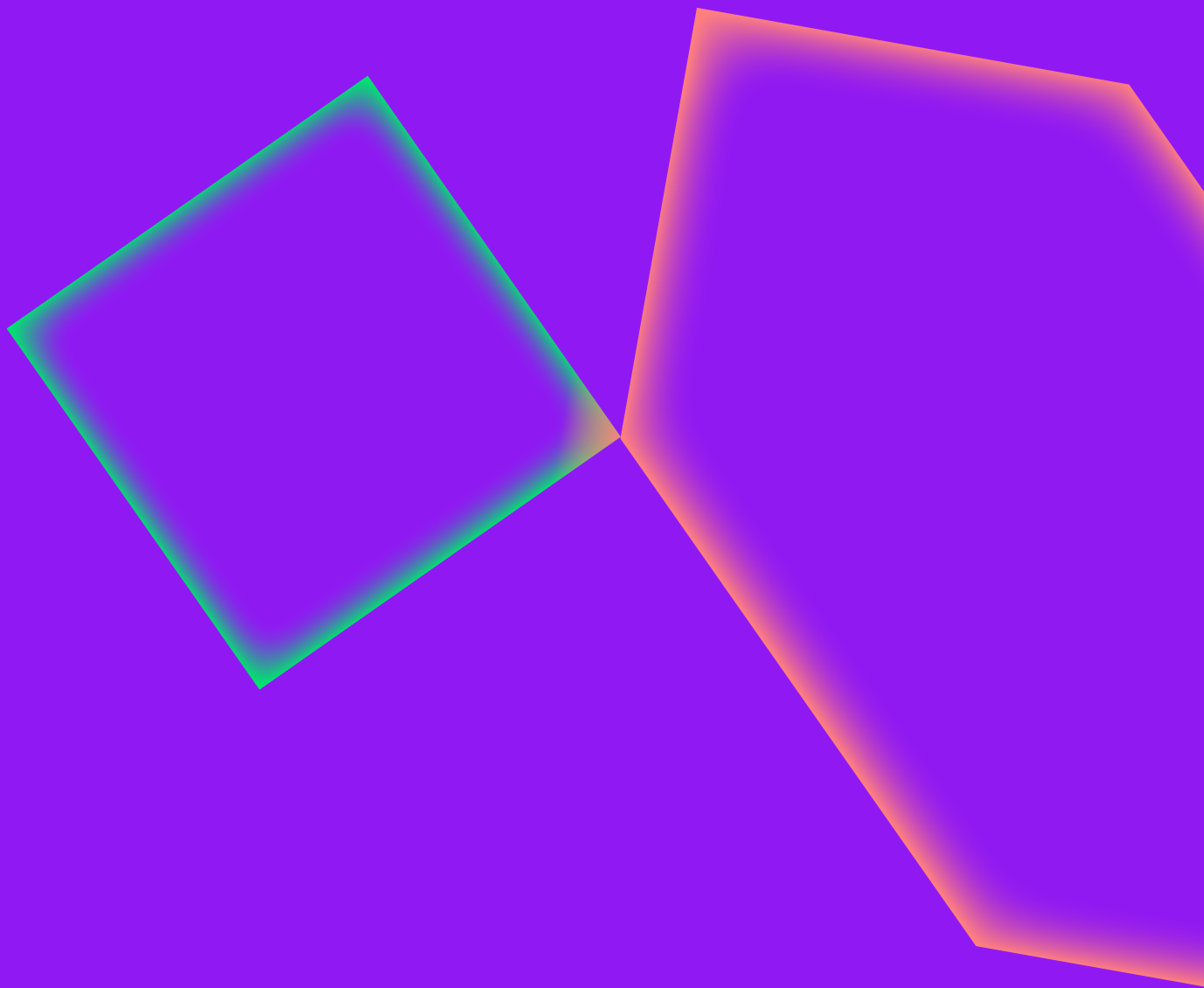
In accordance with the Money Laundering Regulations, an Applicant's identity must be verified before allotting new Shares under the Offer. Verification of identity is a routine step associated with the application process. It ensures that Applicants (i) are who they say they are, (ii) that they have not acquired the application monies illegally, and (iii) that they are not attempting to use the Company or the Receiving Agent as part of criminal activity.

Please note that the Company cannot allot new Shares to an Applicant whose identity cannot be verified.

For each Application, the Receiving Agent will use the Applicant's personal information from the Application Form to verify their identity through Veriphy, a specialist anti-money laundering ("AML") compliance solution provider. Veriphy's AML checks include identity and UK address validation as well as integral mortality, departure, sanction, and politically exposed person searches. **Veriphy's checks have no impact on an Applicant's credit score or their ability to obtain credit.**

Notwithstanding the above, for Applications made via a financial intermediary, the intermediary should still complete verification of the Applicant's identity. By signing the Application Form, the financial intermediary confirms that they have verified the identity of the Applicant to the standard required by the Money Laundering Regulations within the guidance for the UK financial sector issued by the Joint Money Laundering Steering Group, and that if the Company, Manager and/or the Receiving Agent request additional information in connection with that verification, they will provide it within two Business Days of receiving the request.

By submitting an Application you consent to the Receiving Agent processing sensitive personal data provided by you or your financial adviser as may be necessary for the Receiving Agent to discharge regulatory, legal and contractual obligations. The Receiving Agent will process the Applicant's personal data as set out in the privacy notice available at: <https://city.uk.com/privacy.html>.



**FURTHER INFORMATION FOR IFAs
IS AVAILABLE FROM:**



RAM Capital Partners LLP
18 Soho Square, London, W1D 3QL

T: +44 (0)20 3006 7530
E: taxsolutions@ramcapital.co.uk

ramcapital.co.uk