

Investment Summary

**Don't invest unless you're prepared to lose all the money you invest.
This is a high-risk investment. [Take two mins to learn more.](#)**

We Are Investment Led

Our investment strategy came first and EIS followed. Molten Ventures (then under its previous name) was an established venture capital firm that already managed funds for professional institutional investors.

EIS was added in 2012, following the Government's expansion of the headcount limits for EIS/VCT schemes (in the 2012 Budget), as a large number of investments made within our existing strategy could qualify in the future under the revised EIS definition.

Our Co-Investment Strategy Allows Us to Participate in Larger Deals

We believe this equates to differentiated deal flow. Our focus on larger and/or later stage investment rounds opened up access to this part of the market that investors had not previously had access to with EIS.

10-year Track Record with EIS

Over £200m has been raised and over 100 investments made into more than 50 portfolio companies to date. There is substantial R&D, innovation and job creation within the portfolio, with thousands of employees in aggregate.

Tens of millions of pounds of PAYE/NI/VAT have been paid back into HM Treasury through this economic activity, with the potential that this becomes hundreds of millions of pounds as the portfolio companies continue to grow.

Issued June 2024
Valid until 5 April 2025

PRODUCT SUMMARY

- The Fund Manager is 100% owned within the group structure of Molten Ventures plc, a publicly listed firm, which is one of the leading venture capital groups in Europe, investing in and developing high growth technology companies.
- **Minimum subscription:** £25,000
- **Target deployment period:** 12-18 months from each fundraising Close.
- **Target portfolio:** 8-12 EIS Qualifying companies.
- **Portal:** Online investor and adviser reporting portal, including EIS3s.
- **EIS3 certificates:** Issued for each investment, now in HMRC's digital format, typically available 8-12 weeks after each portfolio company investment.
- **Exits:** The exit route for successful Investments is anticipated to be via a sale of the business (M&A) or an initial public offering (IPO) and sale of shares, or potentially a sale of shares (secondary sale).

Sector Focus

We have a broad sectoral approach, however we believe that most venture capital investment opportunities in Europe with the requisite characteristics for the Fund will fall into the following core sectors:



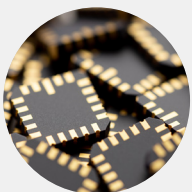
CONSUMER TECHNOLOGY

New consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional growth opportunities.



ENTERPRISE TECHNOLOGY

The software infrastructure, applications and services that make enterprises more productive, cost-effective and smoother to run.



HARDWARE AND DEEP TECH

Companies developing differentiated technologies that will underpin advances in computing, consumer electronics and other industries.



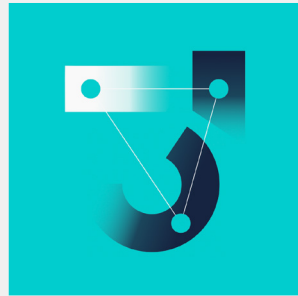
DIGITAL HEALTH AND WELLNESS

Companies leveraging digital and other technologies to create new products and services for the health and wellness markets.

Example Portfolio Companies

These examples all come from our current EIS portfolios and are intended to give an illustration of the potential scale, growth rate, impact and ambition of the companies we back.

HARDWARE AND DEEP TECH



FORM3 FINANCIAL CLOUD

Form3 is a software company. It provides infrastructure for banks to make payments. Its software is built using modern technologies and software approaches that transform what is possible when compared with historic approaches.

It is implemented as a hosted 'cloud-native' software solution that delivers a real-time (24/7/365) bank-grade payment platform for account to account payments. This allows established financial institutions to supplement their existing proprietary IT and payment systems with a flexible software architecture that can support new online customer apps and new payment options, e.g. showing the real time status and completion of payments.

Form3's clients and partners include Barclays, Lloyds, Goldman Sachs, Nationwide and Mastercard.

ENTERPRISE TECHNOLOGY



Thought Machine

Thought Machine is a software business that is developing internet-based, next generation core banking system software. This is complex, large scale software.

The company is working with a number of Tier 1 banks including Lloyds Banking Group, Standard Chartered, SEB and JPMorgan Chase amongst others.

Today, most banks still run on old IT systems, some dating back to the 1970s. Often there are multiple systems that are disjointed, so another layer of software or even sometimes manual input is needed to translate what's happening in one place to another. In short, it's slow, costly, and unreliable. Thought Machine is changing this.

Molten Ventures EIS first invested in 2020. The company has since raised over \$200m in further investment.

DIGITAL HEALTH AND WELLNESS



endomag⁺

Endomag is a healthcare company that has developed minimally-invasive surgical guidance technology that is applicable across much of surgical oncology. Its first use has been in the treatment of breast cancer and the technology has been used in over 485,000 procedures across 45 countries, and Endomag's products now are used in an operation somewhere in the world every five minutes.

