

# Molten Ventures plc Annual report FY23

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# Molten

Make More Possible

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# Performance highlights

## Financial highlights

**£1,371m**

Gross Portfolio Value\*  
(31 March 2022: £1,532m)

**£1,194m**

Net assets  
(31 March 2022: £1,434m)

**780p**

NAV per share\*  
(31 March 2022: 937p)

**-16%**

Gross Portfolio fair value movement\*  
(31 March 2022: 37%)

**£138m**

Cash invested in the year, and a further  
£41m from EIS/VCT funds  
(year to 31 March 2022: £311m from plc  
and £45m from EIS/VCT funds)

**£23m**

Consolidated Group cash  
(31 March 2022: £78m)

**<0.1%**

Operating costs (net of fee income) continue  
to be substantially less than the targeted 1%  
of year-end NAV (31 March 2022: <0.1%)

**£48m**

Cash proceeds from realisations  
(year to 31 March 2022: £126m)

**-£243m**

Loss after tax  
(year to 31 March 2022: Profit of £301m)

**£150m**

Expanded debt facility  
(£90m drawn at 31 March 2023)

\*The above figures contain alternative performance measures ("APMs") - see Note 33  
for reconciliation of APMs to IFRS measures. See the Glossary on page 188 for defined  
terms.

## Highlights

- Cash investments of £138m during the year from the Molten Ventures balance sheet (year to 31 March 2022: £311m), with a further £41m from EIS/VCT funds (year to 31 March 2022: £45m).
- Made eight primary investments with a combined funding of £61m; and £44m in 17 companies for follow-on deals and secondaries (direct).
- Successful first close and syndication of part of our Fund of Funds programme.
- Committed to 18 new seed funds via our Fund of Funds programme, bringing the overall Fund of Funds portfolio to 75 funds.
- Cash proceeds from realisations during the year of £48m.
- Portfolio remains well funded with more than £1bn of capital raised by investee companies in the last 12 months, of which over 90% have been at higher or equivalent valuations than our holding value.
- Over 80% of companies in the Core portfolio with at least 18 months of cash runway as at 31 March 2023 (based on existing budgets and growth plans).
- Reported weighted average revenue growth of our Core portfolio of 39% in the calendar year 2022 and forecast to be over 65% for calendar year 2023.

## Post period-end

- As part of our portfolio management and to generate additional liquidity, we have agreed a secondary sale for 10% of our Earlybird Fund VI investment on 28 April 2023, realising €14 million (£13 million).

## ESG highlights

- Delivered on ESG targets as part of a broader ESG roadmap, including our first Climate Disclosure Project (CDP) submission.
- Strategic and tactical support through portfolio engagement events, focusing on ESG-related risks and opportunities; and toolkit resources to assist with development of portfolio companies' own ESG strategies.
- Implemented a Climate Strategy which defines the Group's greenhouse gas reduction targets, KPIs and roadmap to net zero, see page 59.
- Developed and formalised Molten's Corporate Purpose, in alignment with the Group's ESG Policy.
- Developed and published a Group Human Rights Policy.

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## Our business at a glance



## Molten

We are a leading venture capital firm investing in and developing disruptive, high-growth technology companies.

We inject visionary companies with energy to help them transform and grow. This energy comes in many forms — including capital, knowledge, experience and relationships.

We believe it is our role to support the entrepreneurs who will invent the future, and that future is being built, today, in Europe.

## Our purpose

### Molten advances society through technological innovation.

Alongside capital, we also commit brainpower, passion and energy to solve problems.

We do this by finding and equipping the best innovators with the tools they need to transform the way the world works.

By empowering our people to use their talent, ambition and expertise, we attempt to push things forward and make the world better.

## Our unique approach



### We are different

Our public listing grants us evergreen capital, while our multi-fund model offers us flexibility to provide entrepreneurs with backing from a variety and breadth of investors, across their company's lifecycle.



### We create value

Investors get access to some of the fastest growing private technology companies. Entrepreneurs get a more flexible approach to funding.



### We have a proven track record

Our Investment Team have a long history of investing in tech and a strong track record.

### We are here for the journey

Whether we invest in multiple rounds or just the one, we are with our portfolio companies for the long term — devoting time and energy to help them grow.

## Performance update

**£1,371m**

Gross Portfolio Value\*  
at 31 March 2023

**£138m**

Balance sheet investments during the year

**£48m**

Cash proceeds from realisations during the year

**-£251m**

Gross Portfolio fair value growth\*

\*The above figures contain alternative performance measures ("APMs") — see Note 33 for reconciliation of APMs to IFRS measures. See the Glossary on page 188 for defined terms.

## Total investments by type in FY23

Breakdown of £138m balance sheet investments.



FOR MORE INFO SEE PAGE 30

# Strategic Report

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### Strategic Report

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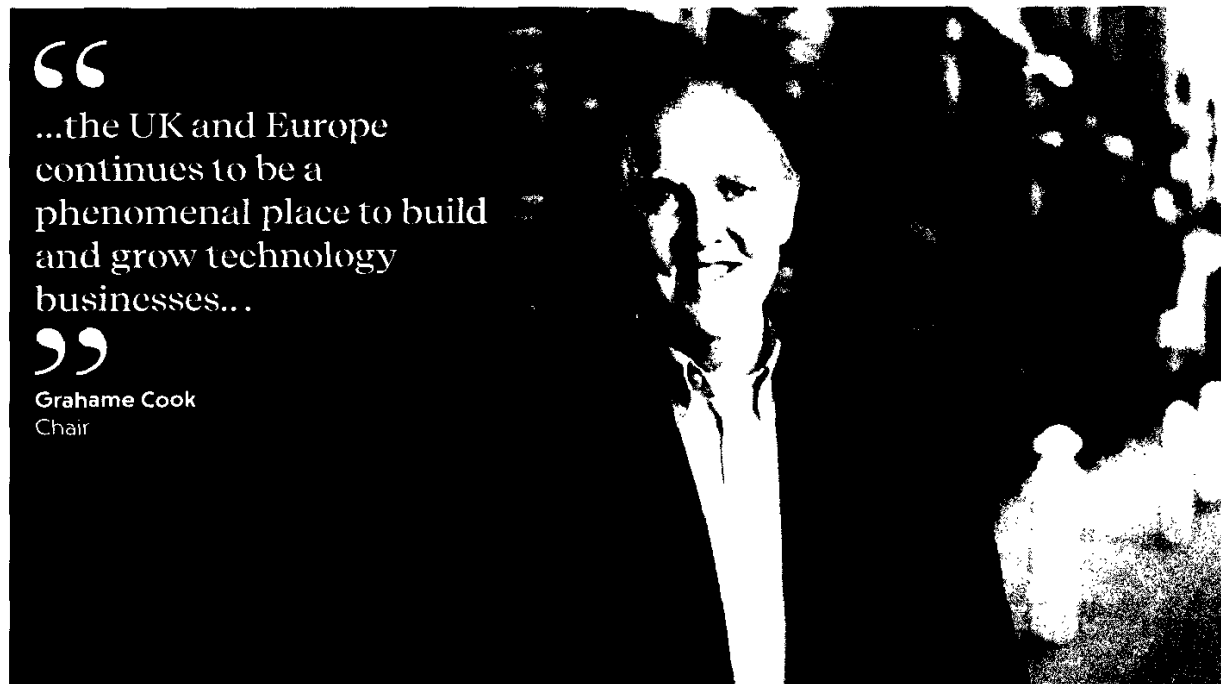
## Chair's introduction

“

...the UK and Europe continues to be a phenomenal place to build and grow technology businesses...

”

Grahame Cook  
Chair



Molten Ventures has continued to make significant progress during the year despite what has been a challenging twelve months for all businesses but not least in the technology industry. I am impressed by the Molten team and its ability to adapt to a new normal, enabling us to invest in and support Europe's best technology entrepreneurs.

The year under review has been the most volatile period for the technology industry since the Global Financial Crisis, if not the dot com crash more than two decades ago. While this environment will not be without precedent for the most experienced in our Investment Team, its impact has led to the first decline in Gross Portfolio Value since our IPO seven years ago.

Nonetheless, it is a matter of consensus that technological innovation is continuing to transform our lives. The underlying performance of technology businesses continues to be very strong, and the response to the fall of Silicon Valley Bank (SVB) in the US and UK is an encouraging sign that tech is a genuine government policy priority globally. In the UK, the Chancellor's announcement in the Spring Budget that the government will look to unlock defined contribution pension fund investment into the nation's most innovative firms is further evidence of this.

This ambition is not confined to the UK. The European Union's recent Climate Bill emphasises the role of new technologies in achieving its net zero ambitions for the continent, while President Macron has set

France the goal of a hundred unicorns by 2030 in recognition of the contribution of the technology sector to economic growth, and societal progress more widely.

We are glad to see this increased belief in our industry, which reinforces Molten's long-held view that the UK and Europe continues to be a phenomenal place to build and grow technology businesses. It is also in part recognition that technological innovation continues despite the macroeconomic environment, and that many of the most generation-defining companies, from Ford to Google, were developed in a downturn.

Listing what was then Draper Esprit was a radical and unconventional step for a venture capital business. Despite the challenging market conditions, we continue to believe that publicly listed venture capital is a powerful force for both supporting entrepreneurs in achieving their extraordinary potential, and in providing a wide range of individuals and institutions who seek to invest for the long term with access to high-growth, privately owned technology companies.



In January 2023, we announced that Karen Stafford had stepped down as Chair of the Board. Karen played a critical role in developing the business and since her appointment as Chair of the Board in June 2016 made an immeasurable contribution to the strategic direction of our business, including our move to the London Stock Exchange's Main Market in 2021 and subsequent rebrand to Molten Ventures. Karen personified Molten's purpose in bringing brainpower, passion, and energy to solving problems and transforming the way the world works. I'd like to thank Karen again for her years of service to our business and wish her the very best.

Karen will be a hard act to follow, and the Board has commenced a rigorous process to identify the next Chair of Molten. Richard Pelly, another Board member who has served since before the IPO, intends to retire from the Board in accordance with our agreed succession plan, following the upcoming Annual General Meeting on 26 July 2023. We are grateful for Richard's service as a Non-Executive Director, and more recently his work as the designated Director for engagement with the workforce. A summary of the process for succession and activities completed in our succession planning thus far is included in the Nomination Committee report and we anticipate announcing the appointment of new Directors and any changes to roles and responsibilities no later than the release of our interim results.

As we have set out previously, Molten is proud to be playing a part in society's increasingly important mission to achieve a sustainable future. This push from Molten is two-fold, both through our consideration of ESG in investment decision-making and our excitement about Climate Tech investment opportunities. We also continue to develop our reporting and remuneration structure in line with ESG initiatives.

Since last year's AGM, we have written to Shareholders to outline our proposed revised approach to Executive remuneration. In light of the feedback received and, to align with best practice guidance, we are proposing to make changes to how our Directors' Remuneration Policy is implemented for FY24 as detailed in the Remuneration Report. The Board would like to thank Shareholders who took part in this process.

**Grahame Cook**  
Interim Chair

## CEO's statement

“

Our focus for this period has been centred on the active management of our portfolio, and the adaptation of our business to respond positively in the face of market pressures.

”

**Martin Davis**  
Chief Executive Officer



While economic uncertainties persist, we are beginning to see signs of stabilisation. Molten Ventures is well positioned to manage through the downturn and to respond to any recovery, while capitalising on opportunities in the market that enable us to deliver value for Shareholders.

### Overview

The past year has delivered a significant shift in the investment environment, particularly in the high-growth technology markets, as interest rates were increased to combat global inflationary pressures. This challenging market backdrop has led to a reduction in the value of our portfolio, and our focus for this year has been centred on the active management of our investments while adapting our business to respond positively in the face of market pressures.

We reacted quickly to reflect the valuation movements in the first half of the year (as published in our interim results in November 2022) and were encouraged by these second half results which demonstrate greater stability. We are beginning to see initial signs that the turbulence is levelling out and are pleased with the resilience shown by Molten throughout the period, which can be attributed to our consistent approach to valuations and the diversity of our portfolio.

It has been a productive year for Molten, and the underlying business performance and revenue growth of our portfolio companies has remained strong despite macroeconomic headwinds and volatility. We have continued to move the business forward with progress on third-party asset strategies and have worked with our portfolio companies to add value through the expertise and experience of our people. This approach is in line with our ambition of making Molten the investor of choice for UK and European founders who are looking for ways to invent the future.

Our active management approach has seen us work closely with our portfolio companies during the period with a particular focus on maximising cash runways, controlling costs and retaining talent. We have maintained discipline around our own investment process, reducing the amount invested in the year and focusing on our own capital resources.

We have continued to build third-party assets and grow fee income (£23 million during the year) which will further offset our cost base, benefiting our Shareholders by reducing the cost of the investment return we make. I expect this to become an increasing proportion of our overall deployment, enabling us to provide access to high growth private assets for a range of co-investors. We already manage c. £400 million of assets via our EIS and VCT strategies which we anticipate will continue to grow, while at the same time continuing to syndicate our Fund of Funds programme, which provides strong returns, deal flow and insights; delivering access to the next generation of disruptive technology companies from across the UK and Europe.

The steps we have taken to grow and mature our platform and model in FY23 have left us in a strong position, as we move forward to identify and capture investment opportunities to transition into the next stage of the cycle. As ever, we expect the approach of Molten's experienced Investment Team will continue to be an attractive proposition to founders.

### Disciplined capital deployment

With equity markets depressed and rising debt costs, IPO and M&A volumes were significantly lower during FY23, delaying exits across the whole VC industry. We have reduced our highly liquid listed holdings which,

alongside the emphasis on cash preservation in the second half, acted to strengthen our balance sheet position. I am pleased that we have been able to generate more capital from realisations than we have deployed in the second half of the year.

Capital deployed during the year was £138 million (compared to £311 million in FY22). This was heavily weighted towards the first half of the year when £112 million was deployed, reflecting several commitments and follow-ons from deals from the prior year reaching completion as well as drawdowns from our Fund of Funds programme.

The significant reduction in deployment (when compared to FY22) reflects a focus on cash preservation and balance sheet management. Quality of investment opportunities remained a consistent focal point and we continued to invest capital wisely while remaining disciplined around the quality and number of deals. Our portfolio remains focused across technology and within that, we are particularly excited by emerging subsectors such as Climate Tech and Artificial Intelligence (AI).

In the year, we participated in new deals and follow-on rounds in sub sectors which we feel are poised for strong growth; including Vaultree and Worldr (cyber), Aktia and Clue (digital health), and BeZero and Altruistiq (climate).

# CEO's statement CONTINUED

## Realisations & exits

Realisations for the period were £48 million (compared to £126 million in FY22), against a backdrop of continued weak trade sales, a slowdown in M&A, and the IPO market being effectively closed for business. Historically, most of our realisations have been through trade sales, with £487 million delivered back to the balance sheet since our 2016 IPO.

The cash realisations in the year were driven by the partial sell-down of our holding in Trustpilot and a full sell-down of our holdings in UiPath and Minit (both via Earlybird), and the sale of portfolio company Roomex to Fleetcor Technologies.

Realisations are an important part of our business, and the recycling of capital allows us to reinvest further in the portfolio as part of our evergreen strategy. We are proud of our record of exiting many assets at or above carrying value on our balance sheet and whilst we believe that there will be greater opportunities for realisations once market conditions recover, we continue to actively evaluate potential secondary opportunities.

## Broader market environment

While macroeconomic headwinds continue to drive uncertainty in the European venture capital industry, we note that public markets are beginning to show initial signs of stabilisation (from the selloffs in 2022) and believe that private sector valuations are likely to follow.

However, as I said at our Investor Day in February, the macroeconomic environment as characterised by a decade of low interest rates is unlikely to return soon. In today's world, investors typically show more caution; focusing on how companies manage costs, lengthen cash runways, or offer routes to profitability in a tough financing market.

Importantly, what remains is the underlying commercial traction of our portfolio companies and their ability to navigate a shifting market environment. Technological innovation underpins growth and efficiency in so many industries, and in some instances, innovation will completely transform them. In the face of this progress, we believe that Europe has an ever-increasing role to play in the responsible advancement of AI – a fact that is apparent when you look at the developments that are occurring within our own portfolio companies.

And finally, we were pleased to see the continued support for growing technology companies in Europe, following the collapse of Silicon Valley Bank (SVB) at the end of the financial year, an event which caused us some disruption due to SVB's prominence in the venture capital community and its sizeable presence in Europe. Its fall was primarily due to risk management issues within its banking operations, rather than bearing any reflection on the bank's technology clients or credit. We were impressed to see such expedient action taken by the global banking community and governments as they addressed the fallout; with HSBC acquiring SVB's UK operation and First Citizens' acquisition of its US business. These quick and focused actions were a barometer of the importance now placed on high-growth technology in a drive for innovation and productivity across our respective economies.

## Purpose

Our purpose, to advance society through technological innovation, was developed during the financial year in an exercise that involved all employees. We bring capital, brainpower, passion, and energy to solve problems, and we identify and equip the best innovators with the tools they need to transform the way the world works.

We strongly believe that the best way to gain exposure to the significant returns available from venture capital as an asset class is by investing in a diversified portfolio that triages risk across the various stages and technology sub-sectors, supported by an astute Investment Team who possess experience across the whole cycle. Molten Ventures provides this access from a competitive cost base, combined with liquidity arising from its dual listing.

## Sustainability

Our focus on ESG within the business through both our ESG-focused investment criteria and our push into Climate Tech remains as important as ever. Climate Tech continues to excite us, and we expect to be active investors in this fast-growing category. To date, we have invested in Altruistiq, BeZero and Satellite Vu, with more deals in the pipeline. We have further developed reporting in line with the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations on a voluntary basis, which is designed to help companies provide better information to support informed capital allocation. We also made our first Climate Disclosure Project ("CDP") submissions, and distributed tools and resources to assist portfolio companies in developing their own ESG strategies.

## People

Our people remain the most important part of our business and we have continued to build our expertise in the areas where we see the greatest potential for the Group. For example, our offering in Central and Eastern Europe has been strengthened significantly this year by the recruitment of two new investors, one of which formerly headed up the EBRD Venture Capital Investment Programme. We continue to grow our Investment Team in the belief that experienced investors, with diverse perspectives and views, will bolster our ability to identify and support the businesses that will invent the future.

## Outlook

We are cautiously optimistic for the year ahead as the technology markets continue to stabilise and recover in places. Even as economic headwinds persist, we will continue to deliver through our scalable and adaptable model, active approach to portfolio management and thesis-led investment approach.

Further progress in building third-party assets and income is expected and this includes investments via our EIS and VCT, our Fund of Funds programme and other third-party strategies. Further opportunities to leverage our model and grow third party assets are also anticipated given the increased political focus on attracting long-term capital into the venture ecosystem. In the medium term, we continue to see Climate Tech, AI and the emerging tech ecosystems in Central and Eastern Europe, as areas with great potential for the Group.

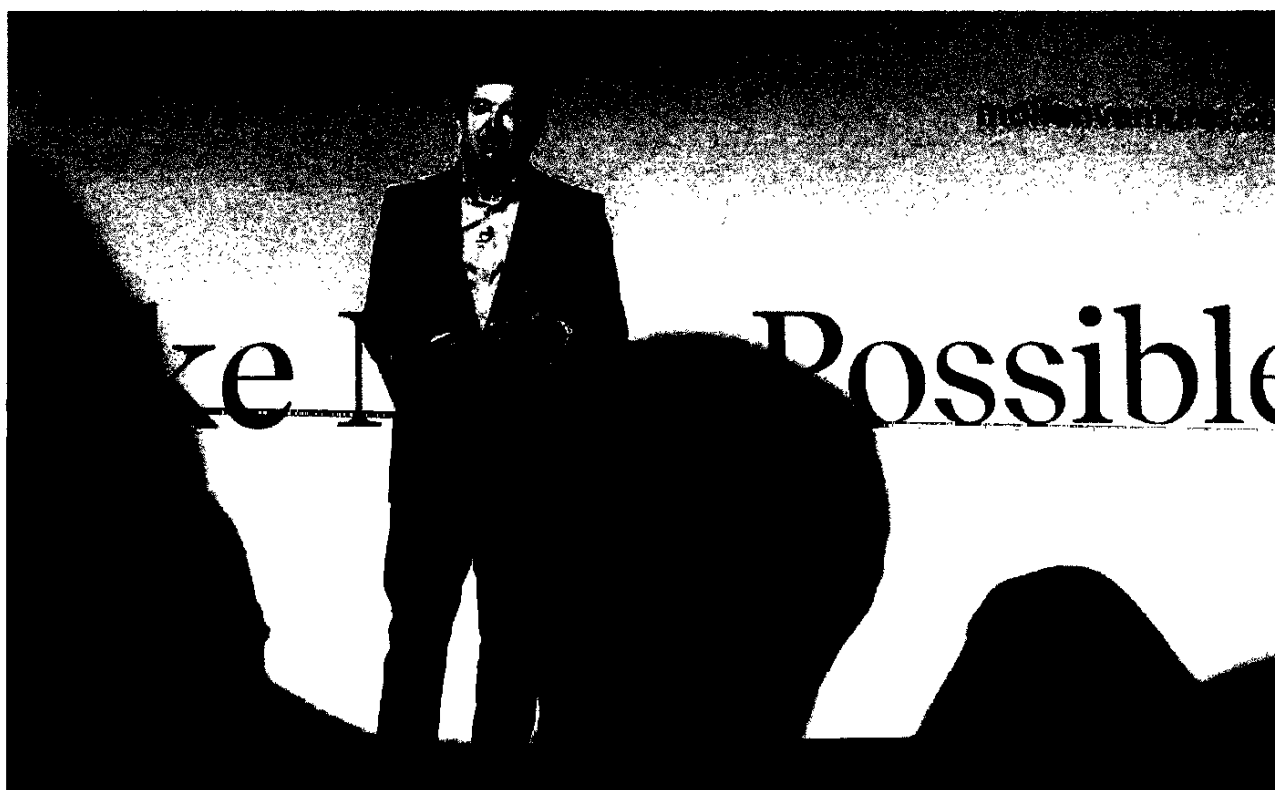
The Board will continue to prioritise the preservation of plc capital and to work closely with our portfolio to understand their growth prospects and future liquidity requirements. We believe the cash requirement of the portfolio over the next reporting period will be in the region of £20 million and are continually monitoring how to best fund future investments, including by issuing further debt or similar securities.

We are also still seeing interesting opportunities in the market and with continued effort in generating realisations we believe we will be able to generate sufficient proceeds for deployment which, with the support of third-party funds, will enable us to take advantage of these

opportunities. Post period end, we agreed a secondary sale for 10% of our Earlybird Fund VI investment, realising €14 million (£13 million).

The last word, as always, must go to the phenomenally gifted founders and entrepreneurs whose intelligence and foresight, aligned with cutting-edge technology, continue to disrupt markets, and create new ones. Our job in the next reporting period will be to continue to find and support these enterprises as they continue to re-invent the future.

**Martin Davis**  
Chief Executive Officer



△ CEO, Martin Davis.

# Market overview

## Market environment

2022 presented new challenges to financial markets with shifting valuations, broader public market sell-offs and a global shift in monetary policy. The Venture Capital (VC) market, similar to other asset classes, has seen a significant impact as a result; however, VC has the proven outperformance over the long term and throughout the economic cycle.

Over the past 12 months, central banks have focused on curbing inflation, with the Federal Open Markets Committee (FOMC) rate increasing tenfold to 5% in April 2023, and similar stances taken by the European Central Bank (ECB); and the Bank of England (BOE) with the base rate currently sitting at 4.5%. This increased cost of capital has led to a significant valuation impact on the technology sector, specifically in high-growth unprofitable businesses which have traditionally looked to the VC market for expansion capital.

The rationalisation of valuations was most immediately evident in the public markets, with the NASDAQ down 33% over 2022, technology and IT-related indices such as the Thompson Reuters Venture Capital Index (TRVCI) is also down 55% in the same period.

In this environment, VC managers have adopted a greater level of caution, which is more pronounced in larger financing rounds and the later stages of investment. Molten Venture's response has been to focus on capital preservation, supporting the existing portfolio and continuing to deploy into top tier assets.

Since 2022 however, tech markets have begun to recover – with the NASDAQ up 17% in the first quarter of 2023 and the TRVCI up 12%. This is largely due to the change in both inflation and interest-rate expectations, which are no longer anchored in the 2022 market. VC as an asset class is a long-term endeavour and Molten – similar to other VC managers – continues to support emerging innovation and the broader VC market.

A significant moment over the past 12 months on a global scale has been the abrupt collapse of Silicon Valley Bank (SVB) and its subsequent acquisition by First Citizens in the US and HSBC in the UK. The collapse of SVB brings two interesting developments to light, which were not present at the time of the Global Financial Crisis – one negative and the other positive. Firstly, SVB experienced the fastest bank run in history, which was powered by the very technology they have been investing in and servicing for decades, leaving the financial community stunned. Secondly, on a more positive note, was the speed and efficiency with which governments, regulators and major financial institutions reacted to the situation – protecting depositors, clients and global

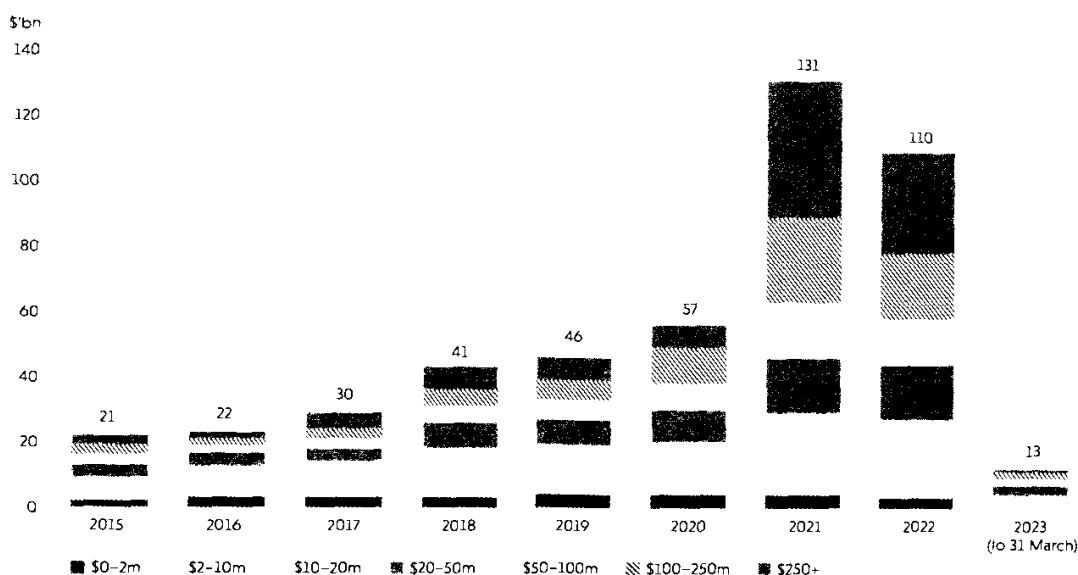
businesses. It is important to highlight that the problems faced by SVB were not created by their products or their customer base. The acquisition of SVB by HSBC in the UK may be seen as a marker in the institutionalisation of VC as an asset class, most recently followed by Blackrock's acquisition of Kreos Capital (Europe's largest Venture Debt provider).

In the VC market deals continue to be funded and Limited Partners continue to back VC fund managers. 2022 saw c.\$110 billion invested in European VC and growth-stage companies, representing a 16% contraction from the peak market in 2021. Despite the market contraction, Europe remains the fastest growing VC region ahead of the US and Asia. Versus 2021, the 2022 VC and Growth market in the US declined by 29%, and in Asia by 41%. Similarly, the compounded annual growth rate in Europe since 2015 is 26% per year, more than 10% above its US counterpart and 16% above Asia.

The first quarter in 2022 saw \$38.2 billion invested, the most active quarter on record. At this point the market was fuelled by local innovation, increasing European success stories and international capital flows into Europe.

### Capital invested by stage (\$bn)

Source: Pitchbook, data up to 31 March 2023



Much of the activity which followed came from existing investors supporting their portfolio companies as the market began to turn and non-traditional investors, such as corporate VC and LP investors, who expanded their reach to invest in European VC deals directly, began to retract from the market. Non-traditional investors have historically favoured larger round sizes and growth-stage opportunities, meaning their impact on the VC market is becoming more profound. Participation in large funding rounds has become more common, and in the longer-term this phenomenon is likely to persist however in the shorter term – as valuations have come down – some participants have subsequently exited the market, and this departure of “tourist capital” presents opportunities for experienced and stable VC investors.

When digging deeper into the deal volumes, the most affected investment stages over 2022 were the early seed rounds (less than \$2 million) and later-stage expansion (>\$50 million), which have both seen consistent quarterly declines in deal count across the year. The late seed, Series A and B rounds however showed similar levels of activity when compared to 2021 showing more resilience at the earlier-mid stages. At Molten, this has always been our target investment stage, as the risk profile of these companies has matured beyond the early stages, and our expertise as an active manager is well placed to support them as they transition to the growth and later stages.

In addition to VC managers adjusting to the market, so too have portfolio companies. Leading from the front, some tech giants have announced large-scale employee reductions to match the current environment, and so too have VC stage companies. Across 2022 and into 2023, VC companies have adopted less aggressive growth plans and adjusted their hiring to reflect this; they have also pivoted towards pursuing more efficient revenue growth and paths to profitability. We believe this fundamental shift in approach – from both the VC manager and portfolio companies – will foster a stronger and more resilient VC market in the future.

## Looking ahead

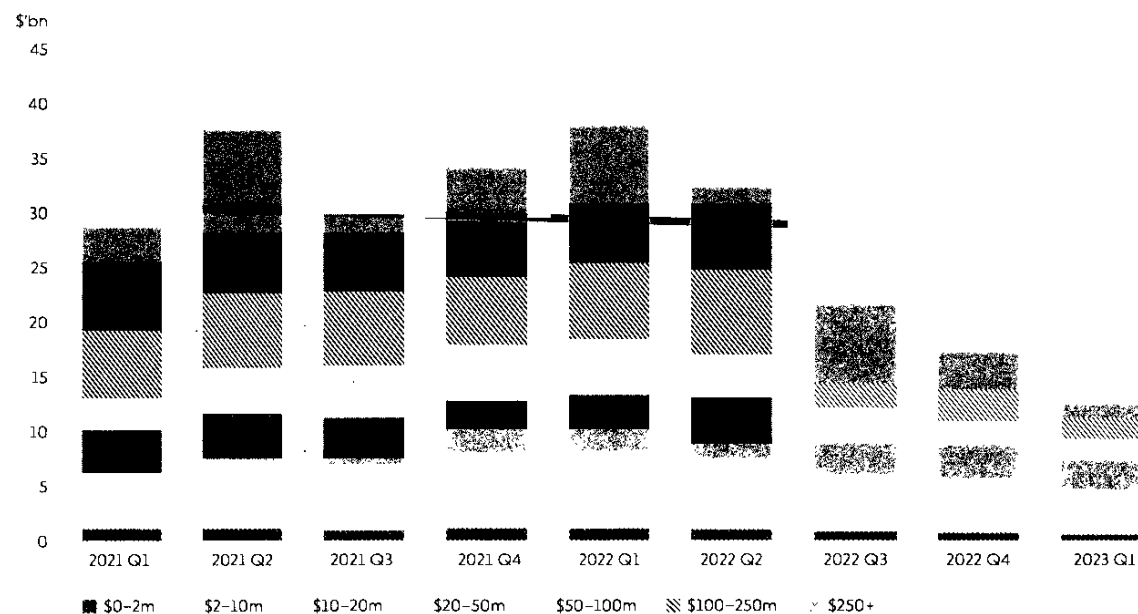
Looking to 2023, the deployment of capital has slowed down as investors have become more cautious. The larger financing events for the very large European private VC businesses have now become rare. The chart below shows capital deployment in European VC on a quarterly basis, which has been on a downward trajectory since early 2022 with Q1 2023 representing 33% of the peak deployment in Q1 2022. The analysis shows that smaller rounds, categorised largely by Series A and B, have been more insulated to the broader market adjustment when compared to larger rounds in excess of \$250 million, which have been shrinking quarter-over-quarter. Molten invests in this stage of the market (predominantly Series A and B), and over the remainder of 2023 (and into 2024) it expects to continue

deploying in a favourable valuation environment with high-quality management teams who will adopt the same approach to efficient revenue growth.

2023 VC investment volumes are expected to contract from 2022 levels however the longer-term trajectory of the market continues to increase, and the overall VC market globally has become more resilient and robust as it has matured and expanded. As some investors have retracted from a declining market across 2022, a greater opportunity has emerged for Molten as an experienced and long-term patient investor in today's financing environment.

## Capital deployment in European VC on a quarterly basis

Source: Pitchbook, data up to 31 March 2023



# Business model

## What we do

We invest in high-growth private technology companies in Europe. We back businesses with the capital, expertise and networks to fuel their growth. Investing from Series A onwards is our core business, with access to earlier stages via our Fund of Funds programme and Earlybird partnership. Our brand, people, networks, and Fund of Funds programme offer a large pipeline of promising private technology companies from across Europe.

## A scalable platform

We have continued to scale our platform to provide our investors with access to some of the best deals across Europe. Through co-investment, Molten Ventures is able to build more material stakes and support some of the very best European tech companies. The management and performance fees received from the EIS/VCT funds and third party capital under our management also offset operational costs for Shareholders.

### Group balance sheet

### Group co-investment vehicles

Investing alongside the Molten balance sheet in companies that are eligible for EIS/VCT relief

### European co-investment partner

Molten Ventures plc	Encore EIS Funds	Molten Ventures VCT plc	Earlybird
01	02	03	04
<p>The Group's balance sheet forms the core investment vehicle for Molten. The patient capital model of a listed vehicle provides additional flexibility to build stakes in the top performing investments over time as opportunities arise.</p>	<p>The Group EIS manager, Encore Ventures LLP, manages the Encore Funds – raising funds from UK investors who are able to claim EIS income tax relief.</p>	<p>The Group VCT manager, Elderstreet Investments Limited, manages Molten Ventures VCT plc – raising funds from UK investors who are able to claim VCT income tax relief.</p>	<p>Earlybird is a venture capital investor, co-investing with Molten since entering into a partnership in July 2018 to share dealflow, investment resources and expertise to co-invest in high-growth European technology companies.</p>

## Investing in these sectors

The Group provides early-stage and growth-stage technology businesses with capital, networks and management support to accelerate their international growth and development and enhance their value over the long term.

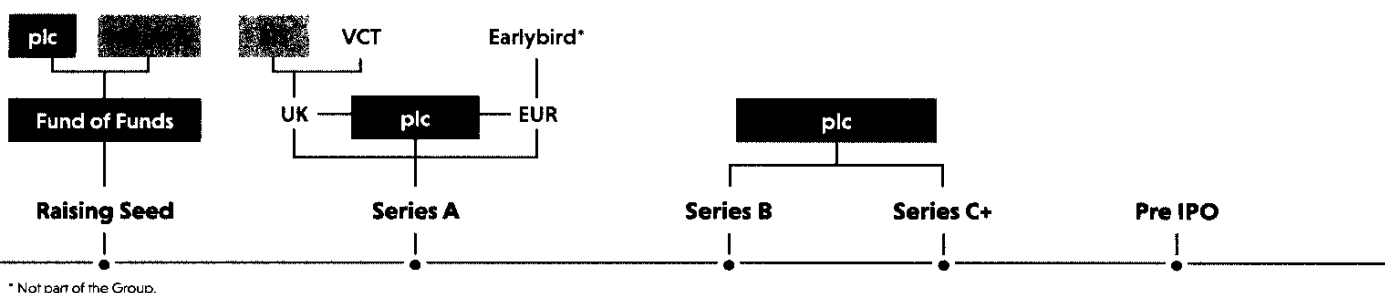
The Group adopts a sector approach, with sub-sector thematics captured within the following broad groupings:

		Hardware & deeptech	Digital health & wellness
<p>New consumer-facing products, innovative business models, and proven execution capabilities that bring exceptional opportunities enabled by technology.</p>	<p>The software infrastructure, applications and services that make enterprises more productive, cost-efficient, and smoother to run.</p>	<p>R&amp;D-heavy technologies which emerge to become commercially dominant, upending industries and enabling entirely new ways of living and doing business.</p>	<p>Using data, software and hardware to create new products and services for the health and wellness market.</p>



### To support companies at different stages of their growth

We are here to support entrepreneurs as their businesses grow. Our multiplatform approach and access to capital fuels growth. Our people "Make More Possible".



### Using several deployment strategies

Our deployment strategies allow us to support companies at all stages of their growth, from seed to Series A/B and beyond.

#### Fund of Funds

Our Fund of Funds programme –connected with third-party capital for the first time – allows us to support fund managers across the UK and Europe, investing at an earlier stage and providing our investors with access to seed-stage businesses. By seeding the early-stage ecosystem, we can also source the best companies for Series A and B, pooling expertise from sector-specific funds based across the UK and Europe.

#### Earlybird

As well as a co-investment partner, we have also invested into seven of the Earlybird funds, allowing us to expand our investment footprint in the European market.

#### SPVs

As an extension of our existing strategy of deploying capital via other vehicles through our Fund of Funds programme, co-investments with some of our seed fund managers have enabled us to access exciting opportunities into forward-thinking European companies via investments through Special Purpose Vehicles.

#### Direct

We invest directly, deploying capital in the UK and across Europe generally in Series A and Series B+ stage deals.

#### Secondaries

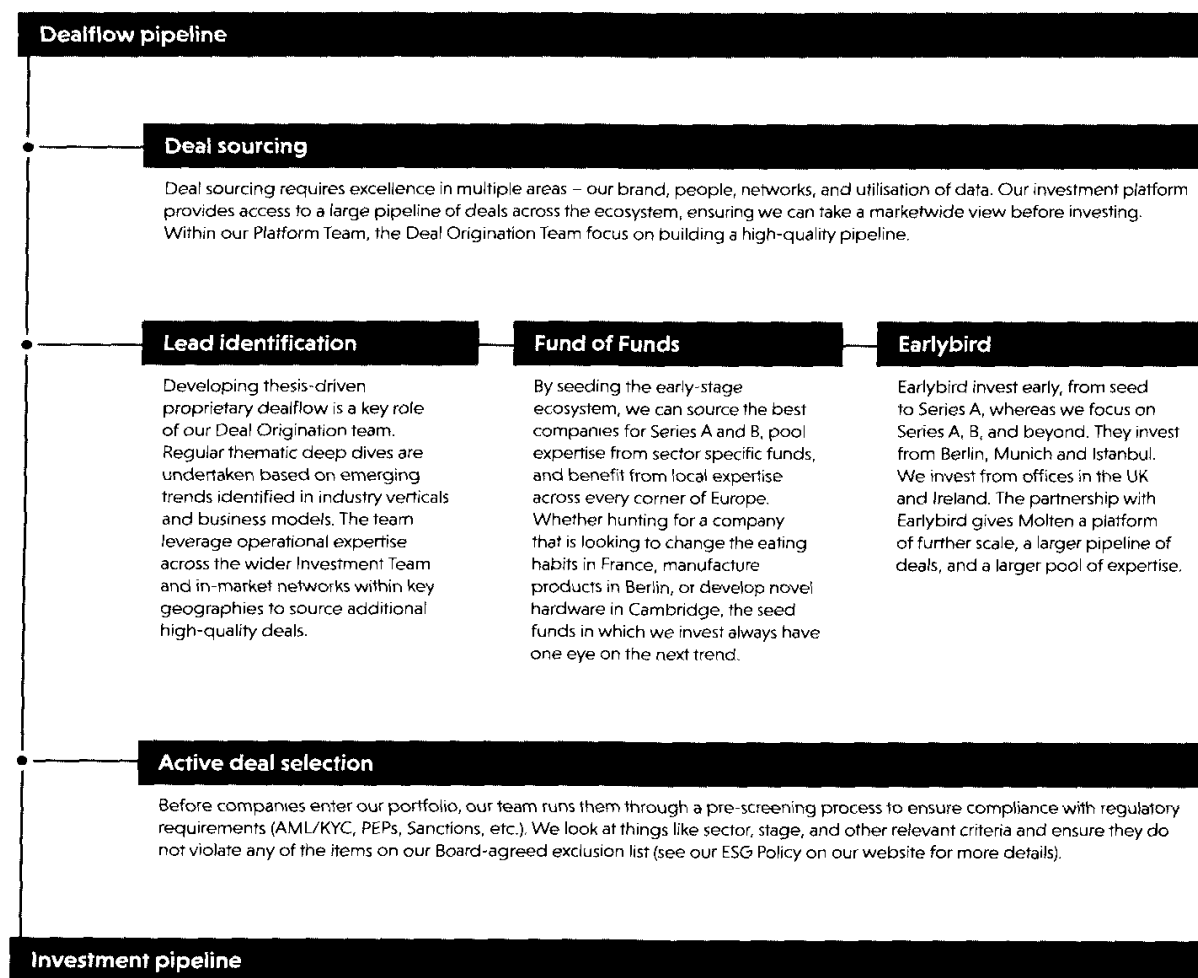
We make secondary investments from time-to-time by acquiring investments held by other investors and founders. This enables us to further diversify our investment strategy and blend the maturity of assets. Secondary investments typically span a shorter period of time, reaching maturity quicker.

# Business model CONTINUED

## How we do it

We screen thousands of businesses every year and only invest in companies and teams with the potential to scale and compete in global markets.

## The investment process



## Deal governance

Quarterly Investment Team meetings to (i) establish and develop a strategy around high priority deals and (ii) separately review, discuss and plan more broadly the ongoing delivery of the Company's overall investment strategy.

Deals reviewed each week in the Investment Team weekly dealflow meeting.

Investment Committee review and approval process takes place if a company moves onto the next stage (and Board process if required).

All prospective portfolio companies in which we consider making a direct investment are initially screened against our Exclusion List and thereafter assessed as part of our ESG due diligence process before a final decision can be taken on the investment.

Due diligence, including the completion of our ESG Framework, compliance checks and deal negotiations take place prior to an investment being made.

## Due diligence process

### Screen thousands

Across our investment platform, we look at thousands of businesses a year – searching for the best opportunities, and the clearest visions.

### Talk to 1000+

We talk to the most promising businesses that clear our screening process, getting to know the teams, their ways of thinking and their ambitions.

### Invest in 15-30

We aim to make 15 to 30 investments a year, including follow-on investments into tech companies that we believe are poised for category leadership.

## Criteria

Molten and its wider Group aims to seek out high-growth companies originating from across Europe that:

- operate in new markets with the potential for strong cross-border or global expansion
- have the potential to address large new markets or disrupt major existing ones, utilising disruptive technology to achieve this
- have competitive barriers to entry to encourage strong margins and capital efficient business models
- have the potential to be global sector leaders
- are compliant with our Exclusion List and wider ESG Policy
- are run by impressive entrepreneurs who have the ability to build world-class management teams
- are backed by strong syndicates of investors to reduce financing risk in future rounds
- will be attractive candidates for acquisition by large corporations, private equity or public ownership by way of an IPO
- aim for sustainability and/or are committed to positive and sustainable growth
- have the potential to generate multiples of invested capital for investors

## Supporting companies for growth

Our expert Partnership Team comes with years of combined experience across a variety of sectors and backgrounds. Be it introductions or knowledge, our Partnership Team is there to provide support. From international scaling, customer development and hiring, to follow-on funding, exits and IPOs, our team can help because a lot of them have been founders themselves.

As our portfolio companies expand and grow, it is important for them to have access to all the knowledge and know-how they need to grow and succeed.

Our Platform Team manage sourcing, evaluating, and delivering on investments, as well as facilitating post-investment engagement with our portfolio. Our Marketing Team provides support to the portfolio as companies navigate finding their own brand and voice as they scale and grow. Our Platform Team is backed by a range of specialists in areas such as legal, compliance, investor relations, finance and ESG. Our Legal and Compliance Teams are regulatory and governance experts, while Finance and Investor Relations Teams have a deep understanding of the public markets. Be it support with governance or sharing our ESG best practice to help them monitor, plan, and implement their own ESG strategies, our support teams can help.

# Our strategy

	Strategic objective	FY23 progress	FY24 outlook	Links
<b>A</b>	<b>To back disruptive high-growth technology companies to invent the future</b>	<ul style="list-style-type: none"> <li>Continued development of our platform and team.</li> <li>Investments of £138 million made during the year, with a further £41 million from EIS/VCT funds.</li> <li>Invested into 25 new and existing companies (direct) and committed to 18 new funds via our Fund of Funds strategy.</li> <li>Trading performance of our portfolio companies continues to be strong with weighted average revenue growth rates in the Core Portfolio expected to be over 65% in 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Expected level of annual deployment in the region of £100-150 million including EIS/VCT.</li> </ul>	<p><a href="#">Link to principal risks</a> (pages 82 to 90) <b>1, 2, 3, 5, 6, 7, 9,</b></p> <p><a href="#">Link to KPIs</a> <b>3, 4</b></p>
<b>B</b>	<b>To fuel their growth with access to capital</b>	<ul style="list-style-type: none"> <li>Investments of £138 million made during the year, with a further £41 million from EIS/VCT funds.</li> </ul>	<ul style="list-style-type: none"> <li>Expected level of annual deployment in the region of £100-150 million including EIS/VCT.</li> </ul>	<p><a href="#">Link to principal risks</a> (pages 82 to 90) <b>1, 3, 4, 5, 8</b></p> <p><a href="#">Link to KPIs</a> <b>3</b></p>
<b>C</b>	<b>To provide a holistic capital model, supporting entrepreneurs through the duration of their journey</b>	<ul style="list-style-type: none"> <li>£23 million of cash at 31 March 2023, with a further £48 million available for investment in EIS/VCT funds.</li> <li>Committed to a further 18 Fund of Funds, leading to total commitments in 75 funds as part of our Fund of Funds programme.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to utilise our flexible model to support entrepreneurs through the duration of their journey.</li> <li>Continue to support our Fund of Funds programme.</li> </ul>	<p><a href="#">Link to principal risks</a> (pages 82 to 90) <b>1, 3, 4, 6, 9</b></p> <p><a href="#">Link to KPIs</a> <b>3, 5</b></p>
<b>D</b>	<b>To scale our platform for growth while maintaining the integrity of the investment process</b>	<ul style="list-style-type: none"> <li>The platform's AUM (including EIS and VCT) is c.£1.7 billion.</li> <li>Continued development of our team.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to consider opportunities to introduce third-party capital, enabling the Group to build a more material stake in companies.</li> <li>Continue to develop our processes as we grow.</li> </ul>	<p><a href="#">Link to principal risks</a> (pages 82 to 90) <b>1, 2, 3, 4, 6, 8</b></p> <p><a href="#">Link to KPIs</a> <b>1, 3, 5</b></p>
<b>E</b>	<b>To maintain a high-quality bar for investments to continue to deliver strong investment returns underpinned by cash realisations</b>	<ul style="list-style-type: none"> <li>Fair value decrease of 16% in the gross portfolio.</li> <li>Realisations of £48 million during the year.</li> </ul>	<ul style="list-style-type: none"> <li>Continued target of 20% fair value growth through the cycle.</li> <li>Continued target of 10% in realisations of the Gross Portfolio Value through the cycle.</li> </ul>	<p><a href="#">Link to principal risks</a> (pages 82 to 90) <b>3, 4, 6, 8</b></p> <p><a href="#">Link to KPIs</a> <b>1, 2, 4</b></p>
<b>F</b>	<b>To support visionaries who find new ways for the world to work in the future. We want that future to be sustainable, fair and accessible to all</b>	<ul style="list-style-type: none"> <li>Achievement of FY23 ESG KPIs - see page 46 for further details.</li> </ul>	<ul style="list-style-type: none"> <li>See page 47 for details of FY24 ESG KPIs.</li> </ul>	<p><a href="#">Link to principal risks</a> (pages 82 to 90) <b>3, 4, 5, 6, 8</b></p> <p><a href="#">Link to KPIs</a> <b>6</b></p>

## KPIs

	KPI	Measurement	Progress this year	Focus for 2024
01	<b>Growth in value of the portfolio</b>	Gross Portfolio Value determined using IPEV Guidelines.	Gross Portfolio Value has decreased to £1,371 million, with a fair value movement of £293 million reflecting a fair value decrease of 19% from FY22 (FY22: £1,532 million).	Continued target of 20% fair value growth through the cycle.
02	<b>Realising cash</b>	Cash generated from portfolio company exits against original cost.	£48 million realised in the year (FY22: £126 million).	Target of 10% in realisations of the Gross Portfolio Value through the cycle.
03	<b>New investments</b>	Deploying funds for investments into new portfolio companies, follow-on investments into existing companies, stake building into existing companies and secondary investments.	£138 million invested in the year from plc (FY22: £311 million), with a further £41 million from EIS/VCT funds (FY22: £45 million).	Expected level of annual deployment in the region of £100-150 million including EIS/VCT.
04	<b>Dealflow</b>	We maintain an internal database of opportunities.	We continually track deals done at stages earlier than our target stages and filter to pre-qualify future potential investments.	Through our brand and network, continue to access high quality dealflow across Europe.
05	<b>Cash balances</b>	Maintaining sufficient liquidity to meet operational requirements, take advantage of investment opportunities and support the growth of portfolio companies.	<p>£23 million cash available to plc (FY22: £78 million) at year-end.</p> <p>£48 million (FY22: £61 million) cash in our EIS and VCT funds available for investment.</p> <p>Undrawn balance from our new £150 million debt facility at year-end was £60 million (FY22: undrawn revolving credit facility £35 million).</p>	Target maintenance of 12-18 months of cash resources.
06	<b>ESG</b>	Progress against Molten Ventures' FY23 ESG KPIs (see page 46).	We continued to work through our ESG roadmap (see page 46).	Execute on the Company's FY24 ESG KPIs, which can be found in the Sustainability section of the report on page 46.

