

# Proposed all-share offer for Forward Partners Group Plc

November 2023

(Share Price references as at 17<sup>th</sup> November 2023)

[moltenventures.com](https://moltenventures.com)

**Molten**

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# Introduction

Molten Ventures plc (the "Company" or "Molten") is a leading venture capital investor that invests through a combination of its balance sheet and acting as an investment manager for third-party investors

- Molten has a strong investment and realisation track record:
  - 30% average return per year since 2016 IPO (measured on opening gross portfolio value)
  - Achieved c. £500 million cash realisations since IPO (16% average cash realisations per year on opening portfolio)

- Market environment has been challenging over the last 18 months and continues to remain demanding
- Against this backdrop Molten's primary focus has been on supporting portfolio companies in preserving cash, improving operational efficiency, and prioritising a route to profitability while sustaining top-line growth
- Molten's balance sheet position and capital allocation discipline has enabled it to maintain its support for its portfolio companies whilst continuing to make modest investments where compelling opportunities have arisen, however, realisations continue to exceed new investments in the absence of available firepower

- This period of market dislocation does mean there are a number of investment opportunities, particularly in the secondary market
- As the valuation environment is stabilising, Molten believes there is a window to capitalise on attractive buying opportunities. The all-share acquisition of Forward Partners Group Plc ("Forward Partners") is one such opportunity to acquire a portfolio of early-stage companies in attractive niches
- In conjunction with this, the c.£50 million equity fundraise, supported by a cornerstone commitment from Blackrock, bolsters the combined group's balance sheet to capitalise on opportunities in the market

# Transaction Overview

Equity fundraise at a 4.0% premium to Molten's current share price alongside an all-share acquisition at an attractive valuation

## Equity fundraise

Approximately £50 million institutional placing (via ABB) and direct subscription

- ▶ **270.0p**  
Placing price, 4.0% premium to the share price as at 17 November 2023
- ▶ **Up to £25 million**  
Cornerstone commitment from Blackrock (c.70% shareholder in Forward Partners) at 270.0p
- ▶ **£10 million**  
Direct subscription from British Patient Capital ("BPC") at 270.0p
- £50m equity fundraise, representing 12% of existing Molten ISC, 11% of ISC as enlarged by the acquisition
- No inter-conditionality between the Placing and Acquisition, Placing completed before the Acquisition
- In addition to the £50m equity fundraise there will be a Retail offering via PrimaryBid and a small Offer for Subscription for Forward Partners retail shareholders (<€8 million in aggregate)
- Equity fundraise subject to Molten shareholder vote

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(1) As at 17 November 2023, Molten owns c.1.5% of Forward Partners

(2) Forward Partners 3m VWAP as at 17 November 2023: 28.7p

(3) Last reported Forward Partners NAV as at 30 June 2023

## Acquisition of Forward Partners Group plc

Recommended all-share offer for the issued and to be issued share capital of Forward Partners (other than Forward Partners shares already beneficially owned by Molten)<sup>1</sup>

**£38 million**

Offer equity value

**1:9 share exchange ratio**

1 Molten share for every 9 Forward Partners shares

**28.8p / 30.0p**

Offer price at 17 November / offer price at Placing price

**0.7% / 4.7%**

Offer Price premium to Forward Partners 3m VWAP<sup>2</sup>

**(57.1%) / (55.4%)**

Offer price discount to last reported NAV<sup>3</sup>

**£90.5 million**

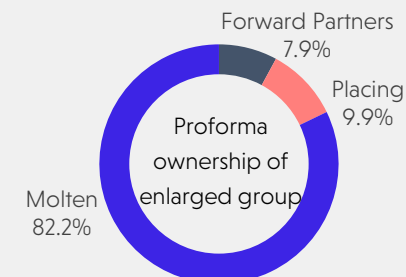
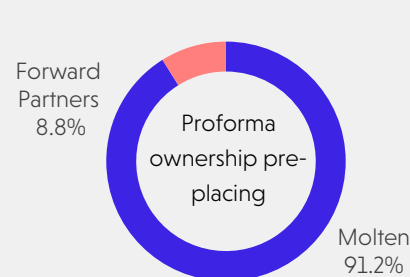
Last reported Net Asset Value