Molten Ventures EIS first invested in 2018, and then again in 2020 when Molten Ventures led a further investment round to accelerate international expansion.

Hologic, Inc. (Nasdaq: HOLX), a global leader in women's health, has signed a definitive agreement to acquire Endomag Ltd. The acquisition, which is subject to regulatory approval as well as working capital and other customary closing adjustments values Endomag at approximately \$310m.

Warning: Past performance is not necessarily an indicator of future results. Your capital is at risk. Examples provided are illustrative only and will vary from the companies which a Subscription made today will invest into.

Performance

Our prior EIS Funds are showing valuation progression and a distribution of cash proceeds.

The first five EIS Funds, spanning 2012-2016, have all now distributed more to Investors than was subscribed to the Funds or are reaching that point.

Whilst there was certainly a pause in exit processes as the Covid pandemic struck, which extended some holding periods, we saw a recovery in exit activity in 2021-2022 including our own exits from SportPursuit, Conversocial, Roomex, and Bright Computing.

Following the downturn in the macroeconomic environment, the IPO market is largely closed as an exit route in the near term however exits via Merger & Acquisition (M&A) remains a viable option and we expect to see transactions over the near and mid term. At the time of writing we have signed two share purchase agreements for profitable sales. Both of these are subject to regulatory approval currently but should enable us to return a significant amount of capital to investors.

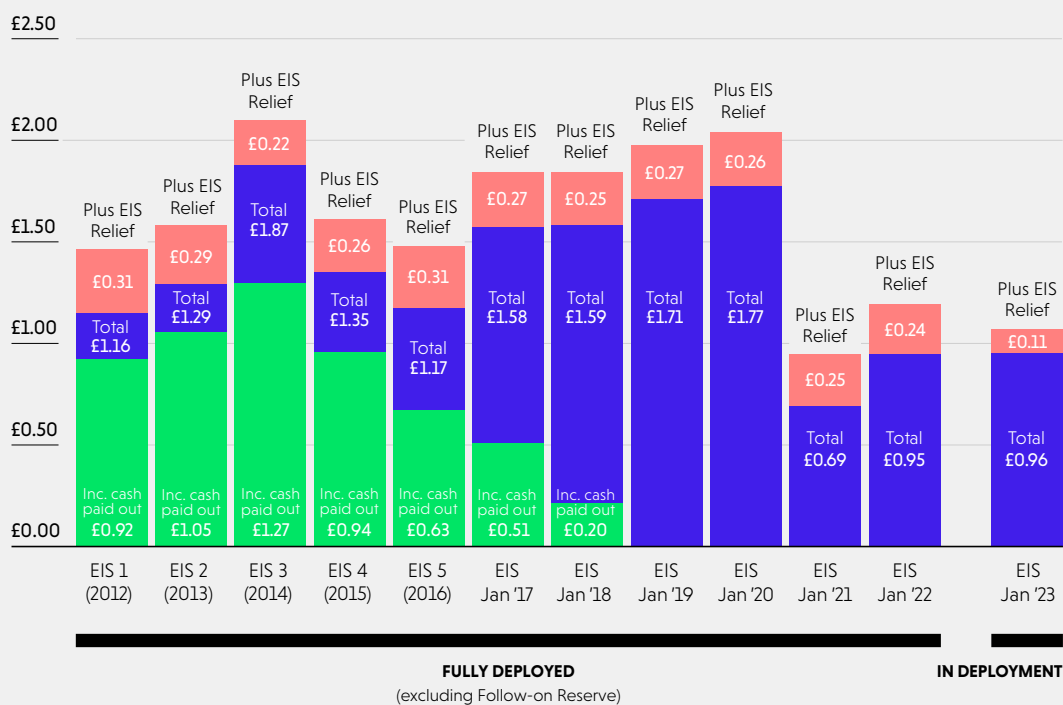
The valuations for the Fund and the Prior Molten Ventures EIS Funds (as defined in the Information Memorandum) below include the valuation of shares held by the funds, cash balances held by the Custodian, the valuation of any deferred proceeds held in escrow and where relevant, cash proceeds that have been distributed to Investors.

Valuations are produced in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEV) that are endorsed by the British Venture Capital Association (BVCA).

Please see the Risk Factors section for further information on valuation.

EIS Funds managed by Encore Ventures LLP – at 5 October 2023

Summary valuations per £1 Net Subscription (Net Subscription is the amount subscribed to the Fund less any adviser fee, where relevant).



Notes

- The 'cash paid out' figures are proceeds that have already been paid out to Investors.
- The valuations take account of all fees charged to date. The EIS Relief figures (shown as pink bars) are not included within the total return to investors indicated on the blue bars. The green bars do make up part of the total figure and represent cash paid back to investors.
- EIS 1 (2012) shows the position of investors who sold their shares in Unbound via an optional exit through a secondary share sale.