# Strategy in action

## Fund of Funds

### Fuelling Europe's Seed and Early Stage Tech Ecosystem



▲ Fund of Funds team pictured (from left to right) Mohadeseh Abdullahi, Jonathan Sibilia and Dave Neumann.

#### What is Molten Fund of Funds?

Molten Ventures has been investing in early-stage funds from across the UK, Europe and the US since 2017. We believe that there is strong and unmatched demand for seed and early-stage capital in Europe as a new generation of entrepreneurs is emerging: by consistently supporting the early-stage ecosystem through our Fund of Funds (FoF) programme, we pool expertise from sector-specialist and geographically focused funds to create what we believe to be a unique programme, almost acting as our own periscope on innovation, complemented by a large diversified portfolio.

Innovation comes from everywhere: this programme has been designed to deeply connect Molten with the broader European seed-stage and early-stage ecosystems, fuelling the fire within early-stage entrepreneurs throughout Europe. Seed and early-stage investment is a highly localised endeavour, requiring deep networks in the local environment of angel investors, incubators, and technology entrepreneurs. We believe that nascent businesses are best funded by investors

who can engage the founders locally or within a very specific vertical, aiding in the practical steps of the start-up phase.

We invest in what we believe to be the best regional funds as well as sector-specific funds and we are committed to supporting every stage of the venture capital journey from incorporation to exit and this programme helps guide our vision of investing in Europe's most talented entrepreneurs.

#### How did the Molten FoF come into existence?

In 2016, Molten listed on the London Stock Exchange's AIM market, becoming a public company. Until this point, Molten had largely been a direct investor in companies having opportunistically grown the portfolio through select secondary transactions. Post-IPO we also wanted to expand our access to the early-stage ecosystem supporting European entrepreneurs. The opportunity arose for Molten to acquire Seedcamp's Fund I & II in 2017 via a secondary transaction and, soon after, the conversation progressed to securing an investment in Seedcamp's latest Fund IV, giving us

access to the early-stage market along with valuable insights helping guide our future invest strategy. Our lead partner on the programme, Jonathan Sibilia, identified the talent managing Seedcamp and executed Molten's first fund investment as a limited partner. From here on the programme was born and we began curating a Fund of Funds strategy targeting seed funds in Europe.

Over the past five years, we have focused on scaling the programme, ensuring the grassroots of European seed-stage and early-stage VC are properly served. We have invested in well-performing managers and are now seeing a significant opportunity to increase our investment cadence accordingly.

As at 31 March 2023 the programme has committed c. £148 million to 75 funds in total, including a blend of mature, emerging, and forward-thinking new investment managers. Since inception, Molten has used the FoF programme to help traverse the minefield of VC investing. Our rich underlying portfolio includes over 1,700 companies which we closely monitor and has created 20 unicorns.

## Why does Molten invest in seed funds?

The FoF's programme was launched by Molten with a view to providing seed and early-stage fund managers with capital to meet the increasing demand from emerging European technology companies and lessen the perceived shortage of available capital in this part of the VC ecosystem.

The seed and early-stage ecosystem in Europe has historically been underserved by traditional institutional capital because of the scale of deployment being relatively small, risk appetite being high and focus being narrow (either by geography or sector). Although the combination of these risk factors has deterred many investors, Molten saw an opportunity to invest in managers with a profound understanding of the market and the potential to drive outsized returns. Through our FoF programme we invested in Sorare, Hopin, Oyster, Copper, Glovo, Wallbox and over time the number of unicorns born in the programme will continue to grow.

With over 1,700 companies in the underlying portfolio, Molten aggregates sectoral data which subsequently guides our thematic investment thesis at all levels. A key example is over the past few years, one emerging theme we noticed in the programme was the number of entrepreneurs hatching Climate Technology companies. We later expanded this thesis into our main investment programme, closing deals with BeZero Carbon, Altruistiq and Satellite Vu.

The second core pillar of the programme is our ability to screen assets. The large portfolio presents a continuous stream of dealflow for the main investment programme and staying close to the seed fund managers has allowed Molten to be in pole position to lead the Series A rounds in Manna, Causalens, Worldr and Series B rounds in Fintech OS and Schuttflix. Overall for every pound committed to the FoF programme, Molten has invested another pound in the companies originated from the programme.

## How does Molten invest in seed funds?

Since we launched the FoF programme, we have developed an efficiency-focused methodology of selecting what we believe to be the best European seed fund managers, propelling their fundraises through to final close. In the early-stage ecosystem there is no substitute for local presence or niche sector experience which is why all seed managers in our programme are required to be subject matter experts or geographical experts dominating their areas of expertise. We target investments into funds that have access to a broad range of expertise, networks, and collaboration tools.

We also seek to back "trend-spotters" in the seed and early-stage venture capital space, and selectively target managers going out on their own – groundbreaking sector specialists who have identified an exciting new theme or follow the top existing funds with whom we have long-term relationships and who have closed their doors to new investment partners.

Often, we see accretive value in managers covering sectors which our in-house Investment Team does not have significant exposure to. This has helped us build an index of high-quality managers which have cleared our high diligence hurdles, breaking through barriers to innovation by investing, guiding, and driving

value creation in European technology businesses. Equally, we have backed many seed and early-stage funds since their inception, and as such have access to over-subscribed follow-on funds which gives us an advantage to make follow-on investments with proven managers.

## Future of Molten Fund of Funds

Since launch, the programme has grown steadily and is currently at a scale where, in our view, the opportunity set has become larger than our available capital on the Molten Ventures plc balance sheet. We are therefore seeking to increase the capital pool which can be deployed into these seed and early-stage opportunities.

Molten has recently begun a syndication process as part of its FoF programme, welcoming Castlegate Investments, the private family office, as a Limited Partner in the programme in Q4 2022. We intend to further expand the syndication process offering investors access to the most innovative seed and early-stage fund managers in Europe, complemented with robust due diligence and diversification. We believe the niche nature of the programme and our ongoing commitment to nurturing seed and early-stage funds in the UK and Europe marks Molten Ventures as a leading player in this space.



▲ Fund of Funds panel at Molten Ventures Investor Day 2023.

# Strategy in action

## Deeptech

The new wave of true innovation

### What is Deeptech?

Deeptech or Deep Technology is a popular term in the VC ecosystem and can have different definitions between investors. Here at Molten we define Deeptech as proprietary innovation. Investing in companies with business models built around truly proprietary platforms, that require highly specialised talent and that, when brought to market, have the potential to transform the landscape.

These companies require likeminded investors to help support their vision and propel their business into the next stage of evolution. It is particularly important for them to partner with patient investors who understand the product philosophy and how to navigate the challenges of bringing such a product to market.

### Including Deeptech in our portfolio

At Molten, Deeptech has been a feature of our portfolio for many years and over time we have honed our expertise in searching for and supporting some of Europe's most innovative Deeptech startups. We have 20 companies in our Hardware and Deeptech portfolio which span across cutting edge sectors including Quantum Computing, next generation AI Processing, advanced Graphene applications and precision positioning technologies, among many others. As a VC investor we are constantly on



△ Since IPO, Molten has invested over £170m in Hardware & Deeptech.

the hunt for the next "big thing". Investing in Deeptech necessitates that we at Molten be obsessed with finding, executing and supporting 22<sup>nd</sup> century investment opportunities, today. Meeting companies at the forefront of solving, in many cases, global issues, gives Molten the ability to participate in funding the future.

### How the Deeptech market is scaling

As the broader VC market has grown in recent years, traditional VC investors

have seen participation and competition from non-traditional investors being end users of capital, corporates and sovereign wealth funds. These new participants are now also looking for both direct and indirect exposure to Deeptech and game-changing technologies. Governments in particular have begun making strategic capital available for companies tackling issues targeted by Deeptech companies; Germany recently announced a Deeptech and Climate Fund of €1 billion to finance-related startups and the UK's established programme of funding Quantum Computing is expanding available capital to £2.5 billion. These are meaningful commitments from the largest European economies showing their desire to invest in the future.

Molten's unique position as an experienced investor in Deeptech offers entrepreneurs a patient and trusted partner to help scale their business and start solving tomorrow's problems today.

### A selection of Molten's Deeptech portfolio

#### Riverlane

Riverlane is named after a quaint little street (River Lane), in the company's hometown of Cambridge. It is a UK based



△ Riverlane.



"Quantum obsessed" software company building the operating system for quantum computers. Their aim is to unleash the power of quantum computing by transforming experimental technology into commercially viable software for the quantum age.

*"Today's quantum computers have limited capabilities because their fundamental building block, qubits, are highly error prone.*

*It is not enough to simply build quantum computers with more and better qubits. Unlocking the full spectrum of quantum computing application requires new hardware and software tools to control inherently unstable qubits and comprehensively correct system errors ten billion times or more per second.*

*Riverlane designs and engineers such tools. We implement them with leading quantum computer makers using every type of qubit. We call this toolkit Deltaflow.OS." - Riverlane.*

In early 2021, Molten led Riverlane's Series A investing £5.1 million.

#### FocalPoint

FocalPoint is a next generation high performance positioning technology used to increase the accuracy of the Global Navigation Satellite System (GNSS). FocalPoint's solution is "powered by a concept called Supercorrelation using advanced physics and machine learning to improve the accuracy, reliability and energy consumption of standard GNSS receivers without the need for additional hardware or infrastructure."

In essence, any device using GNSS such as smartphones, wearables and autonomous vehicles



△ FocalPoint.

can receive a global positioning upgrade through FocalPoint, helping joggers track more accurate distances or height gained, autonomous/semiautonomous vehicles become safer and more spatially aware and increasing the accuracy on maps so travellers can rest assured they will not miss their intended destination.

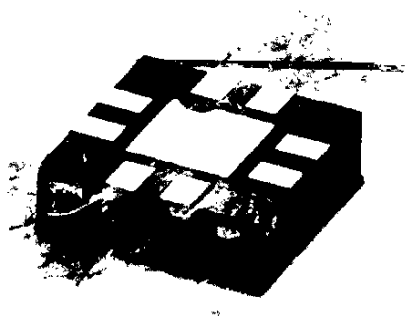
Molten first invested in FocalPoint leading their Series A in March 2021. Molten has now invested £5.9 million.

#### Paragraf

Paragraf is a spin-out from the Centre for Gallium Nitride group of Professor Sir Colin Humphreys in the Department of Materials Science at the University of Cambridge. Building on significant know-how and IP, Paragraf is developing atom-layer thick two-dimensional materials, starting with graphene.

Through its growing IP portfolio, Paragraf will apply these to a range of advanced electronic, energy and medical devices. They currently have three products and are targeting the Electric Vehicle space. Paragraf's Graphene Current Sensors are used in the servicing and monitoring the health of EV batteries prolonging their life and optimising performance.

Molten Ventures plc first invested in Paragraf's Series A round in late 2019 and has now invested £6.9 million into the company.



△ Paragraf

## Financial review

“

...we are pleased by the resilience demonstrated by the portfolio companies to raise capital at supportive valuations and to adapt their growth models to preserve capital.

”

**Ben Wilkinson**  
Chief Financial Officer



FY23 has been a challenging year throughout the economy, and we have not been immune from market pressures, driven by rising inflation, interest rates, and difficult macroeconomic conditions, which have impacted public and private technology companies. Our focus for the year has been to adapt to the shifting market and focus on our cash resources and the active management of the portfolio.

Valuation decreases have been reflected through the portfolio this year despite the continued revenue growth in the underlying portfolio companies. This is because the valuation multiples for technology investments reduced significantly in the first half of the year. Reductions to valuations in the portfolio that were taken in the first half of the year aligned the value of the portfolio to this revised market environment of lower valuation multiples. In the second half we have seen some improvements in comparable peer group multiples for technology businesses which has led to a more nuanced picture across the portfolio of increased valuations being offset by some specific provisions in the Core. Cash runway and liquidity remains key and we are pleased by the resilience demonstrated by the portfolio companies to raise capital

at supportive valuations and to adapt their growth models to preserve capital.

As at 31 March 2023, net assets of £1,194 million were recognised, which is a decrease of £240 million on the prior year. This decrease is mainly driven by the movement of our Net Portfolio Value, which is recognised at fair value through profit or loss (“FVTPL”) in the consolidated statement of financial position.

Our portfolio has been impacted by macroeconomic factors, despite being well diversified across sectors and stages of their life cycle. The majority of reductions were taken in the first half of the year and in the second half there has been a net fair value decrease of £29 million, compared to the full year decrease of £293 million.

As we continue to build out a broader platform to incorporate third party assets alongside the balance sheet funds, we have seen the benefit of increases in income. We have generated fee income during the year of £23 million, including £22 million of management fees (a 21% increase on prior year's fees) which serves to offset our cost base such that our costs (net of income) are close to parity, and substantially less than the stated target of less than 1% of NAV. Limited cost drag on investment returns is perhaps an under-appreciated facet of the Molten Ventures model but has continued to be an area of focus for management over several years.

## Statement of financial position

### Portfolio

The Gross Portfolio Value at 31 March 2023 is £1,371 million (£1,532 million at 31 March 2022). The Gross Portfolio Value is an APM (see Note 33) and a reconciliation from gross to net portfolio value, which is recognised on the consolidated statement of financial position, is shown on page 142.

Investments of £138 million were made during the year, cash proceeds from exits, escrows and sales of shares were received of £48 million (£46 million net of carry payments). In order to preserve our balance sheet capital, the amount of investments have been reduced and as such realisations in the second half of the year exceeded capital deployed. The gross fair value movement on the portfolio was £251 million, of which £42 million resulted from foreign exchange tailwinds and a decrease of £293 million from fair value movements. Further details on the Group's valuation policy and valuation basis as at 31 March 2023 can be found in Notes 5, 28 and 29 to the consolidated financial statements.

The fair value decrease in the year reflects the sentiment throughout the market. The decrease in the valuation of public companies has impacted our private portfolio. However, of the 19% net fair value decrease\* in the year, only 2% of the net fair value decrease\* was in the second half of the financial year. The 2% movement in the second half of the financial year was predominantly represented by the fair value movement of two Core companies. Decreases in fair value have largely been through the recalibration of the technology sector in public markets, impacting the private portfolio holding valuations.

The Gross Portfolio Value is subject to adjustments for the fair value of accrued carry liabilities and Irish deferred tax to generate the Net Portfolio Value of £1,277 million. Both carried interest liabilities and Irish deferred tax arise at the level of our investment vehicles and are taken into account when arriving at the fair value of these vehicles to be recognised in the consolidated statement of financial position.

The fair value movement on investments of £240 million is reflected in the consolidated statement of comprehensive income. Carry balances of £94.0 million are accrued to previous and current employees of the Group based on the current fair value at the year-end and deducted from the Gross Portfolio Value. Carry payments totalling £2 million were made

in the year following the realisations of assets in the underlying fund holdings that exceeded threshold returns. In addition, non-investment movements to entities held at FVTPL were made of £14 million, including for settlement of Priority Profit Share ("PPS"). The Gross Portfolio Value table below reconciles the Gross to Net Portfolio Values and the movements between 31 March 2022 to 31 March 2023. The percentage of Net Portfolio Value to Gross Portfolio Value is 93% (31 March 2022: 92%), which reflects the decrease in carry balances in line with the movements of the portfolio.

### Total liquidity

Total available cash for the Group at 31 March 2023 was £83 million, including £60 million undrawn on the Company's revolving credit facility (31 March 2022: £113 million, including £35 million undrawn on the Company's revolving credit facility). Our EIS and VCT funds also have £48 million of cash available for investment at 31 March 2023. The consolidated cash balance at 31 March 2023 was £23 million (31 March 2022: £78 million, including £2m restricted). During the year we received cash proceeds from portfolio realisations of £48 million. This was offset by investments made during the period of £138 million, as well as carry, management fees, and operating costs.

### Debt facility

During the year, the Group agreed a new £150 million net asset value facility with J.P. Morgan Chase Bank N.A. ("JPM") and Silicon Valley Bank UK Limited ("SVB") (the "Debt Facility"). The Debt Facility comprises a £90.0 million term loan and a revolving credit facility ("RCF") of up to £60 million on three-year tenors, both with one-year extensions up to five years and is secured against various assets and LP interests in the Group. The Debt Facility interest rate is SONIA plus a margin of 5.5% per annum and is underpinned by the value of the investment portfolio. Drawdowns are subject to a maximum loan to value ratio of 10%. The value of the portfolio companies is subject to periodic independent third-party valuation. The Debt Facility is utilised for investment and corporate purposes and was used to repay in full the Company's existing £65 million facility with SVB and Investec.

We have been compliant with all relevant financial covenants (for both the previous facility with SVB and Investec and the current Debt Facility) throughout the duration of the facilities and at period-end. There has been no impact on the Debt Facility following the change of ownership of SVB to HSBC UK Bank plc on 13 March 2023.

As at 31 March 2023, the £90 million term loan is fully drawn and the £60 million RCF is undrawn. The drawn amount is recognised in the consolidated interim statement of financial position at 31 March 2023, offset by capitalised fees from the setup of the Debt Facility, which are being amortised over its life. All capitalised amounts relating to the previous facility were recognised in the consolidated statement of profit or loss on extinguishment of the liability (when the previous facility was repaid). Drawdowns and paydowns on the RCF will be driven by portfolio investments and realisations. For further information, please see Note 22(i).

### Net assets

Net assets in the consolidated statement of financial position at 31 March 2023 have decreased by £240 million from 31 March 2022 to £1,194 million, a decrease of 17%. This is mainly the result of the decrease in the investments balance discussed above, decreases in cash and deferred tax recognised in the statement of financial position, and increased loans and borrowing from the new debt facility.

# Financial review CONTINUED

## Statement of comprehensive income

We recognised a loss in the year of £243 million, compared to a £301 million profit in FY22.

Income and losses recognised during the year ending 31 March 2023 comprises investment fair value decreases of £240 million (year ending 31 March 2022: £329 million increases), as well as fee income of £23 million (year ended 31 March 2022: £22 million). Fee income is principally comprised of PPS, management fees from the EIS/VCT funds, performance fees and promoter fees. PPS is generated from management fees charged on the underlying plc funds, as invested capital, net of realisations, increases so too does the PPS income. The increase in fee income in the year is a result of an increase in the funds under management, partly attributed to the increase in the third-party funds from the syndication of our Fund of Funds programme. This has resulted in management fees increasing by over 20% in the period, offset by a reduction in performance fees.

General and administration costs ("G&A") of £19 million, compared to the £20 million recognised in the year to 31 March 2022, have decreased due to no performance fees being payable in the period and a more stable cost base being reflected against the prior year where the cost base had grown to expand the investment team and supporting infrastructure.

Our operating costs (net of fee income) continue to be substantially less than our target of 1% of NAV and have narrowed as income builds. It is anticipated that further income in fees generated from management of third-party funds will provide a further positive contribution to our cost base and profitability in the future. Finance expenses have increased to £7 million from £1 million in 2022 as a consequence of the increased debt facility.

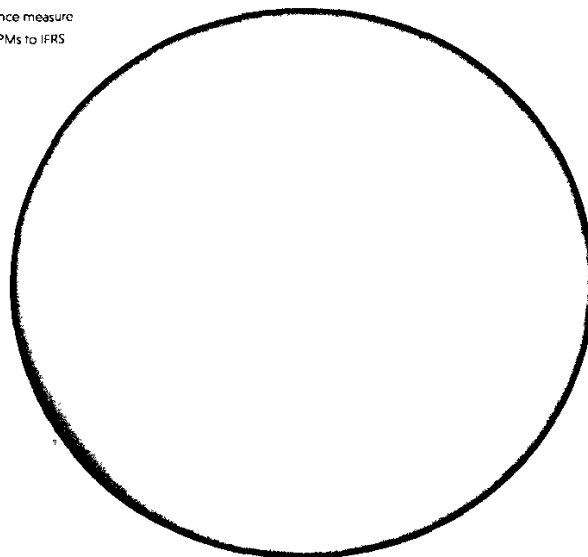
## Post period-end

As part of our portfolio management and to generate additional liquidity, we have agreed a secondary sale for 10% of our Earlybird Fund VI investment on 28 April 2023, realising £14 million (£13 million).

**Ben Wilkinson**  
Chief Financial Officer

14 June 2023

\*The above figure is an alternative performance measure ("APM") - see Note 33 for reconciliation of APMs to IFRS measures.



## Gross Portfolio Value table

Investments	Fair Value of Investments 31-Mar-22 £m	Investments £m	Realisations £m	Non-investment cash movements £m	Movement in Foreign Exchange £m	Movement in Fair Value £m	Total Fair Value Movement 31-Mar-23 £m	Fair Value of Investments 31-Mar-23 £m	Interest FD Category* at reporting date
ThoughtMachine	103.5	–	–	–	–	6.1	6.1	109.6	A
CoachHub	85.7	4.3	–	–	3.6	3.0	6.6	96.6	C
Aiven	105.3	–	–	–	3.6	(14.4)	(10.8)	94.5	B
Ledger	91.9	0.9	–	–	2.7	(23.7)	(21.0)	71.8	B
Aircall	62.9	–	–	–	3.5	(7.8)	(4.3)	58.6	B
Revolut	91.3	–	–	–	3.2	(40.0)	(36.8)	54.5	A
Form3	46.6	–	–	–	–	5.8	5.8	52.4	C
M-Files	37.3	–	–	–	1.7	5.9	7.6	44.9	B
RavenPack	35.1	–	–	–	2.4	3.5	5.9	41.0	D
Graphcore	113.5	–	–	–	2.1	(78.4)	(76.3)	37.2	A
ICEYE	32.1	–	–	–	2.1	1.5	3.6	35.7	B
Endomag	24.7	–	–	–	–	9.3	9.3	34.0	C
FintechOS	17.4	9.6	–	–	1.1	0.2	1.3	28.3	C
ISAR AeroSpace	27.9	–	–	–	1.1	(1.6)	(0.5)	27.4	A
Hive MQ	–	20.2	–	–	0.7	–	0.7	20.9	B
Schüttflifx	12.7	7.0	–	–	0.7	0.7	1.4	21.1	B
Primary Bid	24.6	–	–	–	–	(9.9)	(9.9)	14.7	B
Remaining	617.2	96.2	(48.1)	–	13.9	(152.8)	(138.9)	526.4	
<b>Total</b>	<b>1,529.7</b>	<b>138.2</b>	<b>(48.1)</b>	<b>–</b>	<b>42.4</b>	<b>(292.6)</b>	<b>(250.2)</b>	<b>1,369.6</b>	
Co-Invest	1.8	–	–	–	–	(0.7)	(0.7)	1.1	
<b>Gross Portfolio Value</b>	<b>1,531.5</b>	<b>138.2</b>	<b>(48.1)</b>	<b>–</b>	<b>42.4</b>	<b>(293.3)</b>	<b>(250.9)</b>	<b>1,370.7</b>	
Carry External	(121.5)	–	2.1	–	–	25.4	25.4	(94.0)	
Portfolio Deferred tax	0.5	–	–	–	–	(0.5)	(0.5)	–	
Trading carry & co-invest	0.3	–	–	–	–	–	–	0.3	
Non-investment cash movement	–	–	–	14.1	–	(14.1)	(14.1)	–	
<b>Net Portfolio value</b>	<b>1,410.8</b>	<b>138.2</b>	<b>(46.0)</b>	<b>14.1</b>	<b>42.4</b>	<b>(282.5)</b>	<b>(240.1)</b>	<b>1,277.0</b>	

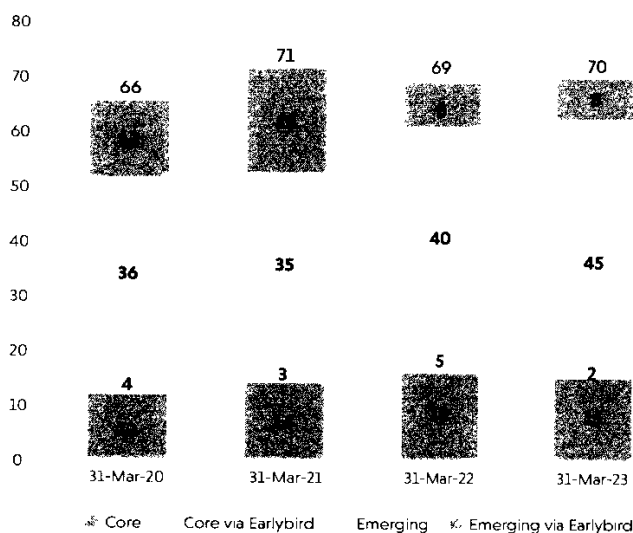
\* Fully diluted interest categorised as follows: Cat A: 0–5%, Cat B: 6–10%, Cat C: 11–15%, Cat D: 16–25%, Cat E: >25%

# Our portfolio

## Sector overview

Molten Ventures invests across a wide variety of sectors and disciplines but there are a few commonalities that bind the companies in our portfolio. When investing we look for companies that are advancing society through technological innovation. Companies based on fundamental ideas, that stand the test of time.

Number of companies

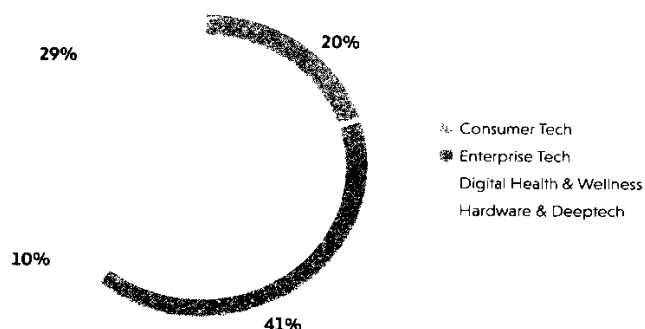


### Hardware & Deeptech

R&D-heavy technologies which emerge to become commercially dominant, upending industries and enabling entirely new ways of living and doing business.



Number of companies – split by sector\*

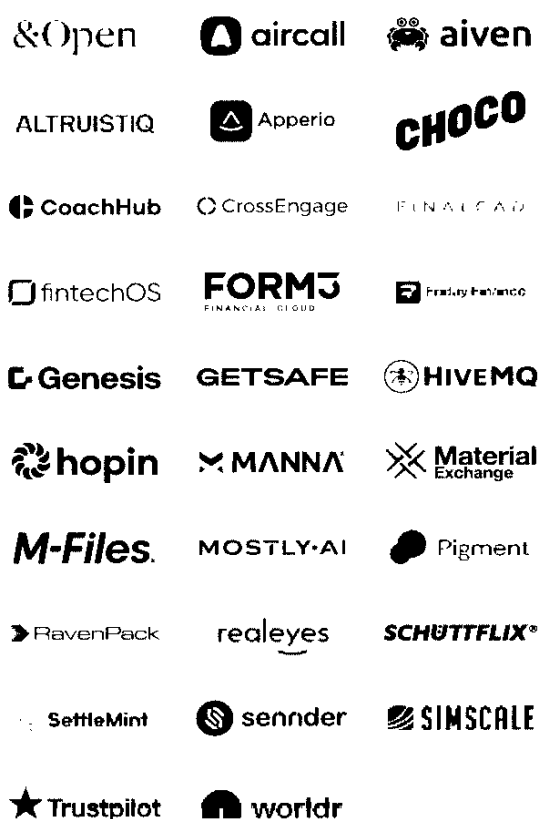


\* The sector split by number of companies is shown as a % of the total companies included within our company numbers (direct investments, co-investments and Earlybird companies over a £2.0 million invested cost threshold to Molten Ventures). Certain elements of the portfolio, such as certain Earlybird investments and holdings via our Fund of Funds programme are excluded

Companies included in our company numbers and associated analysis are direct investments, co-investments and Earlybird companies above a £2.0 million invested cost threshold to Molten Ventures. This was updated in the prior year from £1.0 million in previous years.

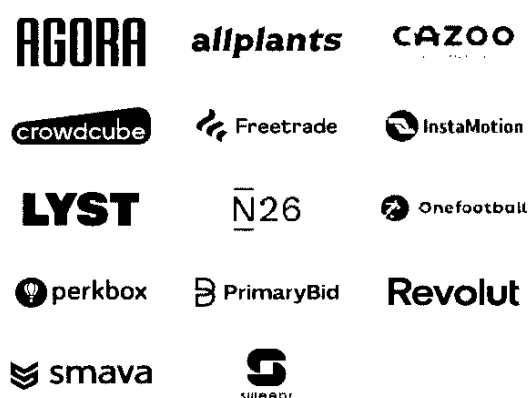
### Enterprise technology

The software infrastructure, applications and services that make enterprises more productive, cost-efficient, and smoother to run.



### Consumer technology

Consumer-facing services and products, innovative business models, and proven execution capabilities that bring exceptional opportunities enabled by technology.



### Digital health & wellness

Using data, software and hardware to create new products and services for the health and wellness market.



## Activities in the year

**£138m**

Balance sheet investments

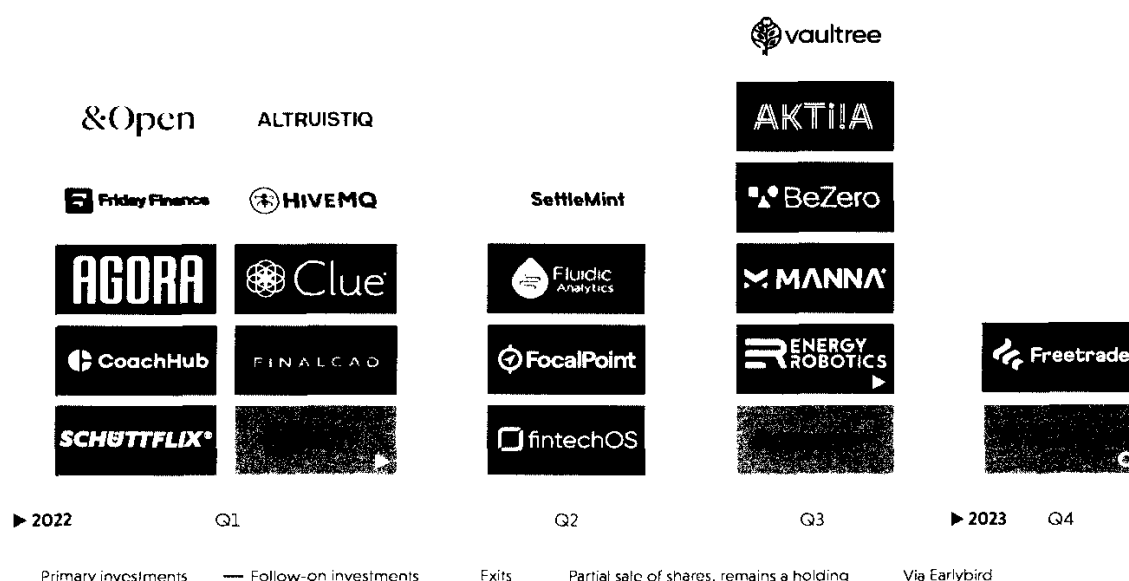
**£41m**

EIS/VCT fund investments

**£48m**

Proceeds from realisations,  
partial realisations and escrows

Activities in the year includes  
investments over £1 million  
directly to Molten Ventures plc.



## What's in a share?

As our companies grow, we have the ability to provide follow-on capital to build our stake.

62% of Gross Portfolio Value and 66% of our Net Asset Value ("NAV") is distributed in 17 companies, representing our core holdings. By doubling down on the winners in our portfolio, we manage the risk exposure of the portfolio and generate improved upside potential. Equally, our more flexible approach to capital enables the companies themselves to grow over a longer period, creating value for the benefit of our Shareholders. When we exit companies, cash is returned to the balance sheet so we can invest it into new opportunities.

### NAV breakdown

Total 100%



#### Emerging portfolio

The Group continually invests in emerging entrepreneurial and fast-growing tech business. Core and emerging percentage of NAV is calculated with reference to their proportions of the Gross Portfolio Value.



#### Core companies

The companies in the portfolio representing 62% of Gross Portfolio Value, which is 66% of the NAV. Molten provides follow-on capital, developing a more significant stake in the business once it has proven its business model.



#### Cash

When we exit from companies, the cash generated is returned to the balance sheet and reinvested after overheads into new opportunities in the market.



#### Net other assets and liabilities\*

Other assets and liabilities of the Group.

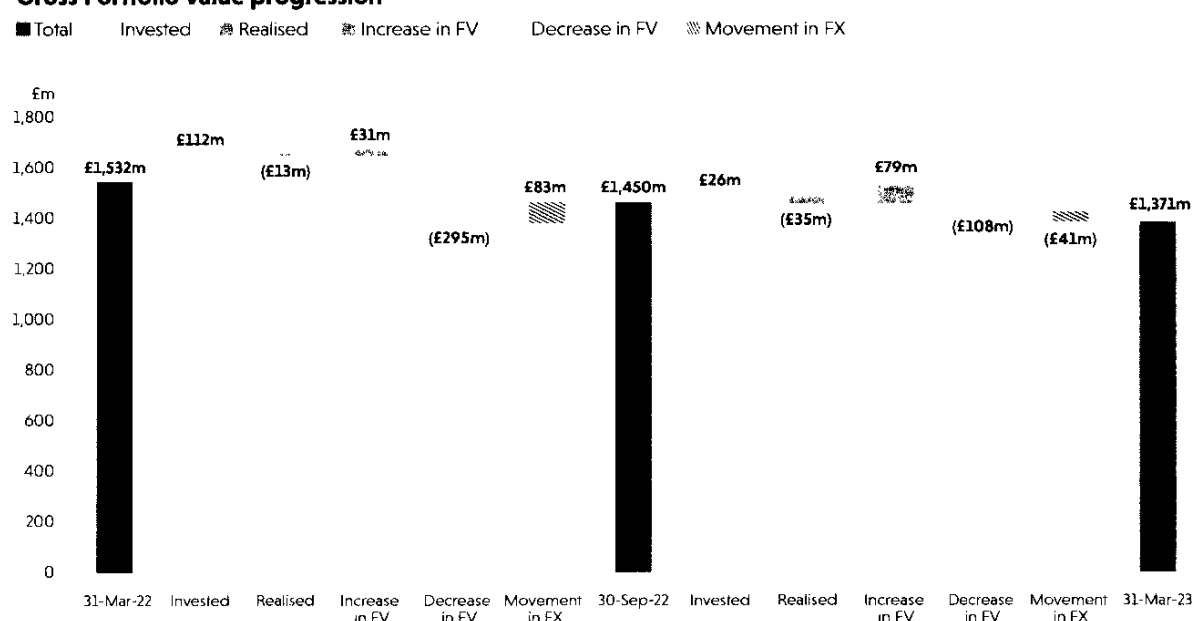
\*To see more details on other assets and liabilities please see the consolidated statement of financial position on page 142.



# Portfolio review

Our investment cadence has allowed us to support the high-quality opportunities we have identified and back our existing portfolio through their cycle. We have decreased deployment during the year, reflecting our increased focus on supporting the current portfolio.

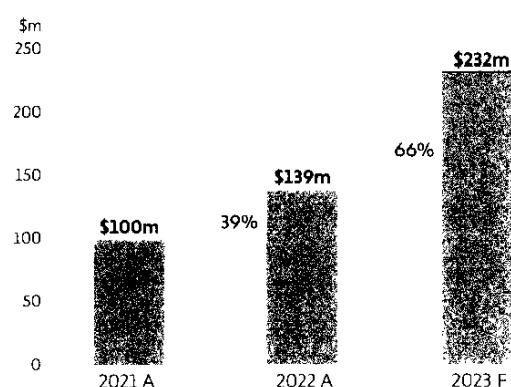
## Gross Portfolio Value progression



## Weighted average core revenues

Graph showing the growth in weighted average revenues of our Core Portfolio.

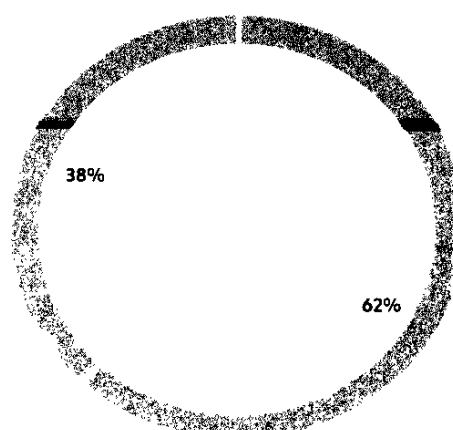
A Actual    F Forecast



Presented in calendar years, adjusted for outliers.

## Core holdings as % of GPV

■ Core    ■ Emerging



## Portfolio review CONTINUED

**£1,371m**

Gross Portfolio Value at  
31 March 2023

**£138m**

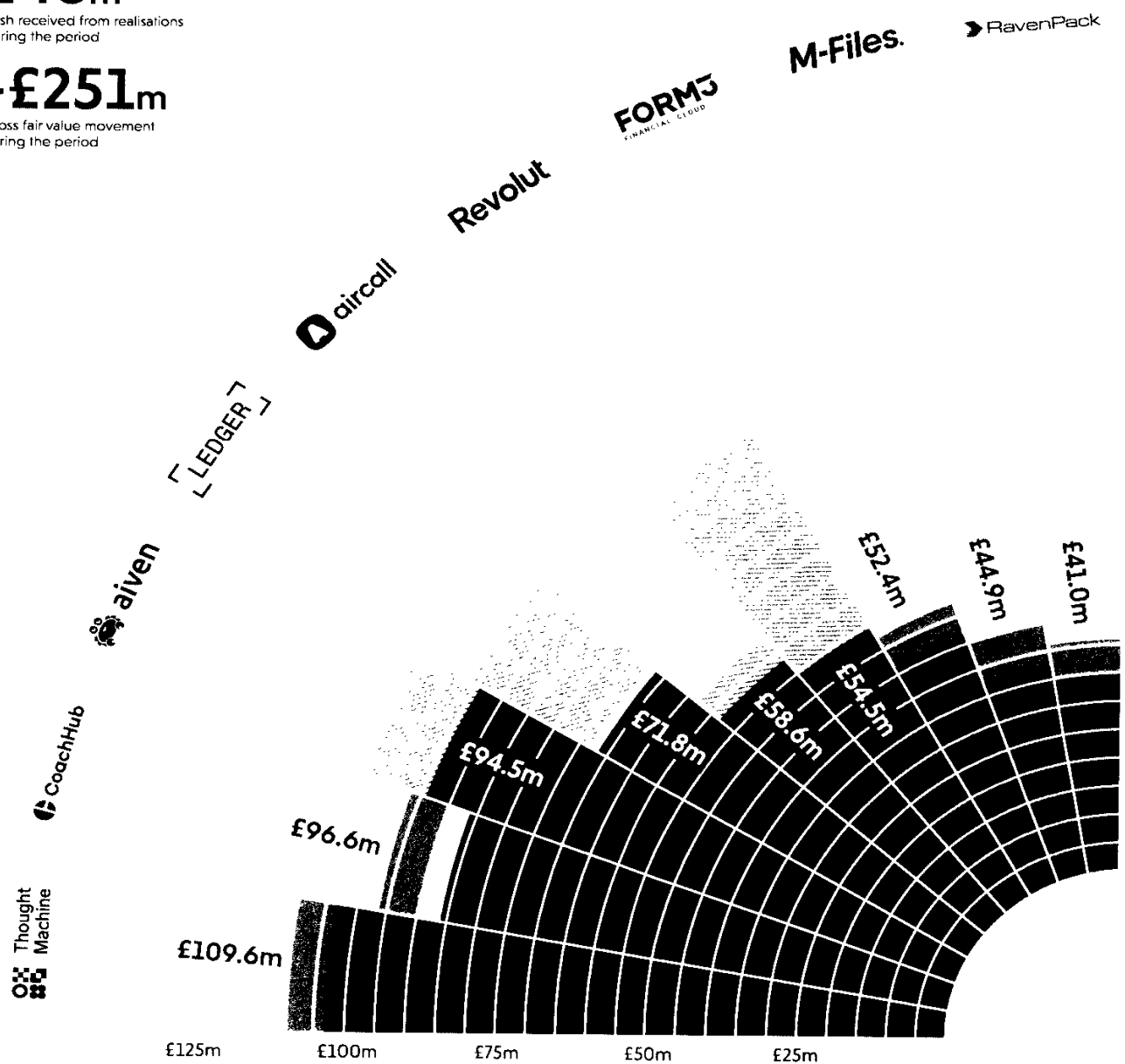
Cash invested during the period

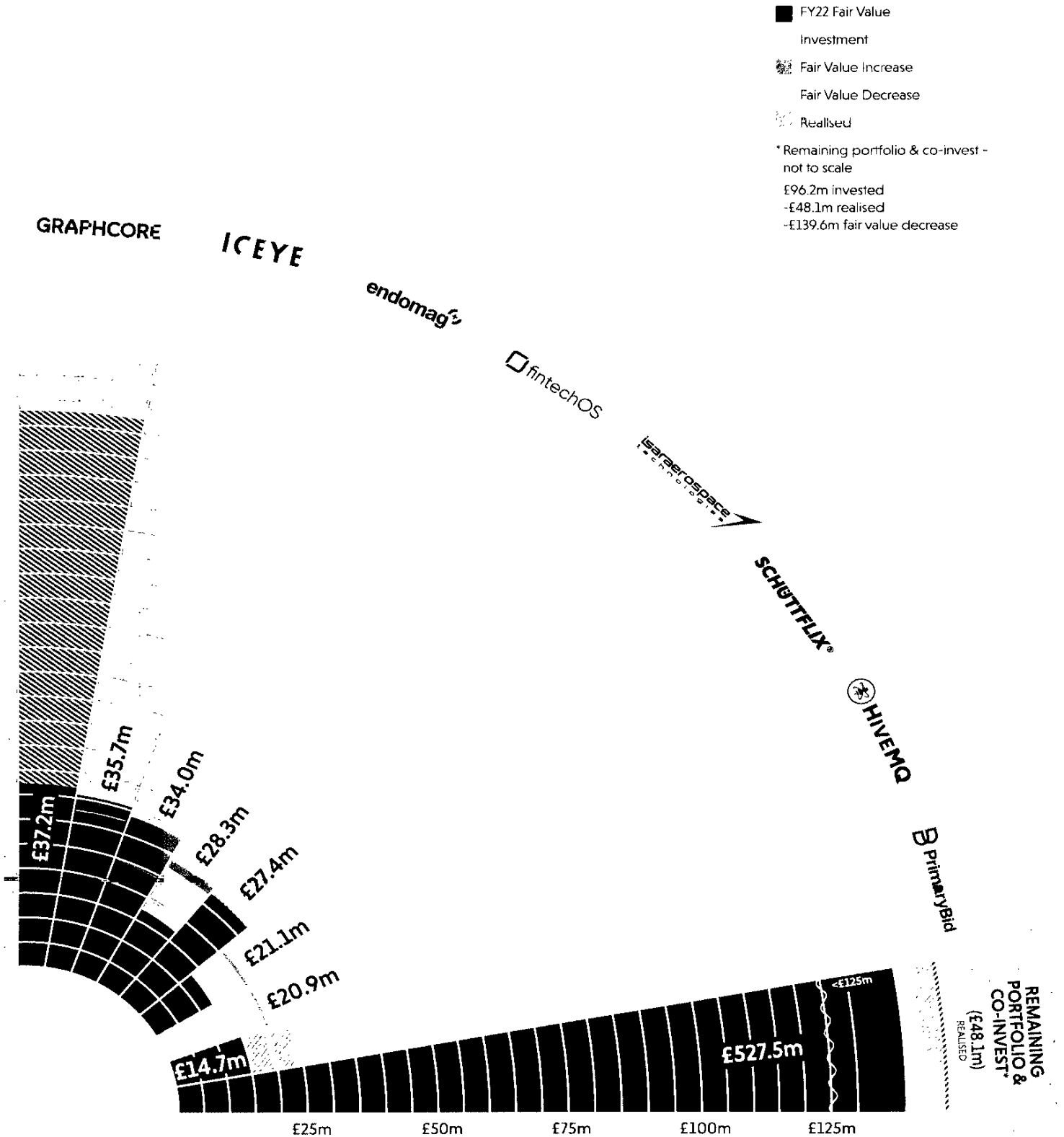
**£48m**

Cash received from realisations  
during the period

**-£251m**

Gross fair value movement  
during the period





# Portfolio review CONTINUED

During the period, we continued to operate in significant macro volatility, but we are well-diversified across our four key sectors and continue to be confident in the robustness of our portfolio. Cash runway within the portfolio is a key focus within the current environment. We have continued with discipline around our investment process, deploying £138 million.

## Portfolio valuations

The Gross Portfolio Value as at 31 March 2023 is £1,371 million, a decrease of £161 million from the 31 March 2022 value of £1,532 million. This represents a 16% decrease in gross fair value. £251 million is a net decrease, resulting from a £293 million decrease in the gross fair value, offset by £42 million FX. Valuations remain robust due to 97% of the portfolio value holding downside protection thanks to preference rights.

Our portfolio valuations process continues to follow the IPEV Guidelines and aligns to the market movements in the period; we have seen significant movements in some of our key assets to reflect public market comparatives movements. We continue to see overall revenue growth in our portfolio companies with forecast weighted average revenue growth in the core of over 65% in the year, reflecting the continued innovation and digital transition continuing across sectors.

The Core Portfolio is made up of 17 companies representing 62% of the Gross Portfolio Value. New entrants to the core are Fintech OS, HiveMQ and Schüttflifx while Cazoo, Trustpilot, Lyst, Freetrade, Smava, and N26 are not above the threshold for the core in this period.

