

Molten Ventures VCT plc

Molten Ventures VCT plc – investing in early and later stage, growth-focused technology companies

The VCT offers the opportunity to invest in a highly rated venture capital trust with its consequent tax advantages. The VCT is successful, with a high analyst score, generating tax free income from a portfolio focused on knowledge intensive technologies. That focus places this VCT at the forefront of the Government's renewed intention to continue its support for VCT and EIS schemes.

Since the deal sharing association with Molten Ventures plc was signed in November 2016, the prospects of the VCT have been transformed. Molten Ventures plc, as a leading venture capital investor in the UK and Europe and its listing on the Main Market of the London Stock Exchange, makes it an ideal lead investor for the VCT. As a consequence, and obviously bound by VCT regulations, the VCT has enjoyed participation in outstanding, and leading-edge investments.

To date the VCT has invested over £45 million into 34 new technology companies.

In the year ending 31 March 2022 the VCT's portfolio of investments helped the VCT to deliver a NAV Total Return of 27%.¹

¹ NAV plus dividends paid in the period.

² Capital at risk. Past performance is not indicative of future performance. The return figure stated is a target and not guaranteed.

³ Conflicts could arise between Molten Ventures VCT plc, Molten Ventures plc, and Molten Ventures EIS with respect to differing investment strategies, deployment and realisation needs, and the contemplated manner and timing of potential exits.

High growth, technology focused investments

New investments will continue to expand the Molten Ventures VCT portfolio of high growth/high potential businesses with the aspiration of promising exit prospects via strategic M&A or IPO.

The main sectors where opportunities are expected to be identified are:

- Enterprise Technology
- Consumer Technology
- DeepTech and Hardware
- Digital Healthcare and Wellness

Established portfolio, yielding VCT dividends

Investors in any new prospectus share issues or buying Molten Ventures VCT plc shares in the market will gain exposure to the existing portfolio and to any potential tax free dividends paid in the future (current target 5% of prevailing NAV per annum).²

Co-Investment model

Molten Ventures VCT plc will co-invest into qualifying opportunities alongside Molten Ventures plc, Molten Ventures EIS and syndicate partners.

The co-investment model allows the pooling of multiple sources of capital to give the VCT access to participate in larger deals, and, later stage companies.³

Molten Ventures VCT plc is managed by Elderstreet Investments Limited, which is authorised and regulated by the Financial Conduct Authority (FRN: 148527). Elderstreet Investments Limited is a 100% owned subsidiary of Molten Ventures plc.

Prospective Investors are reminded that Molten Ventures VCT plc (LSE: MVCT) is distinct from Molten Ventures plc (LSE: GROW) and does not form part of its group.

Molten Ventures VCT plc completed deals

| Sector split as % of the VCT portfolio by carrying value as at 31 August 2022 | | Companies in the VCT portfolio as at 31 August 2022 | | | |
|---|-----|---|-------------------|------------------------|--------------------------|
| Consumer Technology | 13% | resolver | crowdcube | AGORA | allplants |
| | | SWEPR | Unbound | PrimaryBid | Freetrade |
| Enterprise Technology | 17% | Droplet Computing | real eyes | GARDIN | FORM3 FINANCIAL CLOUD |
| | | Apperio | | | Roomex.com |
| Deeptech and Hardware | 45% | cervest | hadean | Thought Machine | SATELLITEVU |
| | | ALTRUISTIQ | | | river lane |
| | | Ravelin | causaLens | FocalPoint | PARAGRAF |
| | | | | | BeZero |
| Digital Health and Wellness | 25% | endomag | Fluidic Analytics | ieso digital health | evonetix |

Key features

The VCT targets a potential tax free dividend yield of 5% of NAV per annum⁴

Investment into an existing mature portfolio

Investors gain immediate exposure to an existing portfolio.

Experienced manager with strong track record

Elderstreet Investments is one of the oldest VCT managers having made its entry into the VCT market in 1998. In the year ending 31 March 2022, the VCT's portfolio of investments, including those detailed above helped the VCT to deliver a NAV Total Return of 27%.⁵

The VCT continues to enjoy positive re-rating. In October 2022, the VCT scored 87/100 from Tax Efficient Review, a well-respected VCT analyst, increasing its score from 84/100 since January 2019 whilst for the past eight years running Molten Ventures' EIS funds have continued to receive the joint highest score issued by that publication with a latest score of 89/100.

