

Molten Ventures Approved KI EIS 23/24

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 (formerly Draper Esprit) 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. We have now launched an Approved Knowledge Intensive EIS fund alongside our existing EIS fund to give investors more options over their tax planning and timing.

Our co-investment strategy allows us to participate in larger deals

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 and ESG framework through which we assess co-investments.

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 £240m 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/NII/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 November 2023. Valid until 29 March 2024

Fund Close

29 March 2024

(or sooner if cap reached)

Cheque deadline

15 March 2024

Product summary

- The Fund Manager, Encore Ventures LLP, is 100% owned within the group structure of Molten Ventures plc, a firm listed on the Main Market of the London Stock Exchange, 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 the close date of 29 March 2024.
- **Target portfolio:**
8-12 EIS Qualifying knowledge intensive companies.
- **Portal:**
Online investor and adviser reporting portal, including EIS5s.
- **EIS5 certificate:**
One single EIS5, in HMRC's digital format, typically available 8 weeks after your portfolio is fully invested.
- **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).
- **Fees:**
Initial fee – 2%
Management fee – 2% for 5 years and then reducing.
Approximately 90% of net subscriptions should be invested into qualifying companies.

For full details of the fees including those of the custodian please see the full Information Memorandum.

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 core sectors shown below.

The examples below are from the Molten Ventures EIS portfolio, a non approved EIS fund, and are intended to showcase companies that would have qualified as knowledge intensive as at the date of investment. They give an illustration of the potential scale, growth rate, impact and ambition of the companies we back.

The common theme within our deals is that the companies aspire to be highly valuable businesses, often the market leaders, in large and typically international markets.

In addition to investing capital, we work hands-on with the entrepreneurs and teams that we back. The Molten Ventures group often take an active role in building the businesses and typically have board representation as a director or an observer.

IMPORTANT INFORMATION

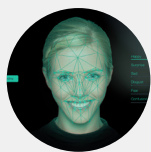
Prospective Investors are reminded that Molten Ventures Approved KI EIS 23/24 is distinct from Molten Ventures EIS.

Given both have overlapping strategies and have appointed the same Fund Manager to pursue a co-investment strategy, the Fund Manager has included information relating to prior EIS funds (which are not specifically Knowledge Intensive focused, however the significant majority of investments have qualified as Knowledge Intensive) for completeness below.



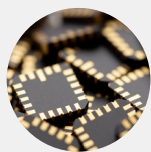
CONSUMER TECHNOLOGY

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.

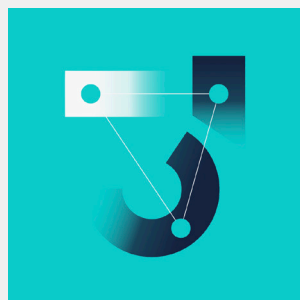


DIGITAL HEALTH AND WELLNESS

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

Example Portfolio Companies

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.

Their 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.

HEALTHCARE



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 400,000 procedures across 45 countries, and Endomag's products now are used in an operation somewhere in the world every five minutes.

Endomag won a Queen's Award for Innovation in 2018 and in 2021 it won a second Queen's Award for International Trade.

This is an investment where the commercial success of the business will go hand in hand with improving the treatment and outcomes for many patients and families.

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

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










Exit Highlights from Prior Funds

The examples below show several of the highest profile EIS exits from prior unapproved EIS funds managed by the Fund Manager to date.

Some of our portfolio companies are very recognisable household names and you may well be a customer of theirs. But many are not because they may be developing products that are sold to businesses not consumers, or creating new core technologies that are not yet available in the general market.

Whether or not you know each of the portfolio companies below, one feature of our high profile successful exits is that the acquirers tend to be very recognisable. There is a strong implied statement of quality here – Oracle, Nvidia, Nestle, EDF Energy and others are acquiring technologies and strengthening their market position or entering new markets through our portfolio companies.

When we select investments, we are not looking for niche or lifestyle businesses. The exit outcomes, and identity of the acquirers, reflect the calibre of companies within the portfolio.