## New Companies

During the period, we invested £61 million into new entrants to the portfolio, including:

- **HiveMQ** – Molten led a £40 million Series A funding round in HiveMQ, provider of the enterprise MQTT messaging platform. HiveMQ's messaging platform allows companies to capitalise on the industry trend of connecting IoT devices to the cloud. From its roots in the automotive industry in Germany, HiveMQ has grown into other sectors and internationally.
- **Friday Finance** – Molten led a US\$20 million Series A funding round in Friday Finance, a finance management platform designed to help businesses save time and money. Friday Finance integrates into the existing systems of customers, connecting to the banks its customers already use, so they do not have to switch from their existing financial solutions. Friday Finance offers the user quick insights into their finances and allows them to consolidate multiple accounts in one place.
- **&Open** – Molten led a US\$26 million Series A funding round in &Open, a gifting platform that helps companies to send meaningful gifts at scale. &Open helps brands curate high-quality, design-led, and responsibly sourced gifts for customers around the world. As companies strive to keep employees, customers, and partners engaged amidst competing priorities, a global pandemic, and the proliferation of hybrid and remote work, &Open has experienced a period of exponential growth, increasing Annual Recurring Revenue (ARR) by over 376% and growing new clients by 270% in the last year.
- **SettleMint** – Molten co-led a £16 million Series A funding round for SettleMint, a high-performing low-code platform for building blockchain applications. The company has established itself as the category defining platform for blockchain application development for enterprise and is trusted by leading banks, financial services providers, global retailers, manufacturers and by innovators in the public sector.
- **Altruistiq** – Molten has led a £15 million funding round in Altruistiq, a Climate Tech company whose emissions reduction model is leading the change in corporate carbon measurement. Altruistiq's platform enables large enterprises with complex supply chains to automate sustainability data measurement, management and exchange. Altruistiq brings unparalleled accuracy in data reporting, breadth of supply chain integration, and the ability to make lasting change that goes deeper than simply a commitment to carbon offsets.
- **Vaultree** – Molten co-led a US\$13 million Series A funding round for Vaultree, an end-to-end encryption company who makes it possible to work with fully encrypted data without the need to decrypt the information or surrender security keys. The technology enables searchable, Fully Homomorphic Encryption (FHE) at plaintext speed – a step change in the secure, scalable processing of data.

## Follow-on

We continue to support our existing portfolios as they grow, investing £41 million into follow-ons (excluding secondaries), including:

- **Fintech OS** – Molten invested £10 million during the period in Fintech OS, providing an open-source solution for banks and the insurance industry. For further information on this company please refer to the Portfolio update.
- **CoachHub** – we participated with a further £4 million investment in a US\$80 million Series B extension round in CoachHub. CoachHub is the leading global talent development platform and enables organisations to create a personalised, measurable, and scalable coaching program for the entire workforce, regardless of department and seniority level. CoachHub uses artificial intelligence to match individuals with more than 2,500 certified business and wellbeing coaches in 70 countries across six continents, with coaching sessions available in more than 60 languages.
- **Clue** – we invested £4 million as part of the extension to the Series C round. Clue is a leading brand in FemTech, constantly evolving its application environment recently launching new products for pregnancy and birth control and its period tracking app is now monetised. The company's vision is to enable women to make good decisions in line with their biology and has resonated globally and the company is considered a leading brand in the FemTech space.
- **Schüttflifx** – we participated in the company's Series A extension with a further £7 million investment. For further information on this company please refer to the Portfolio update.

- **Finalcad** – we invested £3 million in April 2022 in a Series C round. Finalcad is the global leader in digital transformation for construction, infrastructure and energy. Its unique combination of software, change management, and data helps construction stakeholders to change the way they build. Since 2012, Finalcad has delivered more than 20,000 projects across 35 countries, and has secured over \$63 million in funding from investors including, Cathay Innovation, Salesforce Ventures, Serena, Aster, and CapHorn Invest.
- **FocalPoint** – we participated with an investment of £3 million in a Series C funding round of £23 million by FocalPoint, following on from the Series B investment made in 2021. FocalPoint's groundbreaking super correlation software enables a new class of satellite positioning receiver that can measure the directions of the incoming signals, allowing them to ignore reflected signals and fake "spoofed" signals, making them more accurate in cities and more resilient against spoofing attacks.
- **Agora** – we invested £2 million in their latest fundraise. Agora's vision is to build the largest social commerce platform for beauty in Europe. Users can watch live streams or video reviews from ambassadors testing and reviewing products. During these live shows, users can engage with the streamers via comments and emojis, as well as directly buy the product via the marketplace.
- **Fluidic Analytics** – the Company invested £1 million in a Series C raise with a further £4 million invested via our EIS/VCT funds in the period. Fluidic brings together the best of biophysical and digital technologies to help their customers understand the machinery of life. Their products are based on a fundamentally new technology platform developed at the University of Cambridge. This platform enables the rapid characterization of proteins based on the physical properties that determine their function. And because proteins are characterized in solution and in their natural state without the need for surfaces, matrices or ionization – this platform gives our customers access to unique quantitative insights into protein behaviour that are not accessible using other approaches.
- **Aktiia** – we invested CHF2 million in a convertible loan note. Aktiia develops blood pressure monitoring wearables, which monitor blood pressure automatically throughout the day.
- **BeZero Carbon** – we participated in the US\$50 million Series B funding round. BeZero Carbon is a ratings agency for the voluntary carbon market. Combining expertise across climate science, finance and policy, it provides ratings, risk and data tools that improve information accessibility and decision-making. Its aim is to build markets for environmental impact.
- **Manna** – we invested US\$3 million in a convertible loan note. Manna provides drone delivery as a service stack to restaurant chains, dark kitchens, and online food delivery platforms. Manna enables, transforms and grows local businesses of all types by powering a three-minute delivery service across a 30 square mile catchment area for them. Reaching more customers – more quickly and in a more scalable way than road-based delivery.
- **Freetrade** – we invested £1 million in a convertible bridge. Freetrade is a brokerage application that offers mobile based share dealing services. They believe investing should be accessible to everyone.
- **Contrarian VC Fund I (Lithuania – Climate Tech)**  
Contrarian Ventures is a hands-on, community-focused, and founders vetted seed-stage sustainable energy transition-focused venture capital firm investing across Europe and Israel. The firm is aiming to be the top investor choice for Climate Tech founders at the seed stage and be the first institutional capital in leading Climate Tech companies.

## Earlybird

During this period, funds managed by Earlybird Digital East and Earlybird Digital West drew down £7 million. This allows us, via our partnership with Earlybird into their Digital East Fund I, Growth Opportunities Fund, and Earlybird West's Fund VI and VII, to continue to access earlier stage companies in Germany and Europe with the benefit of Earlybird's expertise.

## Realisations

Total cash proceeds from realisation and distribution during the year are £48 million. Of the £48 million, we have generated proceeds of £13 million during the period from the sale of Trustpilot shares and proceeds of £12 million from the sale of UiPath shares.

Included within the £48 million of realisations in the year is the syndication of part of our Fund of Funds programme. On syndication with a third party, we realised £13 million from the investment vehicle.

## Post period-end

As part of our portfolio management and to generate additional liquidity, we have agreed a secondary sale for 10% of our Earlybird Fund VI investment on 28 April 2023, realising €14 million (£13 million).

## Fund of Funds

Our seed and early-stage Fund of Funds programme continues to expand, providing access to earlier stage companies, as well as deal flow opportunities for the highest quality companies from within these portfolios. During the financial year, we committed to another 18 funds, bringing our total commitments to 75 funds. Total commitments to new and existing seed funds at 31 March 2023 are £148 million, of which £78 million has been drawn to year-end (£26 million during the year excluding external LPs). It is anticipated the remaining £70 million will be drawn over the next three to five years.

Among the new funds within our portfolio are:

- **Sisu Ventures III (Finland – Gaming)**  
Sisu Game Ventures is an early-stage venture capital fund focused 100% on games. Established in 2014 to support the most promising founders in the industry. Sisu has deep roots in the Nordic region, but their network of founders is fully global.
- **Educapital Fund II (France – EdTech)**  
Educapital is a leading pan-European fund specialized in the future of education and the future of work. Educapital covers all segments of education (Early Childhood, K12, Higher Education, Corporate Training, Lifelong Learning and Future of Work) by investing in companies combining financial performance and social impact/learning outcome.

## Portfolio review CONTINUED

### Core company updates

The Molten Ventures Core Portfolio is made up of 17 companies representing 62% of the Gross Portfolio Value. New entrants to the core are Fintech OS, HiveMQ and Schüttflix. The companies not included in the Core in this period are Cazoo, Trustpilot, Freetrade, N26 and Smava.

Note – narrative updates based on publicly available information from the Core portfolio companies.



Aircall is a cloud-based call centre and telephony platform for businesses. The voice platform integrates with CRM and helpdesk tools to enhance engagement between businesses and their customers, enabling better customer support and sales engagement. Aircall can be set up in any business with internet access and APIs into over productivity and communication tools. The platform's powerful analytics engine helps sales teams improve productivity, leaving a valuable and collaborative audit trail. The company has six global offices and over 700 employees.

Aircall has been focused on expanding the product offering and has significantly improved the feature-richness, including new modules related to analytics, voice AI, and smart routing. This allows Aircall to keep growing with its current customers as well as deliver an improved customer experience.

Aircall crossed the \$100m ARR mark in 2022 while maintaining growth at scale, evidencing the large and untapped market in midmarket cloud-based telephony.

Location: **France**

Sector: **Enterprise Technology**

Invested:

**£14m**

Fair Value:

**£59m**

UN Sustainable Development  
Goals Mapping\*



Aiven provides access to the latest open-source technologies, offering managed service solutions for popular use cases including video streaming, database management, analytics and data visualisations. Aiven's products are built using public cloud infrastructure such as Apache Kafka, Cassandra, Elasticsearch, M3 and PostgreSQL, supporting developers around the world with building new applications without having to manage backend infrastructure.

Aiven has rolled out its product suite on the Microsoft Azure marketplace, supporting more developers building products on Azure's cloud architecture.

Aiven has been investing in key hires with experience in scaling software businesses. The most recent hire includes David Wyatt as Chief Revenue Officer who has previous experience with Databricks and Mulesoft. In addition, Aiven has hired four Vice Presidents to help manage the firm's operations, and two Sales VP's to focus on expanding its expansion in Asia.

In May 2022, Aiven raised \$210m in its Series D round, valuing the business at over \$3bn. The company is continuing to invest in expanding the business with a focus on Asia.

This investment is held via Earlybird.

Location: **Finland**

Sector: **Enterprise Technology**

Invested:

**£5m**

Fair Value:

**£95m**

UN Sustainable Development  
Goals Mapping\*





CoachHub is a leading online professional coaching platform that enables organisations to create a personalised, measurable, and scalable coaching program for their employees, regardless of department and seniority level. By doing so, CoachHub aims to help organisations to realise the benefits of professional coaching like increased employee engagement, higher productivity, improved job performance and retention.

In May 2022, CoachHub launched the Digital Coaching Institute (DCI) – an online community for business coaches within the CoachHub network. The first of its kind to be offered by a global digital coaching platform, this network gives coaches the space to connect with like-minded colleagues across the globe, access upskilling opportunities, and benefit from additional training and coaching supervision.

In June 2022, CoachHub closed a \$200m Series C round, led by Sofina and Softbank with participation from Molten Ventures. This supports the further scaling of CoachHub's product innovation and operations while accelerating the company's global expansion. This round follows the closing of an \$80 million round just eight months prior.

In October 2022, CoachHub secured a carbon neutral company certification, adding another milestone to its existing sustainable activities.

In March 2023 CoachHub unveiled the next generation of coaching potential through AIMY, a personalised conversational AI career coach. The product was built by leading behavioural scientists, coaching professionals and AI Engineers, and is currently available as a free beta offering.

CoachHub is fuelling its APAC expansion by increasing its coach headcount by 75% in the region, and unveiling new offices in Singapore and Tokyo to offer more support to its customers in the region.

Location: **Germany**

Sector: **Enterprise Technology**

Invested:

**£31m**

Fair Value:

**£97m**

UN Sustainable Development Goals Mapping\*



Endomag was founded in 2007 and produces surgical guidance products which allow surgeons to accurately remove cancerous tumours preventing unnecessary surgery and improve outcomes and patient experience. At present, Endomag focuses on improving the standard of care for breast cancer patients.

Endomag has two primary products, Magtrace and Magseed addressing lymphatic tracing for sentinel node mapping and markers for locating breast cancer lesions respectively without the use of radioactive materials. In January 2023, Endomag replaced Sysmex as the exclusive provider of Sentimag (the system used to track Magtrace) for the UK, France, Germany and Nordic regions.

In addition, at the beginning of 2023 Magtrace received full indication approval from the FDA. Until this point, US surgeons have only been able to use Magtrace on patients undergoing a mastectomy. Now US patients undergoing a lumpectomy can also receive Magtrace for breast cancer patients as they currently do in the UK, Europe and Australasia.

Location: **Cambridge, UK**

Sector: **Digital Health & Wellness**

Invested:

**£9m**

Fair Value:

**£34m**

UN Sustainable Development Goals Mapping\*



# Portfolio review CONTINUED

Core company updates

## fintechOS

fintechOS is a global leader in high productivity fintech infrastructure (HPFI), helping companies across any domain rapidly launch and manage the next generation of financial products and services. fintechOS solutions also give companies the ability to engage customers across new digital channels, and to service their operations more effectively.

fintechOS is rolling out a new version of its product with improved flexibility and configurability. The company has been focused on building out its community and expanding its Fintech Academy designed to help drive the adoption and expansion of the fintechOS offering.

fintechOS has strengthened the senior leadership team, especially in North America, with industry veterans:

- Hired a strong CMO, Josie Sutcliffe, with 25 years of experience leading marketing function, designing new categories, driving demand generation and pipeline creation as well as brand building for different SAAS products. She has settled in the new role and has already made a real difference in shaping the marketing strategy as well as driving demand generation.
- Hired a seasoned COO, Glenn Anschutz, Previously CEO and President of OneShield Software. He is supporting the US expansion as well as helping to implement best-in-class and efficient customer service function.

Location: **UK**

Sector: **Enterprise Tech**

Invested:

**£27m**

Fair Value:

**£28m**

UN Sustainable Development Goals Mapping\*



## **FORM3** FINANCIAL CLOUD

Form3 provides a cloud-native, real-time payment technology platform to enable banks and regulated fintechs to create new tech-enabled products and experiences.

Across FY23 the company focused on scaling into a global player in the payments space partnering with Goldman Sachs' Tx8 cross border and FX platform. Form3 can now access payment services in 124 currencies across 163 countries.

Form3 also joined the FedNow pilot program helping to modernise the US payment landscape embedding Form3's cloud-native architecture to the world's largest currency. FedNow will provide interbank clearing and settlement, enabling real-time funds transfer between receivers and senders.

Form3 grew their workforce by 20% over 2022 through their partnership with Deel (a remote working and collaboration platform). They offered their sparsely located workforce a flexible option to stay with the company, improving retention and scaling their employee base.

Following the company's successful Series C led by Goldman Sachs raising \$160m in 2021, Form3 raised a further €23m in a private credit facility from Atempo Growth in October 2022 to continue accelerating the business progress.

The company has recently engaged Accenture to support Nationwide Building Society's digital payments infrastructure.

Location: **UK**

Sector: **Enterprise Tech**

Invested:

**£30m**

Fair Value:

**£52m**

UN Sustainable Development Goals Mapping\*





## GRAPHCORE

Graphcore is a machine intelligence semiconductor company, which develops Intelligent Processing Units ("IPUs") that enable world-leading levels of AI computing. The IPU architecture enables AI researchers to undertake entirely new types of work, thereby helping to drive advances in machine intelligence.

In June 2022, Graphcore began working with Japan's Kindai University who are using Graphcore's IPU for their machine learning program, expanding research into brain-line information processing. Kindai is the first Japanese university to join Graphcore's industry-academic collaboration program which includes Stanford University, Imperial College London, the University of Oxford, CERN, and numerous others.

In August 2022, Graphcore launched a partnership with Paperspace, a machine learning platform specialising in on-demand high-performance computing to share Graphcore's IPUs with their network of developers promoting Graphcore's IPUs to a host of new AI engineers.

Location: **Bristol, UK**

Sector: **Hardware & DeepTech**

Invested:

**£24m**

Fair Value:

**£37m**

UN Sustainable Development Goals Mapping\*



## HIVEMQ

HiveMQ's messaging platform (MQTT) is designed for the fast, efficient and reliable bi-directional movement of data between device and the cloud. From its roots in the automotive industry in Germany, HiveMQ has grown into other sectors and internationally.

Molten Ventures led a €40m Series A funding round in HiveMQ in May 2022.

In July 2022, Frost & Sullivan, the research and consulting firm, analysed the manufacturing MQTT connectivity platforms industry and, based on its assessment results, recognised HiveMQ with the 2022 Global Entrepreneurial Company of the Year Award.

In September 2022, HiveMQ released a new feature that makes it possible to trace and debug MQTT data streams from device to cloud and back. Complete IoT observability requires insight into three pillars: metrics, traces and logs. HiveMQ has added distributed tracing to help organisations achieve end-to-end observability and make their IoT applications resilient and perform better.

In September 2022, HiveMQ announced the availability of the HiveMQ Enterprise Extension for Google Cloud Pub/Sub, a new feature that integrates MQTT data into Google Cloud. This allows organisations to benefit from HiveMQ's standards-based platform to send IoT data reliably and securely to Google Cloud enterprise services such as monitoring, advanced analytics and machine learning.

Location: **Germany**

Sector: **Hardware & DeepTech**

Invested:

**£20m**

Fair Value:

**£21m**

UN Sustainable Development Goals Mapping\*



# Portfolio review CONTINUED

Core company updates

## ICEYE

Iceye's radar satellite imaging service, with coverage of selected areas every few hours, both day and night, helps clients resolve challenges in sectors such as maritime, disaster management, insurance, finance, security, and intelligence with actionable information. ICEYE is the first organisation in the world to successfully launch synthetic-aperture radar (SAR) satellites with a launch mass under 100 kg.

Following Iceye's latest fundraising round earlier in 2022 of \$136m the company has raised \$304m in total from a variety of both Venture Capital investors and strategic investors like BAE systems and the UK's National Security Strategic Investment Fund.

As part of Iceye's latest financing round, Tokio Marine (a Japan based global insurance company) participated sparking a partnership to focus on the digital transformation of Tokio's natural disaster insurance business.

Iceye's US subsidiary has recently signed a contract with NASA for a five-year purchase of Iceye's synthetic aperture radar data to advance NASA's earth science analysis and application portfolios.

Iceye also won the "Top Startup Partner" accolade from Esri (a global leader in location intelligence) unlocking new customer segments and joining Esri's network of over 2,800 partners.

Location: **Espoo, Finland**

Sector: **Hardware & Deeptech**

Invested:

**£23m**

Fair Value:

**£36m**

UN Sustainable Development Goals Mapping\*



## isaraerospace

Isar Aerospace develops and builds launch vehicles for transporting small and medium sized satellites, and satellite constellations, into Earth's orbit.

Isar welcomed Alexander Oelling as Chief Digital Officer. Alexander will support Isar Aerospace's scaling along the company's integrated value chain.

Isar also expanded the team having hired David Knonator as CFO. David has previous experience as an Executive and Private Equity.

In March 2023, Isar closed a Series C funding round, raising \$165 million. The round was completed a series of Venture Capital and strategic investors.

Exotrail and Isar signed launch service agreements where Exotrail's spacedrop™ delivery service will use Isar Aerospace's launch vehicle Spectrum on multiple firm launches between 2024 and 2029 to deliver satellites in LEO and GTO orbits.

This investment is held via Earlybird.

Location: **Germany**

Sector: **Hardware & Deeptech**

Invested:

**£5m**

Fair Value:

**£27m**

## LEDGER

Ledger produces hardware wallets for crypto and related assets. They currently offer a range of products aimed at securing one's crypto portfolio in an offline physical device preventing bad actors from digitally accessing crypto assets. In addition, they have built a full stack software platform to help customers buy, sell and exchange their crypto assets securely.

- In June 2022 Ledger Market was released, this is Ledger's end-to-end Web3 distribution platform for artists, brands and users. This is a new distribution platform enabling artists, brands and users to create, store and distribute NFTs seamlessly and securely.
- In December 2022, Ledger Launched Ledger Stax, designed by Tony Fadell (creator of the iPod). The result is called Ledger Stax which is a handheld device with a powerful E Ink screen used to display and manage crypto assets including NFTs. The device has a unique screen which curves around the spine and supports over 5,000 coins.
- In March 2023, Ledger added a further \$109m of new funding to their Series C, totalling \$380m and led by 10T with participation from Molten Ventures. The round was raised at a valuation of \$1.4bn and included new investors such as True Global Ventures (TGV).

Location: **France**

Sector: **Hardware & DeepTech**

Invested:

**£29m**

Fair Value:

**£72m**

UN Sustainable Development Goals Mapping\*



## M-Files.

M-Files is an intelligent file management platform allowing its customers to organise their content to improve search efficiency, categorisation, and document security. The platform connects to existing folder networks and uses AI to help best categorise information.

- M-Files has continued to advance its platform providing further improvements in mobility and accessibility, content collaboration, enhanced decision-making, and superior user experience.
- In 2022, M-Files boosted sales in Western Europe by 59%, grew bookings for Professional Services' industry customers by 30%, and gained 100 new clients for its external collaboration solution, M-Files Hubshare, reaching new milestones in key growth metrics.
- M-Files was recognised in the 2022 KMWorld AI 50 list, named a winner in the Business Intelligence Group's Artificial Intelligence Excellence Awards, and M-Files' intelligence service, Smart Migration, was named a finalist in the 2022 CRN Tech Innovator Awards.
- Earlier in 2022, Bob Pritchard joined the team as CRO along with two new Board appointments (Nancy Harris and Christophe Duthoit joining as Non-Executive Directors).
- Additionally, the company recently expanded its offering with its acquisition of Ment in February 2023, enabling legal professionals to generate complex data-driven documents more quickly and consistently.

Location: **US**

Sector: **Enterprise Tech**

Invested:

**£7m**

Fair Value:

**£45m**

UN Sustainable Development Goals Mapping\*



# Portfolio review CONTINUED

Core company updates

## PrimaryBid

PrimaryBid is a technology platform that allows everyday investors access to public companies raising capital. The PrimaryBid platform enables retail investors to retail investors transact at the same time and at the same price as institutional investors.

In February 2022, PrimaryBid announced a \$190m Series C led by Softbank used to fuel the business's expansion.

In October 2022, PrimaryBid launched its pan-European Connect Platform enhancing customer's access to IPOs, placings and bonds. Over 60 brokerage partners have signed up to the platform including AJ Bell, Hargreaves Lansdown and Interactive Investor.

In January 2023, the company appointed a new COO, Fiona Richards, who will lead global operations and strategic planning.

Location: **UK**

Sector: **Consumer Tech**

Invested:

**£14m**

Fair Value:

**£15m**

UN Sustainable Development Goals Mapping\*



## RavenPack

RavenPack is a leading provider of insights and technology for data-driven companies. The company's AI tools and products allow financial institutions (including the most successful hedge funds, banks, and asset managers in the world) to enhance returns, reduce risk and increase efficiency by systematically incorporating the effects of public information on their models and workflows.

- The Credit Suisse RavenPack AI Index won the "Index of the Year" Award from Structured Retail Products. This recognition comes only nine months after exceeding US\$1bn in notional derivatives linked to it.
- In September 2022, RavenPack, in collaboration with LinkUp, announced the release of the RavenPack Job Analytics product, a predictive dataset sourced directly from the websites of more than 60,000 employers globally to enable customers to measure business growth, innovation, financial health and strategic direction. RavenPack and LinkUp partner to deliver workforce intelligence from over 200 million job postings.
- In June 2022, RavenPack announced the appointment of Aakarsh Ramchandani as its first Chief Strategy Officer. Aakarsh joined from Third Point, a \$15bn Hedge Fund where he oversaw data science and product strategy.

Location: **Marbella, Spain**

Sector: **Enterprise Tech**

Invested:

**£8m**

Fair Value:

**£41m**

UN Sustainable Development Goals Mapping\*



## Revolut

Revolut is a global financial services company that specialises in mobile banking, card payments, money remittance, and foreign exchange.

Revolut continues to reach new heights as the consumer fintech app surpasses 28m customers globally, processing over 250m transactions per month. The company supports banking services in over 200 countries/regions across 29 currencies.

Revolut announced profitability for 2021 posting £40m in profits for the period.

Over 2022 they expanded into new locations across the Americas, Europe and Asia.

Revolut is also looking to expand their business customer offering which has over 500k users.

Location: **UK**

Sector: **Consumer Tech**

Invested:

**£7m**

Fair Value:

**£55m**

UN Sustainable Development Goals Mapping\*



## SCHÜTTFLIX®

Schüttflix is the first logistics hub for the construction bulk-materials industry that works digitally and supplies sand, gravel and grit on the spot.

The Schüttflix app connects suppliers and carriers directly with customers from the road construction, civil engineering, gardening and landscaping sectors, transforming the market for all custom construction bulk materials into an efficient, Germany-wide ecosystem.

In August 2022, Schüttflix's app went live in the Polish market. The Polish market presents a clear opportunity for the digitisation of the construction site, facilitating the work of general contractors in obtaining aggregate offers quickly and efficiently. Within a month, 100 companies joined the platform.

Location: **Gütersloh, Germany**

Sector: **Enterprise Tech**

Invested:

**£20m**

Fair Value:

**£21m**

UN Sustainable Development Goals Mapping\*



## Thought Machine

Cloud native banking technology company, Thought Machine, provides core banking infrastructure to both incumbent and challenger banks. The company's technology provides an alternative, flexible cloud-based solution that can be configured to provide product, user experience, operating model, or data analysis capability.

Thought Machine launched a cloud-native card and payment processing platform in 2022 as part of its "Vault" product offering called Vault Payments.

Earlier in 2022, Thought Machine closed its Series D led by Temasek of \$160m valuing the business at US\$2.7bn.

Thought Machine continues to add top clients to its roster now including the Softbank backed US consumer finance app M1 which has over \$6bn in AUM.

Location: **UK**

Sector: **Hardware & Deeptech**

Invested:

**£37m**

Fair Value:

**£110m**

UN Sustainable Development Goals Mapping\*



\* Refer to pages 52-53 for details

# Sustainability Report

## ESG at Molten in numbers

This year...

**55**

portfolio companies mapped to at least one UN SDG

The Molten team comprised of

**40%**

female personnel

We provided

**63%**

of new investments made during FY23 with financial support towards their carbon footprint calculations or offsetting

**100%**

of our employees\* completed Bullying and Harassment training

We offset

**177**

tCO<sub>2</sub>e which represents 100% of our Scope 1 and 2 and select Scope 3 emissions for calendar year 2022

**91%**

of FTEs who reported data used public transport, cycling or walking as their main mode of transport for their commute

**52%**

of portfolio companies have had 1:1 ESG onboarding with our ESG Lead

**78%**

of portfolio companies have completed our ESG Framework for at least one iteration

\* 100% of full-time employees during Q4 of FY23 (excluding those on parental leave).

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# Sustainability overview

## Progressing our ESG journey

This year we have continued to make progress in our ESG journey, at both a company and portfolio level. We use our corporate purpose, which is to advance society through technological innovation, to provide a level of strategic direction to the work we carry out and the long-term vision we are developing. Understanding what is important to our people and to our portfolio is critical in leading our efforts, and focusing our responsibility to create positive, tangible change. As such, we are committed to maturing and refining our ESG agenda over time and recognise that we, like many players in the VC industry, will continue to learn and adapt to the challenges that are presented along the way.

We are pleased to announce that we have achieved 100% of FY23 ESG KPIs, the details of which are outlined in the table below. These ambitious targets have been completed through hard work and collaboration of our ESG Working Group, with strategic guidance from the ESG Committee. While these KPIs have proven challenging, we are applying a more directional, long-term perspective to progress and achievement against our FY24 KPIs, as part of the evolution of our ESG strategy more widely.

FY23	ESG KPI	Completion update	Status
<b>Environment</b>	Implement a Climate Strategy which defines the Group's GHG reduction targets, KPIs and roadmap to net zero.	<ul style="list-style-type: none"> <li>Formal engagement with Accenture began in February 2023 on the development of our Climate Strategy which is presented in this Annual Report on pages 59-62. This Strategy is inclusive of Scope 1 and 2 reduction targets and portfolio engagement targets in alignment with best practice.</li> </ul>	<b>100% achieved</b>
	Engage with the management teams of at least 50% of direct primary investments during the period to establish their Scope 1 and 2 GHG emissions and assist with GHG reduction plans, footprint analysis and offsetting schemes up to a level of £10,000 per portfolio company.	<ul style="list-style-type: none"> <li>Engagement has taken place with 100% of new investment management teams on the financial support we offer towards GHG measurement, management, and offsetting and 63% have since utilised this opportunity.</li> </ul>	<b>100% achieved</b>
	Increase accuracy of Scope 3 measurements (upstream and downstream) to report against the SECR and TCFD frameworks.	<ul style="list-style-type: none"> <li>We have engaged with carbon emissions management specialists at our new partners, Altruistic and Accenture. SECR and TCFD are presented in the Annual Report on pages 63 to 71.</li> </ul>	<b>100% achieved</b>
	Undertake the Company's first CDP Climate Change disclosure.	<ul style="list-style-type: none"> <li>We submitted our disclosure in July 2022 for the full version of the Climate Change Questionnaire.</li> </ul>	<b>100% achieved</b>
<b>Social</b>	Develop the Group's D&I Recruitment Policy to track and report on D&I-related metrics through the hiring process.	<ul style="list-style-type: none"> <li>This policy is in place and HR has been tracking key D&amp;I metrics of new hires and active recruitment during the period.</li> </ul>	<b>100% achieved</b>
	Achieve implementation by 80-100% of directly held portfolio companies of a (i) Parental Policy and (ii) Health & Wellbeing Policy.	<ul style="list-style-type: none"> <li>Parental Policy – confirmed implementation by 84% of directly held portfolio companies.</li> <li>Health &amp; Wellbeing Policy – confirmed implementation by 81% of directly held portfolio companies.</li> </ul>	<b>100% achieved</b>
	Establish, track and report portfolio progress across a range of core D&I targets.	<ul style="list-style-type: none"> <li>The ESG Framework requests gender and ethnicity data across the Board, senior management/leadership and total workforce. This has been completed by 45 portfolio companies.</li> </ul>	<b>100% achieved</b>
<b>Governance</b>	Develop and publish a Group Human Rights Policy.	<ul style="list-style-type: none"> <li>Policy has been developed, received Board approval on 27 September 2022 and has been published on the website.</li> </ul>	<b>100% achieved</b>
	Achieve implementation by 80-100% of directly held portfolio companies of a (i) Cyber Security Policy, (ii) Anti-Bribery and Anti-Corruption Policy, (iii) Whistleblowing Policy, and (iv) Anti-Harassment Policy.	<ul style="list-style-type: none"> <li>Cyber Security Policy – confirmed implementation by 84% of directly held portfolio companies.</li> <li>Anti-Bribery/Corruption Policy – confirmed implementation by 88% of directly held portfolio companies.</li> <li>Whistleblowing Policy – confirmed implementation by 83% of directly held portfolio companies.</li> <li>Anti-Harassment Policy – confirmed implementation by 88% of directly held portfolio companies.</li> </ul>	<b>100% achieved</b>



FY23	ESG KPI	Completion update	Status
<b>Overarching</b>	Develop and formalise the Company's Corporate Purpose to articulate our core reason for being, in alignment with the Group's ESG Policy.	<ul style="list-style-type: none"> <li>Completed with Board approval and communicated to the wider team in April 2023.</li> </ul>	<b>100% achieved</b>
	Track and report on the metrics used by the Company to evaluate potential investments in alignment with the Company's ESG Policy.	<ul style="list-style-type: none"> <li>Our ESG Framework is completed as part of Due Diligence and on an ongoing basis has been completed by 78% of directly held portfolio companies, with key highlights presented on page 55.</li> </ul>	<b>100% achieved</b>
	Deliver two portfolio engagement events focussed on ESG-related risks and opportunities.	<ul style="list-style-type: none"> <li>FairHQ delivered event on D&amp;I in the recruitment process in February 2023.</li> <li>Gowling WLG delivered event focused on best practice in governance in March 2023.</li> </ul>	<b>100% achieved</b>

## FY24 ESG KPIs

The ESG KPI indexes 10% bonus entitlement for all staff and Executive Directors (see further details on page 112). These KPIs have been developed as part of the evolution in our ESG strategy towards target setting which is long-term, strategic and holistic in nature, reflective of our growing maturity in this area and our newly developed Climate Strategy.

Portfolio Level	PLC Level	Climate Strategy
<p><b>Demonstrate the value of strong ESG performance at both the fund and portfolio level to help ensure ESG is fully supported by key internal stakeholders</b></p> <ul style="list-style-type: none"> <li>Demonstrate engagement with 75%+ directly held portfolio companies (held throughout the period) at Molten's internal February 2024 Portfolio Strategy Day through the identification of at least one component aspect of ESG with each portfolio company that is understood to present an actionable commercial opportunity to help build business and accrue value in support of wider corporate targets</li> <li>Inclusion of an ESG agenda item and evidence of a material discussion of ESG topics in at least one board meeting during FY24 across 75%+ of directly held portfolio companies (held throughout the period) in which Molten has an appointed director</li> <li>Deliver improved aggregated portfolio ESG performance across directly held portfolio companies for which an ESG Framework assessment was carried out in FY22 and use data outputs to establish key champion areas that will be communicated to portfolio management teams at an annual ESG engagement and training event</li> </ul>	<p><b>Effectively embed Molten's Corporate Purpose and Climate Strategy on a company-wide level to ensure holistic understanding of their synergies and strategic direction</b></p> <ul style="list-style-type: none"> <li>All new investment opportunities assessed for alignment with our Corporate Purpose and Climate Strategy as part of the new investment case brought to Investment Committee</li> <li>All core portfolio companies assessed on their alignment to our Corporate Purpose and Climate Strategy</li> </ul>	<p><b>Implement our Climate Strategy and take action both internally and across the portfolio to drive carbon reduction through education and opportunity realisation</b></p> <ul style="list-style-type: none"> <li>Introduce internal carbon reduction initiatives targeting the reduction in our Scopes 1, 2 and/or 3 (categories 1-14) carbon emissions</li> <li>Identify any material "carbon intensity hotspots" within all of our directly held portfolio, and positively engage with 75%+ of the relevant management teams or appropriate dedicated personnel in those that have identified, to support them in their assessment/ understanding of their carbon emissions and reduction pathway</li> </ul>

# Activities in the year

## Sustainability at Molten Ventures

At Molten, we advance society through technological innovation; we do this by finding and equipping the best innovators with the tools they need to transform the way the world works. As responsible investors, we have a unique position to define our future by funding and championing innovative tech companies which deliver robust financial returns alongside strong ESG practices and performance. We integrate ESG across all facets of the business, including through deal sourcing and due diligence, portfolio management and in how we operate as a firm. We strongly believe that the businesses we back are more valuable assets when able to demonstrate a level of ESG maturity with a long-term view of the growing importance and expectations in this space.

Demonstrating resilience to the unique challenges presented by the climate crisis, and a commitment to foster an inclusive workforce of diverse thinkers are increasingly important factors within the investment decision process. In addition to this, we recognise the importance of practicing what we preach, and so continue to develop our internal ESG strategy, to ensure we are doing our bit. We are dedicated to reducing our greenhouse gas (GHG) emissions, promoting Diversity and Inclusion, and demonstrating good governance across our own activities and interactions with our portfolio companies.

- Offset 97 tonnes of CO<sub>2</sub>e attributed to Molten's FY22 Scope 1, 2 and select Scope 3 emissions through UK-based peatland restoration and tree planting projects with IUCN and VCS accreditations.
- Participated in *ESG in VC Office Hours* event meeting founders specifically tackling S – "Social" and "G" – Governance issues, to offer them guidance on their journey.

- Group-wide Diversity, Equality and Inclusion Recruitment Policy was updated to include quantitative metrics
- ESG Committee held its first meeting
- ESG-focused Purpose Workshop was delivered for the ESG Working Group alongside company-wide Corporate Purpose Workshops

- First full Climate Change questionnaire was submitted to CDP
- Our first Volunteer Day was led by The Royal Park's Trust on wildlife restoration
- Donated total combined sum of £81,000 to cover portfolio company losses incurred directly as a result of the Russia Ukraine conflict

- Developed 13 template policies as part of Sustainability Toolkit to share with portfolio companies
- Published our Groupwide Human Rights Policy

- Shared portfolio ESG data gathered through our ESG Framework with ESG\_VC for inclusion in their 2022 report on industry trends in portfolio performance in ESG

- Reported first iteration of data as signatory to the Investing in Women Code
- Ben Robson spoke at PEI's European Responsible Investment Forum: *Venture Capital: is venture catching up with PE on its approach to ESG?*

- Set up our office Multi-Faith and Wellbeing Room for a more inclusive office environment

- Molten hosted Portfolio Engagement Event: Building an Inclusive Hiring Process as you Scale, co-hosted by FairHQ

- Ben Robson spoke at UN PRI's webinar: *Responsible Investment in Venture Capital: Asset Owner expectations of VC GPs*
- Recognised as a Sustainalytics 2023 Top-Rated Company at industry and regional level

- Engaged with Accenture to support with our climate action and journey to net zero

- Joined the ImpactVC community initiative focusing on shared learnings to drive impact within venture

- Molten hosted Portfolio ESG Event: The Importance of Strong Governance
- Provided financial support to eight portfolio companies towards measuring, managing and offsetting their carbon footprint

- Mohadeseh Abdullahi from the Investment Team sat on a panel celebrating International Women's Day with DiversityVC, WVC:E and Cooley LLP

### Looking forward

- Building on our disclosure to improve our CDP score in this year's cycle
- First year of charitable activities of the Esprit Foundation
- Delivering against FY24 ESG KPIs (see page 47)

# Our ESG policy in action

Our mission is to advance society through technological innovation, to invent a future which is sustainable, fair and accessible to all. We aim to use our platform in VC to encourage and promote our ESG values and ESG considerations in developing best-in-class technology companies and achieving strong returns for our investors.

## External engagement and benchmarking

We believe it is important to demonstrate our commitment to ESG and responsible investment through voluntary involvement with external standards and frameworks. We remain at the formative years of our ESG benchmarking process, but as we begin to gather more longitudinal data, we hope to establish a baseline from which we can compare and track improvements in the future.



### UN Sustainable Development Goals ("UN SDGs")

We assess our entire portfolio against the UN SDGs and evaluate their alignment with specific targets and indicators as identified as part of our due diligence process.



### UN Principles for Responsible Investment ("UN PRI")

As signatories to the UN PRI we demonstrate our recognition of the role we play and responsibilities we hold in building a more sustainable financial system.



### Investing in Women Code

As signatories to the Investing in Women Code we highlight our commitment to female empowerment by working to improve female entrepreneurs' access to tools, resources and finance.



### The Taskforce for Climate-Related Financial Disclosures ("TCFD")

We are supporters of the TCFD and report annually to improve our understanding and management of the risks and opportunities presented by climate change, climate-related policy and emerging technologies.



### Streamlined Energy and Carbon Reporting ("SECR")

We report against the SECR, indicating our dedication to reducing our carbon emissions year on year through the implementation of energy efficiency measures.



### CDP

We report against the CDP Climate Change questionnaire to disclose our greenhouse gas emissions and other voluntary metrics in order to build transparency around our environmental impact.



### Diversity VC Standard

In FY2022 we attained our Diversity VC Standard Level 1 certification after an assessment of our recruitment, culture, dealflow and portfolio guidance policies compared to DEI best practice.



### Impact VC

We are a member of Impact VC which is a community-led initiative for knowledge, tools and resource sharing for the acceleration of impact within venture.

# Responsible investment

## Integration of ESG in our investment strategy

We are committed to a policy of responsible investment through the life cycle of our investments, from pre-screening to exit. We believe that ESG integration across our portfolio is paramount and enables us to fulfil our broader corporate purpose: to advance society through technological innovation. We aim to invest in businesses and entrepreneurs who recognise and embrace the need for more sustainable practices and strive to improve their ESG performance in order to contribute towards a more sustainable and prosperous future for all.

While we don't expect or demand the finished product, we do ask for a commitment from founders and management teams to meet or surpass our ESG targets during the lifetime of our investment with our support. We believe that in doing so, this creates value for our Shareholders and makes our portfolio companies more attractive for investment, against ever-growing expectations of investors, regulators, prospective talent and consumers.

Early and transparent dialogue with our portfolio companies about our ESG expectations allows us to work collaboratively, and to identify their business-specific ESG risks and opportunities, while providing the tools and guidance to help mitigate issues and achieve ESG-related goals which are set.

## Molten Team ESG training

We aim to ensure that ESG is not siloed within our investment process, but instead is an integrated component of our business model and investment strategy. Our approach to ESG is holistic throughout the Company and our ESG Working Group exemplifies the value of cross-team contributions and inclusive representation in this area.

We are committed to providing training to our wider team (including the Executive) on ESG topics to ensure continued understanding of the value of ESG, portfolio performance and the role we play in pioneering action towards sustainability and prosperity for all. This training is led with a particular focus on the Investment Team, recognising the unique contribution they have, and the enhanced impact this can produce. ESG training took place as part of our Investment Strategy meeting in January 2023 and was led by our internal ESG Lead and explored our progress to date in our ESG commitments both within the investment process and more broadly. The session also provided the Partnership Team and wider Investment Team with practical guidance for utilising the ESG data collected from portfolio companies for both initial and ongoing performance tracking.

ESG topics were also presented at our Portfolio Strategy day in February 2023, giving Company-wide visibility of our progress towards achieving our ESG KPIs and the positive contribution of ongoing support from the Investment Team in pushing our ESG agenda out to the portfolio.

In continuation of our ESG training (and internal communication), one of our FY24 ESG KPIs is to deliver an internal training session to the Investment Team, and other key internal stakeholders on the topic of ESG performance across the portfolio, to further integrate ESG into our investment strategy and portfolio management.

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We aim to use our position to help portfolio companies identify their business-specific ESG risks and opportunities, and provide the tools and guidance for them to mitigate and realise the same.

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## 01

### Pre-screening

We are mindful of the general themes surrounding ESG and our role as a responsible investor when considering potential investments.



### 02 Screening

We screen all prospective portfolio companies against our ESG Exclusion List which contains various assets we will not invest into.

## 03

### Due diligence

We distribute our ESG Framework to identify risks as part of the diligence process.

The output of this Framework is used to help inform our investment decision.

Significant ESG risks are flagged and escalated to General Counsel.



### Investment Committee

We outline ESG risks and opportunities as part of qualitative assessment in the Investment Committee paper.

Relevant ESG topics are explored as part of the Investment Committee discussion and decision-making process.

## 05

### Ownership

We monitor portfolio companies' performance through annual distribution of our ESG Framework and deliver bespoke ESG Events to help with integration of ESG strategies.











## 06

### Exit

We collate historic ESG data through the lifetime of the investment to produce a summary of ESG progress.

# Alignment of portfolio to UN SDGs

The Sustainable Development Goals (SDGs) were adopted by the United Nations (UN) in 2015 as a universal call to action ensuring a better and more sustainable future for all. The SDGs are intended to be achieved by 2030 and are made "actionable" through 169 targets and 231 indicators within each goal.

SDG/Sector				
				
Agritech, Foodtech	Digital health and wellness, Deeptech	Digital health, wellness and quality education, Deeptech	Digital health and wellness, SaaS	Deeptech, Fintech
Strongly aligned targets within each goal				
<b>Target 2.a</b> Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries. <b>No. of aligned companies</b> <b>1</b>	<b>Target 3.4</b> Reduce premature mortality through prevention and treatment and promote mental health and wellbeing. <b>No. of aligned companies</b> <b>6</b>	<b>Target 4.3</b> By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. <b>No. of aligned companies</b> <b>1</b>	<b>Target 5.1</b> End all forms of discrimination against all women and girls everywhere. <b>No. of aligned companies</b> <b>2</b>	<b>Target 8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors. <b>No. of aligned companies</b> <b>18</b>
<b>Target 2.4</b> By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters. <b>No. of aligned companies</b> <b>2</b>	<b>Target 3.7</b> Ensure universal access to sexual and reproductive healthcare services, including for family planning, information and education. <b>No. of aligned companies</b> <b>1</b>	<b>Target 4.4</b> By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. <b>No. of aligned companies</b> <b>2</b>		<b>Target 8.10</b> Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all. <b>No. of aligned companies</b> <b>9</b>
	<b>Target 3.8</b> Achieve universal health coverage, including financial risk protection and access to quality essential health-care services. <b>No. of aligned companies</b> <b>3</b>			
Total number of companies aligned to each UN SDG				
				

Each year, we carry out an assessment of our portfolio to identify companies that are strongly aligned to one or more of these goals and whose business model and operations demonstrate positive contribution towards the achievement of these goals. For two years running, 77% of the portfolio has mapped to at least one UN SDG. For more detail on the methodology we follow to undertake this assessment, please refer to page 54 of Annual Report FY22.



**Deeptech**



**Consumertech**

**SaaS**



**SaaS**



**SaaS**



**Deeptech,  
Hardware**

#### Target 9.1

Develop reliable, sustainable and resilient infrastructure, to support economic development and human wellbeing.

**No. of aligned companies**

**1**

#### Target 9.3

Increase the access of small-scale industrial and other enterprises to financial services including affordable credit.

**No. of aligned companies**

**5**

#### Target 9.4

Upgrade infrastructure and retrofit industries with increased resource-use efficiency and greater adoption of clean technologies.

**No. of aligned companies**

**15**

#### Target 9.5

Enhance scientific research, upgrade the technological capabilities of industrial sectors. Encouraging innovation and substantially increasing the number of R&D workers.

**No. of aligned companies**

**9**

#### Target 10.5

Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

**No. of aligned companies**

**2**

#### Target 11.3

Enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning.

**No. of aligned companies**

**1**

#### Target 11.6

Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and waste management.

**No. of aligned companies**

**5**

#### Target 12.3

Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

**No. of aligned companies**

**1**

#### Target 12.6

Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

**No. of aligned companies**

**5**

#### Target 13.1

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

**No. of aligned companies**

**1**

#### Target 13.3

Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

**No. of aligned companies**

**4**

#### Target 15.2

By 2030, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase both afforestation and reforestation.

**No. of aligned companies**

**1**



# Portfolio engagement in ESG

FOR MORE INFO SEE  
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As active, responsible investors, we recognise the importance and value of engaging with our portfolio companies to assess their performance in ESG through both quantitative and qualitative means. This occurs pre-investment, during the due diligence process and throughout the life cycle of the investment and allows us to develop tailored action plans for each of our portfolio companies.

The support required by the portfolio varies company to company, depending on factors such as sector-specific challenges, level of ESG maturity at the point of investment and champion areas they choose to focus their efforts on. As such, we have developed a range of proprietary tools and resources and gathered publicly available content and best-practice guidance for alignment to external standards and frameworks. These resources have been shared through the provision of our Sustainability Toolkit which includes 13 corporate policy templates, a staff survey for measurement of key D&I metrics and a job board directory to access more diverse talent pools. Depending on the specific needs of the portfolio company, a tailored selection of these resources is shared in order for them to develop their ESG strategy and in doing so, we believe, become a more valuable asset.