⁴ Capital at risk. Past performance is not indicative of future performance. The return figure stated is a target and not guaranteed.

⁵ NAV plus dividends paid in the period.

Access to larger more mature growth opportunities

Since 2016, Molten Ventures plc and its subsidiary and affiliated undertakings has scaled its platform to enable access to some of the best deal flow across Europe. The VCT (under the management of the Manager, a Molten Ventures company) is one of the funds which, together with Molten Ventures plc itself and the Molten Ventures EIS fund, make up that platform. The participation of the VCT alongside these co-branded investment partners enable the VCT to obtain access to private technology company fundraisings that are rarely accessible to individual investors. Molten Ventures plc's growing leadership in this field has enabled the entrepreneurs in the portfolio to access the capital they need to rapidly grow their businesses, while simultaneously providing VCT Investors with exposure to exciting early and growth-stage technology companies.

Target tax-free income of around 5%

The VCT aims to maximise dividends to Shareholders subject to liquidity, the availability of sufficient distributable profits, capital resources and VCT regulations, and to target an annual dividend equivalent to a 5.0% tax free return based on the Estimated Offer Price, and a 7.2% tax free return after factoring in initial tax reliefs. Further details on the potential yields are shown below.

Potential yield

The following table gives an illustration of potential returns to Ordinary Shareholders, assuming a dividend of either 2 pence, 3 pence or 4 pence per annum is paid, and the equivalent taxable yield grossed up for a taxpayer paying 40% or 45% tax on his income. Dividends of 3 pence per Share have been paid in the year ending March 2022. These illustrations do not include initial VCT tax reliefs.

| Estimated Offer Price* (gross of tax relief) | Target annual dividend | Tax free yield per annum | Grossed up yield per annum | |
|---|------------------------|--------------------------|----------------------------|--------------|
| | | | 40% taxpayer | 45% taxpayer |
| 59.7p | 2.0p | 3.4% | 5.6% | 6.1% |
| 59.7p | 3.0p | 5.0% | 8.4% | 9.1% |
| 59.7p | 4.0p | 6.7% | 11.2% | 12.2% |

*Using an Illustrative Offer Price of 59.7p being the unaudited 31 August 2022 NAV adjusted for the maximum issue costs of 5.5%. Note that the NAV will be calculated prior to the allotment and adjusted for any dividend declared and unpaid prior to that allotment. No forecast or projection should be implied or inferred.

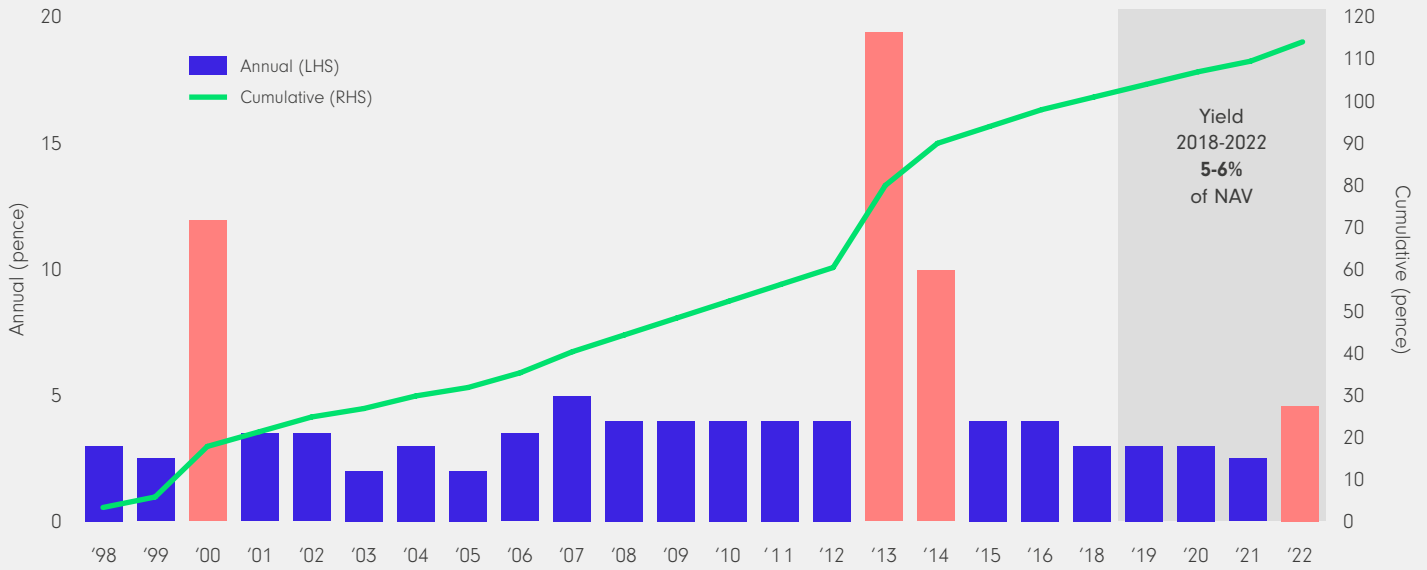
Capital at risk. Past performance is not indicative of future performance. The return figure stated is a target and not guaranteed.

