

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 May 2023
Valid until 5 April 2024

PRODUCT SUMMARY

- The Fund Manager is 100% owned within the group structure of Molten Ventures plc, a FTSE 250 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).

Draper Esprit EIS is now
Molten Ventures EIS

Sector Focus

We have a broad sector 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 on the left below:



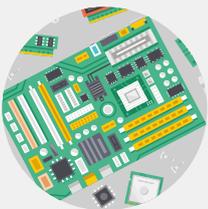
CONSUMER TECHNOLOGY

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.

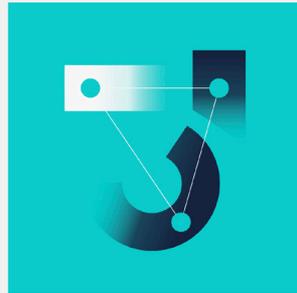


HEALTHCARE

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, 'cloud-native' 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.

The EIS funds 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 300,000 procedures across 30 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. 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.

The EIS funds 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 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 and Bright Computing. Following the downturn in the markets the IPO market is largely closed as an exit route in the near term however exits via Merger & Acquisition (M&A) are not closed and we expect to see transactions over the next 12 months, such as our recent exit of Roomex, although we expect volumes to be lower in the near term.

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 calculated and is based on an assumption of an additional rate (45%) income taxpayer.

The valuations for the Fund and the prior Molten Ventures EIS Funds 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 by Molten Ventures 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 of the Information Memorandum for further information on valuation.

EIS Funds managed by Encore Ventures LLP – at 5 October 2022

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. Funds that have had a profitable exit and have made cash distributions of less than £1 to date have set aside cash for Performance Fees which may become payable in the future dependent on the overall fund performance – these amounts are included in the cash element in these valuation figures.
- 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.

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 Distribution' 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.

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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 two things – a focus on larger and/or later stage investments, and for EIS investors to benefit from the investment experience of the Molten Ventures group and ESG framework through which to assess co-investments.

The trigger that led to our EIS funds 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 and our focus had been too big for EIS/VCT.

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.

Our fund design that achieved this was to co-invest alongside the larger institutional funds that the group was already investing. The order of magnitude difference that this created in deal sizes compared to what had been seen in the EIS market before.

Today the EIS fund intends to participate in investment rounds where Molten Ventures as a syndicate will commit the order of £5-£15m+. These are expected to comprise later stage deals and also larger scale earlier stage deals.*

***Note:** Conflicts could arise between Molten Ventures EIS, 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. Investment allocation splits and lead Molten investor varies from time to time.

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Molten EIS co-investment policy with Molten Ventures plc and Molten VCT gives it the firepower to invest in larger, higher-valuation, later-stage deals beyond the reach of many other EIS funds. Most other tax-advantaged funds only have enough to invest small amounts into a range of early-stage Seed and Series A companies, which means that Molten Ventures EIS is likely to achieve at least some of its exits in a shorter time frame than many of its peers.

MJ Hudson Independent commentator on the EIS market.
January 2023

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In summary, the track record of the Molten Ventures EIS has been impressive and early investors will quite rightly be happy with the returns they have seen. The management team have worked together for many years and they can draw on the extensive resources of their listed parent company.

Tax Efficient Review Independent commentator on the EIS market.
June 2022

Responsible investment and ESG

Integration of ESG in our investment strategy

The Group aims to use its platform to encourage and promote our values and Environmental, Social and Governance (ESG) considerations in developing best-in-class technology companies and achieving strong returns for our investors. 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 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 CDP to monitor environmental impacts.

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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).

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