## ESG 1:1 engagements and onboarding

While we strive for a broader shift towards quantification in tracking and reporting of ESG metrics, we also see value in the richness of qualitative assessment of ESG performance through 1:1 engagements with our portfolio companies. These engagements allow for more free flowing discussion of potential challenges facing the portfolio so that we might help them overcome these while realising ESG opportunities and minimising ESG risks which may have been identified during the due diligence process. 1:1 engagements with Molten's ESG Lead have taken place either in person or remotely with 52% of our directly held investments. The direct impact of these support meetings will be explored on a longer time scale through disclosure against our FY24 ESG KPIs (see page 47). Next year, we will also be establishing a more formalised ESG onboarding with all new investments made during the period.

## Portfolio ESG data

As a continuation of our portfolio ESG data gathering exercise, we have for the second year distributed our ESG Framework to the majority of directly held portfolio companies during the due diligence process and then on an ongoing annual basis. Our ESG Framework has been developed in collaboration with ESG\_VC, a VC community led initiative, and constitutes of 48 questions on the following areas:

ESG – Environment	ESG – Social	ESG – Governance	
	Measuring diversity	Parental policy	Fair and equal pay
	Encouraging diversity and inclusion	Board oversight	Cyber security controls
	Staff wellbeing	Corporate policy	Health and Safety
	Working with community		



Exploring these themes allows us to build an understanding of material ESG risks and opportunities, particularly in relation to our TCFD reporting and Climate Strategy commitments. The output of the ESG Framework is an extensive breakdown of portfolio company performance by theme, as well as a quantitative score for each ESG pillar and an Improvement Plan as the starting point for a 12-month roadmap. Tracking and reporting ESG metrics across our portfolio allows us to aggregate and share data back to our portfolio companies to help them benchmark their ESG performance against their peers and monitor and improve their progress over time.

This year, 78% of portfolio companies completed our ESG Framework, providing us with valuable data and insights into their ESG activity and performance. Key findings from these data include the following:

FOR MORE INFO SEE  
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**15**

portfolio companies measure their carbon footprint, a further 10 intend to do so in the next 12 months

**56%**

of portfolio companies have energy-efficient measures implemented in their primary office

**49%**

of portfolio companies conduct equality, diversity and inclusion training for their staff

Average female representation on portfolio companies' boards is

**14%**

The average number of Board meetings held in the last 12 months by portfolio companies is

**6**

**84%**

of portfolio companies reported zero cybersecurity incidents in the last 12 months

## ESG engagement events

We recognise the importance of supporting our portfolio companies through educational means in order to build awareness of the ever-changing industry expectations and best practice guidance. As part of this, we hosted two portfolio engagement events this year in collaboration with external advisers detailing specific ESG challenges and opportunity areas most material to our portfolio.

The first of these was led by FairHQ, a tech platform which helps fast-growing companies embed D&I across their business using data, research and behavioural science. The session focused on building an inclusive hiring process as portfolio companies scale, through practical and actionable means. Attendees also gained insights into how to identify and overcome common biases in the hiring process and had a Q&A opportunity. There were 17 portfolio attendees at this event.

The second event was led by experts from Gowling WLG. More information on this event is located on page 75.

# ESG - Environmental

We annually report our GHG emissions and energy consumption in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These regulations implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). We qualify for SECR compliance on the basis of being a UK-based quoted company, and the following section presents our SECR disclosures for CY22.

## SECR statement

Our third year of Streamlined Energy and Carbon Reporting (SECR) compliance has been carried out by portfolio company Altruistiq, who were engaged on an arms length basis to assist with the calculation of our energy consumption and GHG emissions. Previously, emissions have been disclosed based on financial year ("FY22"), but this and subsequent years will be reported based on calendar year ("CY22") to better align calculation and reporting timelines. Therefore, while we present our FY22 figures below, we do not draw comparison between these figures and CY22 figures given cross over in 12-month time periods and changes in methodology which are outlined on page 57.

As per SECR requirements, energy and fuel use activities have been tracked in the UK and Ireland. The GHG emissions have been calculated using the appropriate emissions factors from BEIS's 2022 Government Conversion Factors. This work has been completed in line with the GHG Protocol guidance and covers all material Scope 1 and 2 emissions produced by Molten Ventures, under operational control. Molten does not have any GHG emitting vehicles under operational control, and due to our business model, Molten does not generate any process emissions. No fugitive emissions were recorded for the reporting year.

Table A below presents our CY22 global energy consumption and GHG emissions for SECR compliance. Our UK and Global (Ireland) emissions are reported as a combined figure for both FY22 and CY22.

**Table A: GHG emissions and energy use data for SECR**

	FY22	CY22
Total global energy consumption used to calculate carbon emissions (kWh)	192,056	42,948
Emissions from employees working from home (tCO <sub>2</sub> e) (Scope 3)	15.6	14.68
Emissions from combustion of natural gas in buildings (tCO <sub>2</sub> e) (Scope 1)	14.7	1.69
Emissions from purchased electricity in buildings (location-based) (tCO <sub>2</sub> e) (Scope 2)	5.0	6.52
Total organisational emissions (location-based) (tCO <sub>2</sub> e)	36.7	8.21
Total organisational emissions (market-based, from 100% renewable electricity) (tCO <sub>2</sub> e)	31.7	0.08
Carbon intensity ratio – carbon emissions per net asset value (NAV) (location-based) (kgCO <sub>2</sub> e/£100k NAV)	2.6	0.61
Carbon intensity ratio – carbon emissions per net asset value (NAV) (market-based) (kgCO <sub>2</sub> e/£100k NAV)	2.2	0.01
Carbon intensity ratio – carbon emissions per full-time employee (location-based) (kgCO <sub>2</sub> e/full-time employee)	574.9	103.5
Carbon intensity ratio – carbon emissions per full-time employee (market-based) (kgCO <sub>2</sub> e/full-time employee)	496.3	1.27

## Energy efficiency actions

We have implemented a range of measures and energy efficiency actions which are outlined in the carbon reduction section on page 58.

## Greenhouse gas emissions

In CY22, we calculated our Group-wide carbon footprint. This section presents our full carbon footprint, including our Scope 1, Scope 2 and all material Scope 3 emissions, along with the data collection and calculation methodologies used.

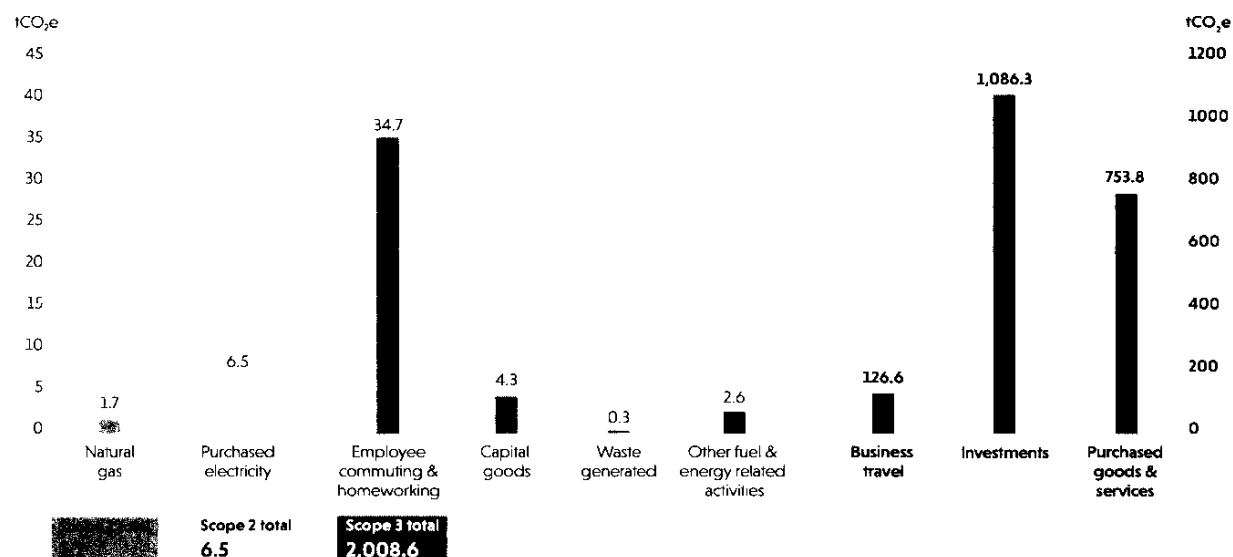
A key focus this year, and one of our FY23 ESG KPIs, was to increase the accuracy of Scope 3 measurements (upstream and downstream). This has been achieved using Altruistiq's GHG Protocol-aligned methodology as well as the provision of more granular data, particularly for purchased goods and services, capital goods, investments and other Scope 3 categories.

Due to the business activities of Molten, it is within our value chain that the most significant GHG emissions arise, rather than via our direct operations. However, with impact comes opportunity, which we see most significantly through our portfolio and the positive impact our investments are achieving. Not only can we leverage our position as investors to help portfolio companies to measure and reduce their GHG emissions, but in the year ahead we aim to explore the positive impact of the tech products and services these companies are developing, which ultimately can create societal, economic and carbon efficiencies.

**Table B: Full carbon footprint for CY22**

	tCO <sub>2</sub> e
Natural gas	1.7
<b>Total Scope 1</b>	<b>1.7</b>
Purchased electricity	6.5
<b>Total Scope 2</b>	<b>6.5</b>
Employee commuting & homeworking	34.7
Business travel	126.6
Investments*	1,086.3
Purchased goods & services	753.8
Capital goods	4.3
Waste generated	0.3
Other fuel & energy related activities	2.6
<b>Total Scope 3</b>	<b>2,008.6</b>
<b>Total Scope 1, 2 and 3</b>	<b>2,016.8</b>

\* Note reported emissions for Category 15. Investments cover Scope 1 and 2 emissions of the investments but exclude Scope 3, consistent with our FY22 disclosure.

**Figure 1: Breakdown of Carbon Footprint by GHG Protocol Category**

## Methodology

As with our SECR calculations, our carbon footprinting methodology is aligned with the GHG Protocol Corporate Standard and uses an operational control approach. A materiality assessment of our value chain determined which Scope 3 emissions to include within our carbon footprinting boundary which we report this year for calendar year 2022. These calculations have been measured using Altruistiq, a portfolio company, and their emissions data management platform which provides leading ISO14064 assured emissions measurement and reporting across Scopes 1, 2 and 3 using a database with over 100,000 emissions factors.

For the most accurate calculations, we prioritised collecting primary data across our business and portfolio and applied an emission factor to convert our business activity data directly into associated GHG emissions. Where primary data was unavailable, we applied industry benchmarks and bespoke extrapolation techniques to estimate the data.

Within our Scope 3 inventory, we have accounted for our allocation of portfolio companies' Scope 1 and 2 emissions based on our equity share, in line with the Partnership for Carbon Accounting Financial (PCAF) guidance. We used reported emissions from 17 portfolio companies and undertook a screening exercise with Altruistiq using Climate Neutral's Brand Emissions Estimator tool to generate individual estimates for the remaining directly held investments. This assessment was informed by data on portfolio companies' financial activity, facilities, geography, sector and sub-sector to provide greater insight into the emissions of portfolio companies who are not yet at an appropriate level of maturity to undertake their own carbon footprint measurement exercise. Actual figures may differ from these estimates.

## Analysis

Our indirect (Scope 3) GHG emissions make the largest contribution to our total carbon footprint by a significant margin, with purchased goods and services and our investments standing out as the main drivers. Business travel undertaken by our employees was also a meaningful contributor to our Scope 3 GHG emissions.

As screening for Scope 3 category 15 was carried out on an individual portfolio company level, we have been able to identify carbon intensity hotspots within the portfolio. High carbon intensities are reflective of portfolio industries such as consumer, AI, Deeptech and hardware, which have significant computing power and manufacturing requirements which are energy intensive. In terms of our direct (Scope 1) and indirect (Scope 2) GHG emissions, these are comparatively lower than our Scope 3 emissions, at just 8.2 tCO<sub>2</sub>e total. Despite this, we will continue to implement carbon efficiencies where possible to attempt to reduce or maintain our direct emissions as we grow.

As we have calculated our carbon footprint based on calendar year 2022 and used an operational control approach, we are unable to make direct comparison between these emissions and those previously calculated using a financial control approach and based on financial year. We will however begin to conduct year-on-year monitoring of our GHG emissions once comparative data is available next year.

## Summary

This carbon footprint provides transparency around our most significant emissions' drivers, and utilises data and methods which contribute towards our goal of ensuring that this exercise is as accurate and robust as possible, having regard to the challenges in data collection, use of emissions' factors and use of estimates where necessary. As part of this goal, we have this year undertaken a verification exercise with Accenture, in order to ensure robustness of our GHG emissions calculations and methodology. This process will provide us with limited assurance from an independent third party that our Scope 1, 2 and 3 (Category 15: Investments) emissions calculations are accurate, complete, consistent, transparent and free of material error or omissions.

In addition to this, we have also provided financial support to eight portfolio companies towards their carbon management programmes and will continue to evolve our engagement with our portfolio companies to encourage them to measure, reduce and offset their carbon footprints.

## ESG - Environmental CONTINUED

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We have continued our carbon offsetting programme which will be our fourth year of offsetting commitments.

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### Carbon Reduction

Although our Scope 1 and 2 emissions are minor contributors to our carbon footprint, we continue to ensure that our internal practices are aligned with resource efficiency and carbon reduction efforts. Our cycle to work scheme encourages staff to use greener commuting methods and, when travelling internationally, staff are encouraged to opt for more sustainable transport options and accommodation. This year, we are aiming to formalise this ethos in a business travel policy, given the contribution of business travel to our Scope 3 emissions and overall carbon footprint. Our London office runs on 100% renewable electricity and our waste is zero to landfill, with 44% recycled courtesy of our environmentally guided recycling and waste management provider, First Mile. We also have available Allplants, a portfolio company, meals in our London office, offering healthy, vegan, low-carbon meals to our employees. In line with our Climate Strategy (see pages 59-62) and wider climate agenda, we will continue to seek out carbon efficiencies and areas for reduction which are within our direct control.

### Carbon offsetting

This year, Molten has continued our carbon offsetting programme which will be our fourth year of offsetting commitments. While we recognise that carbon reduction is the ultimate goal in order to reach net zero, we still

appreciate the merit in investing in carbon credits to balance the carbon we have already emitted. We have done so for our Scope 1 and Scope 2 emissions, as well as select Scope 3 emissions which are in our direct control.

Based on these commitments, 177 tCO<sub>2</sub>e have been offset for calendar year 2022 through investment in two carbon projects. We are supporting these projects for the second year, given our understanding of their quality and associated risks based on guidance from the BeZero Carbon Rating system. The first is a collection of woodland restoration projects in the UK which we have supported through the purchase of Pending Issuance Units (PIUs) equating to the removal of 87 tCO<sub>2</sub>e over future decades. The second project is a UK tree planting scheme coupled with an avoided deforestation project based in Brazil. This is certified by the Verified Carbon Standard (VCS) and has received approval from the Quality Assurance Standard (QAS) for carbon offsetting. Through this project, we have offset 90 tCO<sub>2</sub>e.

In addition to this, we have provided financial support towards carbon offsetting for a select number of portfolio companies within their first or second year of investment, as per our term sheet commitment. In doing so, we hope that these companies will be able to cover their own carbon offsetting as they scale and seek not only to purchase carbon credits but take efforts to reduce their carbon footprint as a priority.



▲ Molten employees removing invasive species and creating a biodiversity corridor in Regent's Park as part of our corporate volunteer day.

# Molten Ventures Climate Strategy

## What does climate action mean to Molten?

The effects of the climate crisis are already causing catastrophic damage to the environment, societies and economies globally and are set to only become more severe in the future as warming continues and unpredictability persists. Physical climate risk, as well as the risks associated with the transition to a low carbon economy, are becoming more apparent, as are the key stakeholders and industry players whose activities and advocacy for climate action are crucial to the future of our planet.

With this, there is increasing expectation on investors and businesses alike to recognise their responsibility in limiting the effects of climate change through carbon reduction and technological innovation, and in accelerating the transition to a net zero economy.

The steps needed to tackle climate change present significant opportunity for Molten and our portfolio, which we believe we are well placed to realise due to the close alignment with our Corporate Purpose and our ongoing commitment to greater quantification of analysis and targets and more strategic decision-making within our climate agenda.

## Our approach to climate action

The objective of this Strategy is to set out our approach and roadmap for climate action, leaning on the authority and guidance of best practice frameworks and established industry bodies including the Investor Agenda Climate Action Plan (ICAP) Expectation Ladder, the Institutional Investors Group on Climate Change's Net Zero Investment Framework (NZIF) for Private Equity and the Science-Based Targets Initiative (SBTi) to assess our climate maturity and guide both operational and portfolio level target setting.

While best practice methodologies and standards for navigating the net zero transition in the VC industry remains nascent, we have used these frameworks to inform the basis for our Strategy, and in doing so have constructed a bespoke methodology guided by Accenture where ICAP NZIF and SBTi fall short of VC-specific-guidance. This methodology is explored in further detail in the latter half of this Strategy.

## Climate action at Molten: aligning to industry best practice

### Investor Agenda's Climate Action Plan (ICAP)

Governance			
<ul style="list-style-type: none"> <li>Policy</li> <li>Accountability</li> </ul>	<ul style="list-style-type: none"> <li>Board reporting</li> <li>Planning and evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Skills assessment</li> </ul>	
Investment	Corporate engagement	Policy advocacy	Investor disclosure
<ul style="list-style-type: none"> <li>Alignment target</li> <li>Strategy</li> <li>Risk management</li> <li>Asset allocation</li> <li>Additional target setting</li> </ul>	<ul style="list-style-type: none"> <li>Collective/collaborative engagement</li> <li>Bilateral engagement</li> <li>Corporate escalation and Shareholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>Investor statements</li> <li>Lobbying</li> <li>Advocacy</li> </ul>	<ul style="list-style-type: none"> <li>Commitments, objectives and targets</li> <li>Carbon emissions</li> <li>Portfolio assessment</li> <li>TCFD alignment</li> <li>Assessment of disclosures</li> </ul>

We have utilised the ICAP Expectations Ladder and Guidance to assess our climate action to date and identify opportunities for Molten to strengthen our approach and initiatives on climate change as a financial institution.

A high-level review of our climate journey demonstrates positive alignment in our current approach across ICAP's five focus areas: Investment, Corporate Engagement, Policy Advocacy, Investor Disclosure and Governance. Governance represents our strongest area and Policy Advocacy our weakest, noting that the latter is not strictly relevant to VC firms under the current ICAP guidance. We will continue to review our performance against these focus areas and strive for improvement across them.

# Molten Ventures Climate Strategy CONTINUED

“It is critical that all venture-backed companies understand how to manage climate-related risks and opportunities as they grow over time and mature into a dynamic economy in which climate and CO<sub>2</sub> emissions will play a greater role.”

FAQs document,  
Venture Climate Alliance,  
April 2023

## The Net Zero Investment Framework for Private Equity (NZIF:PE) and the Science-Based Target initiative: Private Equity (SBTi:PE)

While financial services sector-specific target setting frameworks have rapidly evolved over the last 24 months, these are still largely positioned around private equity and larger asset management firms. The lack of fit to VC is reflected in both the NZIF guidance for private equity (NZIF:PE) and the Science Based Targets Initiative (SBTi) guidance for private equity (SBTi:PE), whereby the threshold criteria for inclusion of portfolio companies within a standardised target methodology, when applied to the current composition of Molten's portfolio, would serve to exclude<sup>1</sup> 100% of our directly held investments.

In order to demonstrate our effort in earnest to take meaningful climate action at the portfolio level, we have created our own, more ambitious portfolio threshold criteria while also prioritising a selection of criteria from the NZIF:PE methodology with which to align Molten's provision of educational and engagement support to portfolio companies, aimed at assisting them in progressively increasing their alignment to net zero. Our bespoke approach is explored in more detail in the Portfolio Footprint and Target section of this Strategy.

We continue to remain actively engaged with industry updates in order to anchor our portfolio climate action to credible and fit for purpose industry frameworks, as and when they become available to the VC industry.

We plan to engage with the Venture Climate Alliance, which was set up post-period end in April 2023, to assess whether this can provide an appropriate global forum through which VCs can share common best practice for collecting, interpreting, and reporting carbon footprint and climate impact data at a level that is appropriate to earlier stage businesses.

### Climate action: investments

We seek to use our platform as venture capital investors to help find and scale technological advancement and innovation, particularly in the Climate Tech sector. This is in line with our Corporate Purpose and the ICAP Investment focus area on asset allocation and strategy development for the realisation of low-carbon opportunities.

As well as new investments in Climate Tech companies, we work with existing portfolio companies to gain understanding of their operational emissions and realise climate opportunity through the particular technologies that each are pioneering. This ties in with our assessment of climate-related risks and opportunities impacting individual portfolio companies and climate scenario analysis within our TCFD Report (see more on pages 63-71)

We engage with our investments in developing their climate agenda on a case-by-case basis given the range in climate maturity across the portfolio based on size, sector and stage of investment. For more information on portfolio engagement around ESG including carbon, see pages 54-55.

### Portfolio footprint and target

In line with industry best practice, we are committed to measuring and reporting on the climate impact of our investment activity by disclosing our portfolio carbon footprint. A breakdown of our financed emissions is located below.

### Breakdown of Molten Ventures' Scope 3 Category 15: Investments' emissions (CY22):

#### Key performance indicators

Total Scope 1 emissions for portfolio (tCO <sub>2</sub> e)	572.3
Total Scope 2 emissions for portfolio (tCO <sub>2</sub> e)	514.0
Total Scope 3 emissions for portfolio (tCO <sub>2</sub> e)	13,771.1
Total emissions for portfolio (tCO <sub>2</sub> e)	14,857.5
Total Scope 1 & 2 intensity for portfolio (tCO <sub>2</sub> e/£m invested)	1.1
Total Scope 1, 2 & 3 intensity for portfolio (tCO <sub>2</sub> e/£m invested)	16.8
Total Scope 1 & 2 WACI for portfolio (tCO <sub>2</sub> e/£m revenue)	99.7

Molten recognises that setting near- and long-term GHG emission reduction targets at an aggregated portfolio-level or individual investee company level is unlikely to be the most suitable and impactful approach for technology-centred venture capital firms having regard to the typically small emissions footprints of the young, rapidly scaling businesses in which investments are made and the difficulty in anticipating the future GHG emissions trajectory of individual companies, which can create drastic variability when aggregated at a portfolio level.

To this end, our bespoke approach to leveraging the NZIF:PE Net Zero Asset Alignment Assessment methodology, outlined above, focuses predominantly on providing support for our investments in increasing the alignment of their business models to a net zero economy, by:

- enabling the identification and management of climate-related and value-creation-related opportunities associated with the integration of climate solutions across the operations, products and services of the business, and
- enhancing the climate literacy of the investee companies through tools, resources and best practice guidance.

By adjusting the threshold criteria described in the NZIF:PE and SBTi:PE, which defines the point at which a portfolio company is scoped into a net zero asset alignment assessment, we can ensure that a meaningful proportion of our portfolio is subject to our climate-related engagement and reporting efforts.

<sup>1</sup> Start ups to be included once they meet the following criteria: >50 persons; and more than EUR 10 million annual turnover OR balance sheet, and have been in existence for five years, and the General Partner has more than 15% of the fully diluted shares of the portfolio company AND Board seats).

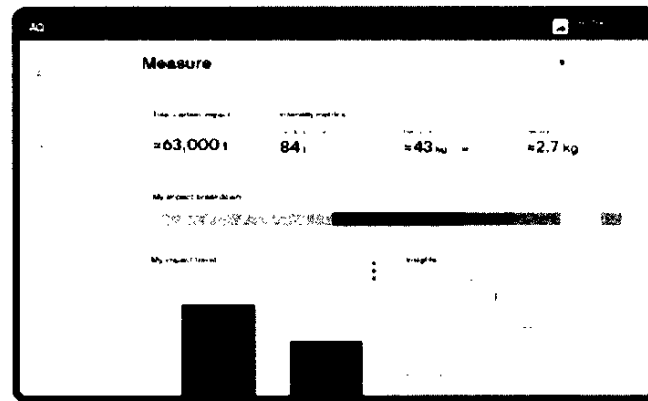
## Case Study 1: Altruistiq

Altruistiq is an emissions data management platform that enables enterprise businesses to make better sustainability decisions.

The platform provides industry leading ISO14064 assured emissions measurement and reporting across Scopes 1, 2 and 3.

The Altruistiq platform automates emissions data ingestion and calculations using a database with over 100,000 emissions factors.

Impact modelling tools linked to live emissions data help companies in building an emissions reduction roadmap alongside informed and costed climate action.



△ Altruistiq platform showing company dashboard.

## Case Study 2: BeZero Carbon

BeZero Carbon is a leading data and analytics platform for scaling and catalysing the Voluntary Carbon Market (VCM).

They have developed a rating system using a risk-based framework in order to assess carbon efficacy that can be applied to any carbon credit project globally, providing a metric for cross-credit carbon fungibility and a mechanism to facilitate true carbon liability-asset matching. The likelihood of carbon avoidance or removal is evaluated, and this helps to accelerate the net zero transition through increased assurance and robustness of the VCM.



△ BeZero Carbon rating breakdown against 6 risk factors.

## Case Study 3: Satellite Vu

Satellite Vu is launching a constellation of infrared satellites to measure the thermal footprint of any structure on Earth in a consistent and near real time manner, delivering unique insights at scale around energy efficiency and carbon emissions.

Identifying and monitoring heat waste from the built environment is imperative in the push towards decarbonisation and a net zero future.



△ Satellite Vu thermal footprinting from space.

# Molten Ventures Climate Strategy CONTINUED

Portfolio companies are deemed within scope through:

- Total alignment of a portfolio company to the six criteria set out within NZIF:PE and SBTi:PE guidance
- Partial alignment (5 out of 6 criteria met) of a portfolio company to the NZIF:PE and SBTi:PE guidance and a suitable level of climate maturity as assessed through our ESG Framework

**Our portfolio target is to engage with** all investee companies that meet the threshold for inclusion in a net zero asset alignment assessment and to support them with incremental satisfaction of net zero alignment criteria during the hold period.

**We commit to** measuring and tracking the impact of our climate engagement with portfolio companies, sharing insights and lessons learnt from adopting this approach with the VC community, and to updating our bespoke methodology at such time as VC specific guidance is released.

## Climate action: operations

We are committed to demonstrating best practice on the management and reduction of our direct, operational emissions (Scope 1 and 2) as well as utilising our influence in the management of our indirect emissions (Scope 3, categories 1-14). A breakdown of our carbon footprint and SECR report is located on page 56. We are developing operational targets in line with the SBTi-FS guidance and the SBTi Corporate Net Zero Standard as the most relevant industry frameworks. These targets are currently under construction; details regarding the methodology and rationale will be provided in forthcoming disclosures.

## Scope 1, 2 and 3 GHG emissions

Our Scope 1 and 2 emissions make up approximately 0.4% of our GHG footprint, this year surmounting to just 8.2 tCO<sub>2</sub>e. These emissions are attributed to 66 full-time employees, 64 of whom operate out of our London office and two from a leased office space in Dublin. With this in mind, we endeavour to focus our climate action on engagement and strategic focus on our Scope 3 emissions, in particular those from our portfolio companies, suppliers and business travel.

Alongside the development of engagement targets as set out below, we are committed to improving the methods used to measure Scope 3 emissions, recognising the challenges and limitations associated with current footprinting of indirect emissions. We are also in the process of a GHG Verification exercise with Accenture for external assurance of these methods and our resulting figures.

## Breakdown of Molten Ventures Scope 1, 2 and 3 (CY22)

	tCO <sub>2</sub> e (FY22) <sup>1</sup>	tCO <sub>2</sub> e (CY22) <sup>1</sup>
Natural gas	14.7	1.7
Vehicle fuel	1.3	–
<b>Total Scope 1</b>	<b>16</b>	<b>1.7</b>
Purchased electricity	5	6.5
<b>Total Scope 2</b>	<b>5</b>	<b>6.5</b>
Employee commuting & homeworking	33.3	34.7
Business travel	34.9	126.6
Investments <sup>2</sup>	1,436.3	1,086.3
Purchased goods & services	1,637.1	753.8
Capital goods	6.5	4.3
Waste generated	0.2	0.3
Other fuel & energy related activities	–	2.6
Electricity transmission & distribution	0.4	–
<b>Total Scope 3</b>	<b>3,148.7</b>	<b>2,008.6</b>
<b>Total Scope 1, 2 and 3</b>	<b>3,169.9</b>	<b>2,016.8</b>

<sup>1</sup> Differences in methodology and cross over in time period means that FY22 and CY22 emissions are not comparable. Read more on page 57

<sup>2</sup> Reported emissions for Category 15: investments cover Scope 1 and 2 emissions of the investments but exclude Scope 3, consistent with our FY22 disclosure

## Operational target details

### Scope 1 and 2 Targets

Molten have reviewed the SBTi-FS guidance and SBTi Net Zero Standard for Corporates to inform the construction of Scope 1 and 2 emissions target.

We are committing to set a Renewable Energy Target covering Scope 1 and 2 emissions. Setting this target will involve aligning to the SBTi's ambition for 80% renewable energy by 2025 and a mid-term target of 100% renewable energy by 2030 to ensure that we remain committed to procuring our energy from renewable sources as our operations grow.

### Scope 3 (Excluding Category 15, Investments)

As a financial institution, there are no expectations under existing target-setting frameworks (SBTi/NZIF) for Molten to set a target across our Scope 3, Categories 1 – 14, however, to demonstrate our effort in earnest to take meaningful climate action across our value chain, we are exploring the option of setting an engagement target. An engagement target would entail a commitment to collaborate with value chain partners to decarbonise emissions associated with our purchased goods and services. Details regarding any engagement target that we set will be provided in forthcoming disclosures.



# Task Force for Climate-related Financial Disclosures (TCFD) Report

Our approach to identifying and managing climate-related risks and realising climate-related opportunities is guided by the recommendations of the TCFD, which allows us to assess and mitigate the growing impact that climate change will have on Molten Ventures and our portfolio.

In FY2022, the focus of our TCFD implementation was on the development of high-level descriptions of qualitative climate-related impacts, assessing our exposure to risks and identifying the management actions needed to mitigate risks and realise opportunities. This year we have introduced the following to our voluntary disclosure:

## 01

### Portfolio focus

We have enhanced our analysis and methodology by introducing a greater emphasis on the direct impact of climate on the fair value of the portfolio through a clearer lens of materiality.

## 02

### Granular assessment

This assessment has been more granular, with a particular focus on our core portfolio companies, but also considers our emerging portfolio due to the important role that it plays in driving longer term future fair value growth for Molten.

## 03

### Additional scenario

We have expanded our climate scenario analysis to cover an additional scenario to further explore the possible future transitional trajectories which will impact our planet.

In the coming years, as guidance continues to mature for the VC industry, we will seek to further develop our analysis and understanding of the quantification of financial impacts of climate change on our business and our investments. The Directors confirm that, to the best of their knowledge, Molten Ventures has met the recommended TCFD disclosure requirements.

## Governance

In accordance with the TCFD recommendations and supplementary guidance for the financial sector, this section describes Molten's governance structure as it relates to climate-related risks and opportunities.

### Board oversight

We take a top-down approach to the governance and management of climate change, with the Board of Directors holding ultimate oversight. The Board recognises climate change as a principal business risk and it is integrated into our existing risk management process (please see page 86).

### Management approach

Our ESG Committee of the Board was formed in March 2022 and is chaired by independent Non-Executive Director, Gervaise Slowey, given her relevant expertise in ESG through completion of the Sustainability Leadership Programme at the University of Cambridge. This Committee has delegated authority from the Board to: ensure that the Company has in force and maintains a Group Responsible Investment & Sustainability Policy (and an associated strategy) which remains fit for purpose, with a remit to: monitor, review and challenge progress of our climate targets; and oversee and support the work of the multi-disciplinary ESG Working Group. The Committee meets no fewer than four times a year, and reports to the Board on its activities.

The ESG Committee and the ESG Working Group are accountable for the assessment and management of climate-related risks and opportunities. ESG, including climate, and the review of climate change reporting requirements, is a standing item on the Board agenda and each of the management boards of the Group's regulated fund managers. Principal climate risks are documented in the Corporate Risk Register (see page 86), which the Executive Team regularly review and update for presentation to the Audit, Risk and Valuations Committee and the Board. The Group Compliance Officer is responsible for assessing regulatory compliance matters in relation to climate change.

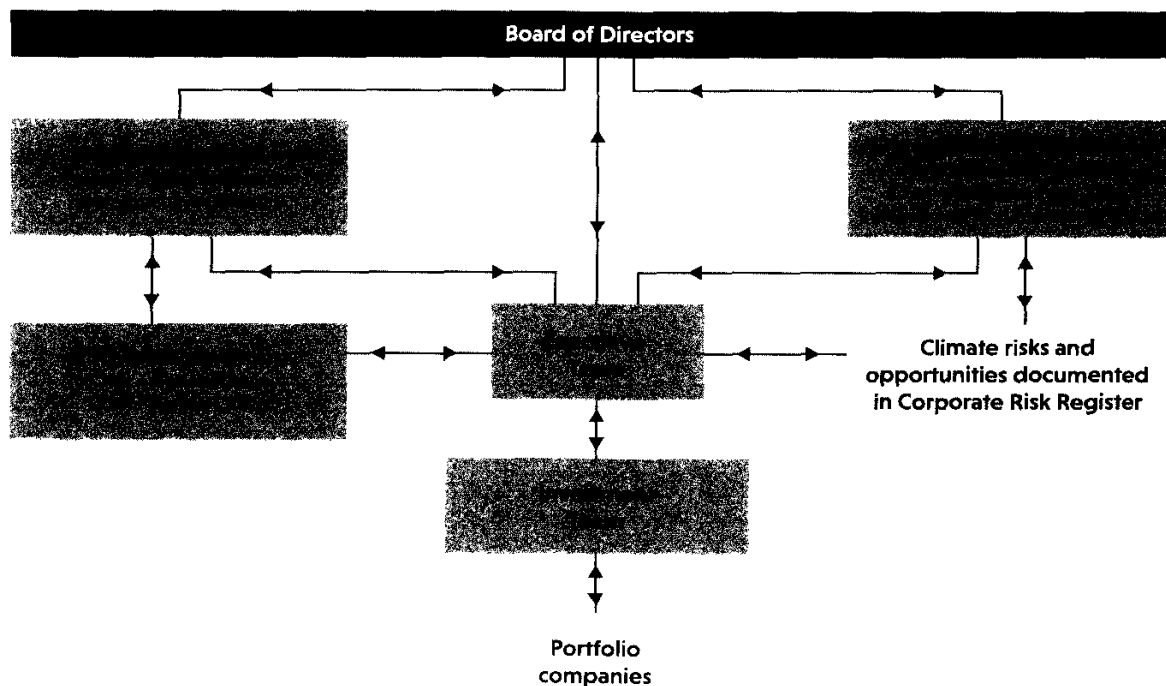
In July 2022, George Chalmers (Associate in the Molten Investment Team) was appointed Head of Climate in anticipation of the launch of our Climate Fund in the coming year. While our investment process will remain the same, this fund will expand our pre-existing climate thesis and allow us to scale our ambition for investment in the Climate Tech sector.

### Climate Strategy

During the period, the ESG Committee and ESG Working Group have been working with external climate consultants Accenture to develop our Climate Strategy, which encompasses our operational targets, portfolio and supplier engagement targets and climate risk mitigation and adaptation strategy. Development of this Strategy also involved input from Molten's Executive Team on the consideration of recognised appropriate net zero frameworks informed by the output of a climate maturity assessment. Our Climate Strategy is explored in more detail below and further summarised on pages 59-62.

# TCFD Report CONTINUED

## Climate risk and opportunity management



## Strategy

This section describes some of the known current and potential future impacts of climate-related risks and opportunities on Molten's business, strategy and financial planning.


While our methodology for identifying climate-related risks and opportunities remains largely unchanged from last year, minor adjustments reflect our growing maturity in assessing climate risks and opportunities and capture the material influence that these are likely to have, with particular focus on the fair value of our portfolio.

Definition	FY22	Adjusted for FY23
Short term	0-5 years	0-2 years
Short-medium term	5-10 years	2-5 years
Medium-long term	10-20 years	5-15 years
Long term	20+ years	15+ years

Timeframes have been brought forward to prioritise immediate action in line with our typical business planning cycles so that necessary mitigation measures are actioned in the lead up to 2030 – a key global milestone for decarbonisation.

Following our enhanced risk impact assessment and the reassessment of our applicable time horizons, we have been able to categorise previously and newly identified risks and opportunities into five impact channels which could materially influence the fair value of the portfolio, each of which detailed below and explored further on page 65. Materiality has been informed by the existing risk management framework used within the Corporate Risk Register, and assessment of material business risks more widely. This analysis was undertaken using our FY22 TCFD Report findings, ESG Framework data, portfolio companies' financial information (provided by Molten) and sector specific research.

## Climate risks and opportunities identified

Impact channel	Type	Description
<b>Changes in demand</b>	<b>Risk 1</b>	Demand destruction Portfolio companies may face reduced revenue due to damage to brand value and loss of customer base as customers increasingly factor climate change considerations into their decision-making process
	<b>Opp 1</b>	Demand creation Increased low carbon investment opportunities due to shift in consumer demand for low carbon products and the growing potential of the "climate-conscious customer base"
	<b>Opp 2</b>	Enhanced government innovation funding for low carbon projects and technologies will lower the cost of innovation and improve portfolio companies' success
	<b>Risk 2</b>	Cost of energy and carbon pricing Government intervention in carbon pricing resulting in higher power prices may increase operating costs
	<b>Risk 3</b>	Market conditions may cause increased energy and operating costs
	<b>Opp 3</b>	Energy efficiency Improved energy, water and waste efficiency could result in reduced operating costs and improved reputation among customers, staff, prospective staff and investors of Molten and our portfolio companies
	<b>Opp 4</b>	Development of our Climate Tech thesis by continuing to pursue investment opportunities that are energy and carbon focused or efficient as part of our wider investment strategy, thereby enhancing return on investment
<b>Changes in physical weather events/ patterns</b>	<b>Risk 4</b>	Increasing costs due to extreme weather Event-driven impacts arising from increasing frequency and severity of extreme weather events. The specific risks will be contingent on the business operations of portfolio companies but may include increased capital costs due to damage to infrastructure, increased insurance premiums, supply chain disruptions and impacted access to resources such as clean water
	<b>Risk 5</b>	Overall shifts in climatic behaviour resulting in long-term changes in temperature and precipitation patterns. The specific risks will be contingent on business operations but may include scarcity of natural resource supplies causing increased operational costs and global political tensions
	<b>Risk 6</b>	Reputational damage limiting access to capital Changing stakeholder expectations with consumers, portfolio companies and investors increasingly making decisions based on carbon performance and climate resilience
	<b>Opp 5</b>	Access to green linked capital Engagement in climate-related commitments may lead to increased access to private sector funding. We actively seek to address and improve our climate resilience and carbon emissions
<b>Changes in technology</b>	<b>Risk 7</b>	Cost to transition to new tech Additional cost to transition to lower emissions technologies
	<b>Opp 6</b>	Technological climate solutions Portfolio companies focused on developing technology based climate solutions critical to the Net Zero Transition and detection and management of extreme weather events will be likely to benefit from a rapidly expanding market

# TCFD Report CONTINUED

Our assessment of risks and opportunities and supporting climate scenario analysis focus primarily on our portfolio and investment activities as the area with the greatest material exposure to climate opportunity and risk. Risks identified at a corporate level, such as an increase in mandatory reporting requirements, are outlined within our Principal Risks on page 81-90. Beyond these, Molten's own corporate footprint and exposure to climate-related risk is relatively limited, consisting of 66 full-time employees, 64 of whom operate out of our London office and two from a leased office space in Dublin. Our London office uses 100% renewably sourced electricity with zero waste going to landfill and 44% recycled courtesy of our environmentally guided recycling and waste management provider, First Mile. We have no Company-owned vehicles; 77% of employees commute by public transport; and a further 14% of employees either walk or cycle to work.

**100%**  
renewably sourced electricity  
in our London office

**44%**  
waste recycled and  
zero waste to landfill

**77%**  
of employees commute  
by public transport

**14%**  
of employees either  
walk or cycle to work

## Financial planning

This year's qualitative analysis has highlighted a range of potential financial impacts associated with mitigating and adapting to an uncertain climate future. These include the cost (in time and money) of implementing a Climate Strategy and complying with carbon-related regulations as well as potential positive and negative impacts on our portfolio valuations. Additionally, there may be implications in relation to our investment strategy and the expansion of our Climate Tech thesis and the creation of our climate fund. Lastly, there are costs associated with supporting our portfolio in the development of their own carbon management and climate strategies. We intend to begin quantitative analysis in future years to further integrate climate change into our planning.

## Scenario analysis

This year, we have expanded our scenario analysis to better inform our understanding of the impact of varying climate change futures on our exposure to physical and transition risks. As part of a shift towards more in depth analysis, we have this year decided to evolve our scenario analysis to include three climate scenarios (Orderly Transition, Disorderly Transition and Hothouse) to be in line with the requirements from the FCA.

We use the Network for Greening the Financial System (NGFS) as a base framework to support the analysis of three scenarios rather than two. However, given that both IEA and NGFS climate scenarios are built on the same concepts and from the IPCC pathways, we leverage the trends and data from each that are most relevant for Molten and our portfolio companies. Therefore, we do not restrict ourselves to one static framework, and allow for insights and updates from both to inform more fluid climate risk analysis.

## Climate Scenarios

Our chosen climate scenarios are as follows:

### Orderly

#### NGFS Net Zero 2050/IEA Sustainable development (1.5°C / <2°C)

Immediate introduction of stringent climate policies and ambitious innovation to limit global warming to 1.5°C by reaching net zero emissions by mid-century.

### Disorderly

#### NGFS Delayed Transition (+2°C), new scenario

Global emissions to not decrease until 2030, when strong policies are adopted to limit warming to well below 2°C and make up for lost time, leading to higher transition risks.

### Hot House

#### NGFS Current Policies/ IEA Stated Policies (+3°C)

Limited action on climate change leads to significant global warming and greatly increased exposure to physical risks.

## Risk management

This section will describe how Molten identifies, assesses and manages climate-related risks.

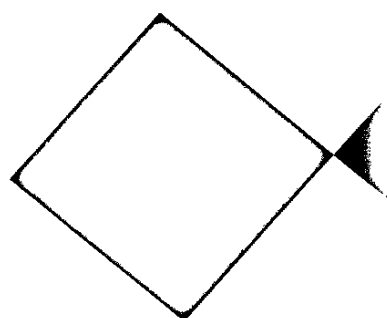
### Identification and assessment

This year, our risk identification and assessment were undertaken through workshops facilitated by Accenture with a sub-committee of the ESG Working Group. Consistent with our Corporate Risk Register, identified risks are scored based on their impact and likelihood, both with and without mitigation. The residual risk score presents the level of risk that remains once existing mitigations and additional actions have been implemented and determines whether that level is acceptable or in need of further mitigation.

Our classification of risk whereby

$$\text{Risk Score} = \text{Likelihood} \times \text{Impact}$$

is below:



Classification	Risk/opportunity Score	Risk/opportunity Assessment
High	10–12	High risk/opportunity
Medium	6–9	Moderate risk/opportunity
Medium	3–5	Monitor for risk/opportunity
Low	1–2	Low risk/opportunity
Zero	0	No risk/opportunity

In connection with Molten's investment activities as a responsible investor under the UN PRI, the Investment Committee is responsible for assessing ESG risks and opportunities associated to investment opportunities as part of the pre-investment due diligence process. This involves the distribution of our ESG Framework to prospective investments containing 17 climate-related questions, across the following areas:



This data gathered through this exercise is used to assess the materiality of climate risk to which the potential investee company is exposed as well as the scope of its climate-related opportunity, and is used to inform the investment decision.

During the ownership stage, we monitor portfolio companies' risk exposure through annual distribution of our ESG Framework. This year, we distributed an updated version of the ESG Framework which requested portfolio companies' GHG baseline broken down into Scopes 1, 2 and 3 and offered a subsidised partnership with our carbon data management partners, Altruistiq, to those companies yet to measure their carbon footprint.

In the coming years, we intend to carry out further work to integrate climate change considerations throughout the investment process, including through the evaluation of a broader range of physical and transition climate risks.

### Management and integration

Specific mitigations and actions have been identified to assist Molten to manage risks and capitalise upon opportunities. Please refer to the Risk and Opportunities tables on page 65 which describe the mitigation actions which are also recorded in our Corporate Risk Register and assigned to teams or individual owners. The Corporate Risk Register is presented at meetings of the Audit, Risk and Valuations Committee and to the Board at least annually.

We support our portfolio companies in managing their specific ESG and climate risks and opportunities by providing tools and resources and best practice guidance, and through the curation of tailored ESG-focused events with domain experts. Our ESG Framework generates tailored KPIs on an annual basis to help companies identify strategic actions to manage their risks and opportunities. One-to-one meetings have been held with 52% of directly held investments, specifically for discussion around climate and ESG concerns. In addition to this, we offer financial support to new portfolio companies towards the measurement, reduction and offsetting of their carbon footprint, in recognition of the fact that financial capability may be a barrier to these smaller stage investments beginning their carbon management strategies.

We are working to further evolve our engagement with portfolio companies on climate-related risk and opportunity management in future years.

# TCFD Report CONTINUED

## Metrics and targets

In this section, we set out the metrics and targets Molten uses to assess and manage relevant climate-related risks and opportunities.

### Assessment – Scope 1, 2 and 3

Molten is in a unique position to use our influence as an investor to support our portfolio companies in climate risk mitigation and opportunity realisation. Measuring our Scope 1, 2 and 3 GHG emissions remains a key focus area and enables us to better understand our environmental impact, understand our corporate and portfolio level exposure to transition risk and meet our Streamlined Energy and Carbon Reporting (SECR) obligations. Our Scope 1 and 2 emissions are minimal, reflective of the size (in headcount) and nature of our Company, however we remain committed to monitoring and reporting all of our direct and indirect GHG emissions annually, using both intensity metrics and absolute values (see table on page 60).

The majority of our emissions are associated with Scope 3, which we have calculated and reported in full on page 56 and are committed to attempting to reduce by leveraging our position in the venture ecosystem. Within Scope 3, these emissions predominantly fall within purchased goods and services and our investments, which have proven as useful metrics for understanding where to focus our climate action. In order to assess our Scope 3 Category 15 emissions in full, these calculations are partially informed by industry assumptions which are outlined in more detail within the methodology section on page 60. We recognise the challenges and nuances associated with measuring Scope 3 emissions and are committed to the year-on-year refinement of our methodology by the most accurate means in accordance with the GHG Protocol Corporate Value Chain (Scope 3) and Accounting and Reporting Standard, using primary data wherever possible.