				
ACQUIRED BY	ACQUIRED BY	ACQUIRED BY	ACQUIRED BY	ACQUIRED BY
 \$ UNDISCLOSED	 \$ UNDISCLOSED	 \$ UNDISCLOSED	Majority investment BD CAPITAL \$ UNDISCLOSED	 \$ UNDISCLOSED
GROSS RETURNS ON EXIT April 2018	GROSS RETURNS ON EXIT April 2018	GROSS RETURNS ON EXIT February 2020	GROSS RETURNS ON EXIT June 2021	GROSS RETURNS ON EXIT January 2022
Investment made: December 2013 10.3x	Investment made: December 2015 9.8x	Investment made: April 2017 2.7x	Investment made: October 2013 4.7x	Investment made: April 2018 5.0x
Investment made: November 2015 4.7x	Investment made: April 2017 4.8x	Investment made: July 2018 2.2x	Investment made: March 2015 2.8x	Investment made: October 2016 2.6x
				Investment made: July 2015 2.0x









All Molten EIS Exits to date












Expanding on the examples above, we also show the full set of all exits. The concept of Knowledge Intensive companies is relatively recent and the majority of these companies were invested in prior to HMRC assessing companies against this criteria, however given the nature of the investments we make the majority of them would have qualified as Knowledge Intensive, but potentially some would not have.

Molten Ventures EIS and the Prior Molten Ventures EIS Funds have had 19 realisations up to 5th October 2023 which illustrate the range of outcomes that have been achieved.

We believe that the high proportion of positive outcomes, the relatively low total 0x outcomes, and the partial recoveries on <1x outcomes all differentiate this profile of returns from other EIS strategies in the market that primarily make earlier stage, seed stage or technology transfer spin-out investments.

Returns are expressed as gross multiples versus investment cost (including, where relevant, escrow and expected earn out amounts), and are subject to a performance fee (described in the Information Memorandum) of 20% plus VAT of proceeds above a hurdle rate of return that has a maximum of 1.25x the investment cost.

LOSS					PARTIAL RECOVERY		
							
0x	0x	0x	0x	0x	0.2x	0.4x	0.9x

PROFITABLE EXIT										
										
1.5x	1.8x	1.9x	2.1x	2.5x	2.7x	2.9x	4.7x	5.0x	9.8x	10.3x

In each case, the multiple shown in the tables above is the highest achieved for that portfolio company and for some there are lower multiples for either later or earlier investments in the same business.

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 in which an investment made today would achieve.

About Knowledge Intensive Approved Funds

The table below shows the differences between the Fund and Molten Ventures EIS.

		MOLTEN VENTURES APPROVED KI EIS	MOLTEN VENTURES EIS
TAX RELIEF	Date for income tax relief	Date the Fund Closes	Date of each underlying investment
	Carry back available?	Yes	Yes
	Date for CGT deferral	Date of each underlying investment	Date of each underlying investment
	Date for commencement of BR qualifying period	Date of each underlying investment	Date of each underlying investment
QUALIFYING CONDITIONS	Follow-on Reserve available?	No	Yes – but investor option to opt out
	% of money needing to be invested in KI companies	80%	N/A However, most historic investments have been KI
	Minimum Subscription Amount	£25k	£25k
	Maximum Subscription Amount	£2m	£1 million – £2 million At least £1 million must be invested in KI companies
PAPERWORK	Date of receipt of EIS3/EIS5 forms Certificates required in order to claim income tax relief	One EIS5 form approximately 8 weeks after final investment	One EIS3 form per investment approximately 8-12 weeks after each investment

Responsible investment and ESG

Integration of ESG in our investment strategy

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

The group believes that ESG integration across the group's investment portfolio is not only the right thing to do but also creates value for investors and makes portfolio companies more attractive for investment.

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.

The Molten team



CONTACT

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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 financial promotion has been issued and approved by Encore Ventures LLP, who are authorised and regulated by the Financial Conduct Authority (FRN: 510101).

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