**£12.5 million**

Cash balance at the end of September 2023

**70.4%**

Hard irrevocable from Blackrock

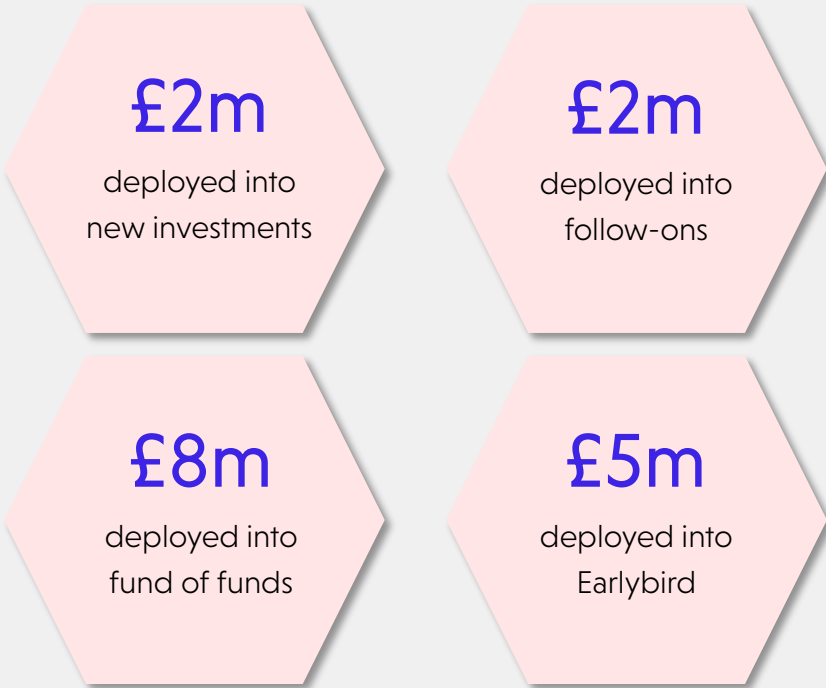


## Rationale for Placing and Use of Proceeds

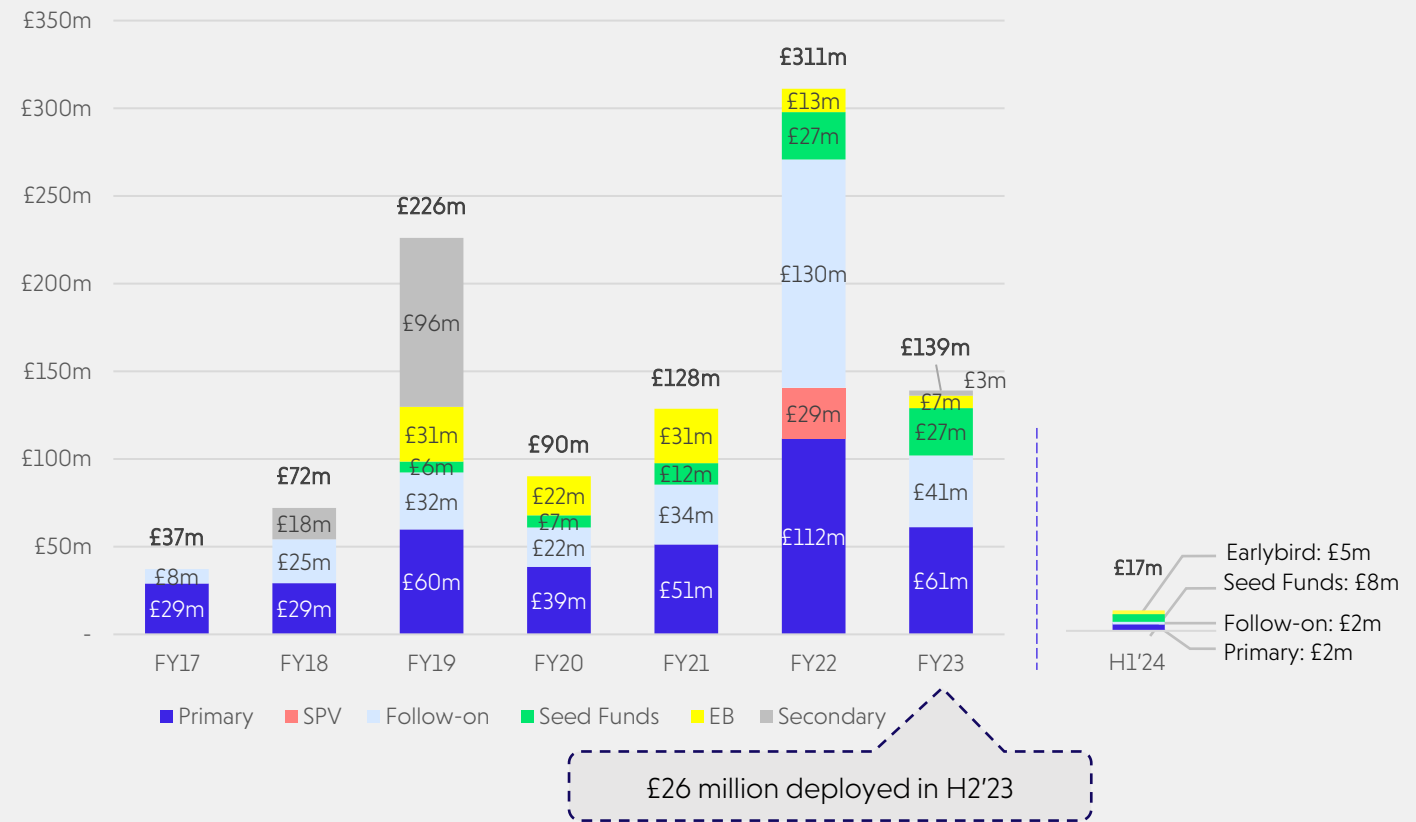
- Existing balance sheet strength reflects the Company's strong capital allocation discipline, however, has limited its ability to make new and follow-on investments
- As the valuation environment is stabilising, Molten believes there is a window to capitalise on attractive buying opportunities. Accelerating realisations at discounted prices to fund this is not the right strategy to maximise shareholder value, as the realisation environment will take more time to improve
- Capital raise helps pivot away from a strict cash preservation focus to selective investment in a buyers' market. This includes:
  - Targeting secondary assets at attractive valuations
  - Follow-ons in the enlarged portfolio and taking advantage of new investment opportunities
  - Selective new investments in earlier stage companies, capitalising on Forward Partners' investment strategy and capabilities
- Gain a strategically aligned and long-term shareholder in Blackrock with a £25 million cornerstone commitment at a 4.0% premium to the share price as at 17 November 2023
- Retain capital allocation discipline in the enlarged portfolio
- Enable Molten to capture value at the right time in the cycle and provide a pipeline of future growth opportunities