### Assessment – Climate Strategy

*This year, in accordance with our new Climate Strategy, an assessment of our portfolio companies' climate-related risks and opportunities was undertaken by Molten with support from Accenture and Altrusiq. This exercise was informed by the recommendations of the Investor Agenda Climate Action Plan (ICAAP) and aligned to the methodology set out in the Net Zero Investment Framework (NZIF). This exercise was informed by the recommendations of the Investor Agenda Climate Action Plan (ICAAP) and aligned to the methodology set out in the Net Zero Investment Framework (NZIF) (please see the insert on page 60 for more information about NZIF).*

Sector and sub-sector assumptions outlined within these methodologies were applied to identify portfolio companies whose size and sector reflect greater exposure to climate risk and the materiality of this risk to Molten, based on our holding in each investment. This exercise highlighted that, by virtue of our position as a venture capital firm within the earlier stage tech ecosystem, all directly held investments within our portfolio are currently below the NZIF threshold of materiality for inclusion in our Net Zero Strategy, however, it has also allowed us to identify carbon hotspots within the portfolio in order to target our engagement more strategically. We also note that the same materiality outcome is achieved under the Science Based Targets Initiative (SBTi) and so, as a result, have set our own materiality threshold and subsequent engagement target which is outlined in more detail on pages 60 and 62. While Net Zero guidance for earlier stage investors like Molten remains nascent, we are committed to embracing the spirit and intent of NZIF by utilising the granular insights into our portfolio to inform our current and future engagement with specific companies and monitor portfolio exposure to climate-related risks on an aggregated and individual level. Alongside our portfolio engagement target, our Climate Strategy also outlines our operational target for Scopes 1 and 2 and the development of an engagement target for Scope 3 categories 1-14 with a particular focus on our purchased goods and services. Read more about our Climate Strategy on pages 59-62.

We will focus in future years on tracking additional metrics, including quantitative financial metrics relating to the broader landscape of risks and opportunities in which we operate.

### Climate risks and opportunities

As part of our alignment with the TCFD recommendations, we have completed a materiality assessment of climate-related financial risks and opportunities (categorised into impact channels) that are likely to impact the fair value of our portfolio. Analysis was carried out on an individual portfolio company level, paying particular attention to our core companies, given their higher fair value and therefore materiality of risk to Molten. We also focused on our emerging companies given the forward-looking nature of this report.

All identified impact channels have been analysed against our three chosen climate scenarios, however, this disclosure will explore a subset of this analysis based on the greatest relevance of each impact channel to an orderly, disorderly or hot house future.

The following charts reflect the risks and opportunities identified through each impact channel through our four defined time horizons, split by climate scenario. For conciseness, in-depth analysis of each impact channel has been split across the three climate scenarios.

### Orderly – changes in demand, changes in energy price, changes in stakeholder expectation

An orderly climate transition is reflective of a Net Zero 2050 scenario and is the most favourable climate future of the trajectories that we have considered on account of, other things, the smoother transition to a decarbonised economy; the associated opportunities to profit from changes in demand and stakeholder expectations; and the least disruption to weather conditions and energy prices.

#### Changes in demand

The central catalyst to changed demand in this scenario is shifting customer preferences towards products and services which demonstrate sustainability through their carbon performance and climate resilience. Different portfolio companies will be impacted differently by changes in consumer demand, either positively or negatively depending on climate scenario, timeframe and sector of operation. A deliberate market shift and diversification towards more sustainable options presents an opportunity for new markets and increased revenue, while negative sentiment towards businesses operating without mitigations in carbon-intensive industries such as cryptocurrency or fashion through the low-carbon transition may lead to a shift in customer base to reflect changed consumer sentiment.

#### Mitigations

All potential investments undergo pre-screening to map the particular company and its product/industry to ESG themes, followed by formal screening against our Exclusion List which contains asset operating in industries such as fossil fuel mining. Further data is gathered via our ESG Framework during the course of pre-investment due diligence, and all investment papers include a summary of the particular company's wider ESG credentials. While the timeframe for this process varies on a case-by-case basis, the sequencing of each element is detailed on page 51.

Molten continues to develop our work and research in the arena of ESG and will continue to seek investments that are aligned to our ESG Policy and position to take advantage of the commercial opportunities that will emerge from the transition to net zero.

### Changes in energy prices

In all future scenarios, the price of energy, and therefore carbon, is expected to become more volatile, meaning that carbon intensive businesses will be more exposed to both increases in energy prices and future carbon taxes from government intervention, thereby increasing operating costs. Risk will be more material to portfolio companies operating in energy intensive industries including aerospace, manufacturing and those with heavy reliance on data centres.

The potential for opportunity arises for companies improving energy efficiency to reduce operating costs and therefore gaining an advantage over their peers, whose business models could benefit significantly from innovations in green coding and green AI as emerging solutions that are less energy intensive.

### Mitigations

Currently, all prospective investments are screened against our Exclusion List which specifically refers to fossil fuels and includes other historically energy intensive industries. Our ESG Framework, which is distributed on an ongoing annual basis, also requests data on the implementation of energy-efficient measures in portfolio companies' buildings and offices to ensure that companies can be supported toward the adoption of green energy solutions wherever possible.

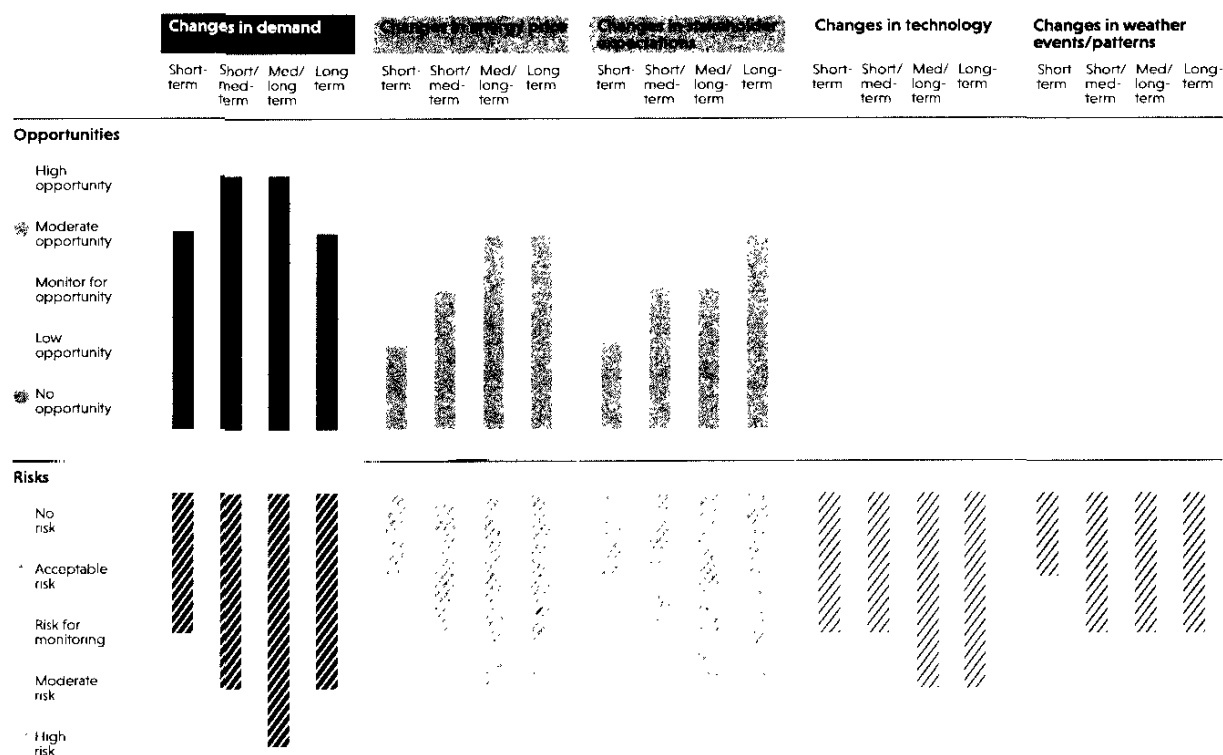
### Changes in stakeholder expectations

Changes in stakeholder expectations could cause reputational damage, therefore limited access to capital through consumers and investors. The materiality of this risk to our portfolio will be driven by the larger and few listed companies who are likely to face increased stakeholder pressure as they grow, as well as companies operating within or connected to energy intensive, high impact sectors. Regarding opportunity, "clean growth" will allow firms to obtain funding from government-backed initiatives with a view to catalysing the Clean Growth equity financing market and improving access to venture capital for green technologies.

### Mitigations

As discussed on pages 54 and 55 of the Sustainability section, Molten provides portfolio companies with tools, resources and guidance to develop their ESG and sustainability strategy and realise climate opportunities in their business models. For companies in their first or second year of investment, we offer financial support towards their carbon management programme and GHG reduction efforts. Molten also leads training and events on specific ESG themes on an at least annual basis and we voluntarily report against external standards and frameworks (please see page 55 for a summary of some of these) to enhance the quality and transparency of our climate-related disclosures and by way of demonstration of best practice to our portfolio companies.

## Orderly – Changes in demand, Changes in energy price, Changes in stakeholder expectation



# TCFD Report CONTINUED

## Disorderly – Changes in technology

A disorderly, or “delayed transition” climate scenario will have significant implications for the “changes in technology” impact channel, particularly when considered through the lens of our portfolio composition. This is also apparent within the orderly scenario analysis, but is discussed in more detail within this section. There is uncertainty associated within the disorderly scenario as the need for fast pace technological change based on rapid and disorderly decarbonisation will be dependent on the sufficient development of renewable energy infrastructure.

Changes in technology are anticipated to result in both climate risk and climate opportunity exposure for our portfolio companies, largely dependent on the specific industry within which they are operating.

### Portfolio company examples

Portfolio companies likely to experience increased materiality of risk within the disorderly scenario include those whose operations are tied to the rocket and satellite launching industry. While fast paced commercialisation of space tourism and the exploitation of space-based networks is already underway, there is an accelerated need for companies dependent upon launch activities to be trialling more efficient launch methods and fuels which may result in unpredictable or varied cost as these technologies emerge.

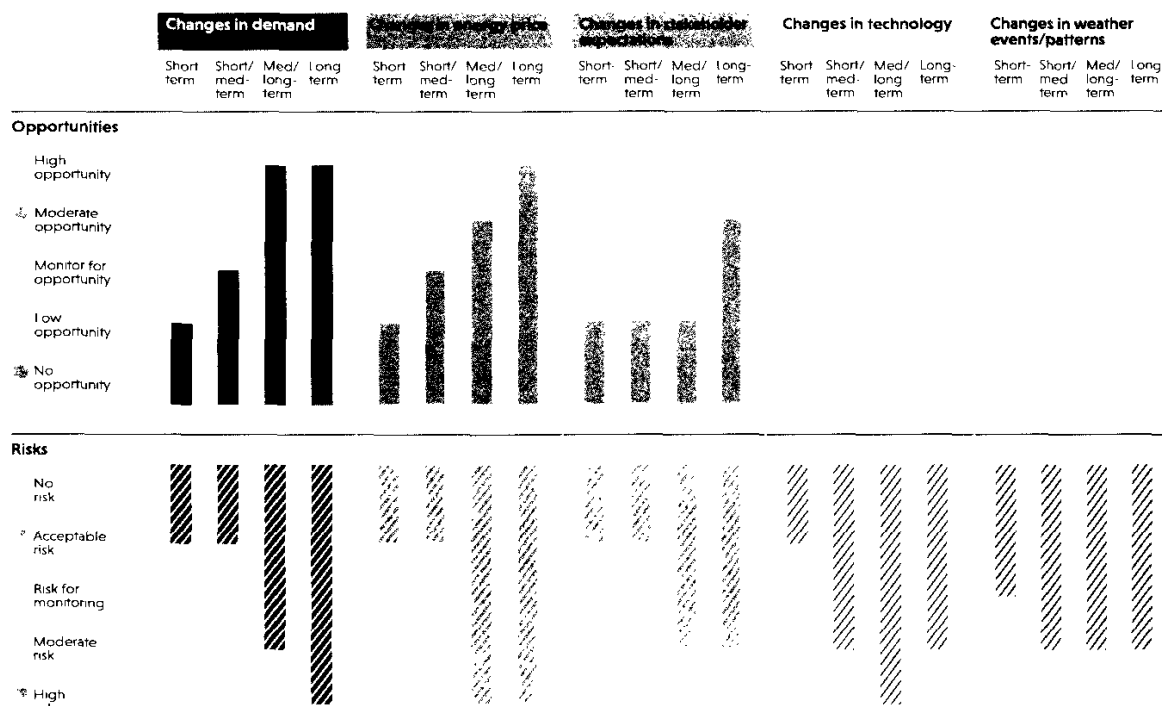
Conversely, portfolio companies focused on developing technology-based climate solutions critical to the Net Zero Transition will likely benefit from a rapidly expanding market, for example, ICEYE’s ability to monitor and assist responses to major weather events; Gardin’s solution to difficulties managing crop yields through digital monitoring of growth rates and nutrition; or the increasing demand for accuracy and consistency of GHG accounting which creates opportunities for digital solutions such as Altruistiq (see page 34), BeZero Carbon (see page 35) and Satellite Vu (see page 61).

### Mitigations

We have continued to expand our portfolio of Climate Tech investments and have a position in the early-stage ecosystem in Europe as responsible investors, having backed a number of climate and sustainability-focused seed fund managers through our Fund of Funds programme.

Our ESG Framework contains questions on the energy efficiency measures of companies with manufacturing facilities so that we are able to track and support portfolio companies in implementing these measures and think more critically about their renewable energy procurement on an annual basis.

## Disorderly – Changes in technology





### Hot House – Changes in physical weather events/patterns

When modelling our Hot House climate scenario, the impact channel determined to be of greatest materiality in likelihood and impact was "changes to physical weather events/patterns" due to the increased frequency and severity of extreme weather events (acute) and long-term changes in weather patterns (chronic). Specific risks will be contingent on the business operations of portfolio companies but may include:

- Increased capital costs due to damage to infrastructure
- Increased insurance premiums
- Supply chain disruptions
- Impacted access to resources such as clean water or raw materials for manufacturing

#### Portfolio company examples

Portfolio companies which are heavily reliant on supply chains for their procurement of semiconductors and key rare Earth metals (for production of microchips and other advanced technologies) are likely to be most severely impacted under this climate scenario due to extreme weather events and droughts disrupting supply chains and semiconductor process.

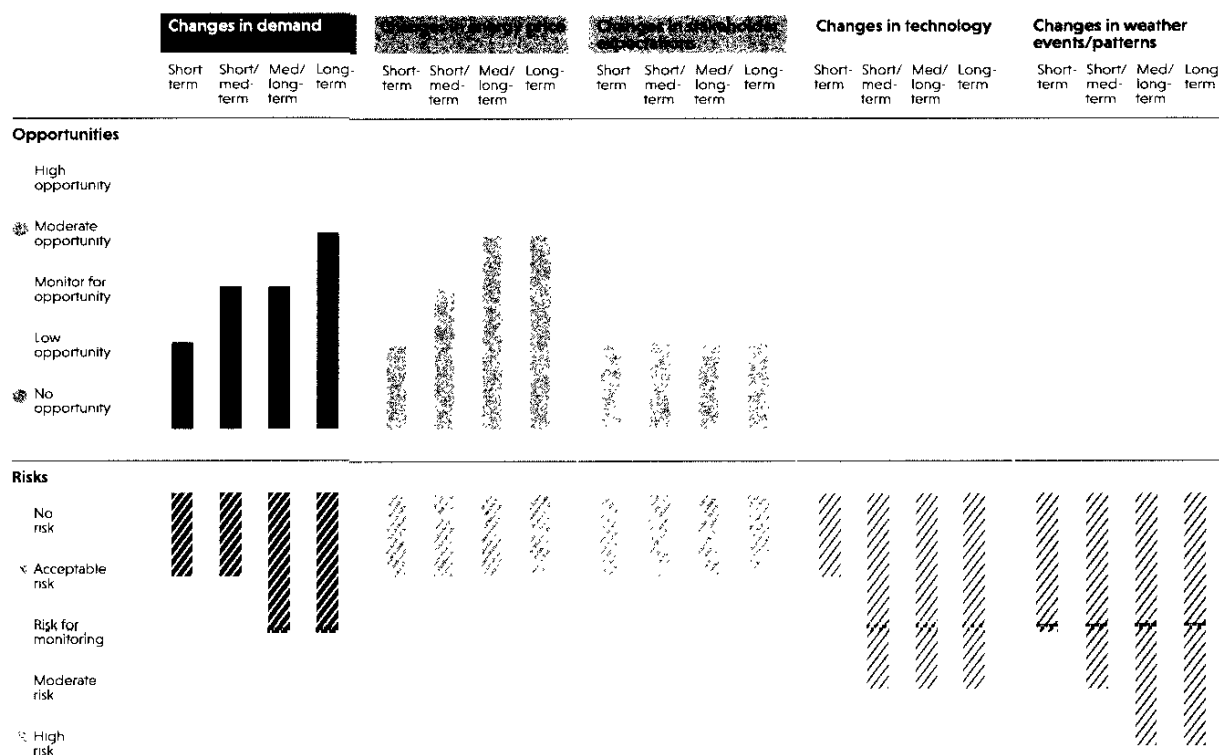
Additionally, portfolio companies who are heavily reliant on data centres may be impacted by the occurrence of heatwaves and increasing temperatures causing data centres to overheat, putting their conventional cooling systems under extreme strain and raising the likelihood of failure.

#### Mitigations

Our ESG Framework includes questions on the locality of the company's supply chain and screening of suppliers for carbon efficiency, which allows us to better understand portfolio companies' exposure across different regions.

To advance this mitigation, we will include more explicit questions in the ESG Framework around exposure to physical climate risk and aim to use our influence as an investor to help portfolio companies to recognise, navigate and wherever possible mitigate this risk, particularly for companies that are highly reliant on data centres. We plan to introduce these changes within the FY24 period.

### Hot House – Changes in physical weather events/patterns



### Summary of FY2023 TCFD Exercise and Plans for FY2024

Our scenario analysis and assessment of climate risks and opportunities within our portfolio demonstrates the materiality of these impact channels across three climate scenarios and over a range of time horizons. Undertaking this analysis and doing so at a sector, sub-sector and individual portfolio company level has allowed us to gain insight into more specific impact areas, the most relevant mitigations to focus

our actions and indeed the opportunities arising through technological innovation in climate solutions which we will support our portfolio in realising.

We will continue to report against the TCFD recommendations annually and build on the extent of our analysis and maturity of our risk and opportunity identification, assessment and management processes.

# ESG - Social

## Our D&I vision

**A widened perspective**  
for our team,  
our founders  
and our industry.

**A different approach**  
for our team,  
our founders  
and our industry.

**A team and portfolio that**  
we live in.

**A sector that better serves the world**  
it is trying to change.

**A world where everyone can see themselves in**

At Molten Ventures, we pride ourselves on actively seeking out diversity of all descriptions, through both the individuals we hire and the companies we invest in.

### Our D&I mission

The venture capital industry has a diversity problem. We all know that VC funding is concentrated in a small segment of the population leaving other segments largely under-funded.

### For our industry

As investors, we are committed to discovering and supporting entrepreneurs who build the future. Yet, talent is still lying dormant in many under-represented communities, marginalised groups and underfunded ideas. The world needs tech created by people from all backgrounds to serve a wide set of needs. The true winners will be those that can feel pride in creating a world of opportunity for future generations of diverse entrepreneurs.

### For our teams

Our lived experiences shape who we are and how we think. We respect each other, our varied experiences and believe that the differences in our backgrounds lead to richer insights and broader perspectives.

We know that diversity of thought positively impacts team performance; investor teams or boards are no exception. We believe that hiring from a wider talent pool will not only lead to better investment decisions but also enrich us as people.

### For our business

At Molten, we make more possible. Since day one, democratising venture capital has been at the core of our business. To fulfil this goal, we continue to commit ourselves to a culture with Diversity, Equality and Inclusion ("DEI") at its core. This is the right thing to do and just better business.

Success, for us, means looking at our team and portfolio, knowing that we invested in the best people.

### Diversity, Equality and Inclusion

We are committed to equal opportunities for everyone throughout recruitment, selection and career development. In accordance with our DEI Recruitment Policy released in August 2021, all applicants are treated equally regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

This year we also updated our DEI Recruitment Policy to include quantitative metrics around the fair representation of females and individuals with an ethnic minority background in interview pools provided by recruiters.

### Investing in Women Code

In February 2022, Molten became a signatory to the Investing in Women Code, which is a UK government initiative supported by the BVCA and the British Business Bank for the advancement of female entrepreneurship in the UK. As part of Molten's commitment, this year we collected and reported our D&I data relating to our own operations and the pipeline of deals that we see.

Below are some insights into this data, specifically looking at the gender and ethnicity breakdown of pitch decks received during the period 17 Oct 2022 – 25 Nov 2022. This data highlights the challenge that under representative deal sourcing presents and the clear diversity problem that is facing VC and the entrepreneurs who are receiving funding. Gathering and analysing this data has allowed us to better understand the demographics of founding teams we are presented with and how these factors vary by source type. This will enable us to more effectively track these metrics and understand how we can ensure our deal sourcing is as fair, unbiased and representative as possible.



Founding teams gender and ethnicity breakdown from pitch decks received between 17 Oct 2022 - 25 Nov 2022.

## Mental health and wellbeing

Molten has a number of measures in place to support the mental health and wellbeing of staff and to ensure that they feel safe, healthy and included in the performance of their role. These include:

- The Perkbox app offers free online workouts and wellness classes and is available to all employees
- All staff have discounted access to Nutfield Health Fitness and Wellbeing Gym to encourage good physical health
- A flexible working policy is in place to permit and encourage employees to work in line with their own personal needs
- Organisation of regular social events to encourage relationship building in an informal environment away from the office
- Private health insurance and private medical healthcare for all staff, including on-demand access to GPs and counsellors
- Enhanced maternity, paternity, adoption and shared parental leave policies

In addition to these initiatives, during the period we also set up a Multi-Faith and Wellbeing room in our London office. This room provides a private, quiet place for prayer, meditation, mindfulness and rest, away from the work environment. Employees can book the room for scheduled prayer, or to use the space more freely as needed.

We also led our first Corporate Volunteer Day at Regent's Park with The Royal Parks' Trust. This involved laying the groundwork for a new pond as well as clearing invasive species from a wildlife corridor to boost biodiversity in the area, and encourage the return of native and

threatened plants and animals. The day also allowed employees to participate in teamwork, bonding and mindfulness; and represented one of the five paid days per annum which is part of all employees' entitlement, so they can undertake charitable activities.

## Learning and development

Continuing our programme this year, employees have access to coaching through the CoachHub platform as a tool to improve individual performance, develop high potential team members and offer both individual and organisational development opportunities. More information about CoachHub can be found on page 37 in the Portfolio Review.

As per our DEI Recruitment Policy, we request fair representation of interview pools from recruiters across gender and ethnicity metrics, this year reflected as an average make up of interviewees of 42% female and 28% ethnic minority. Regular performance reviews aligned with career development are conducted for all permanent employees. SMART targets are set and tracked within our HR portal with appraisals occurring immediately after year-end.

During the year, mandatory compliance training was conducted for all employees (including the Executive Directors), on topics including: anti-bribery and corruption, anti-money laundering, data protection and cyber security, Senior Managers and Certification Regime and anti-modern slavery. This year, we also introduced mandatory anti-bullying and harassment training and ESG training was provided to the Investment Team, further details of which are set out on page 51.

During the year, all permanent employees received at least one training day.

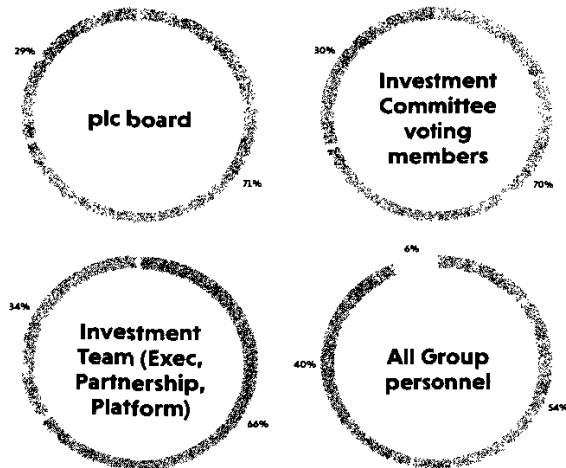
## Diversity and Inclusion Statistics

Gender	Execs		Non-Execs		Investment Committee		Total workforce	
	2022	2023	2022	2023	2022	2023	2022	2023
Female	–	–	60%	50%	22%	30%	46%	40%
Male	100%	100%	40%	50%	78%	70%	54%	54%
Transgender	–	–	–	–	–	–	–	–
Non-Binary	–	–	–	–	–	–	–	–
Prefer not to say	–	–	–	–	–	–	–	6%
Ethnicity	Execs		Non-Execs		Investment Committee		Total workforce	
	2022	2023	2022	2023	2022	2023	2022	2023
White	100%	100%	100%	100%	89%	80%	81%	77%
Asian/Asian British	–	–	–	–	11%	10%	10%	8%
Black/Black British	–	–	–	–	–	–	2%	4%
Mixed	–	–	–	–	–	–	3%	–
Other	–	–	–	–	–	–	2%	2%
Prefer not to say	–	–	–	–	–	10%	2%	8%
Age	Execs		Non-Execs		Investment Committee		Total workforce	
	2022	2023	2022	2023	2022	2023	2022	2023
18-24	–	–	–	–	–	–	5%	6%
25-34	–	–	–	–	–	–	35%	29%
35-44	33%	33%	–	–	56%	70%	28%	33%
45-54	33%	33%	40%	25%	33%	20%	21%	19%
55+	33%	33%	60%	75%	11%	10%	11%	13%
Disability	Execs		Non-Execs		Investment Committee		Total workforce	
	2022	2023	2022	2023	2022	2023	2022	2023
% Employees with a disability	0%	0%	0%	0%	11%	0%	5%	4%
Prefer not to say	–	–	–	–	–	–	4%	4%

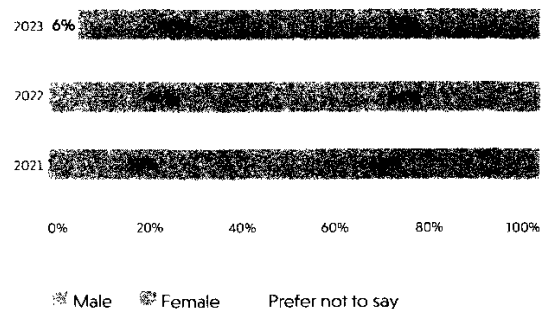
DEI Statistics as at 31 March 2023. Data was gathered during Q4 of FY22 from 77% of full time employees.

## ESG - Social CONTINUED

### Gender splits



### All Group personnel



### The Esprit Foundation

During the year, the Esprit Foundation continued to grow and develop, with the creation of the Operational Committee which manages day-to-day operations of the Foundation. Four Trustee meetings took place during the period and grantee opportunities were explored, with the aim of awarding money where cases are aligned with the Foundation's charitable objectives; ultimately geared towards the advancement of education for the public benefit (especially to those aged under 30), with particular emphasis on the fields of technology, business and/or entrepreneurship.

The Foundation aims to award its first grant in FY24 to the Social Mobility Foundation, a charity working to make practical improvements in social mobility for young people through educational support, work experience and skill development, particularly those from under-represented and low socio-economic backgrounds.

In FY24 we also aim to award a grant to Included VC, an organisation which supports young entrepreneurs through education to access venture capital from overlooked communities such as ethnic minorities and members of the LGBTQIA+ community.



△ CoachHub CFG, Kerim Oral – presenting at the Molten Ventures Investor Day.

## ESG - Governance

Molten Ventures believes that conducting business in an ethical, transparent and responsible manner provides the groundwork for strong environmental and social agendas, while also creating long-term, sustainable value for our Shareholders, wider stakeholders and for society.

### Responsibility for governance

Good corporate governance is fundamental to Molten; our portfolio companies; and the way we conduct business.

Governance begins with the Board, but responsibility permeates throughout the whole Group reinforced by strong internal processes and regular training for all employees (including the Executive Directors) as more particularly set out on page 73.

### Portfolio governance support

At Molten, we believe that having strong policies and procedures in place allows our portfolio companies to scale quickly, while avoiding common governance pitfalls and meeting the expectations from customers, investors, regulators and buyers. As such, two of our FY23 ESG KPIs set out our aim for 80-100% of directly held investments to have the following policies in place:

- Anti-Corruption and Bribery Policy
- Anti-Harassment and Bullying Policy
- IT Communications and Cyber-Security Policy
- Whistleblowing Policy
- Health, Stress and Wellbeing Policy
- Parental Policy

To support our portfolio companies in implementing these policies if they were otherwise outstanding, we created policy templates and shared these within our Sustainability Toolkit.

Of portfolio companies who engaged in this process:

Anti-Corruption and  
Bribery Policy

**88%**

(Pre-engagement: 48%)

Anti-Harassment and  
Bullying Policy

**88%**

(Pre-engagement: 45%)

Parental Policy

**84%**

(Only data on quality of parental  
leave previously tracked, as  
opposed to policy implementation)

IT Communications  
and Cyber-Security Policy

**84%**

(Pre-engagement: 61%)

Whistleblowing Policy

**83%**

(Pre-engagement: 38%)

Health, Stress and  
Wellbeing Policy

**81%**

(Pre-engagement: 43%)

As part of our portfolio engagement programme, we led a governance-focused webinar, in partnership with Gowling WLG. This session detailed the importance of strong governance and explored the consequences of poor governance, including practical examples from the tech sector and beyond. There were 18 portfolio attendees to this event.

### UK Corporate Governance Code

The Company has subscribed to the principles of the 2018 UK Corporate Governance Code since listing to the Main Market of the London Stock Exchange in July 2021. These principles set out standards of good practice around Board composition and development, remuneration, Shareholder relations, accountability and audit. Wherever the Company is unable to comply with the UK Corporate Governance Code then it will explain the basis for such non-compliance.

### Health and safety

All staff share responsibility for achieving safe working conditions through adherence to the Group's robust health and safety measures, both in the workplace and any homeworking environment. The Company's Office Manager has overall responsibility for the implementation, operation and periodic review and update of the Group's health and safety policies and procedures to ensure that they continue to fulfil the key function they are designed for. During the period, no injuries, occupational diseases nor work-related fatalities have been reported. Having regard to the size of the Group's workforce, the Company's strong health and safety track record, as well as the nature and location of duties being performed, the Company does not report quantitative metrics, targets or an implementation timeline concerning our health and safety operations or reduction efforts, however this position is kept under review.

### IT security, cyber resilience and data protection

Data protection and cyber security is considered to be one of the principal risks to the business and is therefore a Board-level concern and standing agenda item at all formal meetings of the Board. The Group has a range of privacy, IT and cyber security policies and procedures in place which collectively set out the Group's commitment to these areas, and establish employee responsibilities and the process for risk identification. A summary of a number of the policies can be found on our website.

Data protection and cyber security as well as ongoing staff phishing and cyber awareness training continue to be part of the Group's annual training programme. During the period, we continued to receive support from our outsourced IT service provider Softwerx and we also engaged SoftCat plc in a fractional chief information security officer function to help us transition to a cloud-focused infrastructure with a focus on security and business continuity and stakeholder management. Our IT road map for FY2024 includes the migration to a cloud-only GDPR-compliant file system removing major data pinch points allowing for the removal of legacy file system architecture. Our office Wi-Fi has also been upgraded to include the latest encryption methodologies along with Wi-Fi 6 capabilities, as we plan to become Wi-Fi first across the business.

We also continue to stress test our network from a grey hat attacker perspective, and we continually remediate any system weaknesses. As per our Internal Data Breach Register, no Molten data security breaches have been reported during the period. Additionally, no information security breaches have been directly suffered by Molten in the last three years.

# Stakeholder engagement

## Our approach

The Board considers its key stakeholders to be its employees, its portfolio companies, its investment partners, the community in which it operates, the environment, its suppliers and advisers, and its Shareholders. Having regard to this divergent range of interests, and balancing the potential outcome for the different stakeholder groups, is a key part of the Board decision-making process.

### 01 Employees

#### Why we engage

Engagement with employees by the Executive and Non-Executive teams promotes a strong business-wide corporate culture of governance, which facilitates the ability of decision-makers to appropriately discharge their duties and reduce or remove Group exposure to unacceptable levels of risk.

Engagement also reinforces the Board's commitment to *our positive culture, diversity and inclusion*, and ensures that employees feel supported and engaged with the Group's strategy.

#### How we engage

- Due to the Group's relatively small employee base, the Executive Directors engage directly with employees on a day-to-day basis. The Non-Executive Directors have an open invitation to attend weekly Investment Committee meetings and speak with employees in person, both during the investment decision-making process and in informal social settings. A major exercise, involving all staff, has been undertaken over the last year to discuss and agree on the over-arching purpose of the Company.
- Richard Pelly is the Designated Non-Executive Director with responsibility for workforce engagement. Richard maintains close contact with the staff through the ESG working group, which has had several sessions dedicated to staff engagement, including discussion of the results of staff opinion surveys. It has been made clear to all staff that they are also free to raise matters directly with Richard. Feedback on the engagement at those sessions is provided directly to the Board.
- All employees have clear reporting lines which facilitate and encourage direct access to the Executive team. Regular fitness and propriety reviews are undertaken in line with regulatory requirements.
- HR undertakes regular anonymous employee surveys to provide people-centric insights to the Board, and the results of such surveys are presented to the Board.
- In its decision-making process, the Board regularly considers the impact of its decisions upon the Company's staff and affiliated personnel as well as the surrounding business culture.

### 02 Portfolio companies

#### Why we engage

Our open and inclusive approach is key to the hands-on way in which our team supports the growth of our portfolio companies. As an active manager, engagement with portfolio companies through all stages of growth allows us to better support those businesses and their management teams via access to our expertise, capital and wider network. Our approach to portfolio engagement also provides us with more regular and better visibility on portfolio company practices, progress and culture, which in turn informs the way in which we are able to provide support.

#### How we engage

- We have regular contact with our portfolio companies by taking a board directorship or attending meetings as an observer, as well as through informal channels by building strong relationships with entrepreneurs and their leadership teams.
- Many of our team offer specific domain expertise relevant to the particular business of our portfolio companies and also bring operational experience as technology entrepreneurs in their own right, which enables us to provide companies with tailored connections and advice.
- We run regular events and training sessions including trend spotting, panel discussions, focused networking and breakfast briefings to support our portfolio teams with best practice guidance and knowledge sharing.
- Consideration of portfolio company performance is a standing agenda item at each Board meeting and at each weekly meeting of the Executive Directors.
- Please see the Portfolio Review section on pages 31-43, as well as the case studies on pages 20-23 for more information on the work we do with our portfolio companies.

## 03 Investment Partners

### Why we engage

Leveraging our co-investment model offers improved access to the best deals and, by extension, the best returns for all of our stakeholders. Through active collaboration with like-minded investment partners, we achieve cultural alignments and can provide a broader range of collaborative investment optionality to our prospective and existing portfolio companies.

### How we engage

- For UK qualifying investments, the Group operates a multi-faceted investment strategy across plc balance sheet investing; EIS investments managed by Encore Ventures LLP; and VCT investments via Molten Ventures VCT plc (an entity which sits outside of the Group but is managed by Elderstreet Investments Limited).
- *We work closely with our investment partners to ensure an alignment of culture and long-term goals that allow for sustainable growth and positive returns and outcomes for all our key stakeholders. Board consideration is regularly given to the strategic positioning and relationship between the Group and its investment partners. The Executive team engage directly with our investment collaborators on a regular basis.*

## 04 The Community

### Why we engage

As part of our long-standing aim of democratising venture capital (as evidenced by our decision to IPO on AIM in 2016), we are committed to building engagement with the community, particularly in the context of our continued focus on sustainability, environment, social and corporate governance issues.

### How we engage

- We regularly hold thematic events across the regions and sectors we focus upon, which are open to members of the entrepreneurial ecosystem and others within the broader community.
- In addition to enabling our portfolio companies and wider partners to meet and gain valuable insight, these events also give us regular opportunities to engage with these communities and strengthen our relationships and influence within them.
- As signatories to the UN Principles of Responsible Investment, we are committed to encouraging dialogue around ESG themes, as further considered in pages 50 and 67.
- The Company is a signatory to the UK Government's Investing in Women Code with a commitment to improving female entrepreneurs' access to tools, resources and finance.
- The Company established the Esprit Foundation, which has charitable status from the Charity Commission. It is the intention of the trustees of the Foundation to make awards of grants to third-party community organisations with charitable objectives that align to the objectives of the Foundation.

## 05 Shareholders

### Why we engage

The Board recognises the critical importance of understanding, and aligning to, the expectations of our Shareholders. Regular dialogue with Shareholders through a range of different channels helps us to understand their short and long-term views; engage with their ambitions; and address their concerns.

### How we engage

- Regular communication with institutional Shareholders is maintained through individual meetings hosted by members of the Executive team, particularly following the publication of interim and full-year results.
- The Company's largest Shareholders are invited to attend our annual Investor Day at which a selection of portfolio companies are invited to present, allowing for direct engagement between Molten, its Shareholders and our portfolio companies.
- The Board encourages Shareholders to attend and vote at the Company's Annual General Meetings, at which members of the Board are in attendance and available for Shareholder questions.
- Investor relations are a standing item on the Board's agenda and at the weekly meeting of the Executive team.

# Stakeholder engagement CONTINUED

## 06

### Suppliers and advisers

#### Why we engage

Our suppliers work with Molten and the broader Group to ensure that we can provide an appropriate level of service and to bolster the work carried out by the Molten team.

By being selective in our choice of suppliers and fostering robust relationships with those that we choose to work with, we ensure that the Group efficiently and sustainably engages the right services for our business in line with applicable laws, regulations and best practice.

#### How we engage

- The Group engages its suppliers (locally and, where appropriate, globally) on the basis of proven track record with observance of minimum levels of performance, ethics and governance in order to create value and mitigate risk.
- A variety of independent professional advisers are utilised by the business to assist with our regulatory and legal compliance, including by way of example: banks, custodians, depositaries, lawyers, accountants, auditors, brokers, compliance specialists, training providers, branding and publishing sector specialists.
- The Group has a positive and open relationship with all of its advisers. Regular contact is maintained to ensure alignment of expectations and interests.
- The entry into contracts which are material strategically and which deviate from the Company's investment strategy in the context of the Group's business of operations or which are not in the ordinary course of business are matters which are reserved to the Board.

## 07

### The environment

#### Why we engage

Concerns around Environmental, Social and Corporate Governance (ESG) issues have become increasingly important to the Company and to the wider business community, particularly in respect of climate change and greenhouse gas emissions.

Engagement with ESG-focused strategies is of ever-growing significance, both from a broad planetary/societal perspective, but also in the context of evolving investor expectations within the VC community.

#### How we engage

- The Company and broader Group are committed to positively engaging with sustainability and ESG issues as a signatory to the UN Principles of Responsible Investment. During the period, the Company continued to evolve its ESG-oriented processes in accordance with the Group's ESG Policy.
- A core steering Committee has been operating for a number of years within the Company's EST Working Group, and a formal ESG Committee chaired by Gervaise Slowey met for the first time during the year. A report from the Committee can be found on page 107.
- The Board receives regular updates on progress against the agreed ESG KPIs, which are set out on page 46 for the previous year and page 47 for the year ahead, which are indexed to 10% of the corporate remuneration-related targets of all staff (including the Executive Directors).
- Further details of the Group's ESG-related activities are provided in the Sustainability section on pages 44-75.



△ Members of the team at Molten Ventures Investor Day.



## Section 172 statement

Under Section 172(1) of the Company Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

- the likely consequence of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1) (a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006. Examples have been included of both the routine application of such considerations in the ordinary course of business, and their role in certain key Board decisions during the course of the year.

### Key Board decisions during the year

In discharging its duties, the Board considers the views of its stakeholders, alongside other considerations such as risk, and legal and regulatory compliance. Board decision-making is supported by the provision of reports and papers circulated prior to the formal Board meetings, regular dialogue between Executive and Non-Executive Directors, and in-person presentations from management and advisers. Where appropriate, papers and presentations provide analysis of the impact of proposals on stakeholder groups and the long-term consequences for the business.

Set out below are some examples of key decisions made during the year to 31 March 2023, and areas of Board consideration in the decision-making process.

Board decision	Considerations	S172 factors
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Continue to grow third-party assets with syndication of Fund of Funds Programme creating opportunities to co-invest and deploy further capital into direct opportunities within their portfolio companies</li> <li>Refinanced and scaled debt facility to realign capital structure with stated target of 10% of portfolio value, providing increased funding flexibility</li> <li>Focused on prudent management of balance sheet and efficient use of capital</li> </ul>	(a) (c) (e)
<b>Remuneration</b>	<ul style="list-style-type: none"> <li>Completed a Shareholder consultation to understand the reasons behind a minority of Shareholders voting against the resolutions on Remuneration Policy and Remuneration Implementation at the 2022 AGM</li> <li>Have altered the operation of the Remuneration Policy for Executive Directors for FY24</li> <li>Appointed a new adviser to the Remuneration Committee</li> <li>Alignment of long-term interests of Executives, employees and stakeholders</li> <li>Employee pay increases to address the cost of living crisis</li> </ul>	(a) (b) (e) (f)
<b>Succession planning</b>	<ul style="list-style-type: none"> <li>Continued focus on strengthening diversity in the background and experience of the Board as a whole</li> <li>Ensuring appropriately experienced individuals appointed to lead governance at Board level</li> <li>Developing Board-level experience in sustainability matters</li> <li>Completed two skills matrix exercises to help inform recruitment</li> <li>Scheduled an externally facilitated Board evaluation to commence in FY24</li> </ul>	(a) (b) (c) (e)
<b>ESG</b>	<ul style="list-style-type: none"> <li>Development of corporate purpose</li> <li>Commitment to strengthening Board diversity over time</li> <li>Development and publication of Human Rights Policy</li> <li>Continued development of TCFD reporting and implementation of climate strategy</li> </ul>	(a) (b) (c) (d) (e) (f)

# Risk management

To achieve our strategic objectives and manage the business responsibly and sustainably, we operate an effective risk-management framework that balances risk and reward, while protecting the business, our Shareholders, employees, and other stakeholders. The Board has ultimate responsibility for setting and managing the risk framework, as well as defining appetite for risk, with ongoing oversight delegated to the Audit, Risk and Valuations Committee.

## Risk appetite

The nature of our business fundamentally involves accepting risk if we are to achieve our strategic aim of creating and maintaining a pipeline of investment opportunities and supporting our diversified portfolio of businesses to achieve meaningful returns. However, the business will accept risk only where it can be appropriately managed and where it offers sufficient reward. The Board has determined its risk appetite for each of the principal risks described on pages 82 to 90 and considered appropriate ways to monitor performance and mitigate each risk to ensure it remains acceptable.

## Risk governance

Our approach to risk governance is a top-down approach, with a culture of compliance that runs from the Board, through its Committees, the Executive Team, the Compliance Team and to all staff, encouraging a thoughtful and transparent culture towards risk that is grounded in principles of responsible stewardship for our stakeholders. For the Group, the first line of defence comprises management controls and internal control measures administered by all managers and staff, with the second line of risk management overseen by the Compliance Team. The Compliance Team report directly into the CFO on all compliance matters and have direct access to the Chair of the Board and the Chair of the Audit, Risk and Valuations Committee.

Both the Audit, Risk and Valuations Committee and the Executive Team regularly consider and review the existing and emerging risks faced by the business to ensure that any exposure and associated mitigations align with the business's strategic objectives. All material risks associated with the Group and its activities are entered into the Company's Corporate Risk Register which applies a scoring system to assist the Audit, Risk and Valuations Committee in its decision-making by capturing inherent risks, mitigations, and residual risks as well as any proposed actions. Risks are mapped to a heat map and monitored while controls are put in place and continually reviewed to mitigate the Group's exposure.

The Audit, Risk and Valuations Committee meets formally at least four times a year, with other informal meetings convened as necessary. The Executive Team are delegated authority to oversee the application of the risk framework across the business. The Group operates clear reporting lines throughout the business and engages external compliance specialists, IQ-EQ, to assist the Compliance Team in monitoring and advising on all regulatory compliance matters at a fund manager level within the Group structure.

We identify and monitor risks closely throughout the business, with all employees involved in overseeing and mitigating risk on a day-to-day level under the ambit of the Group Compliance Manual and Group Code of Conduct. Periodic internal checks are administered by the Compliance Team; enhanced IT security measures are employed by the IT Manager supported by external IT specialists, Softwex and SoftCat plc; weekly meetings are conducted at an Executive level where risk is a standing item; and dedicated risk-review sessions are undertaken periodically by the Executive Team structured around the Corporate Risk Register.

## Third-party review

There is a formal compliance report issued to the Board annually based upon the Company's Corporate Risk Register and the output of quarterly monitoring reports issued by IQ-EQ. For the report covering the year ended 31 March 2023, the only actions identified by IQ-EQ as requiring attention were classified as low-risk. Depositary services in the financial year were provided to the Company and the Fund of Funds by Langham Hall UK Depositary LLP including safekeeping of Company assets, oversight, and reporting any breaches, anomalies and discrepancies. Representatives of the Depositary attended a meeting of the Audit, Risk and Valuations Committee immediately prior to year-end to report on activity completed during the year and any associated recommendations, with no items identified as being high risk or in need of remedial action.

## Training

Externally-led training is provided to all staff at least annually in connection with the Group's culture of risk awareness and risk mitigation and the professional and ethical standards to which all employees must perform in the fulfilment of their roles (including where relevant under the Senior Managers and Certification Regime ("SM&CR")).

During the year, IQ-EQ delivered targeted training on the subject of SM&CR and the Group's Client Assets Sourcebook (CASS) obligations to those members of the compliance, finance and administrative team involved in the safekeeping and reconciliation of client assets.

Mandatory online training is conducted not less than annually (including associated testing) on a variety of core topics including anti-money laundering, anti-bribery and corruption, SM&CR, anti-bullying and harassment, anti-modern slavery, and data protection.

Targeted internal-led compliance training sessions are delivered during the onboarding process for new joiners and to different teams within the business as required, including a session on inside information and financial promotions to the Investment Team. Within the quarterly Investment Team "Hit-list Day", market themes, opportunities and risks are assessed as part of the wider approach towards investments, and there is also a bi-annual Strategy Day attended by all of the Investment Team to review the Group's existing portfolio and assess risks and opportunities at an asset level.

## Whistleblowing

The Group has adopted procedures by which employees may, in confidence, raise concerns relating to possible improprieties in matters of financial reporting, financial control, adequate management of risks or any other matter. The Whistleblowing Policy applies to all employees of the Group, who are required to confirm that they have read the policy and are aware of how the procedure operates as part of the Group's ongoing internal training programme.

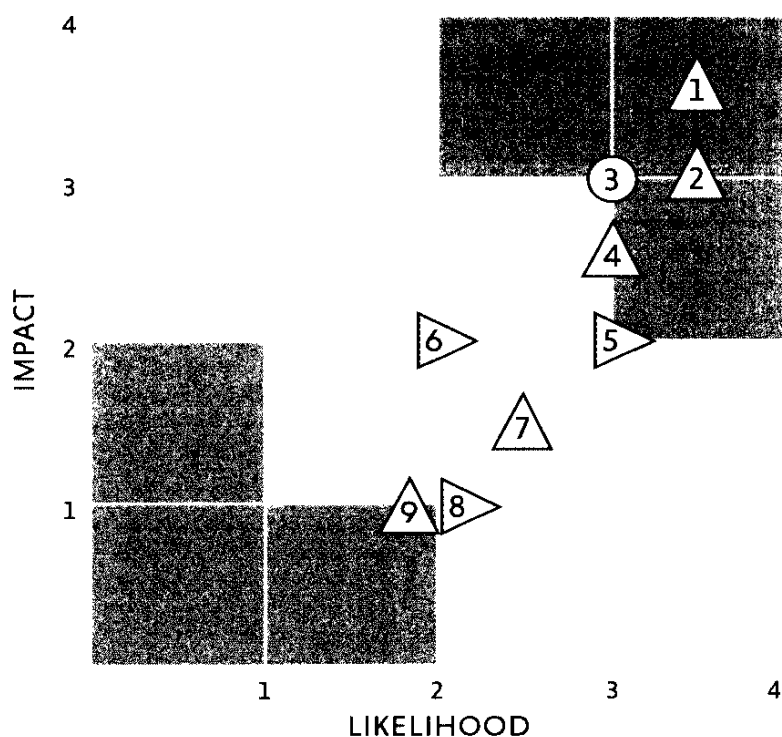
## Principal and emerging risks

We regularly consider and make a robust assessment of principal and emerging risks and opportunities, both internal and external, which may affect the Group in the near, medium, and long term. The Executive Team and Audit, Risk and Valuations Committee have risk scheduled for review at meetings periodically and, as required and during the year, performed their annual review of the Group's principal risks, assessing the severity and mitigation strategies in place for previously identified risks, and identifying whether any new risks had materialised in the period.