Performance

Historic dividends

The VCT has paid a total of 113.6 pence in dividends since inception in 1998. These include special dividends when meaningful exits have occurred. These can be seen in the figure 1 as red bars.

Figure 1: Annual and cumulative dividends



NAV Breakdown

Figure 2, shows the breakdown of the VCT by Net Asset Value % as at 31 August 2022, adjusted for deals completed in September and work in progress deals where the Manager has high confidence they will complete. These include completed deals and signed legals of £5.49 million, and anticipated deals at term sheet stage of £3.37 million.

The Manager forecasts that the cash element of the VCT at the year ending March 2023 would be c. £10 million prior to any new funds being allotted via this Offer. This would represent c.14% of the unaudited NAV as at 31 August 2022. This forecast is based on completing a further £9 million of investments, deducting estimated running costs and future dividends (not guaranteed), and no further realisations in the period.

This can be seen in the figure 3 that shows cash flows movements since the 31 March 2022 year end and a projection of the cash balance at the year end 31 March 2023.

Consequently, if this offer is taken up in full (including the over-allotment facility), once invested, the VCT will have over £140 million of net assets of which over 89% will be allocated predominately to the Molten Ventures strategy of technology investments, driven by the co-investment strategy the VCT operates alongside Molten Ventures. As to the legacy portfolio that pre-dates the VCT's strategic partnership with Molten Ventures, currently 88% of the legacy portfolio is made up of two companies. One is an AIM quoted software business, and the other is a private profitable engineering company.

Figure 2: Adjusted split of the VCT by value – at 31 August 2022

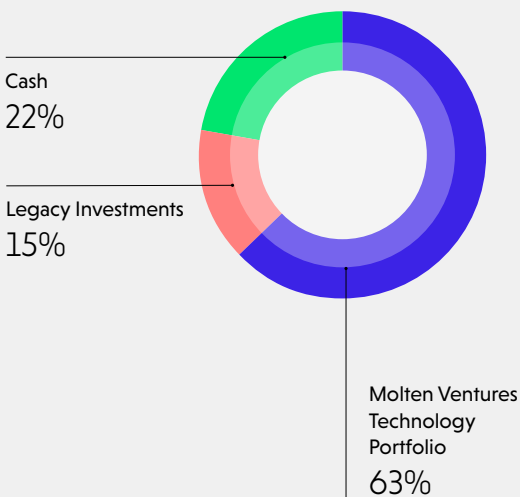
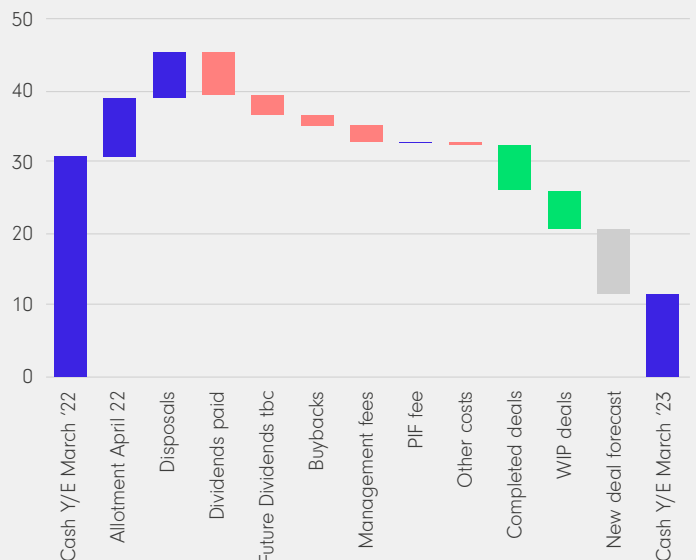


