

Molten Ventures plc

Investment Objective and Investment Policy

Investment objective

The investment objective of the Molten Group is to generate capital growth for Molten Shareholders by the creation, funding, incubation and development of high-growth technology businesses.

Investment policy

The Molten Group intends to meet its investment objective by: (i) providing early stage businesses with initial smaller rounds of seed and series A primary investments, co-investments and commitments to third party seed funds; (ii) making larger series B+ and later series C+ primary investments and co-investments for scaling technology companies; and (iii) undertaking secondary transactions (including through the acquisition of investment funds (private and/or public)).

The Molten Group will seek exposure to early stage companies which combine technology and service provision, are able to generate strong margins through significant intellectual property or strong barriers to entry, are scalable and require relatively modest investment. The Molten Group will primarily seek exposure to developing companies in, but not limited to, the following sectors of the digital economy: consumer technology, enterprise technology, hardware & deeptech and digital health & wellness.

The Molten Group's main focus is on making investments in the UK and Europe.

No investment will be made if its costs exceed 15 per cent. of the Gross Portfolio Value at the time of investment. A further investment may be made in an existing portfolio business provided the aggregate cost of that investment and of all other unrealised investments in that portfolio business does not exceed 15 per cent. of the Gross Portfolio Value.

Form of investment

Investments are expected to be mainly in the form of equity, although investments may be made by way of debt, convertible securities or investments in specific projects. In the case of equity investments, the Molten Directors intend to take positions (with suitable minority protection rights where appropriate), primarily in unquoted companies. Molten (acting through the relevant Molten Group entity) is an active investor, usually taking a board position on the investee company.

Given the time frame required to fully maximise the value of an investment, the Molten Board expects that investments will be held for the medium to long term, although short term disposals of assets cannot be ruled out in exceptional or opportunistic circumstances. The Molten Directors intend to re-invest the proceeds of disposals in accordance with the Molten Group's investment policy unless, at the relevant time, the Molten Directors believe that there are no suitable investment opportunities, in which case the Molten Directors will consider returning the proceeds to Molten Shareholders in a tax efficient manner.

Borrowing

Molten may use gearing if it believes it will enhance Molten Shareholder returns over the longer term. Molten seeks to maintain a conservative level of gearing and will limit its borrowings to a maximum of 25 per cent. of Net Asset Value at the time of drawdown.

Treasury and hedging

Cash held by the Molten Group pending investment, reinvestment or distribution will be managed by the Molten Group in accordance with the Molten Group's treasury policy and placed in bank deposits with major global financial institutions, in order to protect the capital value of the Molten Group's cash assets. The Molten Group may hedge exposure to FX fluctuations in accordance with its hedging policy, including via dual currency deposits. Investments are expected to be held by the Company or a subsidiary to be incorporated for the purpose of holding an investment.

Changes to and compliance with the investment policy

Any material change to the Company's investment policy set out above will require the approval of the FCA and of Molten Shareholders by way of an ordinary resolution at a general meeting. Any such change will need to continue to contain, in accordance with the Listing Rules, information relating to asset allocation, risk diversification and gearing (including maximum exposure). Such information, including quantitative information concerning maximum exposures, shall continue to be sufficiently precise and clear as to enable an investor to: (i) assess the investment opportunity; (ii) identify how the objective of risk spreading is to be achieved; and (iii) assess the significance of any proposed change of investment policy.

In the event of a breach of the investment policy set out above, which the Molten Board considers to be material, Molten Shareholders will be informed via a notification made through an announcement via a Regulatory Information Service.