The heat map opposite shows what we consider to be our principal risks and uncertainties by potential impact and likelihood of occurrence. Detailed descriptions of those principal risks are set out on pages 82 to 90. A principal risk is a risk, or a combination of risks, from our corporate risk register that can seriously affect the performance or reputation of the Group. These principal risks are subject to regular reviews by the Audit, Risk and Valuations Committee or Board, with the Executive Director responsible for that risk category reporting on the nature and any developments on the risk at an appropriate frequency.

Emerging risks are those risks not yet considered to be "principal" by the Audit, Risk and Valuations Committee on recommendation by the Executive Directors, but which have been identified by horizon scanning and other processes, such as scenario analysis. These are risks that are either new and therefore may, in time, pose a threat to the Company and/or its business model; or they can be a pre-existing risk that has emerged in a new or unfamiliar context. The following are some of the emerging risks that have been identified and are currently being monitored:

- Potential escalation of China/Taiwan tensions and conflict with the US
- Banking sector volatility in the aftermath of SVB and Credit Suisse collapse and second order effects on the macroeconomic environment and the tech sector within this
- Increased cost of borrowing to finance investment /deployment with further interest rate increases from central banks
- Cost of living pressures effect on B2C/B2B sales



KEY:  $\triangle$  Increasing  $\nabla$  Decreasing  $\triangleright$  Static  $\bigcirc$  New/emerging

### Key

1. Macroeconomic environment
2. Geo-political protectionism
3. Liquidity and access to capital
4. Public market risk
5. Climate change
6. Key personnel
7. Cyber security
8. Industry competition
9. Risk profile of venture investing and venture investments

## Risk framework updates

Updates to our risk framework for the year include:

- Engaged SoftCat plc to provide a fractional CIO function to assist with the evolution of the Group's IT and cyber-resilience infrastructure
- Development of a regulatory crisis engagement strategy
- Migration of Money Laundering Officer function within the Group's regulated businesses away from CFO to the Compliance Team to minimise risk of conflicts and expand capacity associated with the role

# Principal risks

## Key

▲ Increasing risk    ■ New/emerging risk    □ Static risk    ▼ Decreasing risk

## 1. Macroeconomic environment

### Volatility of global public and private markets

**LINK TO KPIS**  
(PAGE 19)  
1, 2, 3, 4, 5

#### Potential impact

Challenges in the macroeconomic environment events such as banking volatility, high inflationary environment, unpredictable government policy, or recessions could lead to:

- Increased cost of living and commensurate reduction consumer or B2B spending, diminishing the revenues of portfolio companies, lowering their valuations and extending the period to realisations
- Enhanced portfolio company requirement for liquidity
- Volatility in the prices of the listed assets in portfolio subject to turbulence in public markets
- Fluctuations in foreign exchange rates that may affect the Company's own cash position, valuations or exposure to fx changes on transactions
- Reduced confidence in growth stocks relative to value stocks and higher interest rate environment
- Difficulty for the Group to raise further capital through realisations, equity issues or debt and resulting limits on liquidity
- Negatively impacted share price which may reduce availability of the Company's revolving credit facility or activate limited lender cash sweep mechanism
- Risk of the Company breaching its debt facility covenants

#### Risk management and mitigation

- Volatility typically impacts across all market participants (private and public) as well as wider market dynamics so creates a level playing field
- Executive management engage in strong and consistent investor relations with well-established and diversified Shareholder base
- Diverse portfolio across different stages of development, geographies and markets, and syndicated strategy of minority equity ownership alongside strong syndicate partners
- Strong Board-level and investment team experience of previous challenging macro-economic conditions
- Portfolio company revenues generated across a range of currencies, predominantly US Dollars, Sterling and Euros, and a degree of natural hedge therefore exists against exposure to FX fluctuations
- Maintenance of diversified bank accounts across a range of different providers and foreign currency reserves in line with Treasury Policy and hedging strategies being developed
- Active management of portfolio with Board seats or observer roles on most companies providing enhanced visibility and ability to influence portfolio cash runways and outcomes
- Cash reserves maintained and debt facility available for liquidity purposes
- Strength of the Molten Ventures brand and reputation to retain and continue to attract Shareholders and operate in the VC/tech environment

#### Changes/activities during the year

- High inflationary environment and rising interest rates
- Geopolitical developments, including the continued conflict in Ukraine and escalation of breakdown in China/Taiwan relations
- New expanded £150m debt facility with JP Morgan in the lending syndicate providing access to capital and greater capacity to grow with the Company
- Expansion of banking relationships to augment treasury and hedging capabilities
- Completed first close of syndicated of Fund of Funds Programme providing additional capital under management and ongoing management fees
- Significantly reduced IPO market in the UK and US
- Significant Shareholder engagement exercise undertaken by the Chair of Remuneration Committee during the period as well as the CEO and CFO to build on relationships and understand expectations of the Company's stakeholders

#### Focus for FY24

- Continued emphasis on appropriate levels of liquidity through access to debt facility, cash realisations, additional fee income from third-party co-investors with funds under Group management and ability to raise from the market
- Expansion of additional syndicated fund strategies with third-party investors to share risk and provide enhanced income streams
- Maintain focus on investor relations to communicate the strategy and resilience of the Group

## 2. Geo-political protectionism



Direct and indirect impact of geo-political events

**LINK TO KPIS  
(PAGE 19)**  
1, 2, 4

### Potential impact

- *Inter-governmental policies presenting additional hurdles to cross-border M&A opportunities, particularly impacting upon later stage large-scale tech businesses, limiting route to a meaningful exit*
- International protectionism fuelling the escalation of geo-political tensions impacting upon supply chains, with particular reference to Ukraine and Taiwan
- Raised tariffs making it harder for portfolio supply chains and deeptech hardware companies to obtain required materials or make sales of their own products
- Persons or corporates subject to sanctions having an impact on flows of capital, goods, or services

### Risk management and mitigation

- Supporting portfolio with international structural optionality
- Participation in lobbying efforts on UK government (e.g. through BVCA membership)
- Sector specialist lawyers engaged during the period to deliver training to the Investment Team on the impact and process associated with the National Security and Investment (NSI) Act (NSIA) and equivalent global legislation
- Carried out a full assessment of Group exposure to sanctioned persons or corporates, through our portfolio, Shareholders, suppliers, or other investors into our portfolio companies

### Changes/activities during the year

- Ongoing war in Ukraine disrupting stability of region and associated supply chains
- Sanctioning of Russian and Belarussian individuals and corporates
- Increased tensions between China and US in respect of Taiwan and broader economic and political relations
- Resolution on NI protocol and Windsor Framework, addressing legacy Brexit issues on the island of Ireland
- Period of political instability in UK with multiple changes of leadership and budget changes

### Focus for FY24

- Continued participation with BVCA to lobby UK government on benefits of access to wider pools of capital including both in and outside the exit process of the UK/Europe, including in the context of cross-border portfolio exit opportunities
- Providing access, network opportunities and strategic advice to portfolio company founders and managing teams to explore US and wider global markets
- Continue to take legal and tax advice on implications of shifts in global policy including the application of the UK NSI Act, the extension of sanctions regimes, and wider national and international headwinds
- Assessment and ongoing monitoring of Group exposure to sanctioned persons or entities throughout the Group and its investments
- Exploration with portfolio companies of insourced capabilities or diversified supply chains in the event of interlinked disruption

# Principal risks CONTINUED

## Key

• Increasing risk    New/emerging risk    Static risk    ↘ Decreasing risk

## 3. Liquidity and access to capital

Insufficient availability of capital precluding the Company from executing on its investment strategy and/or meeting deployment targets

**LINK TO KPIS  
(PAGE 19)**  
1, 2, 3, 5

### Potential impact

- The unavailability of capital and resulting reduction in liquidity may impair the ability of the Company to make investments (new or follow-on) or limit the frequency or quantum of deals in which the Company is able to participate
- The reduced availability of capital across the public and private markets is likely to impact upon funding models and the ability to execute on strategic business plans, both at a Company and a portfolio level, which could include:
  - reduced access to revolving credit facility and/or capital raising mechanisms
  - slower or halted progress on strategic initiatives or longer-term planning
  - reduced cost base and decisions over prioritisation of capital, which could result in reductions in headcount
  - depressed valuations where portfolio companies are unable to demonstrate a path to liquidity or profitability without further funding, or their likely exit paths are blocked
  - reduced likelihood of realisations due to slowed IPO market and tighter controls over capital in PE and M&A spaces

### Risk management and mitigation

- Liquidity is available to the Company through its revolving credit facility maintained with JP Morgan and SVB UK
- Cash flow forecasts and borrowing structures are considered at each meeting of the Executive Directors and every Company Board meeting to monitor and ensure that a minimum quantum of cash is available to maintain sufficient headroom to satisfy the Company's debt covenants and regulatory capital requirements
- The Company's joint brokers work in the public markets to secure liquidity in shares
- Frequent investor engagement with all key Shareholders and stakeholders by the Company's CEO and CFO as well as wider marketing activity
- Continued emphasis on appropriate levels of liquidity through access to debt facility, cash realisation and additional fee income from third-party co-investors with funds under Group management

### Changes/activities during the year

- New expanded £150m debt facility with JP Morgan in the lending syndicate alongside SVB UK providing access to capital and greater capacity to grow with the Company
- Completed first close of the syndication of Fund of Funds Programme providing additional capital under management and ongoing management fees
- Significant Shareholder engagement exercise undertaken by the Chair of Remuneration Committee during the period as well as the CEO and CFO to build on relationships and understand expectations of the Company's stakeholders
- Engagement with Shareholders through annual Investor Day, Investor Meet Company meetings, and NASDAQ portfolio day as well as Shareholder roadshow and individual meetings

### Focus for FY24

- Continued emphasis on appropriate levels of liquidity through access to debt facility, cash realisations and additional fee income from third-party co-investors with funds under Group management
- Expansion of additional syndicated fund strategies with third-party investors to share risk and provide enhanced income streams
- Maintain focus on investor relations to communicate the strategy and resilience of the Group
- Explore optionality for raising capital through the public markets, including the possibility of an equity issuance

## 4. Public market risk

As a publicly listed entity, the Company is exposed to the risks associated with that status and being traded on public markets

**LINK TO KPIS  
(PAGE 19)**  
1, 2, 5,

### Potential impact

- A share price persistently trading at a significant discount to NAV could lead to:
  - reduced value in management and employee LTIPs which may affect hiring and retention of key personnel
  - reduced NAV growth and associated reduction in Shareholder return
  - Potential concentration of share register
  - the Company becoming an acquisition target or lead to Shareholder activism
  - raising capital from the market at a discount to NAV
- Information concerning the Company is significantly more public and exposed relative to Molten Ventures' peer group which are overwhelmingly structured as private GP/LP structures with far reduced public reporting requirements
- Immediate exposure to fluctuations in the public markets and broader market trends which can be volatile and disconnected from the performance or activities of the Company
- Ongoing administrative, regulatory and compliance burden relative to non-listed peer group

### Risk management and mitigation

- Work alongside the Company's brokers and PR agencies to engage with institutional and retail Shareholders and build upon the Company's well-diversified Shareholder base
- Close active monitoring of the Company's share register to track Shareholder movement and ensure the Company's Shareholder base is well-diversified
- Frequent investor engagement and marketing activity
- In the event that share price did not return to a level indexed to NAV, the Company could consider de-listing or merge with another VC or similar investor
- Expansion of syndicated fund strategies with third-party investors to share risk and diversify income streams away from just the public markets

### Changes/activities during the year

- Sector was heavily discounted due to tech sell-off, compounded by collapse of SVB US and SVB UK
- Significant Shareholder engagement exercise undertaken by the Chair of Remuneration Committee during the period as well as the CEO and CFO to build on relationships and understand expectations of the Company's stakeholders
- Engagement with Shareholders through annual Investor Day, Investor Meet Company meetings, and NASDAQ portfolio day as well as Shareholder roadshow and individual meeting

### Focus for FY24

- Continued work alongside the Company's brokers to engage with institutional and retail Shareholders and build upon the Company's well-diversified Shareholder base
- Engage directly with Shareholders to try to build share price relative to NAV and in so doing, deliver value and returns for Shareholders
- Continued focus on ESG to meet, and where possible surpass, the public market expectation for sustainable investing
- Expand the syndication of investment strategies and launch new fee-paying funds with third-party capital under management to reduce dependency on capital markets

# Principal risks CONTINUED

## Key

▲ Increasing risk    ■ New/emerging risk    ▢ Static risk    ✕ Decreasing risk

## 5. Climate change

Increasing need to navigate the energy transition, including regulatory, market, technology, and reputational aspects as well as the potential physical impacts of climate change

**LINK TO KPIS  
(PAGE 19)**  
1, 3, 4, 6

### Potential impact

Transitioning to a lower-carbon economy will entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change, including:

- existential increased risk of physical impacts of climate change directly impacting upon the Company or its people, or the companies and personnel within the Molten Ventures portfolio
- changing stakeholder expectations on licence to do business
- increase in GHG emissions-related regulation, including mandatory reporting requirements
- potential lending conditions tied to climate and carbon performance
- business models of certain investee companies may be more immediately impacted by climate change dependent upon the industry in which they operate
- Insufficiently diversified portfolio to deliver on pathway to net zero and climate strategy

### Risk management and mitigation

- Adherence to the Company's ESG Policy to integrate consideration of climate-related risks and opportunities throughout the Group's strategies, policies, governance structures and interactions with internal and external stakeholders
- Engagement with portfolio companies to assist and guide them on developing their own sustainability policies and climate change risk mitigations
- Working with external environmental consultants to:
  - voluntarily report to the Taskforce for Climate-related Financial Disclosures (TCFD) for the second year
  - calculate and evaluate Molten Ventures' Group-wide carbon footprint (inclusive of Scope 1, Scope 2 and material Scope 3 GHG emissions) and offset 100% of Scope 1 and Scope 2 emissions that cannot otherwise be reduced
  - carry out mandatory Streamlined and Energy Carbon Reporting (SECR) disclosures
  - assess in greater detail our Scope 3 emissions, including those from our investments and purchased goods and services
- Completion of first year reporting to CDP
- A proportion of variable pay for Executive Directors and all employees linked to completion of ESG KPIs

### Changes/activities during the year

- Engaged Accenture to develop our pathway to net zero; produce our FY2023 TCFD Report; and independently verify our GHG measurement methodologies
- Engaged Altruistiq to support Molten Ventures with its data collection and carbon footprinting exercise across Scopes 1, 2 and 3 to improve the accuracy of our emissions data.
- Onboarding and ongoing 1-2-1 support and assistance to portfolio companies and management teams
- Sustainability toolkit roll out: thirteen governance-focused policy templates developed and distributed across the portfolio to encourage implementation and improved governance structures
- Two ESG-focused training sessions hosted by the Company and co-delivered to the portfolio with Fair HQ (Diversity-focused) and Gowling WLG (governance)

### Focus for FY24

- Delivery of the Company's FY24 ESG KPIs details of which can be found on page 46
- Development of the Company's Climate Strategy including quantitative carbon reduction targets with support from external advisers utilising the output of our first year of reporting against the TCFD framework
- Increased engagement with our portfolio on climate-related topics including carbon footprint measurement and GHG reduction plans
- Focus on integrating the output of our TCFD project into our risk management practices
- Evolve and develop the application of climate within the valuations process



## 6. Key personnel

The Group may not be able to retain or attract staff with the right skills and experience

**LINK TO KPIS**  
(PAGE 19)  
3, 4

### Potential impact

- The work of the Group requires specialist practitioners and, as a relatively small team, if the Group does not succeed in recruiting or retaining the skilled personnel necessary for the development and operation of its business, it may not be able to grow as anticipated or meet its strategic objectives.

### Risk management and mitigation

- Competitive packages and enhanced employee benefits offered to personnel, with periodic externally-led market comparisons for both staff and Executive packages
- Long-term incentives aligned to Group strategy through the issue of performance-related share options
- Access to externally-led coaching and mentoring focusing on staff development and inclusion
- Expanded team size providing better coverage across all areas of the business and ongoing succession planning

### Changes/activities during the year

- Further recruitment into the investment team and operational roles within the business
- Continued to conduct employee surveys to solicit feedback on the working environment and business culture
- Engagement with all staff in the exercise undertaken to develop a corporate purpose
- Augmentation of investment team with hire of Nelly Markova and promotion of Edel Coen into the Group Investment Committee

### Focus for FY24

- Continued hiring in line with the Company's Diversity, Equality and Inclusion (DEI) Recruitment Policy to source, interview and make hires from a diverse, highly skilled talent pool to improve representation across the Group
- Continued focus on improved mental and physical wellbeing of all staff through outsourced providers
- New LTIP issue on revised targets for the next three-year period
- Continue with succession planning and growth of teams

# Principal risks CONTINUED

## Key

▲ Increasing risk    New/emerging risk    Static risk    ▲ Decreasing risk

## 7. Cyber security

Cyber security incidents may affect the operation and reputation of the Group

### Potential impact

- A significant cyber/information security breach could result in financial liabilities, reputational damage, severe business disruption or the loss of business critical or commercially sensitive information

### Risk management and mitigation

- Utilisation of reliable hardware, software and cybersecurity measures including robust firewalls, anti-virus protection systems, email risk management software and backup procedures
- Appropriate IT security structures, policies and procedures in place including the Group's Business Continuity Plan
- Maintained risk register covering cyber security
- Maintain cyber insurance including coverage for breach response costs, cyber extortion loss and privacy regulatory liability coverage

### Changes/activities during the year

- Increased cyber security risk due to the threat of cyber attacks emerging out of geo-political events and pace of AI development
- Carried out external penetration testing twice
- Appointment of Softcat IT infrastructure consultants to provide a fractional chief information officer function and work alongside the Group IT Manager, CFO and Finance Director to deliver on IT and cyber-related projects
- Retained Cyber Essentials accreditation
- Continued updates to hardware and software environment to enhance robust cybersecurity environment

### Focus for FY24

- Continued review and development and adaptation of cyber security and information security systems, policies and procedures with the support and guidance of outsourced IT providers
- Additional emphasis on cyber and information security following increased instances of cyber attacks and cyber-related fraud
- Consideration of the enhanced risk resulting from the exponential development of AI
- Development of relationship with third-party managed IT service providers to help deliver and continually improve Molten Ventures secure cyber environment

## 8. Industry competition



The Group and its portfolio companies are subject to competition risk

**LINK TO KPIS**  
(PAGE 19)  
2, 3, 4

### Potential impact

- Increased capital in the European VC market leading to greater competition for deals and compressed timelines between investment rounds and during the investee fundraising process
- Rise in pre-empted funding rounds can limit access to strong deals where opportunities are outside of the Group's network
- Increase in investment activity of significantly larger VC players who have less price sensitivity and may distort valuations and the broader VC market

### Risk management and mitigation

- Proven thesis-driven investment strategy with strong reputation in the market within sector/geo-specialism
- Differentiated model with strong pipeline sourcing and disciplined investment process
- Competitive pricing, terms and structure of proposed investment
- Strong and visible brand with established presence in VC and tech ecosystem
- Well networked team with proven syndication opportunities across the industry

### Changes/activities during the year

- Completed first close of the syndication of Fund of Funds Programme providing additional capital under management and ongoing management fees
- Completed deployment target for FY2023

### Focus for FY24

- Strategic deployment of capital into existing portfolio companies by way of follow-on funding and working closely with portfolio management teams to extend cash runway and preserve/enhance value as a competitive advantage in challenging economic conditions
- Continued expansion of the syndication of the Fund of Funds Programme
- Preparatory work in connection with the launch of the Molten Ventures Central and Eastern European Fund
- Preparatory work in connection with the launch of the Molten Ventures Climate Fund
- Continued focus on ESG and develop position as a thought leader in the VC space as a point of strength and differentiation
- Further development of brand to entrench Molten Ventures position within the VC and tech communities

# Principal risks CONTINUED

## Key

• Increasing risk    • New/emerging risk    • Static risk    • Decreasing risk

## 9. Risk profile of venture investing and venture investments

The profile of venture investing and the companies into which investments are made are rapidly scaling businesses with potential for outsized returns, but are by their nature inherently riskier than other more stable lower yield investment opportunities or companies

**LINK TO KPIS**  
(PAGE 19)  
1, 2, 5

### Potential impact

- Individual portfolio companies may not perform as anticipated and either fail or have increased funding requirements
- Significant commitment of time and resource to the active management of early-stage high-growth companies
- Due to the illiquid nature of the asset class in which the Company invests, a material recalibration of global valuations of tech companies may impair the Group's NAV and impact on the timing and/or quantum of realisations at exit
- The timing of portfolio company realisations is uncertain and cash returns to the Group are therefore difficult to predict and could subject to a lockup period in the event of an IPO

### Changes/activities during the year

- Syndication of the Fund of Funds strategy to increase capital under management for allocation to seed fund managers and provide visibility on a greater range of investment opportunities
- Rich pipeline of deal opportunities through the Fund of Funds strategy and EIS and VCT early-stage activity
- Continued participation in follow-on rounds where the asset is known and we can continue to back the winners within the portfolio

### Risk management and mitigation

- Rigorous due diligence undertaken by highly qualified Investment Team and surrounding operational platform
- Active management of portfolio with consent rights and Board seats or observer roles typically required as a pre-requisite to investment
- Diversified portfolio across different geographies, sectors and stages to mitigate impact of single investment failures
- Calibration of risk and reward for outsized returns on investment due to equity ownership at an early stage in the life of the company
- Multi-faceted investment strategy focusing upon opportunities at different points of the growth cycle from seed (through Fund of Funds), early (EIS/VCT) to later stage (plc)

### Focus for FY24

- Working closely alongside portfolio management teams to extend cash runway and preserve/enhance value
- Continued emphasis on appropriate levels of liquidity through access to debt facility, cash realisations, additional fee income from third-party co-investors with funds under Group management and ability to raise from the market
- Continued focus on identifying strong best-in-class scalable technology companies with very large addressable markets and a path to becoming a category leader
- Working alongside the BVCA and other industry bodies to advocate for greater awareness, understanding and funding for the venture ecosystem and early-stage tech businesses
- Development of additional strategies to maximise the opportunities arising out of the Fund of Funds programme and early-stage start-up environments

## Board approval

The Strategic Report as set out on pages 4 to 91 was approved by the Board of Directors on 14 June 2023 and signed on its behalf by:

**Ben Wilkinson**  
Chief Financial Officer

# Viability statement

The Directors have assessed the viability of the Group over a three-year period to March 2026, considering its strategy, its current financial position, and its principal risks.

The three-year period reflects the time horizon over which the Group places a higher degree of reliance over the forecasting assumptions used.

The three-year plan is built using a bottom-up model and makes assumptions about the level of capital deployed into, and realisations from, its portfolio companies, the financial performance (and valuation) of the underlying portfolio companies, the Group's utilisation of its debt finance facility and the ability to raise further capital, the level of the Group's net overheads and the level of dividends.

To assess the impact of the Group's principal risks on the prospects of the Group, the plan is stress-tested by modelling severe but plausible downside scenarios as part of the Board's review of the principal risks of the business.

While all the risks identified, including cyber security, key personnel, industry competition, FX exposure and loss of regulated status could potentially have an impact on the Group's financial position, the Directors believe that the risks most likely to impact the Group's viability include changes to the global macroeconomic environment, portfolio valuations, geo-political protectionism, profile of venture investments and unpredictability of exit timing.

The severe downside scenarios model situations were:

## 1. Concentration risk

Scenario: considers the impact of a material event causing the single largest asset in the portfolio to be written off and the value of all listed assets held being reduced.

Links to Principal Risks: 1, 8, 9

## 2. Valuations risk

Scenario: considers the impact of public and private market recalibration causing severe disruption to the operating cycle, significantly reducing valuations and realisations, and stalling routes to exit.

Links to Principal Risks: 1, 2, 3, 4, 5, 9

## 3. Realisations risk

Scenario: considers no additional exits other than those which have been agreed and the sale of listed assets, either due to severe disruption to the market or due to exits in the form of IPO with shares held being subject to a lock up period.

Links to Principal Risks: 1, 2, 3, 6, 8,

## 4. A combination of scenarios 1-3 above

The Directors have considered an "all risks" stress test scenario, combining all of the scenarios tested in a "worst case" analysis. This is a highly unlikely scenario, however, in the event of such a scenario the Group would be able to continue operating until July 2024 before a liquidity

shortfall. However, mitigations have been modelled in this scenario which would ensure sufficient liquidity well beyond March 2026.

In such scenarios there would be additional options available for the Group to mitigate the impact on liquidity, including:

- reducing investment levels to mitigate the impact on liquidity
- exits outside the usual course of business
- equity financing
- syndicated fund strategies
- debt financing

Given the current volatility of public markets an equity raise has not been modelled in any of the scenarios.

**The Directors also considered viability over the longer-term period. Risks considered were:**

Links to Principal Risks: 1, 2, 3, 4, 5, 9

## 1. The resilience of the underlying business model

The "patient capital" nature of the Group's business model, which affords the Group flexibility in terms of exit timings, coupled with its relatively low level of committed capital, provides a high degree of financial resilience to macroeconomic risks.

Links to Principal Risks: 1, 2, 3, 4, 6, 9

## 2. Resilience to technological risks

Following a comprehensive assessment of the Group's IT security and infrastructure in 2021, an IT roadmap was developed with Softcat plc. While no major issues were identified the Company has continued to invest in improvements to IT infrastructure, software and cyber security and has also appointed a new IT managed service provider.

Links to Principal Risks: 7

## 3. Resilience to social and environmental risks

The Group works with external providers and voluntarily reports against external standards and frameworks. A Climate Strategy has been developed and a dedicated ESG Committee oversees the activity of the ESG Working Group. ESG KPIs are measured and performance against ESG targets is indexed to staff bonuses.

Links to Principal Risks: 1, 3, 4, 8, 9

Based on this assessment, the Directors have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, up to at least March 2026.

PLEASE SEE OUR  
PRINCIPAL RISKS  
SECTION, STARTING ON  
PAGE 82 FOR FURTHER  
DETAILS ON OUR  
PRINCIPAL RISKS

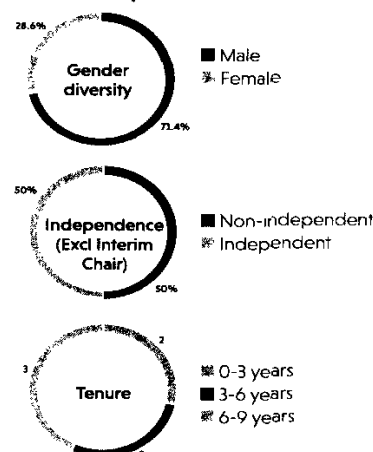
# Governance Report

## Contents

### Governance Report

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128	Directors' report
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## Board composition



### Meeting attendance

Director	Board	Audit, Risk and Valuations Committee	Remuneration Committee	Nominations Committee	ESG Committee
Grahame Cook	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>		納 納 納 納 納		
Sarah Gentleman	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>		霍 霍 霍 霍 霍		
Richard Pelly	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>		麥 麥 麥 麥 麥		
Gervaise Slowey	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>		史 史 史 史 史		麥 麥
Karen Slatford <sup>1</sup>	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
Martin Davis	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
Stuart Chapman	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>				
Ben Wilkinson	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>				麥 麥

• Karen Slatford resigned as a Director on 17 January 2023 due to health reasons.

## Key activities in applying the principles of the UK Corporate Governance Code

Code principles	Activity in the year
<b>Board leadership and Company purpose (A-E)</b>	<p>Information on how the Board assesses and monitors the culture of the business is set out on page 98.</p> <ul style="list-style-type: none"> <li>Appraised the Company's strategy and three-year plan, receiving input from advisers</li> <li>Reviewed the output of the corporate purpose exercise involving all employees and led by the CEO and approved the adoption of the proposed corporate purpose</li> <li>Continued DNED programme of engagement with updates on workforce engagement responses</li> <li>Received summary of detailed half-yearly portfolio reviews carried out by management</li> <li>Approved plc investments exceeding Investment Committee authority level</li> <li>Agreed 12-month ESG roadmap and received regular updates on progress against key ESG KPIs and determined KPIs for the following financial year</li> </ul>
<b>Division of responsibilities (F-I)</b>	<ul style="list-style-type: none"> <li>Reviewed and approved changes to schedule of matters reserved for the Board and Committees' terms of reference</li> <li>Delegated authority to a Policies &amp; Procedures Committee to oversee and implement changes to policies and procedures where Director approval not required, or escalate to the Board or relevant Committee as necessary</li> <li>Appointment of in-house Company Secretary</li> </ul> <p>Information on the activity of the Committees is set out in their individual reports starting on pages 104 (Nomination Committee), 107 (ESG Committee), 108 (Audit, Risk and Valuations Committee and 111 (Remuneration Committee).</p>
<b>Composition, succession and evaluation (J-L)</b>	<ul style="list-style-type: none"> <li>Completed two skills matrix exercises to assist with recruitment</li> <li>Appointed Russell Reynolds to assist with candidate search</li> <li>Appointed Lintstock to undertake an externally facilitated evaluation in FY24</li> <li>Completed an internal Board evaluation</li> </ul>
<b>Audit, Risk and Internal control (M-O)</b>	<p>The Audit, Risk and Valuations Committee's activity during the year has focused on its key responsibilities around the integrity of financial reporting (including valuations), and ensuring that risk management and internal control systems operate effectively. Other activities included:</p> <ul style="list-style-type: none"> <li>Reviewed annual compliance reports</li> <li>Reviewed corporate policies and procedures</li> <li>Approved compliance policies and procedures updated in light of regulatory developments</li> </ul> <p>Further information is included in the Audit, Risk and Valuations Committee Report starting on page 108.</p>
<b>Remuneration (P-R)</b>	<ul style="list-style-type: none"> <li>Conducted a tender for provision of advisory service to the Remuneration Committee</li> <li>Consulted with Shareholders to understand the reasons behind voting outcomes on the resolutions to approve the Directors' Remuneration Policy and Directors' Remuneration Implementation Report at the 2022 AGM</li> <li>Approved salary increases and cost-of-living payments for employees</li> </ul> <p>The Remuneration Policy, and further information on the Remuneration Committee's activity, is set out in the Directors' Remuneration Report starting on page 111.</p>



# Corporate governance statement

## Chair's letter

Dear Shareholder,

I am pleased to present the Governance Report for the year ended 31 March 2023. This section describes the Group's governance framework and responsibilities, the key activities of the Board during the year, and our compliance with the principles and provisions of the UK Corporate Governance Code.

The Board confirms that, for the year ended 31 March 2023, it has consistently applied the principles of the UK Corporate Governance Code (the "Code") and complied with all relevant provisions of the Code with the exception of Provision 24, which states that the chair of the board should not be a member of the audit committee. Following the unexpected resignation of Karen Slafford for health reasons, Grahame Cook was appointed Interim Chair of the Board whilst also continuing to serve as Chair of the Audit, Risk and Valuations Committee. As detailed in this corporate governance statement below and in the Nomination Committee report, the Board is in the process of appointing a permanent Chair and once in place the Board expects to return to compliance with Provision 24.

Further information on the Code can be found on the Financial Reporting Council's website at: [www.frc.org.uk](http://www.frc.org.uk).

## Board changes

We indicated in our FY22 Annual Report our intention to recruit additional Non-Executive Directors to assist in an orderly succession as Karen Slafford, Richard Pelly and I approached nine years' service, and an objective of the 2022 Board evaluation was to complete an analysis of skills and experience of the Directors. We completed this process and identified the attributes sought for new appointments, to complement the existing skills on the Board and replace those of Non-Executive Directors due to retire. Following the resignation of Karen Slafford we repeated this process and updated the candidate profiles provided to Russell Reynolds, the appointed director search agency. We anticipate announcing the appointment of one or more new Non-Executive Directors and any associated changes to the roles and responsibilities of existing Directors before the release of our interim results in November 2023. More information on the ongoing recruitment process, and the independence and diversity of the Board, is set out in the Nomination Committee Report on pages 104 to 106.

## Shareholder consultation

The Board was pleased that the Remuneration Report and new Remuneration Policy were approved at the AGM in 2022 but noted that a minority of Shareholders were not able to support the resolutions on those items. The Company had undertaken an in-depth consultation process on the proposed Remuneration Policy with the majority of its largest Shareholders when joining the Main Market 2021, with the details then included in the prospectus. The Company maintains a regular dialogue with Shareholders and having reviewed the feedback received from both Shareholders and proxy advisers immediately prior to the AGM, the Board identified that the key area of Shareholder concern was in relation to our approach to setting targets under the variable incentive schemes. In accordance with the FRC Code of Corporate Governance, the Board sought to further understand the reasons behind the votes received opposing or abstaining on those resolutions following the AGM. Sarah Gentleman led this consultation as Chair of the Remuneration Committee and an update on the outcomes was published on the Company's website within the six-month timeframe specified by the Code. More details on the changes being implemented for FY24 following the consultation can be found in the Remuneration Committee Report.

## Board evaluation

Once new Non-Executive Directors have been fully inducted, we intend to complete our first externally facilitated Board evaluation. The Board has selected Linstock to conduct the evaluation and we will report on the process and its outcomes in next year's annual report.

## ESG

In the last annual report, we reported that a new ESG Committee had been formed, chaired by Gervaise Slowey with our CFO Ben Wilkinson also serving as the other voting member. The Board is kept regularly apprised of progress against agreed ESG objectives with updates from the Committee following each meeting. We intend to add a newly appointed

Non-Executive Director to the ESG Committee's membership in future to further support the work it does overseeing the implementation of ESG strategy and activities. The inaugural ESG Committee Report outlines the key activities completed in the financial year.

## Engaging with the workforce

One of the KPIs set in FY23 was to develop a corporate purpose (which can be found on page 3) and I am pleased to report on the outcome of this exercise. Our CEO led the process, engaging with all Molten Ventures employees to gather views and seek input on a corporate purpose and the core statements that underpin it. This was presented and approved by the Board at our annual strategy session and will continue to be embedded throughout the business. The Board recognises the importance of ensuring high quality engagement with the workforce, and ensuring transparency around how employee interests are considered in our decision-making process. We are pleased to report that Gervaise Slowey has agreed to succeed Richard Pelly as the Designated Non-Executive Director for engagement with the workforce ("DNED") following his retirement at the upcoming AGM.

## Investors/AGM

Information on the Company and the Board's engagement with Shareholders (and other stakeholders) is set out on pages 76 to 79. I am always happy to engage directly with Shareholders on corporate governance (or other matters), and can be contacted by writing to our Company Secretary at the Company's registered office or by emailing [cosec@molten.vc](mailto:cosec@molten.vc). We look forward to welcoming Shareholders to our 2023 Annual General Meeting which will be held at the Company's registered office at 20 Garrick Street, London WC2E 8BT on 26 July 2023.

**Grahame Cook**  
Interim Chair

# Board of directors

## Key

■ Board    ■ Audit, Risk & Valuations Committee    ■ Remuneration Committee    ■ Nominations Committee    ■ ESG Committee    ■ Chair



**Grahame Cook**  
Interim Chair and Senior  
Independent Director

Age: 65

Appointed: June 2016

Membership: ■ C ■ C

Grahame is an experienced public company Non-Executive Director, with over 20 years' experience as an audit and risk committee Chair.

Grahame's background is in investment banking, with 20 years' experience of M&A, equity capital markets and corporate advisory. Grahame started his career at Arthur Andersen, where he qualified as a chartered accountant. He became a Director of Corporate Finance at Barclays de Zoete Wedd in 1993, and then joined UBS as a Managing Director, member of its global investment banking management committee and Global Head of Equity Advisory. At UBS he was responsible for creating its industry sector teams, including tech and healthcare. In 2003 he became joint Chief Executive Officer at WestLB Panmure where he built a pan-European business focused on growth companies and ran a €100 million technology fund. He advised the London Stock Exchange in 2003 on the creation of its TechMark growth segment.

Grahame sits on a number of technology and technology-rich healthcare company boards, both listed and unlisted. Grahame holds a Double First Class Honours degree from the University of Oxford.



**Sarah Gentleman**  
Independent  
Non-Executive Director

Age: 53

Appointed: September 2021

Membership: ■ ■

Sarah is a Non-Executive Director on the Board of Molten Ventures and the Chair of the Company's Remuneration Committee. Sarah is the Senior Independent Director of Rathbones Group plc and chairs its remuneration committee, as well as being a member of the audit, risk and nomination committees.

Sarah has over 30 years' experience working in a combination of strategic and financial roles, having started her career as an analyst at McKinsey & Company. These include Business Development Director at Egg UK and Chief Financial Officer at LCR Telecom.

Until 2012, she was a sell side banking analyst at Sanford Bernstein where she covered French, Spanish and Italian banks. Most recently, Sarah has been working as an adviser to early-stage technology companies with a focus on Fintech.



**Richard Pelly**  
Independent  
Non-Executive Director

Age: 67

Appointed: June 2016

Membership: ■ ■

Richard is a Non-Executive Director and adviser in the area of micro, small and medium-sized businesses. Up until April 2014, Richard was the Chief Executive of the European Investment Fund (EIF), Europe's largest investor in venture capital funds.

Before joining EIF in April 2008, Richard was Managing Director of structured asset finance at Lloyds TSB Bank in London from 2005 to 2007. From 1998 to 2005, he worked for GE Capital, first as Chairman and CEO of Budapest Bank in Hungary and then as CEO of UK Business Finance within GE Commercial Finance. Prior to his career at GE, Richard worked for Barclays Bank in various functions in the UK and in France from 1977 to 1997.

Richard holds an honours degree in Psychology from Durham University and an MBA with distinction from INSEAD Fontainebleau. In 2003, he was awarded an OBE in the Queen's Honours List for Services to the Community in Hungary.



**Gervaise Slowey**  
Independent  
Non-Executive Director

Age: 55

Appointed: July 2021

Membership: ■ ■ ■

Gervaise is a Non-Executive Director on the Board of Molten Ventures with a background in senior management, international business, marketing and media. Gervaise serves as a Non-Executive Director on the boards of Dalata Hotel Group plc, Wells Fargo Bank International (WFB) and Eason PLC. As well as chairing the ESG committee for Dalata and the remuneration and nomination committee for WFB.

Gervaise was CEO of Communicorp Group (now Bauer), for four years to the end of 2016, and also served as a Non-Executive Director on the board of Ulster Bank Ireland for three and a half years to October 2021. Prior to that she held senior roles in Ogilvy Worldwide for 16 years, most recently Global Client Director. Gervaise has also served on the boards of the International Rice Research Institute, and the Institute for International and European Affairs (IIEA).

Gervaise is a Chartered Company Director (Institute of Directors), a Certified Bank Director (Institute of Bankers), and a Dublin City University Business Studies graduate (BBS). She is particularly interested in sustainability and has completed the Sustainability Leadership Programme at Cambridge University.

The age of each Director is displayed as at 14 June 2023.



**Martin Davis**  
Chief Executive Officer

**Age:** 60

**Appointed:** November 2019

**Membership:**

Martin is the CEO of Molten Ventures. He has more than 20 years of experience in financial services and joined Molten Ventures from Aegon Asset Management, where he was the Head of Europe, Aegon Asset Management & CEO Kames Capital. Prior to Aegon Asset Management, Martin served as CEO at Cofunds, spent eight years at Zurich Insurance Group, and was also CEO of Zurich's joint venture, Openwork, the largest network of financial advice firms in the UK.

Prior to this, Martin held senior management roles at Misys, Corillian, and Reuters. Martin also served for 11 years in the British Army. Martin has an MBA from London City Business School (CASS) and Diplomas from the Institute of Marketing and the Market Research Society.



**Ben Wilkinson**  
Chief Financial Officer

**Age:** 42

**Appointed:** June 2019

**Membership:**

Ben has been CFO of Molten Ventures since 2016. He has over 10 years of experience as a public company CFO.

At Molten Ventures, Ben has been responsible for building out the balance sheet, through equity and debt financing and broadening the Shareholder register. He has developed the finance function and led on Molten Venture's move to the Main Market.

Prior to Molten Ventures, Ben served for five years as CFO of AIM-listed President Energy plc.

Ben is a Chartered Accountant, FCA, with a background in M&A investment banking from ABN Amro/RBS where he was involved with multiple cross-border transactions and corporate financings.



**Stuart Chapman**  
Executive Director

**Age:** 53

**Appointed:** June 2016

**Membership:**

Stuart was a Director of 3i Ventures in London before he co-founded Molten Ventures. He has over 30 years of venture capital experience in Europe and the US – including being part of the founding team of 3i US in Menlo Park, CA.

Stuart serves as a Director with Netronome, Freetrade, Realeyes, Riverlane and Crate; and as observer with Graphcore, Indykite and Aircall.

Before 3i, Stuart was involved in software and systems implementations for Midland Bank. He is a graduate of Loughborough University and currently serves on the Strategic Advisory Board for the Loughborough School of Business.

# Board leadership

OUR STRATEGY AND BUSINESS MODEL ARE SET OUT ON PAGES 14 TO 18 OF THE STRATEGIC REPORT

The Board's primary role is to ensure the long-term success of the business by agreeing the Group's strategy and business model, and ensuring that these align with the values and culture of the Group.

The Board receives regular updates from the Executive Directors on the implementation of strategy, with particular focus on how the business is performing against our strategic key performance indicators.

## The Board and culture

The Board recognises its responsibility to demonstrate the Company's culture and values in the way that it operates, interacts and engages with the Company's employees and other stakeholders. As such, our meetings (Board and Committees) are conducted in an open and inclusive manner, encouraging all attendees to participate fully and to share their views and experiences. Similarly, employees of the business are given opportunities to interact directly with Directors to support open dialogue.

During the year, the Board has monitored workforce culture and behaviour in a number of ways:

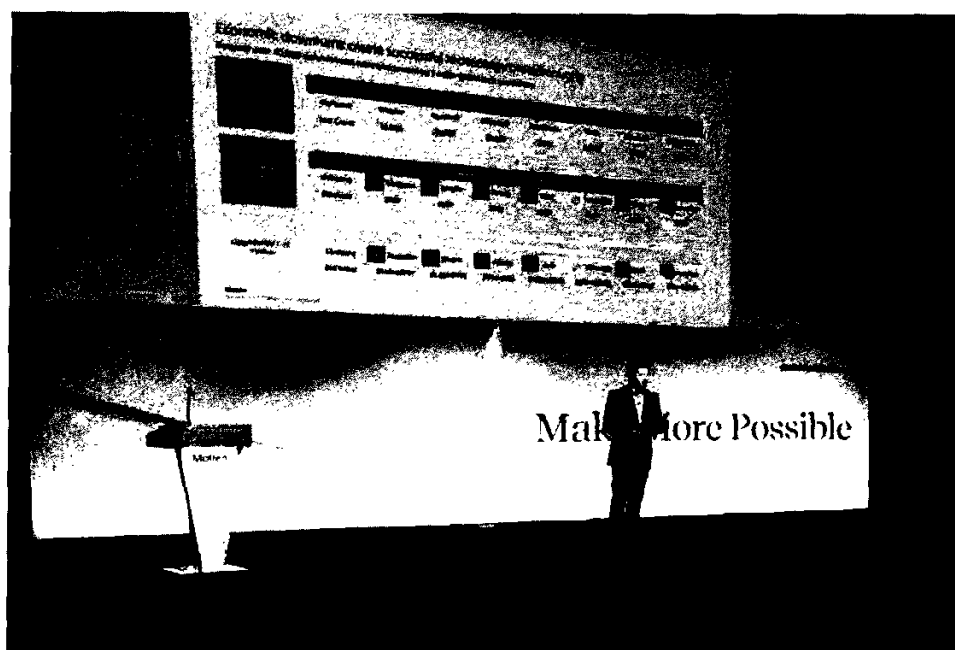
- Received feedback from employee engagement surveys, which are conducted at regular intervals during the year and included specific questions relating to the culture of the business;
- Regular updates (reviewed by the Audit, Risk and Valuations Committee) on the operation of the Group's Whistleblowing Policy and procedures, including reports on any actions taken by

management in response to issues raised (see the Audit, Risk and Valuations Committee Report for more information);

- Received regular updates on progress against our ESG roadmap, including the development of a Group-wide Diversity Equality, Inclusion and Equal Opportunities Policy;
- Received presentations from senior members of the Investment Team (e.g. the development and work of the Platform and Fund of Funds teams), including a focus on recruitment and development of individuals within those teams;
- Received presentations from the Group General Counsel on the activities and progress of the ESG Working Group.

## Workforce engagement

Although the Company's relatively low number of employees has meant that Directors are able to engage directly with employees, the Board agreed that following the move to the Main Market it would be appropriate to adopt a more formalised approach to workforce engagement as envisaged under the Code. The Board therefore approved the appointment of Richard Pelly as our Designated Non-Executive Director for engagement



△ CEO, Martin Davis.

with the workforce ("DNED") with responsibility for workforce engagement, and agreed a rolling plan for how his engagement activity would be conducted and feedback provided to the Board.

As a general principal, and in line with our open culture, all Directors are available to engage directly with any employee on request. Richard's role as DNED has been communicated to the business, and he committed to make himself available for individual meetings and to use other informal channels for engagement (including attendance at informal staff events) and to regularly attend the Company's offices.

In addition to his availability for individual meetings, Richard attends a minimum of two sessions per year with the ESG Working Group (which is constituted by a diverse cross-section of the workforce at a variety of seniority levels), in order to seek the views of the workforce on the strategy and performance of the business, Company culture, and the operations of the Board.

Following Richard's retirement at the conclusion of the upcoming AGM, Gervaise Slowey will assume responsibilities as the Company's DNED.

## Investment in the workforce

The Company invests in its workforce in a number of ways, including through training and development, through an external coaching programme, and healthcare and wellbeing initiatives. Key to our business is the ability to recruit and retain a high calibre of staff at all levels. As such we offer a competitive package of salary and benefits, which includes (depending on eligibility) participation in bonus and long-term incentive schemes. Workforce remuneration is regularly reviewed by the Remuneration Committee, and provides the context in which decisions on Executive Director remuneration are taken (see the Directors' Remuneration Report).

## Engagement with Shareholders

The Executive Directors are responsible for managing day-to-day relationships with other stakeholders, and lead the Company's engagement with its Shareholders (and potential investors) through a calendar of investor relations activities.

The Board monitors Shareholder views through reports on investor and analyst communications which are included in the papers for Board meetings on a regular basis during the year (typically following financial results

presentation, or other specific investor engagement activity (e.g. linked to equity raising or other corporate events)).