Molten's limited PLC deployment in both H2'23 and H1'24 demonstrates strong cash preservation discipline, but highlights lack of investment in growth opportunities of the future





£17 million deployed in H1'24



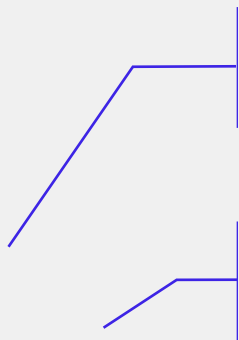
Historical deployment



# Molten Ventures Secondaries Deal Performance Summary

	Pre-IPO	Post-IPO				Total Post IPO plc Secondary Funds Track Record
Molten Secondary Fund Transactions Pre- & Post-IPO						
Transaction Date	Sep-09	Nov-17	Feb-19	Feb-19		
# Assets	23	41	10	11	62	
Cash Price	£70m	£18m	£55m	£17m	£90m	
Discount to NAV	20%	27%	20%	5%	19%	
Distributions	£126m	£36m	£99m	£74m	£210m	
Total Return (TVPI)	1.5x	2.0x	2.0x	4.7x	2.5x	
Cash Return (DPI)	1.5x	2.0x	1.8x	4.3x	2.3x	

# An attractive secondary opportunity: Forward Partners strategic rationale



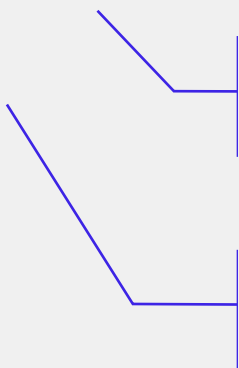
Forward Partners has a balanced portfolio of 43 assets, well positioned in the context of evolving market trends. Gross Portfolio Value of £76.9m, NAV per share of 67p (current discount to NAV 50%)



Underlying portfolio well-capitalised - over 70% of Forward Partners' top 15 companies have 18 months or more cash runway, are on the path to break even without the need for further fund-raising or are profitable



Significant momentum in Forward Partners' top 15 assets with average growth of 133%<sup>(1)</sup> year-on-year, with many on a path to become strategically valuable market leaders in attractive niches, including companies with specialisms in applied AI as well as a number of others which have already demonstrated significant progress



Provides Molten with a broader and more diverse pipeline (in maturity and market segment) through access to Forward Partners' early-stage deal flow opportunities and capabilities in attractive segments

Opportunity to acquire a high quality and well-invested portfolio at a significant discount to NAV. Molten has a proven track record in acquiring and managing secondary VC assets and delivering strong returns over time