Figure 3: Cash forecast MV VCT 2022-2023 (£m) – at 31 August 2021



Sample portfolio companies

Enterprise & SaaS, Fintech



Thought Machine is a software business that is developing core banking systems for the modern era. This is large scale, mission critical, complex software.

Thought Machine's approach enables decades-old, legacy platforms to be replaced with scalable, internet-based technologies.

Customers include Lloyds Banking Group, SEB and Standard Chartered.

Thought Machine's founder is a successful, serial entrepreneur whose last business was acquired by Google.

www.thoughtmachine.net

Digital Health & Wellness



Endomag has developed unique, minimally-invasive, surgical guidance technology with an initial use in breast cancer surgery.

It uses a fluid with magnetic properties to replace the use of radioactive liquids, and a magnetic location marker to pinpoint a tumour and guide the surgeon to that tissue during an operation.

Endomag has enabled 160,000 procedures in 650 hospitals in 40 countries and is the subject of 12 clinical publications, all confirming its efficacy compared with current standards.

www.endomag.com

AI, DeepTech & Hardware



Riverlane aims to dramatically reduce the cost of the first quantum computer by developing a 'portable' operating system for quantum computers with the first high impact application. This application has the ability to simulate microscopic P systems such as proteins.

Riverlane's vision is to bring quantum computing to the world; making quantum computers as accessible and as ubiquitous as the PC.

www.riverlane.com

EXIT CASE STUDY



Pod Point is a leading provider of EV (Electric Vehicle) charging points across the UK. Its products cover home charging, workplace charging and commercial charge points.

Molten Ventures plc first backed the company in 2017 and Molten Ventures VCT plc participated in a subsequent growth round investment in 2018. Pod Point was acquired by EDF Energy in 2020, yielding a 2.2x gross return and IRR of 63% for Molten Ventures VCT plc.

The adoption of electric vehicles accelerated rapidly during the lifetime of the investment and at 30 June 2021 Pod Point has powered over 715 million miles of electric charging.



2.2x gross return

Acquired by



Details of the Offer

Minimum Investment

£6,000 per investor and applications should be in multiples of £1,000.

Maximum Investment

£200,000 per investor in VCTs, in total, for the current tax year.

Initial Charge

3.0% of the amount subscribed.

Annual Costs

Total running costs (including VAT but excluding performance fees) capped at 3.5%. Any excess will be borne by the Manager and Administrator through a reduction in their fees in 2022.

For the year ended 31 March 2022 the Total Expenses Ratio (TER) was 2.41% (using a weighted NAV), 31 March 2021 the TER was 2.42%, for the year ended 31 March 2020, the TER was 2.84%.

Further information regarding the management of the VCTs and the performance fees is set out in the Prospectus (particular attention is drawn to Part 1: Risk Factors).

Risk Warning: This is a financial promotion for the purposes of the Financial Services and Markets Act 2000 (as amended) issued and approved by Elderstreet Investments Ltd, who is authorised and regulated by the Financial Conduct Authority, FCA No.148527. 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. Your capital is at risk. Therefore, you should only make investments in the VCT 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. You are unlikely to be able to make a claim to the Financial Services Compensation Scheme (FSCS) about Molten Ventures VCT plc in the event that Molten Ventures VCT plc found itself in a position where it was unable to pay out.

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