The typical programme of investor relations activity involves the CEO and CFO meeting with analysts, current Shareholders and potential investors to present full and half-year results, as well as their attendance at various investor conferences during the year. In February 2023, the Company held its annual Investor Day which was attended by a number of the Company's largest Shareholders, as well as various analysts and service providers. The event is an opportunity for the Company to showcase a selection of portfolio companies and engage in person with the Company's stakeholders.

Other members of the Board are available to engage with Shareholders on request, and Shareholders are encouraged to attend and vote at the Company's General Meetings. Shareholders were given the opportunity to submit questions by email ahead of the AGM. No questions were submitted in 2022.

The Board has also engaged with Shareholders during the year through the Chair of the Remuneration Committee's consultation on changes to the application of the Directors' Remuneration Policy. We were pleased that a number of Shareholders took the opportunity to respond to our engagement at the time, and the feedback we received was generally supportive of the Remuneration Committee's proposals.

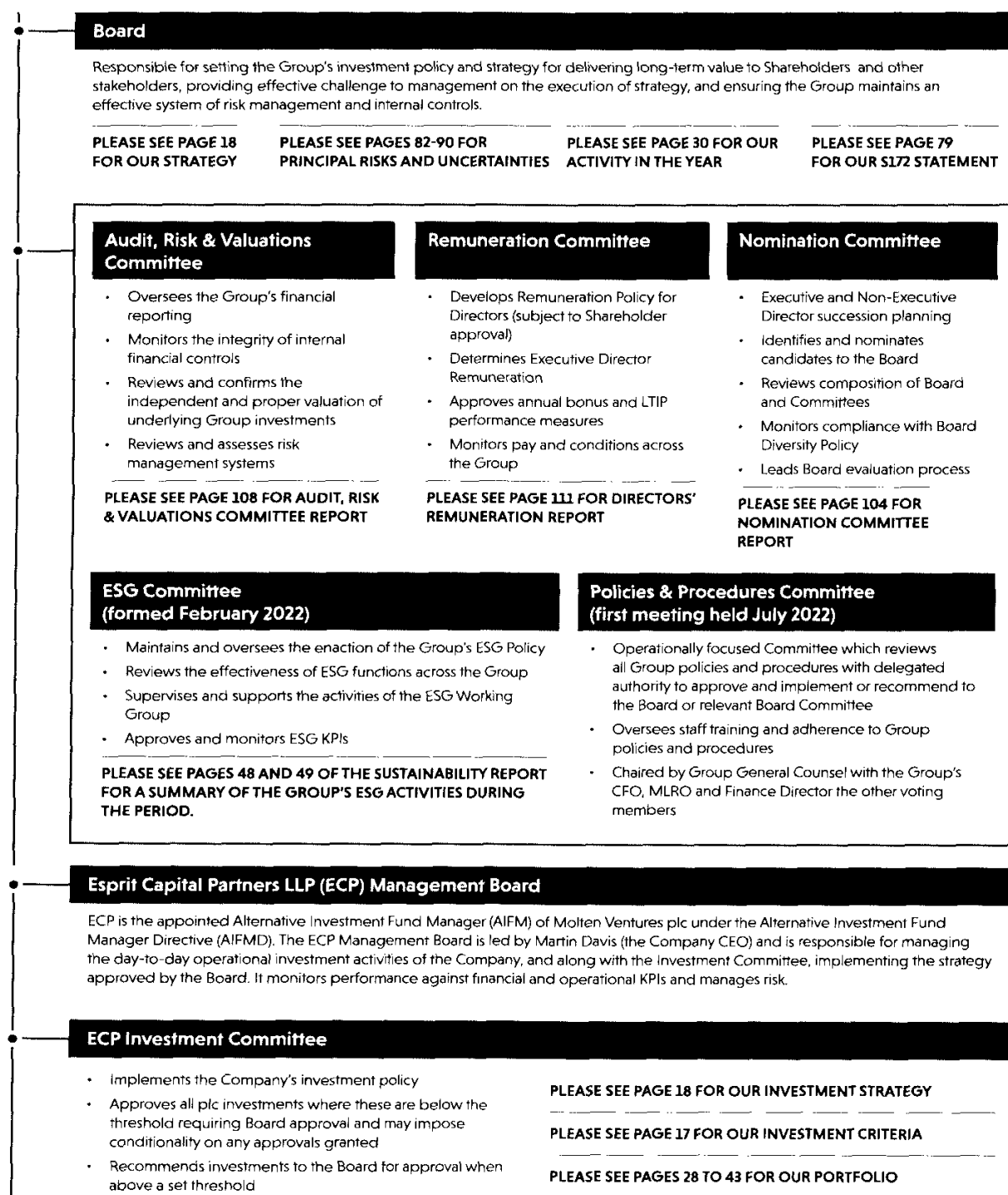
## Conflicts of interest

The Group requires that Directors disclose details of all situations where each Director's interest may conflict with those of the Company (situational conflicts). Each Director has resubmitted their register of interests as at 31 March 2023 for the Board to consider and authorise any new situational conflicts identified in the resubmitted lists. At the beginning of each Board meeting, the Company Secretary reminds the Directors of their duties under the Companies Act 2006 which relate to the disclosure of any conflicts of interest prior to any matter that may be discussed by the Board.

# Division of responsibilities

## Governance framework

The structure of the Board and its Committees, including key responsibilities and reporting lines, is illustrated below:



## Board independence

The overall independence of the Board has been in line with the recommended criteria under the UK Corporate Governance Code. The split of independent and non-independent Directors is summarised in the table below:

<b>Interim Chair (independent on appointment)</b>	<b>Independent (Non-Executive Directors)</b>	<b>Non-Independent (Executive Directors)</b>
Grahame Cook	Sarah Gentleman	Martin Davis
	Richard Pelly	Stuart Chapman
	Gervaise Slowey	Ben Wilkinson

The Board, through the Nomination Committee, has assessed the independence of each of the Non-Executive Directors by reference to the criteria set out in provision 10 of the Code, and the Board remains satisfied that none of those criteria apply and that each Non-Executive Director is independent in character and judgement.

## Time commitment and external appointments

All Directors are required to clear any proposed external appointments with the Board before accepting. The Non-Executive Directors' letters of appointment set out the time commitment required, which is a minimum of two days per month but anticipate that additional time may be required (particularly where the Director has additional responsibilities, for example as Senior Independent Director, Committee Chair or DNED). This time commitment is reviewed annually by the Nomination Committee to ensure that all Directors continue to be able to devote sufficient time and attention to the Company's business.

## Company Secretary

In part in connection with the Company's move from AIM to the Main Market of the London Stock Exchange in July 2021, but also in recognition of the growth of the business and the need for internal governance support for the developing corporate structure, the Board approved the appointment of Gareth Faith as Group Company Secretary with effect from 13 June 2022 (from 1 April 2022 until 12 June Bernwood CoSec Limited provided advice and services to the Board and its Committees). All Directors have access to the advice and support of the Company Secretary, whose appointment is a matter reserved for the Board. Through the Company Secretary, Directors can arrange to receive additional briefings on the business, external developments and professional advice independent of the Company, at the Company's expense.

# Composition, succession and evaluation

## Role of the Board

The Board is responsible to Shareholders for the overall management and oversight of the Group to ensure its long-term success. In particular, the Board is responsible for approving the Group's strategy (and for ensuring that the Group has the necessary people, resources and infrastructure to deliver the strategy), setting the Group's risk appetite, monitoring performance, and maintaining an effective system of risk management and internal controls. The operation of the Board is documented in a formal schedule of matters reserved for its approval, which is reviewed annually. The matters reserved to the Board include:

- Group investment and business strategy
- Material changes to the Group's investment policy (subject to FCA and/or Shareholder approval)
- Approval of individual investments in excess of a threshold set by the Board
- Approval of specific risk management policies (including insurance, hedging, borrowing limits and corporate security)
- The management/launch of new third-party funds

- New substantial commitments and contracts not in the ordinary course of business
- Financial reporting
- Approval of annual business plans and budgets
- Assessing significant risks and effectiveness of controls

Responsibility for the day-to-day management of the Group is delegated to the Executive Directors, and other responsibilities are delegated to the Board's Committees in line with established governance practice.

In order to ensure a clear division of responsibilities between the Board, its Committees, and the Executive Directors, there is an established framework documenting the responsibilities of each entity or individual. This includes the schedule of matters reserved, and the formal Terms of Reference of each of the Board Committees, all of which are reviewed at least annually. The Schedule of Matters reserved to the Board, and the Terms of Reference of each Committee, are available on the Company's website.

## Board induction

Our Non-Executive Directors receive a comprehensive and tailored induction to

the business. Induction programmes are structured around one-to-one briefings with the Executive Directors, members of senior management, other Board Directors, the Company Secretary, and internal and external legal counsel, along with the provision of relevant briefing materials and other documentation.

## Board development

The Board receives updates on key areas of the business and upcoming legislative or regulatory changes, through the following:

- briefings within Board papers
- presentations from senior managers on specific topics
- governance and regulatory updates provided by the Company Secretary, external Auditors and remuneration consultants
- governance, legal and compliance updates and advice from internal and external counsel

Non-Executive Directors are also encouraged to attend seminars and workshops on business and regulatory issues offered by professional services firms and law firms.

## Roles and responsibilities

There is a clear division of Executive and Non-Executive responsibilities, and the roles of the Chair and CEO are separately held; the separation of their duties has been documented and approved by the Board. Key roles of individual Board members are summarised in the table below:

<b>Interim Chair and Senior Independent Director</b> Grahame Cook	<p>The Chair's primary role is to lead the Board and ensure its effective operation, promoting an open forum for debate between Executive and Non-Executive Directors. The Chair also has a key role in ensuring effective engagement with Shareholders and other stakeholders, and setting the Board's agenda.</p> <p>The Senior Independent Director (SID) provides advice and additional support and experience to the Chair, and where necessary performs an intermediary role for other Directors. The SID leads the annual appraisal and review of the Chair's performance, and is available to respond to Shareholder concerns when contact through the normal channels may be inappropriate.</p>
<b>CEO</b> Martin Davis	<p>The CEO is responsible for developing the Group's strategy for approval by the Board, for leading the execution of the Group's strategy and investment policy, and for implementing the decisions of the Board and its Committees. The CEO is responsible for the day-to-day operations of the business, and ensuring that the culture promoted by the Board is operated throughout the Group.</p>
<b>CFO</b> Ben Wilkinson	<p>The CFO provides financial leadership to the Group, and aligns the Group's business and financial strategy (including managing the capital structure of the Group). The CFO is responsible for financial planning and analysis, portfolio valuations, presenting and reporting accurate and timely historic financial information and leading investor relations activities.</p>
<b>Executive Director</b> Stuart Chapman	<p>Stuart Chapman has primary responsibility for the Investment Team and is involved in setting the strategy for the Company and its investments.</p>
<b>Non-Executive Directors</b> Grahame Cook Sarah Gentleman Richard Pelly Gervaise Slowey	<p>The Non-Executive Directors provide constructive challenge to the Executive Directors and help with the development of proposals on strategy and in monitoring performance against KPIs. They promote high standards of integrity and corporate governance, and, through their roles as Chairs and members of Board Committees, provide independent oversight.</p>



## Board evaluation

The Board is conscious that the Code recommends that its performance evaluation process should be externally facilitated at least every three years. Given that the composition of the Board and Committees changed during the year with the resignation of Karen Slatford and the ongoing recruitment process, it was agreed that the evaluation process which had been scheduled and was to be conducted by Eintstock, should be postponed and instead an internal evaluation be conducted.

The Interim Chair of the Board led the evaluation with assistance from the Company Secretary, which was conducted by way of detailed questionnaires, individual meetings with Directors and robust discussion at a Board meeting. The Audit, Risk and Valuations and Remuneration Committees also evaluated their own performance following a similar process.

Progress against some of the key findings from the evaluation conducted in FY2022 (and reported on in our FY2022 Annual Report) is summarised below:

Action	Progress
Continue to enhance the Board's focus on strategic matters	<ul style="list-style-type: none"> <li>Incorporated deep-dives into strategic topics into the Board's annual activity schedule</li> <li>Increased length of Board meetings to support wider strategic debate</li> </ul>
Incorporate Board skills matrix into succession planning discussions for future Board appointments	<ul style="list-style-type: none"> <li>Carried out two detailed Board skills analyses before and after Ms Slatford's resignation and identified future Board skills requirements</li> <li>Considered output as part of wider discussion on Board succession planning</li> </ul>
Enhance focus on downside risk planning	<ul style="list-style-type: none"> <li>Incorporated downside risk analysis into regular Board reporting via the CFO's reports to the Board</li> </ul>

The results of the FY2023 Board evaluation process were generally positive and Committee evaluations indicated that they each continue to operate effectively. Development areas and agreed actions included the following:

Key finding	Actions agreed
Corporate calendar and communications	<ul style="list-style-type: none"> <li>Revise corporate calendar to remove long stretches between meetings</li> <li>Consider additional informal meetings at agreed intervals</li> </ul>
Appraisals of strategy	<ul style="list-style-type: none"> <li>Consider the addition of a further Board strategy day during the financial year</li> <li>Continue programme of portfolio deep dives covering different investment strategies and sectors</li> </ul>
Board evaluation	<ul style="list-style-type: none"> <li>Complete externally facilitated Board evaluation once new Directors have been appointed and fully inducted</li> <li>Expand evaluation scope to include ESG and Nomination Committees</li> </ul>

# Nomination committee report



**Grahame Cook**  
Interim Chair of the  
Nomination Committee

**Interim Chair:**  
Grahame Cook

**Other members:**  
Sarah Gentleman  
Richard Pelly  
Gervaise Slowey

**Meetings held  
in the year:** Five

**FY23 Key activities:**

- Working with an external recruitment agency to identify candidates for appointment to the Board
- Completion of skills matrices to assist with succession planning
- Executive Director succession planning
- Reviewed Board Diversity Policy

**FY24 Key priorities:**

- Continue to develop Executive Director and senior management succession planning process
- Monitor progress against recommendations from the FY23 Board and Committee evaluation process

I am pleased to present the report of the Nomination Committee (the "Committee") for the year ended 31 March 2023.

## Key responsibilities

The key responsibilities of the Committee are:

- Monitoring the structure, size and composition of the Board and its Committees
- Developing and overseeing succession plans for Executive and Non-Executive Directors and senior management
- Leading the process to identify and nominate candidates to fill Board vacancies, including identifying the skills and experience required, and having regard to the Board's Diversity Policy
- Reviewing the time commitment required from Non-Executive Directors
- Reviewing the results of the annual Board evaluation. For details of the Board evaluation, see page 103.
- Full Terms of Reference of the Committee can be found on the Company's website

## Board and Committee composition

The independence, tenure, and gender diversity of the current Board is summarised in the charts on page 94. The gender balance of the Board, senior management team and their direct reports is set out on pages 73 and 74.

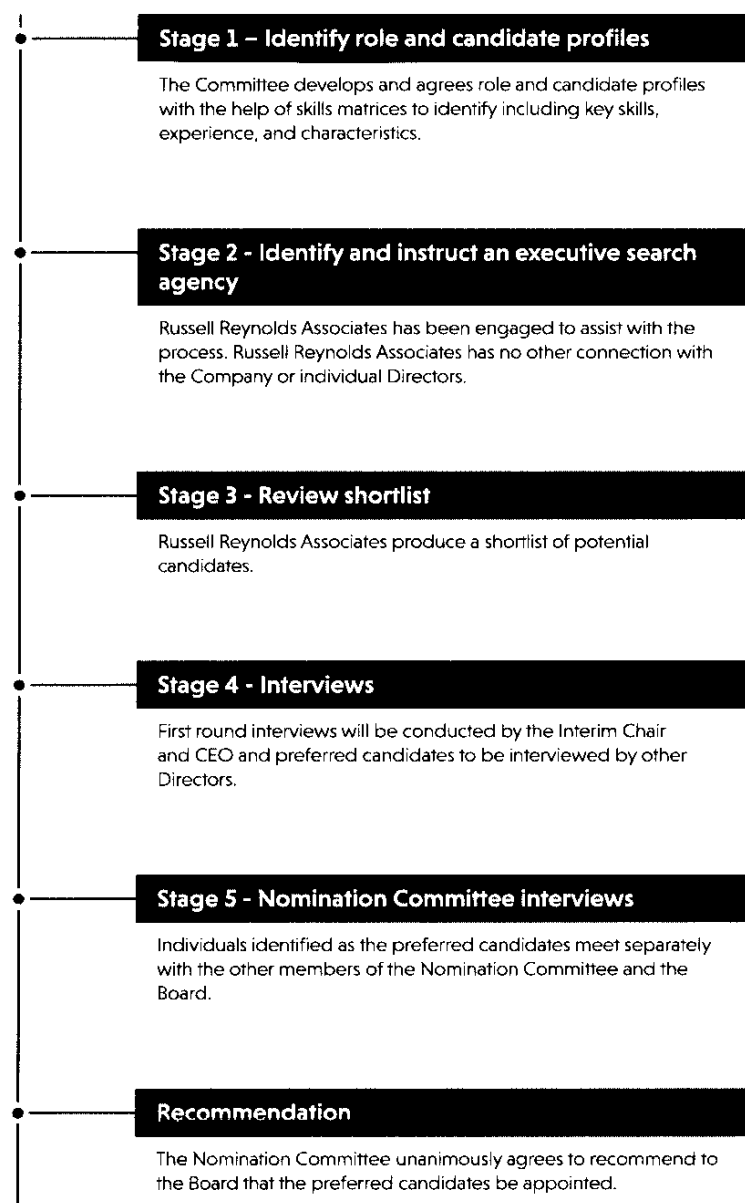
## Succession planning

The Committee had previously recognised the potential disruption of the terms of office of Karen Slafford, Grahame Cook and Richard Pelly expiring at the same time (all having been appointed on the Company's IPO on AIM in 2016) and developed plans to ensure a phased approach to their retirement prior to reaching a tenure of nine years. It had been agreed that Mr Pelly would retire from the Board and not seek re-election following the AGM scheduled for 26 July 2023 and the Committee was therefore in the process of identifying candidates to succeed Richard on the Board. Following the unexpected resignation of Karen Slafford in January, the Committee extended its candidate search to also facilitate the appointment of a new Chair as well as a new independent Non-Executive Director as originally planned. The Board will announce the outcome of the recruitment process and any associated changes to Directors' roles and responsibilities in due course.

Executive succession planning discussions have continued during the year, with particular consideration around the pipeline of potential internal successors to key Executive and senior management roles and identifying areas where additional training or mentoring may be required to support the development of successors, and where external recruitment may be required to fulfil succession requirements. The Committee intends to continue to develop and formalise its approach to Executive succession planning (including building in considerations around developing a diverse and inclusive pipeline for senior management positions) during FY2024.

## Director appointment process

The search and appointment process for new Directors is summarised in the chart below:



# Nomination committee report CONTINUED

## Board Diversity & Inclusion Policy

The Board Diversity & Inclusion Policy confirms the Company's commitment to providing an inclusive and diverse environment throughout the business and sets out the Company's approach to diversity and inclusion on the Board and senior management team. The policy also reflects the Company's wider Diversity & Inclusion Policy and aims to ensure the development of a diverse and inclusive talent pool for the purposes of Board succession planning. The objectives and targets set out in the policy, and progress/performance against them during the year, are set out in the table below:

Objective/target	Progress/activity in FY2023
Appointments to the Board to be made on merit, and assessed objectively, fairly and impartially on the basis of relevant skills, experience and competence with due regard to the benefits of diversity and any diversity gaps across the Board.	No appointments were made during the year.
Conduct annual reviews of Board composition and effectiveness, both to include consideration of all aspects of diversity and inclusion, as well as broader consideration of skills, experience, independence, and knowledge to ensure continued effectiveness.	Board and Committee composition reviewed in November 2022, with no changes recommended given recent Board appointments.  Internal Board performance evaluation described in more detail on page 103.
Work with external search firms to develop a diverse internal talent pipeline, including an inclusive senior management team.	A DEI Recruitment Policy is provided to external recruiters used by the Company to promote the increase of a diverse base of talent within the Group. More details about this Policy and the work undertaken around our D&I Vision and Mission Statements are set out on page 72. The work to diversify senior management is ongoing.
When identifying and engaging executive search firms to identify candidates for appointment to the Board, ensure that they agree to comply with the Board Diversity Policy at all times.	Any search firms engaged are asked to agree to comply with the Board Diversity Policy and Company DEI Recruitment Policy.
Achieve female representation on the Board of not less than 25% by 2022, and not less than 40% by 2025.	Female representation on the Board was 37.5% until the resignation of Karen Slafford on 17 January 2023 and 28.5% thereafter and until the date of this report.
At least one Director from a black, Asian, or other minority ethnic background by 2023.	Not progressed during FY2023. To be considered as part of Board succession planning during FY2024 in accordance with Board D&I Policy.

The following tables set out the information a listed company must include in its annual financial report under LR 9.8.6R(10). The data was collected through the completion of an anonymous questionnaire.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
Men	5	71	4	2	100
Women	2	29	0	0	0

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
White British or other White (including minority-white groups)	7	100	4	3	43
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

**Grahame Cook**  
Interim Chair of the Nomination Committee

14 June 2023

# ESG committee report



**Gervaise Slowey**  
Chair of the ESG Committee

## Chair:

Gervaise Slowey

## Other members:

Ben Wilkinson

**Meetings held in the year:** Three

## FY23 activities undertaken:

- Ongoing review and achievement of our FY2023 ESG KPIs
- Review and oversight of the activities of the ESG Working Group
- Review and approval of our Groupwide Human Rights Policy
- Formulation of our Climate Strategy and carbon management programme
- Engagement of Accenture as our external climate consultants
- Evaluation and expansion of current Investment Team involvement and integration of ESG in the investment process
- Assessment of external disclosures and review of industry best practice
- Development of our ESG KPIs for FY24

## FY24 anticipated activities:

- Embed our Corporate Purpose into the ESG Strategy to ensure holistic integration
- Continue to review climate-related risks and opportunities
- Review progress against Climate Strategy and interim targets
- Appoint an additional Independent Non-Executive Director to the Committee, ensuring greater independence
- Continued engagement with, and oversight of, the ESG Working Group.

On behalf of the Board, I am pleased to present the report of the ESG Committee (the "Committee") for the year ended 31 March 2023.

The ESG Committee was established in March 2022, with this being its first year of operation. At Molten Ventures, our Purpose is to advance society through technological innovation which informs the work of the Committee and provides a strategic framework for the direction in our work. As responsible investors, our unique influence allows us to define our future by funding and championing innovative tech companies, delivering robust financial returns alongside strong ESG performance and best practice. ESG reporting remains relatively nascent in the VC industry, and Molten Ventures aims to overcome any misconceptions as we lead the way on developing this agenda. Our ESG Policy, originally adopted in 2019, sets out our approach, values and standards, and is adopted at a Groupwide level to provide long-term thinking around the evolution of our ESG agenda.

As part of our commitment to strong ESG credentials at a company and portfolio level, the ESG Committee was set up to oversee and provide strategic direction to the ESG initiatives and activities being undertaken at Molten Ventures. These are managed by our ESG Lead and supported by the multi-disciplinary ESG Working Group which meets no fewer than six times a year. The ESG Committee enables Board oversight of Molten Ventures's responsible investment activities, and oversees the work towards achieving our ESG KPIs (details of which can be found on pages 46 and 47).

During the period, the Committee held three meetings to review progress on our FY2023 ESG KPIs; updates from our ESG Working Group; and the Company's management of climate-

related risks and opportunities as identified in our FY2022 TCFD Report. The Committee formally considered and approved our Groupwide Human Rights Policy which was published in September 2022. The ESG Committee reviewed, and updated the following policies where appropriate:

- Groupwide Responsible Investment & Sustainability Policy (ESG Policy)
- Diversity, Equality and Inclusion Recruitment Policy
- Board Diversity & Inclusion Policy
- Groupwide Diversity, Equality, Inclusion and Equal Opportunities Policy

More detail on Molten Venture's ESG activities throughout the period, as well as progress against our ESG KPIs and proposed FY2024 KPIs (for the year ahead) are located within the Sustainability Section.

We have made good progress in FY23 and I would like to thank my colleagues on the Committee and in the Executive Team for their work in the past year. That said, we have much more to do and I look forward to further strengthening our ESG performance in FY24. I welcome any input or feedback on the work of the ESG Committee from our Shareholders and can be contacted at [esg@molten.vc](mailto:esg@molten.vc).

**Gervaise Slowey**

Chair of the ESG Committee

14 June 2023

# Audit, risk and valuations committee report



**Grahame Cook**  
Chair of the Audit, Risk and  
Valuations Committee

**Chair:**  
Grahame Cook

**Other members:**  
Sarah Gentleman  
Richard Pelly  
Gervaise Slowey

**Meetings held  
in the year:** Six

**FY23 Key activities:**

- Review and approval of interim and year-end financial statements
- Detailed review of investment valuations
- Monitoring risk register and risk management systems
- External audit effectiveness review

**FY24 Key priorities:**

- Monitor audit and corporate governance reforms
- Monitor progress on FPPP actions identified in the Main Market move process

I am pleased to present the report of the Audit, Risk and Valuations Committee (the "Committee") for the year ended 31 March 2023.

The Committee's activity in the year has been focused on its key responsibilities including ensuring the accuracy and integrity of the Company's financial reporting, monitoring the effectiveness of risk management and internal control systems, reviewing and providing constructive challenge to the detailed investment valuation process, and overseeing the relationship with the external Auditors.

Our annual review of the effectiveness of the external audit process is described in more detail on page 110. We have reviewed our external Auditors PwC's independence, and the Committee is satisfied that PwC continues to be independent and provides an effective audit service. We are pleased to recommend that PwC be reappointed as the Company's Auditors at the AGM in 2023. It is also worth noting that if reappointed for FY24, a new audit partner will succeed Richard McGuire, having completed five consecutive annual audits. The Committee will monitor the transition to a new partner closely, and also thanks Richard for his time as our audit engagement partner.

The Committee has evaluated its own performance during the year by way of questionnaires completed by each member of the Committee and regular attendees. The evaluation indicated that the Committee continues to function effectively.

In accordance with provision 24 of the Code, the Board has confirmed that it is satisfied that I have recent and relevant financial experience by virtue of my qualification as a chartered accountant, my executive career in investment banking and finance roles, and my experience as a member and Chair of audit committees

in other Non-Executive positions. All other members of the Committee have experience as directors in the investment and finance sectors, and the Board is therefore also satisfied that the Audit, Risk and Valuations Committee as a whole has competence relevant to the sector in which we operate.

## Duties, meetings and attendance

The duties of the Audit, Risk and Valuations Committee are set out in its Terms of Reference, which are available on the Company's website. The main items of business considered by the Committee during the year included:

- review of the risk management and internal control systems
- review and approval of the interim financial statements and the external Auditors' report thereon
- detailed review and challenge of investment valuations and supporting information
- review of the year-end audit plan, and consideration of the scope of the audit and the external Auditors' fees
- review of the Annual Report and financial statements, including consideration of the significant accounting issues relating to the financial statements and the going concern review
- consideration of the external audit report and management representation letter
- meeting with the external Auditors without management present

- monitoring progress against FPPP actions identified at the time of the Main Market move in 2021, covering financial controls and governance
- assessment of the need for an internal audit function

The Committee met formally six times during the year and going forward will continue to meet at least four times per year at appropriate times in the reporting, valuations and audit cycle and otherwise as required. In addition to the Committee members, the CFO attends all meetings of the Committee, and the other Executive Directors as well as the General Counsel & Group Compliance Officer are invited to attend where appropriate. Representatives of the external Auditors are also invited to attend meetings on a regular basis, and the Committee meets with the external Auditors without management present at least once per year. Committee members' attendance at meetings during the year is set out in the table on page 94.

## Significant issues considered in relation to the financial statements

Significant issues and accounting judgements are identified by the Finance Team and the external audit process and then reviewed by the Audit, Risk and Valuations Committee. The significant issues considered by the Audit, Risk and Valuations Committee in respect of the year ended 31 March 2023 are set out below:

Significant issue/ accounting judgement identified	How it was addressed
<b>Fair value of investments in unlisted securities</b>	The Audit, Risk & Valuations Committee reviewed the fair value of unlisted securities established with reference to the IPEV Guidelines by management. Management's methodologies and assumptions were reviewed and challenged over a number of meetings. The Committee agreed that management's approach was appropriate and was satisfied with the fair value recognised as at 31 March 2023 in respect of these unlisted securities.
<b>Going concern</b>	The Committee conducted an in-depth review of the Group's financial projections, appropriate stress scenarios taking into account the impact of risks and prevailing macroeconomic factors, and the Annual Report and Financial Statements and, following challenge and review, it has been deemed appropriate to prepare the financial statements on a going concern basis.

## Risk management and internal controls

The Group has an established system of risk management and internal controls, and while the Board has overall responsibility for setting the Group's risk appetite and ensuring that there is an effective risk management framework, responsibility for review of that framework and the effectiveness of the controls has been delegated to the Committee.

At a high level, the system of internal controls comprises the formally documented delegation of authority (including in the Terms of Reference of the Board's Committees and investment committees, and a delegated authority matrix covering specific financial and operational approvals), and investment, legal and compliance, financial and operational controls which are supported by detailed policies and procedures communicated across the Group. A consolidated corporate risk register is also maintained on an ongoing basis, and is regularly updated by the Group General Counsel & Compliance Officer with input from senior management to score risks based on likelihood and impact and to assess the effectiveness of controls in place to mitigate risks.

The Committee's review of the risk register includes specific focus on the principal risks and uncertainties (including emerging risks) facing the Company. Having completed a robust assessment of the Company's principal risks and uncertainties, the Committee is satisfied that these risks are appropriately identified, and that the approach to addressing and mitigating those risks is within the defined risk appetite levels agreed by the Board.

Controls over the financial reporting process include clear delegated authorities (and appropriate time allocated for review of financial reporting by the Committee and the Board prior to publication), a detailed budgeting process and clear accounting policies and procedures.

The Committee's process in monitoring and reviewing the effectiveness of the system of internal controls and risk management is supported by its annual activity schedule which ensures that appropriate time is allocated during the year to focus on these matters. A detailed document setting out the internal governance and control systems is maintained by the Group General Counsel & Compliance Officer and is reviewed by the Committee on a regular basis, with any changes to structures, controls or risk ratings clearly highlighted.

During the year, the Committee also monitored progress against actions identified in the FPPP memorandum, which were mainly focused on IT processes. The CFO led this project and during the year selected a new IT services company, as well as overseeing the effective implementation of IT infrastructure improvements and new software packages.

The Group's internal control systems have been in place for the year under review and up to the date of approval of this Annual Report.

### Internal audit

The Committee has regularly discussed the requirement for an internal audit function, and whether such a function would be appropriate to provide additional assurance over the efficacy of internal controls and risk management procedures. Given the relatively small operational resource in the business, and the assurance already provided through external compliance consultants, the Group Compliance Team and the Committee's own activity, the Committee is satisfied that there is no present need for an internal audit function. However, the position will be kept under review on an ongoing basis, and the Committee has asked management to consider options for internal audit resource which could be implemented as and when required.

# Audit, risk and valuations committee report CONTINUED

## External auditors

The Committee is responsible for monitoring the relationship with the external Auditors, PwC, in order to ensure that the Auditors' independence and objectivity are maintained. During the year, the Committee has discharged this responsibility by:

- agreeing the scope of the external audit and the fees payable to the external Auditors
- receiving regular reports from the external Auditors, including with regard to audit strategy and year-end audits
- regularly meeting the external Auditors without management present
- assessing the external Auditors' independence, including with reference to the level and extent of non-audit services provided by the external Auditors
- evaluating the effectiveness of the external audit process.

## Tenure

PwC was first appointed as the Group's external Auditors in 2018 following a formal tender process, with Richard McGuire as lead audit partner from appointment. In line with PwC's policy on lead partner rotation, Richard McGuire will rotate off the Group's audit and the audit of the year ending 31 March 2024 will be led by Jeremy Jensen.

The Committee is satisfied with the scope of the external Auditors' work, the effectiveness of the external audit process (see below) and that PwC continues to be independent and objective. The Committee is therefore pleased to recommend that PwC be re-appointed as the Group's Auditors at the 2023 AGM.

The external audit contract will be put out to tender at least every ten years, and the Committee therefore considers that it would be appropriate to conduct an external audit tender by no later than FY29. The Company is in compliance with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 and the UK Corporate Governance Code. There are no contractual obligations that restrict the Committee's choice of external Auditors.

## Effectiveness

The Committee reviewed the effectiveness of the FY22 external audit process during the year. A report was prepared by management summarising its view of PwC's effectiveness based on interactions during the audit, and based on responses to an effectiveness evaluation questionnaire completed by all members of the Finance Team involved in the audit. The report was reviewed by the Committee, and members of the Committee involved in the audit expressed their views on the effectiveness of the process.

Overall, feedback on the audit was positive and it was agreed that PwC had demonstrated robust challenge and professional scepticism and technical expertise around technical accounting matters and the presentation of disclosures.

## Non-audit fees

The Committee is satisfied that the Company was compliant during the year with both the UK Corporate Governance Code and the FRC's Ethical and Auditing Standards in respect of the scope and maximum permitted level of fees incurred for non-audit services provided by PwC. The Committee has established a policy for engaging the external Auditors to provide non-audit services, with any such services requiring approval by the Committee.

When reviewing requests for non-audit services the Audit Committee will assess:

- whether the provision of such services impairs the Auditors' independence or objectivity and any safeguards in place to eliminate or reduce such threats
- the nature of the non-audit services
- whether the skills and experience make the Auditors the most suitable supplier of the non-audit service
- the fee to be incurred for non-audit services, both for individual non-audit services and in aggregate, relative to the Group audit fee, and
- the criteria which govern the compensation of the individuals performing the audit.

During the year ended 31 March 2023 PwC completed permitted non-audit services relating to the interim review and Client Assets Sourcebook (CASS) assurance work, which are disclosed in Note 10 to the financial statements. Given the natural overlap between this work and the financial audit of the Group's results, the Committee applied the criteria above and judged PwC the most effective party to perform this work.

## Fair, balanced and understandable review

At the request of the Board, the Committee has considered whether, in its opinion, the FY23 Annual Report and Financial Statements are fair, balanced and understandable and whether they provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy. Following its review, the Committee was unanimous in its opinion that it was appropriate to recommend to the Board that the FY23 Annual Report and Financial Statements are fair, balanced, and understandable.

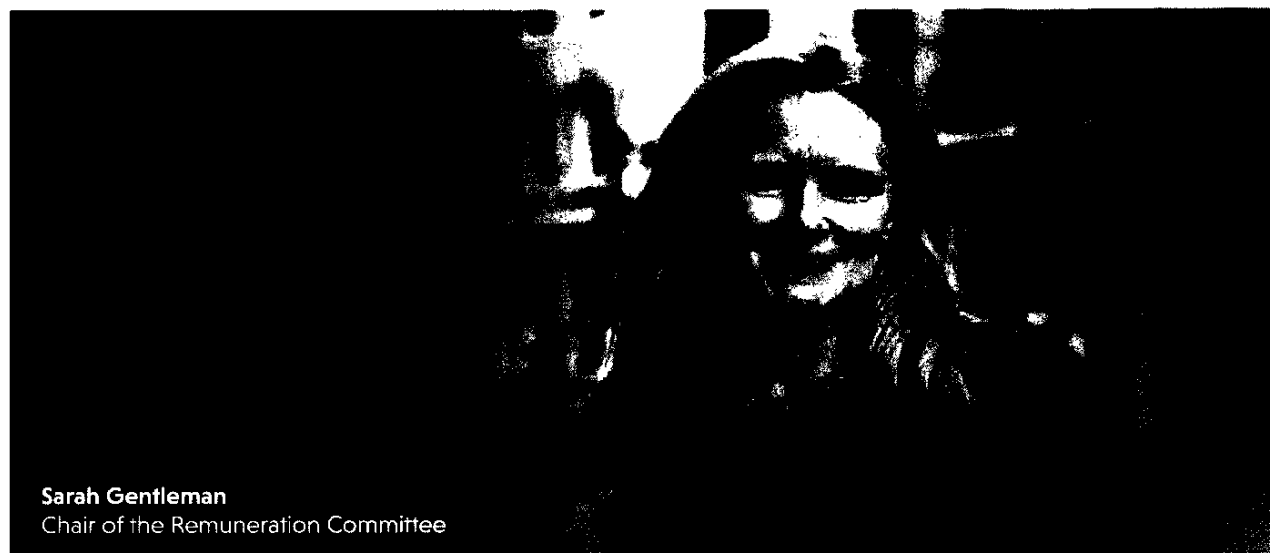
## Grahame Cook

Chair of the Audit, Risk and Valuations Committee

14 June 2023



# Directors' remuneration report



**Sarah Gentleman**  
Chair of the Remuneration Committee

## Chair:

Sarah Gentleman

## Other members:

Grahame Cook  
Richard Pelly  
Gervaise Slowey

## Meetings held

in the year: Four

## FY23 Key activities:

- Completed a Shareholder consultation on the application of the Remuneration Policy
- Agreed new pay-out thresholds for the annual bonus and LTIP
- Reviewed remuneration across the Company in consideration of the rising cost of living
- Appointed new adviser to the Committee

## FY24 Key priorities:

- Ensure pay is aligned with Company performance, to attract and retain the key talent it requires to deliver on its goals
- Monitor the implementation of the remuneration policy and ensure it is aligned with corporate governance developments

## Annual Statement by the Remuneration Committee Chair

Dear Shareholders,  
On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2023.

## 2022 AGM voting

As our Shareholders will recall, we put our first Directors' Remuneration Policy ("Policy") to vote at the Annual General Meeting ("AGM") in August 2022, following our move from AIM to the Main Market in July 2021. Reflecting the shift from AIM to the Main Market, a number of changes were made to the Policy to bring it more in line with Shareholder expectations (including replacing the legacy carried interest scheme, a standard long-term incentive vehicle in alternative asset management, with a traditional performance-based long-term incentive plan for Executive Directors) and to incorporate a number of best practice features (including a holding period on LTIP awards and post cessation shareholding requirements).

The Committee, led by the previous Chair, engaged extensively with Shareholders as the Policy was developed and in the lead-up to the AGM. Although Shareholders were generally supportive of the Policy in consultation, we were disappointed that a significant minority of Shareholders felt that they could not support the remuneration-related resolutions, with 79.9% of Shareholders voting in support of our Policy and 79.4% voting in support of the implementation of our Policy (as set out in last year's Directors' Remuneration Report).

Molten Ventures maintains a regular dialogue with Shareholders, and having reviewed the feedback

received from Shareholders and the proxy advisers immediately prior to the AGM, the Committee identified that the key area of Shareholder concern was in relation to our approach to setting targets under the variable incentive schemes.

Since the AGM, I have written to Shareholders that represent approximately 80% of our issued share capital and to the major proxy advisory bodies to outline our proposed approach to Executive remuneration going forward. In light of the feedback received and in order to align with best practice guidance, the Committee is proposing to make the following changes to the implementation of our Policy for the financial year ending 31 March 2024:

- Reduce the level of pay-out for threshold and target performance under the annual bonus to 20% and 50% of maximum opportunity respectively.
- Reduce the level of pay-out for threshold performance for the Assets under Management metric under the long-term incentive from 50% to 25% of maximum.

We received responses from around 46% of our Shareholders in consultation and Shareholders that responded were supportive of our proposals. The Remuneration Committee would like to thank Shareholders that took part in the engagement process and values the feedback it has gained.

# Directors' remuneration report CONTINUED

## Business performance in FY23

As set out earlier in the Annual Report, the last year has presented hugely challenging market conditions for technology companies worldwide, across both public and private markets, and Molten Ventures has not been immune from these pressures. Despite what has been a challenging 12 months for the technology industry, the Board has been impressed by the Executive Directors and the wider team and its ability to adapt, enabling Molten Ventures to invest in and support Europe's best technology entrepreneurs.

In terms of performance, reflecting on the challenging macroeconomic environment, we reported a decrease in gross portfolio fair value of 16%, generated £48 million of cash proceeds from realisations and total deployment was £138 million for the full financial year. The year was nonetheless a productive year for Molten Ventures as we continued to make strategic progress in line with our ambition of making Molten Ventures the investor of choice for UK and European founders looking for ways to invent the future. This year strong progress has also been made in developing our ESG capabilities and meeting the challenging goals we have set ourselves in our ESG roadmap, with key achievements sets out in the ESG Committee Report.

While it is disappointing to report a decline in valuations for FY23, our long-held and consistent approach to valuing our portfolio companies across the cycle has enabled Molten Ventures to demonstrate relative resilience in our FY23 results. We therefore continue to remain confident in the overall strength of our portfolio and our ability to identify strong opportunities going forward.

## FY23 Bonus outturn

As a result of the macroeconomic environment and financial performance being below expected levels, the targets for the Executive Directors' FY23 bonus have only partially been met. Based on the performance scorecard, which includes four different performance categories (60% Fair Value Growth, 20% Capital Resources, 10% Number of Deals and 10% ESG), the Committee approved a bonus of 38.1% of maximum opportunity. Full details of achievement against targets is set out on page 118.

## FY21 LTIP outturn

The three-year performance of the Group has delivered Absolute TSR of £2.74; Group Realisations of £380 million and New Third-Party AUM of £412 million. This has resulted in a pay-out under the FY2021 long-term incentive award of 60% of maximum. A two-year holding period will apply to the award to the Executive Directors following vesting.

Full details of achievement against targets is set out on page 120.

When determining incentive outcomes, the Remuneration Committee considered the Company's performance and the Executive Directors' leadership during what was a very challenging period for the Group. The Committee noted that, overall, underlying business performance and revenue growth of our portfolio companies has been strong despite the macroeconomic headwinds, and determined that the incentive outcomes were appropriate. In reaching this decision, the Committee considered both the formulaic outcomes as well as a more holistic assessment of performance, including overall Company and ESG performance and the wider stakeholder experience.

## FY24 decisions

### Salaries

Given the broader economic context and inflationary and cost of living pressures for our employees, we targeted salary increases to our lower paid people this year. All our employees (excluding Executive Directors) received a base pay increase of 7% and we made one-off payments of £2,000 to all employees on salaries less than £100,000 to support them through these challenging times. Following an organisation-wide pay review, a significant number of employees also received one-off pay adjustments to ensure we can continue to attract and retain the highest calibre of talent. Overall, reflecting the decisions noted above, the average salary increase across the organisation, excluding Executive Directors was 11%.

The Remuneration Committee approved a pay increase of 4% of base salaries for the Executive Directors, significantly below the increases agreed for our wider workforce.

### Annual bonus

The maximum bonus opportunity will remain at 200% of salary for the Executive Directors, in line with the Policy. As set out above, for FY24 the annual bonus will pay-out at 20% of maximum opportunity for threshold performance and at 50% of maximum opportunity for target performance.

Performance measures for FY24 are set out on page 126 and have been selected to reflect our key priorities for the year ahead.

### Long-term incentive plan

LTIP awards will be made to the Executive Directors in FY24 with no changes to the award sizes or performance measures. The award levels for all participants, including the Executive Directors, continue to reflect the exceptional level of performance required for full vesting, including upper decile relative TSR performance against the FTSE 250. In response to feedback from our Shareholders and the major proxy bodies, the pay-out level for threshold performance under the Assets under Management measure will reduce to 25% of maximum opportunity. LTIP awards to Executive Directors will vest three years from grant and be subject to a two-year holding period.

The Committee debated at length whether the proposed award levels were appropriate reflecting on the change in share price of Molten Ventures since the 2022 LTIP grant. While the Committee is mindful of external guidance on windfall gains, the Committee agreed that at this stage it would not be appropriate to adjust award levels, but it would instead retain the discretion to review the vesting outcome where it considers that it is not representative of business performance.

## Summary

I would like to take this opportunity to thank our Shareholders for their engagement with us this year as we have developed our approach to remuneration, taking into account their valuable insight and feedback. We will continue this open dialogue with our Shareholders as the Committee reviews the current Policy over the coming 12-24 months to ensure it continues to be the right strategic fit for the Group.

This year, the Remuneration Committee has again sought to take a simple and responsible approach to Executive pay, and I look forward to receiving your support at the 2023 AGM.

**Sarah Gentleman**  
Chair of the Remuneration Committee

14 June 2023

## Remuneration policy

### 1.1. Introduction

A summary of the Directors' Remuneration Policy (the "Policy") approved by Shareholders at the AGM held on 3 August 2022 is set out below. The Policy is intended to apply for a period of three years from that date unless a new Policy is approved by the Company's Shareholders, prior to the end of that period. The policy is based on the information that was disclosed to Shareholders in the Prospectus issued when the Company moved to the Main Market in July 2021. The full Policy can be found in the 2022 Annual Report, accessible on the Company's website.

The Company's remuneration strategy is to provide pay packages that attract, retain and motivate high-calibre talent to help ensure its continued growth and success. It aims to: encourage and support a high performance culture of reward for achievement of the Group's corporate strategy and delivery of sustainable growth; and align the interests of the Executive Directors, senior management and employees to the long-term interests of Shareholders, while ensuring that remuneration and incentives adhere to the principles of good corporate governance and support good risk management practice and sustainable Company performance, grounded in the principles of ESG and responsible investment.

The Committee is governed by Terms of Reference which set out the roles and responsibilities of Committee members and detail how the Committee will operate. These are reviewed periodically to ensure they remain appropriate and include relevant corporate governance and other guidance. A copy of the Terms of Reference is available from the Company's website - [investors.moltenventures.com](https://investors.moltenventures.com).

The Committee operates discretion with respect to vesting and other outcomes that affect the actual level of reward payable to individuals, as explained in the Remuneration Policy table summary. Such discretion would only be used in exceptional circumstances and, if exercised, disclosed at the latest in the report on implementation of the Policy (i.e. the annual remuneration report) for the year in question.

The Committee has appointed independent external advisers to receive material independent assistance and advice. In addition, to avoid any conflicts of interest or appearance thereof, no Director is involved in deciding their own remuneration outcome with such items being discussed without their presence in the meeting.