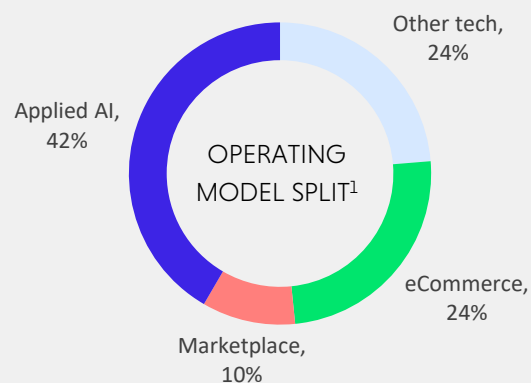
# An overview of Forward Partners

## A large and diversified portfolio

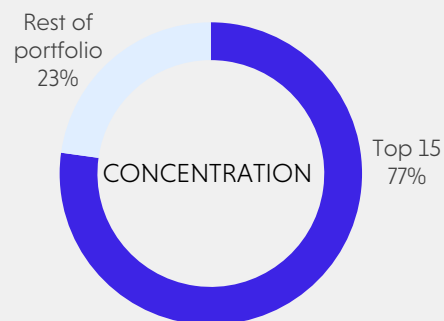
- As at 30 June 2023, Forward Partners' portfolio comprises of 43 active companies
- Well-balanced UK Venture Capital portfolio split across Seed, Series A and Series B+

### Portfolio breakdown

Fair value is spread across a series of high-potential operating models



Top 15 holdings account for 77.2% of portfolio Fair Value



## Key stats<sup>1</sup>

**£76.9 million**

Portfolio Fair Value

**£90.5 million**

Net Asset Value

**50%**

Current discount to NAV<sup>2</sup>

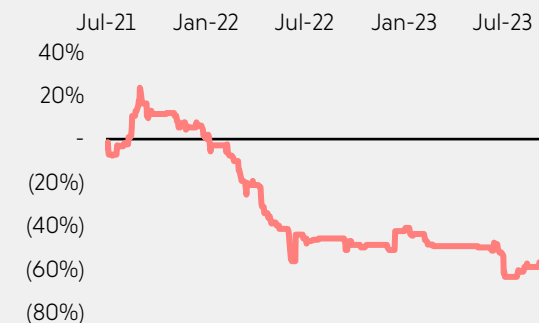
**(5.4%)**

6 month decline in Fair Value

## Historical NAV (£m)



## Historical prem/(disc) to NAV



# Summary

- Despite continuing challenging market conditions, our stable investment team and deep levels of experience and expertise, scalable and adaptable model, active approach to portfolio management and strict focus on cash preservation have continued to maintain the portfolio's resilience
- We believe we are uniquely positioned with our combination of expertise and access, to identify and win the best deals across Europe in the current buyers' market
- To do this we will:
  - deploy the equity raise proceeds into attractive secondary opportunities, selective follow-ons in the enlarged portfolio as well as capturing attractive new earlier stage investment opportunities as they arise
  - continue to build expertise in the areas in which we see great potential in the medium term, such as climate tech, AI and the emerging tech ecosystems and in capitalising on the access to attractive niches through the Forward Partners acquisition
  - continue to target 20% fair value growth through the cycle
- Forward Partners represents an opportunity to acquire a complementary portfolio at an attractive valuation. We have a proven track record of delivering returns for shareholders in secondary transactions
- The £50 million equity fundraise including Blackrock's cornerstone commitment reflects the strengthened prospects for the combined group

# Placing term sheet

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Issuer	Molten Ventures plc
Transaction structure	<ul style="list-style-type: none"><li>• Approximately £50 million non pre-emptive institutional placing (via ABB) and direct subscription</li><li>• Additional Retail offering via PrimaryBid and a small Offer for Subscription for Forward Partners retail shareholders (&lt;€8 million in aggregate)</li></ul>
Offer size	<ul style="list-style-type: none"><li>• £50m equity fundraise representing c.12% of issued share capital at a placing price of 270.0p, 4.0% premium to the closing share price on 17 November 2023</li><li>• Cornerstone commitment from Blackrock of up to £25 million and a £10 million subscription from BPC</li></ul>
Use of proceeds summary	<ul style="list-style-type: none"><li>• Strengthen Molten's balance sheet and increase firepower</li><li>• Capitalise on opportunities afforded by the current market environment</li><li>• Continue to support portfolio companies of the enlarged Molten and Forward Partners group</li></ul>
Advisers	<ul style="list-style-type: none"><li>• Joint Bookrunners &amp; Joint Corporate Brokers: Deutsche Numis &amp; Goodbody</li></ul>
Timing	<ul style="list-style-type: none"><li>• Molten shareholders to provide irrevocables in support of the placing: 24 November 2023</li><li>• Launch placing: 27 November 2023</li><li>• Announce results of placing: 27 November 2023</li><li>• Posting of Molten Shareholder Circular: 28 November 2023</li><li>• Molten General Meeting: 14 December 2023</li><li>• Admission &amp; settlement: 15 December 2023</li></ul>