Source: Encore Ventures LLP internal records; reports distributed to Investors.

Where a fund had more than one fundraising Close, the data presented is for the first Close, and data is presented in all cases for Investors who have participated in the Follow-on Reserve in each Fund.¹

The impact of EIS Relief is based on an assumption of an additional rate (45%) income taxpayer.

Disclosure of the impact of fees: The cash balances shown above are net of the initial and annual management fees (+VAT where applicable) which have been charged. The 'Cash paid out' reflects actual proceeds paid out to Investors. The cash balance at the Custodian includes cash awaiting deployment, amounts set aside for management fees and any amounts set aside for performance fees (+VAT) which have not yet been crystallised and paid.

Warning: Past performance is not necessarily an indicator of future results. Your capital is at risk.

¹ For more information, please refer to the section 'Dealing with Underperformance: Follow-on Reserve' in the Molten Ventures EIS Memorandum.

Our Co-Investment Approach

Our co-investment approach allows a focus on larger and/or later stage investments, and for EIS Investors to benefit from the investment experience and platform of the Molten Ventures group.

The trigger that led to our first EIS fund was a change announced in Budget 2012 that raised the headcount limit for firms raising capital through EIS/VCT from 50 employees to a new limit of 250 employees (now 499 for Knowledge Intensive Companies).

Overnight, and without changing our existing investment strategy and dealflow, a large number of our opportunities became EIS/VCT qualifying because of the new headcount limit, whereas previously the companies which we focus on had been too big.

We launched our first EIS fund in 2012 with a clear strategy to focus on later stage

investments with larger investment rounds into companies that had previously been out of reach to private investors through EIS.

This was enabled by the ability to co-invest alongside the institutional funds being managed by the Molten Ventures group. This allowed participation in deal sizes an order of magnitude greater than typically found in the EIS market at the time.

Today the EIS funds intend to participate in investment rounds where Molten Ventures as a syndicate will normally commit £5m+. These are expected to comprise later stage deals and also larger scale earlier stage deals.*

ESG Integration

Embedded processes

The Fund Manager's parent, Molten Ventures plc is committed to a policy of responsible investment through the life cycle of our group's investments, from pre-screening to exit.

External benchmarking

Molten Ventures plc is a signatory of the UN Principles for Responsible Investment and the Investing in Women Code. It reports against Task Force on Climate Related Financial Disclosures (TCFD), and Streamlined Energy and Carbon Reporting (SECR). It maps to UN Sustainable Development Goals, and reports against the global carbon disclosure system (CDP) to monitor environmental impacts.

*Note: Conflicts could arise between the Fund Manager, the Fund, the Prior Molten Ventures EIS Funds (as defined in the Information Memorandum), Molten Ventures plc, and Molten Ventures VCT plc with respect to differing investment strategies, deployment and realisation needs, and the contemplated manner and timing of potential exits.

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With a number of previous tranches already invested (and some exited), as well as a clearly defined strategy, there is a strong track record in terms of both investments made and exits achieved at a tranche level. Impressively three tranches have already returned initial capital to investors.

ALLENBRIDGE REPORT ON MOLTEN VENTURES EIS
FEBRUARY 2024

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So, how has this strategy performed for investors?

The EIS funds have achieved 18 exits to date, of which 11 have been profitable outcomes ranging from 1.3x-10x gross return vs cost.

Set against these 11 profitable exits, only 7 investments have returned less than their cost, with 3 of these achieving a partial recovery of capital of 0.2x-0.9x (with EIS reliefs in addition to this).

This profile with its high proportion of profitable outcomes is worth noting and comparing against earlier stage investment strategies where a higher failure rate for investments is expected.

TAX EFFICIENT REVIEW INDEPENDENT COMMENTATOR ON THE EIS MARKET
AUGUST 2023

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Risk Warning: Capital at risk. Prospective Investors should note that past performance should not be seen as an indication of future performance. The value of an investment can fall as well as rise and investors may not get back the amount originally invested. Therefore you should only make investments in unlisted companies which you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances: independent advice should therefore be sought. This 'non-direct offer' financial promotion has been issued and approved by Encore Ventures LLP, who are authorised and regulated by the Financial Conduct Authority (FRN: 510101).

FSCS: You may be entitled to compensation from the compensation from the Financial Services Compensation Scheme if the Manager or Custodian cannot meet their obligations. The Financial Services Compensation Scheme is only available to certain types of claim and claimant. Payments under the protected investment business scheme are limited to a maximum of £85,000 of any claim. Further information about compensation arrangements is available from www.fscs.org.uk