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# Acquisition timetable

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Rule 2.7 announcement	27 November 2023
Scheme document posted to Forward Partners shareholders	20 December 2023
Forward Partners shareholder vote	January 2024
Completion of Acquisition	Expected in February 2024 (subject to FCA change of control application approval timeline)
Admission of consideration shares & Forward Partners de-listing	Expected in February 2024 (post-completion)
Financial Advisers	Deutsche Numis (Lead Financial Adviser) & Goodbody (Joint Financial Adviser)

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# Appendix 1

## Forward Partners additional information

# Forward Partners: Well-balanced UK VC Portfolio – 1/3 Core, Established and Emerging<sup>1</sup>

## Applied AI

## eCommerce

## Marketplace

## Other tech



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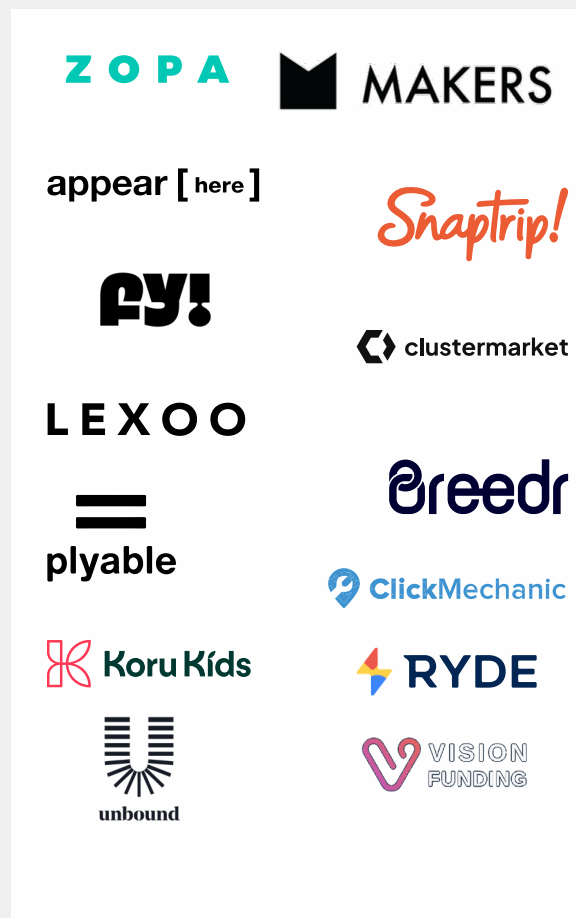
Counting up

SPOKE

BABY 2 BODY

THE DROP

Ahauz



ably

gravity  
sketch

driftrock FairHQ

béa  
fertility

## Overview of Forward Partners' top assets

	Sector / Sub-Sector <sup>1</sup>	Fair value <sup>2</sup>	Money raised <sup>2</sup>	Fair value / Investment <sup>2</sup>	Ownership % (range banded) <sup>2</sup>
	Other tech 3D design software	£9.8m	In April 2022, the company announced a \$33m funding round. Forward Partners participated with a further £0.7m in this Series A led by Accel alongside Google Ventures	5.1x	11-15%
	Applied AI Legal-tech	£8.2m	In February 2023, the company announced a \$10.5 million round led by Plural. Forward Partners participated	4.9x	16-25%
<b>SPOKE</b>	eCommerce D2C e-commerce	£5.8m	In June 2022, the company completed a £5m crowdfunding round on Seedrs, deemed the platform's largest campaign of the year	2.3x	11-15%
<b>OutThink</b>	Applied AI Cybersecurity	£5.3m	In October 2022, the company announced the completion of a \$10m round, led by AlbionVC	3.4x	16-25%
	Other tech Realtime experience platform	£4.5m	In June 2021, Ably announced a successful raise of \$70m led by Insight Partners and Dawn Capital	2.6x	6-10%
	Marketplace Software training	£3.7m	In December 2022, the company announced the completion of a £7m round led by BGF	2.5x	>25%
	Applied AI Payments platform	£3.4m	In March 2023, the company raised \$25m to expand its presence in North America	1.5x	6-10%



# Thank you