### 1.2. Remuneration Policy table summary

Purpose and link to strategy	Operation	Maximum opportunity	Performance targets
<b>Base salary</b>			
To provide competitive fixed remuneration.	The base salaries for Executive Directors and senior management will depend on their experience and the scope of their role as well as having regard to practices at peer companies of equivalent size and complexity.	When considering salary increases for the Executive Directors in their current roles, the Committee considers the general level of salary increase across the Group and in the relevant external market.	Not applicable
To attract, retain and motivate Executive Directors of the calibre required to deliver the Company's strategy.	In considering the base salary (and other elements of remuneration) of Executive Directors and senior management, due regard will be taken of the pay and conditions of the workforce generally.  Base salaries will typically be reviewed on an annual basis.		
<b>Benefits and pension</b>			
To provide market competitive levels of employment benefits.	The Executive Directors are eligible to receive contributions to a pension plan and/or a cash supplement in lieu of pension contributions (equal to 15% of basic salary) as each Executive Director may direct. The contribution rate for Executive Directors is the same as the rate provided to the wider workforce.  The Executive Directors will be able to participate in the same benefits as available to other UK employees, including but not limited to life insurance, private health insurance and income protection insurance.  Each Executive Director is entitled to reimbursement of reasonable expenses incurred in the performance of such Executive Director's duties in accordance with the Company's Travel & Entertainment Policy.	The benefits package is set at a level which the Remuneration Committee considers provides an appropriate level of benefits for the role and is appropriate in the context of the benefits offered to the wider workforce or to comparable roles in companies of a similar size and complexity.	Not applicable

# Directors' remuneration report CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance targets
<b>Annual bonus</b>			
Rewarding the year-on-year achievement of demanding annual performance metrics.	<p>Performance measures, weightings and targets are reviewed annually by the Committee and may be changed from time to time.</p> <p>Appropriately stretching targets are set by reference to the operating plan and historical and projected performance for the Company and its sector.</p> <p>Any bonus awarded to an Executive Director in excess of 100% of basic salary earned will be deferred in ordinary shares under the Deferred Bonus Plan ("DBP") for two years. Participants may receive an additional payment (in cash or shares) equal to the dividends which would have been paid during the deferral period on the number of shares that vest.</p> <p>Malus and clawback provisions apply.</p>	<p>The maximum bonus opportunity is 200% of salary.</p> <p>Target bonus opportunity will be no greater than 60% of the maximum annual bonus. Threshold bonus opportunity will be no greater than 40% of the maximum annual bonus.</p> <p>The target and maximum pay-outs will be specified by the Committee at the date of award and disclosed in the Annual Report.</p>	<p>The award of any bonus is discretionary and subject to the achievement of challenging performance conditions, which will be set by the Committee and are expected to be linked to the Company's financial performance. Performance measures will also include an element linked to ESG measures.</p> <p>Annual incentive plan awards are normally based 60%-100% on financial measures which may include, but are not limited to, measures of fair value growth and capital; and 0%-40% on strategic or ESG measures or other objectives aligned to Company strategy. The Committee may amend the targets and their weightings from time to time.</p>
<b>Long-term incentive plan</b>			
To balance performance pay between the achievement of financial performance objectives and delivering superior long-term returns to our Shareholders.	<p>In accordance with the rules of the LTIP, annual awards are made over Shares in the Company with vesting dependent on the achievement of stretching performance conditions over a three-year period.</p> <p>A two-year holding period will apply to Executives at the end of each relevant performance period.</p> <p>The performance conditions will be reviewed annually by the Committee for each new award. Targets take into account the internal strategic plan and external market expectations for the Company and the sector to ensure that such targets remain stretching yet achievable. The targets may change from time to time.</p> <p>Participants may receive an additional payment (or ordinary shares of equivalent value) equal to the dividends which would have been paid during the vesting period on the number of ordinary shares that vest. Any dividend equivalent payable to Executive Directors will be made in the same form as applicable for other participants.</p> <p>Malus and clawback provisions apply.</p>	<p>The maximum value of annual awards made under the plan was set at 250% of salary for each of the Executive Directors, with any awards above 200% of salary only being made for exceptional performance.</p>	<p>LTIP awards are normally based on financial measures which may include, but are not limited to, relative total Shareholder return (TSR) compared to the FTSE 250 - with a normal weighting between 50%-100%; and Assets under Management (AUM) with a normal weighting between 0%-50%.</p> <p>The Committee can adjust the weighting of the performance conditions, and, if considered appropriate, may introduce alternate performance conditions from time to time aligned to the Company's strategy, or remove a performance condition set out above.</p> <p>No more than 50% of the awards will vest for achieving threshold performance, increasing to 100% vesting for achievement of stretching performance targets.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance targets
<b>Share ownership guidelines</b>			
To provide long-term alignment between Executive Directors and Shareholders.	<p>Executive Directors are encouraged to build and maintain over time a shareholding in the Company.</p> <p>To the extent the shareholding guideline has not been reached by the relevant vesting dates, the Executive Directors have agreed to retain 50% of the Shares that may be delivered to each of them pursuant to the LTIP and the DBP (save to permit the sale of such number of Shares as may be required to meet any tax liability arising on the vesting of such awards).</p>	<p>Each Executive Director is expected to achieve a shareholding with a value of equivalent to at least 250% of annual basic salary.</p> <p>The share ownership requirements will remain in place until the second anniversary of termination of employment of any Executive Director and will apply to the lower of 250% of such Executive Director's basic salary or the number of Shares held by the Executive Director at the date of termination of employment.</p>	Not applicable
<b>Non-Executive Director fees</b>			
To attract and retain Non-Executive Directors of a high calibre with relevant commercial and other experience.	<p>Non-Executive Directors receive a basic annual fee in respect of their Board duties. Additional fees may be paid to Committee Chairs and the Senior Independent Director to reflect the additional responsibilities associated to such roles. The Chair receives a fixed annual fee.</p> <p>Fees are typically reviewed annually, taking into account the time commitment requirements and responsibility of the individual roles, and after reviewing practice in other comparable companies.</p> <p>The fee paid to the Chair is determined by the Remuneration Committee, while the fees for other Non-Executive Directors are determined by the Board as a whole.</p> <p>Each Non-Executive Director is entitled to reimbursement of reasonable expenses incurred in the performance of such Non-Executive Director's duties.</p>	<p>For the Non-Executive Directors, there is no prescribed maximum annual increase.</p> <p>The maximum cap for the total aggregate remuneration paid to the Chair of the Company and the Non-Executive Directors is set out within the Company's Articles.</p> <p>Actual fee levels are disclosed in the Annual Remuneration Report for the relevant financial year.</p>	Not applicable

### Performance measures and targets

Measures used under the Annual Bonus and LTIP are selected annually to reflect the Group's main short, mid and long-term objectives and reflect both financial and non-financial priorities, including ESG. The Committee selected the performance conditions above because they are central to the Company's strategy and are the key metrics used by the Executive Directors to oversee the operation of the business.

Further details of the performance measures under the annual incentive plan for the year ended 31 March 2023 as well as targets under the long-term incentive plan for awards made in 2022, and how they are aligned with Company strategy and the creation of Shareholder value, are set out in the annual report on remuneration, on pages 117-120. Annual incentive targets will be disclosed retrospectively in next year's annual report on remuneration. Performance targets are set to be stretching yet achievable, and take into account the Company's strategic priorities and business environment. The Committee sets targets based on a range of reference points including the Company strategy and broker forecasts for both the Company and the market.

# Directors' remuneration report CONTINUED

## Remuneration policy for other employees

The reward package for the wider employee group is based on the principle that it should enable the Company to attract and retain the best talent, rewarding employees for their contribution to Company performance. It is driven by local market practice as well as level of seniority and accountability of each role. With the exception of the carried interest scheme (which the Executive Directors are no longer eligible to participate in), there is broad alignment in the pay structures for Executives and the wider workforce, in the way that remuneration principles are followed as well as the mechanics of the salary review process and incentive plan design, which are broadly consistent throughout the organisation. Pension contribution rates are also consistent for all employees. Employees below Board level may be eligible to participate in an annual bonus arrangement which has a similar structure to that used for the Executives with award quantum reflective of seniority level and carry scheme participation. Long-term incentive awards and/or discretionary share options may be awarded to certain other employees, for which the maximum opportunity and the performance conditions may vary by organisational level. The Group also offers a range of benefits that are open to all employees.

## Statement of consideration of employment conditions elsewhere in the Company

The Committee has responsibility for reviewing remuneration and related policies applicable to the wider workforce. To support this, the Committee is periodically briefed on the structure and quantum of all-employee remuneration as well as being informed about the context, challenges and opportunities related to wider workforce remuneration topics. This enables the Committee to take the wider workforce into account when setting the policy for Executive remuneration. While there is no direct consultation with employees on Executive Director remuneration, the Committee receives insights from the broader employee population via the DNED for employee engagement. Further, when considering salary increases for the Executive Directors, the Committee considers the general level of salary increase across the Group and in the external market.

## Recovery provisions and Committee discretion

The Remuneration Committee may exercise its discretion to adjust annual bonus outcomes or levels of vesting under the LTIP where it believes that it is appropriate, including (but not limited to) where outcomes are not reflective of the underlying performance of the business or the experience of the Company's Shareholders, employees or other stakeholders. The Remuneration Committee may exercise malus on unvested awards and may also claw back bonus payments or vested share awards up to three years from the date of payment/vesting (in part or in full) in the event of gross misconduct, material misstatement in the Company's annual financial statements, material failure of risk management, serious reputational damage to a member of the Group or relevant business unit, the insolvency of the Group and/or an error in the calculation of any performance conditions resulting in an overpayment or excess vesting.

## Service Agreements and Letters of Appointment

Each of the Executive Directors' service agreements is for a rolling term and may be terminated by the Company or the Executive Director by giving six months' notice.

The Remuneration Committee's policy for setting notice periods is that a six-month period will apply for Executive Directors. The Remuneration Committee may in exceptional circumstances arising on recruitment allow a longer period, which would in any event reduce to six months following the first year of employment.

Name	Position	Date of current service agreement	Notice period by Company (months)	Notice period by Director (months)
Martin Davis	CEO	19 July 2021	6	6
Stuart Chapman	Director	19 July 2021	6	6
Ben Wilkinson	CFO	19 July 2021	6	6

The Non-Executive Directors of the Company do not have service contracts and are appointed by letters of appointment. Their terms are subject to their re-election by the Company's Shareholders at any AGM at which the Non-Executive Directors stand for re-election (in accordance with the Company's Articles of Association). The details of each Non-Executive Director's current terms are set out below:

Name	Date of appointment	Commencement date of current term	Unexpired term as at 14 June 2023
Grahame Cook	15 June 2016	19 July 2021	Continuation of appointment is subject to re-election by Shareholders at each AGM.
Sarah Gentleman	8 September 2021	8 September 2021	
Richard Pelly	15 June 2016	19 July 2021	
Gervaise Slowey	19 July 2021	19 July 2021	

## Annual report on remuneration

The Annual Remuneration Report sets out how the Directors' Remuneration Policy was put into practice during the year and how we intend to apply the proposed policy in the year ending 31 March 2024. It is divided into three sections:

- Section 1: Single Figure Tables
- Section 2: Further information on remuneration for the year ended 31 March 2023
- Section 3: Implementation of the Remuneration Policy in the year ending 31 March 2024

The Auditors have reported on certain sections of this report and stated whether, in their opinion, those sections have been properly prepared. Those sections which have been subject to audit are clearly indicated within the heading as audited.

The Remuneration Policy which was applied in the year ended 31 March 2023 was as described in the FY22 Annual Report and approved by Shareholders at the AGM held on 3 August 2022.

## Section 1 – Single Figure Tables

This section covers the reporting period from 1 April 2022 to 31 March 2023 and provides details of the implementation of the Remuneration Policy during the period.

### Directors' remuneration Single Figure Table (audited)

The following table summarises the gross aggregate remuneration of the Directors who served during the year to 31 March 2023:

£'000s	Year	Basic salary/fees <sup>1</sup>	All taxable benefits <sup>2</sup>	Annual bonus <sup>3</sup>		Long-term incentive <sup>4</sup>	Pension-related benefits	Total fixed remuneration	Total variable remuneration	Total remuneration	Carried interest (legacy awards) <sup>5</sup>	Total
Cash	Deferred											
<b>Executive Directors</b>												
Martin Davis	FY23	497	8	379	–	203	75	580	582	1,162	–	1,162
	FY22	483	9	483	483	–	72	564	966	1,530	–	1,530
Stuart Chapman	FY23	342	6	261	–	140	51	399	401	800	1,119	1,919
	FY22	332	5	332	332	1,311	50	387	1,975	2,362	2,334	4,696
Ben Wilkinson	FY23	335	5	255	–	132	50	390	387	777	110	887
	FY22	325	4	325	325	1,311	49	378	1,961	2,339	230	2,569
<b>Non-Executive Chair</b>												
Karen Slatford <sup>6</sup>	FY23	100	–	–	–	–	–	100	–	100	–	100
	FY22	120	–	–	–	–	–	120	–	120	–	120
<b>Non-Executive Directors</b>												
Grahame Cook <sup>4</sup>	FY23	95	–	–	–	–	–	95	–	95	–	95
	FY22	90	–	–	–	–	–	90	–	90	–	90
Richard Pelly	FY23	60	–	–	–	–	–	60	–	60	–	60
	FY22	60	–	–	–	–	–	60	–	60	–	60
Gervaise Slowey <sup>7</sup>	FY23	60	–	–	–	–	–	60	–	60	–	60
	FY22	41	–	–	–	–	–	41	–	41	–	41
Sarah Gentleman <sup>8</sup>	FY23	70	–	–	–	–	–	70	–	70	–	70
	FY22	39	–	–	–	–	–	39	–	39	–	39

The salaries of Executives were set to £497k for Martin Davis, £342k for Stuart Chapman and £335k for Ben Wilkinson with effect from 1 April 2022. The Remuneration Committee approved a pay increase of 4.0% of base salary for the Executive Directors, effective from 1 April 2023.

<sup>2</sup> Benefits include private medical and critical illness cover.

<sup>3</sup> Details of the bonus targets, their levels of achievement and the resulting level of award and deferrals of this bonus are detailed on pages 118–120. For FY22 50% of the bonus amount is deferred in shares of the Company for each Executive Director. The deferral period under the bonus scheme is two years from the date of the award. Vesting is not subject to any further performance conditions (other than continued employment at the date of vesting).

<sup>4</sup> Values for the year ended 31 March 2023 relate to the vesting of options granted under the FY2021 Long Term Incentive Plan which were subject to the performance conditions listed on page 120. Values for the vesting of the FY2021 award are calculated by reference to the number of shares vested multiplied by the average market value of the shares vesting in the last quarter of the financial year, which was £3.61. No value of the FY2021 award is attributable to share price appreciation. Values for the year ended 31 March 2022 relate to the vesting of options granted under the Company Share Option Plan (CSOP) in 2018 and 2019 (July 2018 and February 2019) which were subject to a performance condition of an 8% per annum share price hurdle, and the grant of options under the CSOP to Stuart Chapman and Ben Wilkinson on 26 July 2021 with a face value of £15,000 each. Values for the vesting of the 2018 and 2019 CSOP awards are calculated by reference to the number of shares vesting multiplied by the market value of shares on the vesting date (30 July 2021 – £10.02, February 2022 – £7.47) less the exercise price (30 July 2018 – £4.92 per share, 12 February 2019 – £5.30 per share). CSOP options that vested in FY2023 were not subject to performance conditions, had a nil intrinsic value at grant and are therefore not required to be disclosed in the single figure table. Details of these options can be found in the table of Executive Directors' share plan interest movements during FY2023 on page 123.

<sup>5</sup> The carried interest amounts are legacy award payments during the year in respect of awards no longer available to Executive Directors. These carried interest plan awards were made in prior years and a further description of the plans can be found on page 120.

<sup>6</sup> Grahame Cook assumed responsibility as interim Chair from Jan-Mar 2022 in FY22, Apr-May 2022 in FY23 and following the resignation of Karen Slatford on 17 January 2023. These additional fees were approved for this period as remuneration for these responsibilities.

<sup>7</sup> Gervaise Slowey was appointed on 19 July 2021. The single figure includes remuneration since this appointment. This is converted from Euros at the year-end exchange rate of 1:1.1816 (2022: 1.738).

<sup>8</sup> Sarah Gentleman was appointed on 8 September 2021. The single figure includes remuneration since this appointment.

# Directors' remuneration report CONTINUED

## Commentary on Single Figure Table (audited)

### Incentive outcomes for FY23

#### Annual bonus

The FY23 annual bonus for Executive Directors was assessed against performance conditions approved by the Committee. Bonuses are split across four metrics, of which 90% are for corporate and financial measures, and 10% are for performance against ESG objectives. The Committee considers the overall bonus outcome as determined by performance against the agreed measures to ensure that the bonus level is appropriate given the Company's performance and the overall stakeholder experience in the year, and has the ability to exercise discretion to override the indicative formulaic outcome if it considers that it is not appropriate in the circumstances.

The maximum bonus opportunity for FY23 was 200% of salary for each of the Executive Directors.

#### Corporate targets

Performance against the financial and strategic measures is set out below:

Metric	Weighting	Performance targets <sup>1</sup>			Actual	% vesting	% of max bonus opportunity
		Threshold (40% vesting)	On target (60% vesting)	Maximum (100% vesting)			
Fair Value Growth <sup>2</sup>	60%	7.5%	15%	20%	-17%	0%	0%
Capital resources <sup>3</sup>	20%	£60m	£120m	£150m	£143m	90.7%	18.1%
Number of deals <sup>4</sup>	10%	6	10	12	15	100%	10%
<b>Total</b>						<b>100%</b>	<b>28.1%</b>

Notes:

<sup>1</sup> Each of the Corporate performance conditions is subject to a straight line payment scale between threshold, on-target and full vesting points.

<sup>2</sup> Fair Value Growth: This is the opening gross value of the portfolio (GPV), plus investments, less any cash from realisations, plus fair value growth which gives the year end Gross Portfolio Value. The percentage changes from the opening GPV to the closing GPV is the fair value growth figure for the performance measure.

<sup>3</sup> Capital resources includes capital raised and committed via third-party funds, capital raised via EIS and VCT entities for the tax year April 2022 to April 2023, capital raised via realisations and additional capital raised from Shareholders via equity raises.

<sup>4</sup> Number of deals is the number of investment transactions signed/completed by the Company between 1 April 2022 and 31 March 2023. Deals must be at least £5.0 million in size, can be primary, secondary or follow-on investment (excluding Fund of Fund investments). Deals below £5.0m have only been included where the Committee agreed that they consumed exceptional resources / were of a strategic nature and therefore were significant deals in the year.

#### ESG measures:

The ESG measures agreed by the Committee for FY23 were intended to further develop the Company's ESG capability and progress towards more quantitative measures compared to FY22, which was a transitional year for the Company and focused on qualitative measures. The measures, and the Committee's assessment of the Executive Directors' performance against them, is summarised in the table below.

More detail on our performance is included in the Sustainability section on pages 46 and 47.

FY23	ESG KPI	Completion update	Status %	% of max bonus opportunity
Overarching	Develop and formalise the Company's Corporate Purpose to articulate our core reason for being, in alignment with the Group's ESG Policy.	• Completed with Board approval and communicated to the wider team in April 2023.	100	
	Track and report on the metrics used by the Company to evaluate potential investments in alignment with the Company's ESG Policy.	• Our ESG Framework is completed as part of Due Diligence and on an ongoing basis has been completed by 78% of directly held portfolio companies, with key highlights presented on page 55.	100	10%
	Deliver two portfolio engagement events focussed on ESG-related risks and opportunities.	• FairHQ delivered event on D&I in the recruitment process in February 2023. • Gowling WLG delivered event focused on best practice in governance in March 2023.	100	



FY23	ESG KPI	Completion update	Status %	% of max bonus opportunity
Environment	Implement a Climate Strategy which defines the Group's GHG reduction targets, KPIs and roadmap to net zero.	<ul style="list-style-type: none"> <li>Formal engagement with Accenture began in February 2023 on the development of our Climate Strategy which is presented in this Annual Report on pages 59-62. This Strategy is inclusive of Scope 1 and 2 reduction targets and portfolio engagement targets in alignment with best practice.</li> </ul>	100	10%
	Engage with the management teams of at least 50% of direct primary investments during the period to establish their Scope 1 and 2 GHG emissions and assist with GHG reduction plans, footprint analysis and offsetting schemes up to a level of £10,000 per portfolio company.	<ul style="list-style-type: none"> <li>Engagement has taken place with 100% of new investment management teams on the financial support we offer towards GHG measurement, management, and offsetting and 63% have since utilised this opportunity.</li> </ul>	100	
	Increase accuracy of Scope 3 measurements (upstream and downstream) to report against the SECR and TCFD frameworks.	<ul style="list-style-type: none"> <li>We have engaged with carbon emissions management specialists at our new partners, Altruistiq and Accenture. SECR and TCFD are presented in the Annual Report on pages 63 to 71.</li> </ul>	100	
	Undertake the Company's first CDP Climate Change disclosure.	<ul style="list-style-type: none"> <li>We submitted our disclosure in July 2022 for the full version of the Climate Change Questionnaire.</li> </ul>	100	
Social	Develop the Group's D&I Recruitment Policy to track and report on D&I-related metrics through the hiring process.	<ul style="list-style-type: none"> <li>This policy is in place and HR has been tracking key D&amp;I metrics of new hires and active recruitment during the period.</li> </ul>	100	10%
	Achieve implementation by 80-100% of directly held portfolio companies of a (i) Parental Policy and (ii) Health & Wellbeing Policy.	<ul style="list-style-type: none"> <li>Parental Policy – confirmed implementation by 84% of directly held portfolio companies.</li> <li>Health &amp; Wellbeing Policy – confirmed implementation by 81% of directly held portfolio companies.</li> </ul>	100	
	Establish, track and report portfolio progress across a range of core D&I targets.	<ul style="list-style-type: none"> <li>The ESG Framework requests gender and ethnicity data across the Board, senior management/leadership and total workforce. This has been completed by 45 portfolio companies.</li> </ul>	100	
Governance	Develop and publish a Group Human Rights Policy.	<ul style="list-style-type: none"> <li>Policy has been developed, received Board approval on 27 September 2022 and has been published on the website.</li> </ul>	100	100
	Achieve implementation by 80-100% of directly held portfolio companies of a (i) Cyber Security Policy, (ii) Anti-Bribery and Anti-Corruption Policy, (iii) Whistleblowing Policy, and (iv) Anti-Harassment Policy.	<ul style="list-style-type: none"> <li>Cyber Security Policy – confirmed implementation by 84% of directly held portfolio companies.</li> <li>Anti-Bribery/Corruption Policy – confirmed implementation by 88% of directly held portfolio companies.</li> <li>Whistleblowing Policy – confirmed implementation by 83% of directly held portfolio companies.</li> <li>Anti-Harassment Policy – confirmed implementation by 88% of directly held portfolio companies.</li> </ul>	100	

# Directors' remuneration report CONTINUED

## Total target

Based on the performance described above, the Remuneration Committee determined that the Executive Directors should be awarded bonuses as shown below:

## Total bonus outcomes for FY23

	Corporate measures (% of bonus achieved, max 90%)	ESG Measures (% of bonus achieved, max 10%)	Total vesting percentage (%, max 100%)	Vesting amount as % of salary	Bonus amount (£'000s) (shown in Single Figure Table)
Martin Davis	28.1%	10%	38.1%	76.3%	379
Stuart Chapman	28.1%	10%	38.1%	76.3%	261
Ben Wilkinson	28.1%	10%	38.1%	76.3%	255

## Long-term incentive plan vesting

### Vesting of 2021 award

The LTIP award value included in the single total figure of remuneration table for FY23 relates to the vesting of the FY21 LTIP awards which had a performance period from 1 April 2020 to 31 March 2023. Details of the performance targets attached to the awards, which were set prior to the Main Market move, and the extent to which they were satisfied are shown in the table below. A one-year lock up period applies to the FY21 LTIP awards following the end of the performance period.

Measure <sup>1</sup>	Weighting	Threshold (50% vesting)	Maximum (100% vesting)	Actual	Assessment	Outcome
Absolute Total Shareholder Return ("TSR")	40%	£5.32	£7.25	£2.74	0%	0%
Group realisations <sup>2</sup>	40%	£90m	£110m	£380m	100%	40%
New third-party assets under management ("AUM")	20%	£300m	£400m	£412m	100%	20%
Total						60%

<sup>1</sup> Awards vest on a straight-line basis for performance between threshold and maximum levels of performance set out in this table.

<sup>2</sup> Group realisations based on annual and aggregate realisations over the performance period. The table above shows the aggregate realisations over the period. Annual realisations were: FY21: £206m (target: £40m); FY22: £126m (target: £30m); FY23: £48m (target: £40m).

## Carried Interest (legacy awards)

The carried interest values included in the single total figure of remuneration table for FY23 and FY22 relate to amounts paid in respect of legacy awards of carried interest to Executive Directors during those years. The Company established carried interest plans for the Executive Directors, other members of the Investment Team and certain employees ("Plan Participants") in respect of any investments and follow-on investments made since listing on AIM. From April 2020 onwards, the Executive Directors were not eligible to participate in new carried interest plans.

Subject to certain exceptions, Plan Participants will receive, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant investment period once the Company has received an aggregate annualised 10% realised return on investments and follow-on investments made during the relevant period save that the hurdle for the carried interest plan established on 1 April 2020 and subsequent carried interest plans have an aggregate annualised 8% realised return on investment and follow-on investments made during the relevant period. Plan Participants' carried interest vests over five years for each carried interest plan and are subject to good and bad leaver provisions as well as a "catch-up". Further details are disclosed in Note 4(u) to the financial statements.

## Section 2 – Further information on remuneration for the year ended 31 March 2023

### Scheme interests awarded during the financial year (audited)

#### Deferred Bonus Plan

The FY22 bonus amounts included in the single total figure table on page 117 were paid in cash for an amount up to 100% of each Director's salary. The balance was paid in the form of a deferred share award over a number of shares calculated based on the volume weighted average price of the Company's shares over the five dealing days prior to the date of the Committee's approval of the awards. The awards were made to all Executive Directors on 17 June 2022 in the form of options with a nominal value exercise price of £0.01 per share as set out below:

Director	Position	Basis of award	Face value	Options awarded <sup>1</sup>
Martin Davis	CEO	100% of salary	£483,000	89,444
Stuart Chapman	Executive Director	100% of salary	£332,000	61,481
Ben Wilkinson	CFO	100% of salary	£325,000	60,185

<sup>1</sup> Due to an administrative error, an incorrect grant price was used to make these awards. Per the Deferred Bonus Plan Rules, the five-day average prior to the grant date of 17 June 2022 (£4.47) should have been used, rather than the five-day average to the date of the Committee approving the awards on 7 June 2022 (£5.40). In line with the Plan Rules, the Committee intends to grant additional shares to make up for the shortfall, which will be made shortly after publication of the Annual Report. Following the grant of additional awards, the options awarded to the Executive Directors under the Deferred Bonus Plan will be as follows: Martin Davis (108,111); Stuart Chapman (74,312); and Ben Wilkinson (72,745).

The deferral period under the bonus scheme is two years from the date of the original award. Vesting is not subject to any further performance conditions (other than continued employment at the date of vesting).

#### Long-Term Incentive Plan

Awards were made to all Executive Directors under the Company's Long-Term Incentive Plan on 17 June 2022 as set out below. The number of options awarded was calculated based on the volume weighted average price of the Company's shares over the five dealing days prior to the date of the Committee's approval of the awards. The awards were made to all Executive Directors on 17 June 2022 in the form of options with a nominal value exercise price of £0.01 per share as set out below:

Director	Position	Basis of award	Face value	Options awarded <sup>1</sup>
Martin Davis	CEO	250% of salary	£1,243,725	230,319
Stuart Chapman	Executive Director	250% of salary	£854,900	158,314
Ben Wilkinson	CFO	250% of salary	£836,875	154,976

<sup>1</sup> Due to an administrative error, an incorrect grant price was used to make these awards. Per the Long-Term Incentive Plan Rules, the five-day average prior to the grant date of 17 June 2022 (£4.47) should have been used, rather than the five-day average to the date of the Committee approving the awards on 7 June 2022 (£5.40). In line with the Plan Rules, the Committee intends to grant additional shares to make up for the shortfall, which will be made shortly after publication of the Annual Report. Following the grant of additional awards, the options awarded to the Executive Directors under the Long-Term Incentive Plan will be as follows: Martin Davis (278,387); Stuart Chapman (191,355); and Ben Wilkinson (187,320).

The vesting of these awards is subject to the performance targets set out below, with performance measured over the three-year period from 1 April 2022 to 31 March 2025. The awards will vest on 17 June 2025 to the extent that performance conditions are met and are subject to a two-year post-vesting holding period.

#### Relative Total Shareholder Return (TSR) v FTSE 250 (weighting – 52% of maximum opportunity)

	Threshold	On target	Maximum
TSR ranking vs FTSE 250	Median	Upper quartile	Upper decile
Vesting (% of salary)	20%	80%	130%

#### Assets Under Management (Balance Sheet NAV) (weighting – 48% of maximum opportunity)

	Threshold	On target	Maximum
Total AUM (FY25)	£2,607m	£2,690m	£2,774m
Vesting (% of salary)	60%	80%	120%

No amounts vest below threshold. Vesting is on a straight-line basis between threshold, on-target and maximum performance points.

# Directors' remuneration report CONTINUED

## Statement of Directors' interests (audited)

The interests of the Directors who served in the year and who held an interest in the ordinary shares of the Company are as follows:

	Outstanding scheme interests 31 March 2023				Beneficially owned shares <sup>4</sup>		Total of all scheme interests and shareholdings as at 31 March 2023)
	Unvested scheme interests subject to performance conditions <sup>1</sup>	Unvested scheme interests not subject to performance conditions <sup>2</sup>	Vested but unexercised scheme interests <sup>3</sup>	Total shares subject to outstanding scheme interests	As at 31 March 2022	As at 31 March 2023	
Martin Davis	659,839	89,444	–	749,283	21,132	50,080	799,363
Stuart Chapman	316,147	61,481	819,276	1,196,904	1,054,756	1,054,756	2,251,660
Ben Wilkinson	307,497	60,185	356,534	724,216	16,923	29,126	753,342
Grahame Cook	–	–	–	–	–	34,258	34,258
Sarah Gentleman	–	–	–	–	–	–	–
Richard Pelly	–	–	–	–	380	380	380
Gervaise Slowey	–	–	–	–	–	10,000	10,000
Karen Slatford	–	–	–	–	–	–	–

<sup>1</sup> CSOP options awarded in 2020 (Martin Davis only). LTIPs awarded to Martin Davis, Stuart Chapman and Ben Wilkinson from 2020 onwards.

<sup>2</sup> Deferred bonus plan options from 2022.

<sup>3</sup> CSOP options awarded to Stuart Chapman and Ben Wilkinson in 2016, 2017, 2018, 2019 and 2021.

<sup>4</sup> Includes shares held by persons closely associated.

There were no changes to the Directors' beneficial interests as set out above and the date of this report.

## Executive Directors' share ownership guidelines (audited)

Shareholding requirements in operation at the Company are currently 250% of base salary for the Executive Directors. Executive Directors are required to build their shareholdings by retaining at least 50% of any share awards vesting under the Long-Term Incentive Plan or deferred bonus until the guideline is met. The Committee keeps the progress of the Executive Directors in meeting the shareholding requirement under review and notes the progress that has been made during the financial year. Non-Executive Directors are not subject to a shareholding requirement.

The table below shows, for the Executive Directors, their actual share ownership compared with the share ownership guidelines:

Director	Shares counting to guidelines 31 March 2023	Shareholding requirement (% of salary)	Current shareholding (% of salary) <sup>1</sup>	Shareholding requirement met?
Martin Davis	97,485	250	54	No
Stuart Chapman	1,521,557	250	1,217	Yes
Ben Wilkinson	249,987	250	204	No

<sup>1</sup> The share price of £2.736 as at 31 March 2023 has been used for the purpose of calculating the current shareholding as a percentage of salary. Shares counting to the guidelines include beneficially owned shares, and a net-of-tax estimated number of vested but unexercised scheme interests. Unvested LTIP and CSOP awards do not count towards satisfaction of the shareholding guidelines.

## Executive Directors' share plan interest movements during FY23 (audited)

	Date of grant	Vesting, exercise of release date	Number of options/ awards held as at 1 April 2022	Awarded	Exercised	Lapsed	Number of options/ awards held as at 31 March 2023	Share price at date of grant/award (exercise price for CSOP)	Face value of awarded options (at exercise price for CSOP)
<b>Martin Davis</b>									
CSOP (Approved)	26/11/19	26/11/22	6,424 <sup>1</sup>	–	–	6,424 <sup>1</sup>	–	£4.67	
CSOP (Unapproved)	26/11/19	26/11/22	193,576 <sup>1</sup>	–	–	193,576 <sup>1</sup>	–	£4.67	
CSOP (Unapproved)	30/06/20	30/06/23	200,000 <sup>1</sup>	–	–	–	200,000 <sup>1</sup>	£4.49	
LTIP	29/06/20	29/06/23	93,541	–	–	–	93,541	£4.49	£420,000
LTIP	16/07/21	16/07/24	135,979	–	–	–	135,979	£8.88	£1,207,500
LTIP <sup>2</sup>	17/06/22	17/06/25	–	230,319	–	–	230,319	£5.40	£1,243,725
DBP <sup>3</sup>	17/06/22	17/06/24	–	89,444	–	–	89,444	£5.40	£483,000
<b>Stuart Chapman</b>									
CSOP (Unapproved)	28/11/16	28/11/19	226,385	–	–	–	226,385	£3.55	–
CSOP (Unapproved)	28/11/17	28/11/20	234,835	–	–	–	234,835	£3.87	–
CSOP (Unapproved)	30/07/18	30/07/21	178,100 <sup>1</sup>	–	–	–	178,100 <sup>1</sup>	£4.92	–
CSOP (Unapproved)	12/02/19	12/02/22	178,434 <sup>1</sup>	–	–	–	178,434 <sup>1</sup>	£5.30	–
CSOP (Unapproved)	26/07/21	26/07/22	1,522	–	–	–	1,522	£9.85	£15,000
LTIP	29/06/20	29/06/23	64,365	–	–	–	64,365	£4.49	£289,000
LTIP	16/07/21	16/07/24	93,468	–	–	–	93,468	£8.88	£823,000
LTIP <sup>2</sup>	17/06/22	17/06/25	–	158,314	–	–	158,314	£5.40	£854,900
DBP <sup>3</sup>	17/06/22	17/06/24	–	61,481	–	–	61,481	£5.40	£332,000
<b>Ben Wilkinson</b>									
CSOP (Unapproved)	30/07/18	30/07/21	178,100 <sup>1</sup>	–	–	–	178,100 <sup>1</sup>	£4.92	–
CSOP (Unapproved)	12/02/19	12/02/22	178,434 <sup>1</sup>	–	–	–	178,434 <sup>1</sup>	£5.30	–
CSOP (Unapproved)	26/07/21	26/07/22	1,522	–	1,522 <sup>4</sup>	–	–	£9.85	£15,000
LTIP	29/06/20	29/06/23	61,024	–	–	–	61,024	£4.49	£274,000
LTIP	16/07/21	16/07/24	91,497	–	–	–	91,497	£8.88	£812,500
LTIP <sup>2</sup>	17/06/22	17/06/25	–	154,976	–	–	154,976	£5.40	£836,875
DBP <sup>3</sup>	17/06/22	17/06/24	–	60,185	–	–	60,185	£5.40	£325,000

<sup>1</sup> Options subject to a performance condition of an 8% per annum share price hurdle. The details of the CSOP are set out in Note 14 to the consolidated financial statements.

<sup>2</sup> Due to an administrative error, an incorrect grant price was used to make these awards. Per the Long-Term Incentive Plan Rules, the five-day average prior to the grant date of 17 June 2022 (£4.47) should have been used, rather than the five-day average to the date of the Committee approving the awards on 7 June 2022 (£5.40). In line with the Plan Rules, the Committee intends to grant additional shares to make up for the shortfall, which will be made shortly after publication of the Annual Report. Following the grant of additional awards, the options awarded to the Executive Directors under the Long-Term Incentive Plan will be as follows: Martin Davis (278,387); Stuart Chapman (191,355); and Ben Wilkinson (187,320).

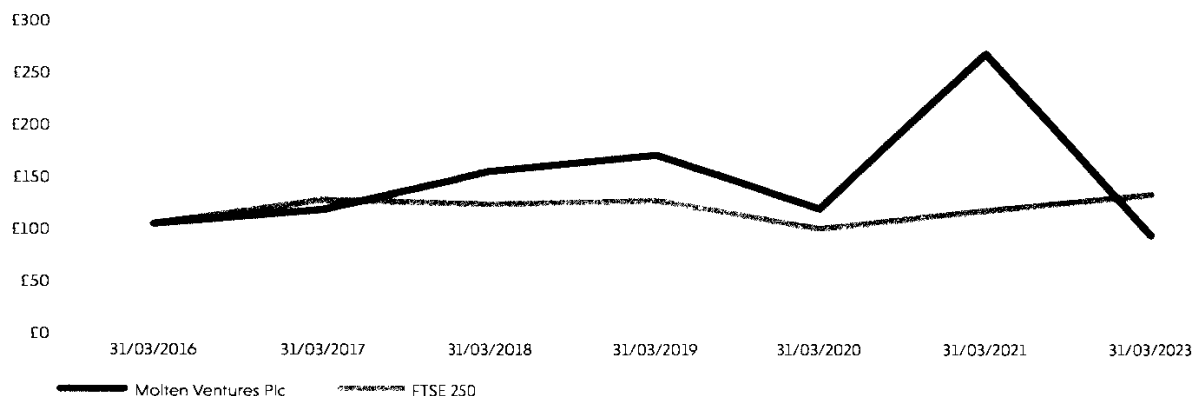
<sup>3</sup> Due to an administrative error, an incorrect grant price was used to make these deferred bonus awards. Per the Deferred Bonus Plan Rules, the five-day average prior to the grant date of 17 June 2022 (£4.47) should have been used, rather than the five-day average to the date of the Committee approving the awards on 7 June 2022 (£5.40). In line with the Plan Rules, the Committee intends to grant additional shares to make up for the shortfall, which will be made shortly after publication of the Annual Report. Following the grant of additional awards, the options awarded to the Executive Directors under the Deferred Bonus Plan will be as follows: Martin Davis (108,111); Stuart Chapman (74,312); and Ben Wilkinson (72,745).

<sup>4</sup> Options exercised on 14 March 2023 with an exercise price of £0.01 per share and a market value of £3.30 per share.

# Directors' remuneration report CONTINUED

## Performance graph

The graph below shows the total Shareholder return (TSR) performance of an investment of £100 in Molten Ventures plc shares from its initial listing on AIM in June 2016 to the end of the period, compared with £100 invested in the FTSE 250 Index over the same period. The FTSE 250 Index was chosen as a comparator because it represents a broad equity market index of which the Company is a constituent.



## Historical remuneration of the Chief Executive Officer

The table below sets out the total remuneration delivered to the CEO over the last seven years valued using the methodology applied to the single total figure of remuneration. The Remuneration Committee does not believe that the remuneration paid in earlier years as a private company bears any comparative value to that paid in its time as a public company and, therefore, the Remuneration Committee has chosen to disclose remuneration only for the seven most recent financial years:

Metric	Total single figure (£'000)	Annual bonus payment level achieved (% of max opportunity)	LTIP vesting (% of max opportunity)
<b>FY23</b>	<b>1,162</b>	<b>38%</b>	<b>60%</b>
FY22 <sup>1</sup>	1,530	100%	N/A
FY21	885	93%	N/A
FY20 (Martin Davis) <sup>2</sup>	505	100%	N/A
FY20 (Simon Cook) <sup>3</sup>	317	53%	N/A
FY19	503	75%	N/A
FY18	466	89%	N/A
FY17	373	94%	N/A

<sup>1</sup> From 1 April 2020 onwards, the Executive Directors are not eligible to participate in new carried interest plans, and instead will participate in the Long-Term Incentive Plan.

<sup>2</sup> Martin Davis was appointed as CEO in November 2019. The total single figure above includes a contractual bonus which was paid in full.

<sup>3</sup> Simon Cook served as CEO until Martin Davis' appointment in November 2019, and CIO from that date until 1 July 2020. The single total figure has therefore been pro-rated to reflect Simon Cook's time spent in the role of CEO.

### Change in remuneration of Directors compared to employees

The table below sets out the percentage change in salary, taxable benefits and annual bonus set out in the single figure of remuneration tables (on page 117) paid to each Director from FY21 to FY23. The relevant statutory regulations also require a comparison of the change in the remuneration of the employees of Molten Ventures plc. A comparator for all Company employees excluding Directors is included below.

	% change in element between FY21 and FY22			% change in element between FY22 and FY23		
	Salary and fees	Taxable benefits <sup>1</sup>	Annual bonus	Salary and fees	Taxable benefits	Annual bonus
<b>Executive Directors</b>						
Martin Davis	15.0	117.0	142.7	3	(11)	(61)
Stuart Chapman	14.9	30.8	142.5	3	20	(61)
Ben Wilkinson	18.6	38.1	150.4	3	25	(61)
<b>Non-Executive Directors</b>						
Karen Slafford <sup>2</sup>	21.8	N/A	N/A	(18.2)	N/A	N/A
Grahame Cook <sup>2</sup>	16.0	N/A	N/A	5.4	N/A	N/A
Sarah Gentleman <sup>3</sup>	N/A	N/A	N/A	56.8	N/A	N/A
Richard Pelly	19.1	N/A	N/A	N/A	N/A	N/A
Gervaise Slowey <sup>3</sup>	N/A	N/A	N/A	37.6	N/A	N/A
<b>All Group employees</b>	<b>(5.7)</b>	<b>10.4</b>	<b>(27.6)</b>	<b>4%</b>	<b>31%</b>	<b>15</b>

<sup>1</sup> Taxable benefits in FY22 included critical illness cover which was introduced in October 2021 so is not included in FY21 comparatives.

<sup>2</sup> Karen Slafford resigned on 17 January 2023 and Grahame Cook was appointed Interim Chair.

<sup>3</sup> Appointed mid financial year in FY22.

### CEO pay ratio

As the Group has fewer than 250 employees, the Company is not required to include a CEO pay ratio disclosure.

### Relative importance of spend on pay

The table below sets out the relative importance of the spend on pay in FY22 and FY23 compared with other disbursements. All figures provided are taken from the relevant Company accounts.

	FY22 £'000	FY23 £'000	Percentage change
Distributions to Shareholders	–	–	0%
Overall spend on pay including Executive Directors	11,879	12,293	3.4%

### Payments to past Directors/payments for loss of office (audited)

Payments of £1,119,085 relating to carried interest plans were made in FY23 to past Director Simon Cook (FY22: £2.3 million). No payments were made to Directors for loss of office (2022: nil).

### Statement of voting at general meetings

The following votes were cast in respect of the Directors' Remuneration Policy and Directors' Remuneration Report at the Company's 2022 AGM:

	Approval of the Directors' Remuneration Policy	
	No. of votes	% of votes cast
For (including discretionary)	82,692,926	79.9
Against	20,802,605	20.1
Withheld	12,189,373	–
	Approval of the Directors' Remuneration Report	
	No. of votes	% of votes cast
For (including discretionary)	82,832,052	79.43
Against	21,451,703	20.57
Withheld	11,401,149	–

As required by the UK Corporate Governance Code, Shareholders were consulted to understand the reasons behind a minority opting to vote against the above resolutions. As set out in further detail in the cover letter from the Remuneration Committee Chair, we wrote to Shareholders that represent approximately 80% of our issued share capital and to the major proxy advisory bodies, and in light of the feedback received and in order to align with best practice guidance, the Remuneration Committee agreed the following changes to the implementation of the Directors' Remuneration Policy for the financial year ending 31 March 2024: (a) Reduce the level of pay-out for threshold and target performance under the annual bonus to 20% and 50% of maximum opportunity respectively; and (b) Reduce the level of pay-out for threshold performance for the Assets under Management metric under the long-term incentive plan from 50% to 25% of maximum. Further detail is set out in the following section.

# Directors' remuneration report CONTINUED

## Section 3 - Implementation of Remuneration Policy in FY24

This section sets out information on how the Remuneration Policy will be implemented in FY24.

### Summary of planned implementation of Remuneration Policy during FY24

#### Salary

Given the broader economic context and inflationary and cost of living pressures for our employees, we targeted salary increases to our lower paid people this year. All our employees (excluding Executive Directors) received a base pay increase of 7% and we made one-off payments of £2,000 to all employees on salaries less than £100,000 to support them through these challenging times. Following an organisation-wide pay review, a significant number of employees also received one-off pay adjustments to ensure we can continue to attract and retain the highest calibre of talent. Overall, reflecting the decisions noted above, the average salary increase across the organisation, excluding Executive Directors was 11%.

The Remuneration Committee approved a pay increase of 4.0% of base salary for the Executive Directors, effective from 1 April 2023.

The Executive Director salaries for FY24 are set out below:

Name	Salary FY23	Salary FY24	Percentage change
Martin Davis	£497,490	<b>£517,390</b>	4%
Stuart Chapman	£341,960	<b>£355,638</b>	4%
Ben Wilkinson	£334,750	<b>£348,140</b>	4%

#### Benefits and pension

No changes are proposed to benefits or pension, which will operate as described in the Remuneration Policy on page 113. Current pension opportunities for the Executive Directors are aligned with those for all other full-time employees in the UK.

#### Annual bonus

As set out earlier in this report, following feedback from our Shareholders and the major proxy bodies, for FY24 the annual bonus will pay-out at 20% of maximum opportunity for threshold performance and at 50% of maximum opportunity for target performance. The maximum bonus opportunity for the Executive Directors in FY24 will remain at 200% of salary. Any vested bonus above 100% of salary will be deferred in shares for a period of two years. Annual bonus outcomes will be determined based on achievement of financial (70% weighting) and non-financial (30% weighting) measures, broken down below:

	Measure	Weighting
<b>Financial</b>	Fair Value Growth	35%
	Capital Resources	25%
	Expense Management	10%
<b>Non-financial</b>	ESG	10%
	Strategic Projects	10%
	Deals	10%

The Committee considers that the detailed performance targets for the FY24 bonus (excluding those related to ESG) are commercially sensitive and that disclosing precise targets in advance would not be in Shareholder interests. Actual targets, performance achieved, and outturns will be disclosed in the FY24 Annual Report so that Shareholders can fully assess the basis for any pay-outs.

Performance targets related to ESG can be found on page 47.

#### Long-Term Incentive Plan

Awards of 250% of base salary will be made to the Executive Directors in FY24. The awards will vest three years from grant subject to the following performance measures (weighted as shown) and an additional two-year post vesting holding period. As set out earlier in this report, in order to align with best practice guidance, the pay-out level for threshold performance will be 25% of maximum opportunity for the Assets under Management metric under the FY24 long-term incentive award.

The Committee debated at length whether the proposed award levels were appropriate reflecting on the change in share price of Molten Ventures since the 2022 LTIP grant. While the Committee is mindful of external guidance on windfall gains, the Committee agreed that at this stage it would not be appropriate to adjust award levels, but it would instead retain the discretion to review the vesting outcome where it considers that it is not representative of business performance.

#### Relative Total Shareholder Return (TSR) v FTSE 250 (weighting – 52% of maximum opportunity)

	Threshold	On target	Maximum
	Median	Upper quartile	Upper decile
Vesting (% of salary)	20%	80%	130%



**Assets Under Management (Balance Sheet NAV) (weighting – 48% of maximum opportunity)**

	Threshold	On target	Maximum
Total AUM (FY26)	£1,665m	£1,742m	£1,829m
Vesting (% of salary)	30%	75%	120%

No amounts vest below threshold. Vesting is on a straight-line basis between threshold, on target and maximum performance points.

**Chair and Non-Executive Directors' Fees**

For FY24, the Committee approved an increase of £20,000 in the per annum fees for the Chair of the Board, to reflect the time commitment expected of the Chair and in order to start to close the gap between the current fee level for the Chair and the appropriate level for a company of our size and complexity.

FY23 was the first year in which the ESG Committee was in operation, and no additional fees were paid to Gervaise Slowey as chair. For FY24, the Board has approved the payment of an additional £10,000 for the chair of the ESG Committee, and this is reflected in the table below.

There are no other changes to the fees for Non-Executive Directors in FY24. A breakdown of the fee components for the Chair and Non-Executive Directors in FY24 is as follows:

Role	Fee (per annum)
Chair	£140,000
Non-Executive Director base fee	£60,000
Senior Independent Director	£10,000
Audit, Risk & Valuations Committee Chair	£10,000
Remuneration Committee Chair	£10,000
ESG Committee Chair	£10,000

**Remuneration Committee composition and responsibilities****Composition**

The UK Corporate Governance Code recommends that all members of the Remuneration Committee be Non-Executive Directors, independent in character and judgement and free from any relationship or circumstance which may, could or would be likely to, or appear to, affect their judgement. The composition of the Committee has comprised only the independent Non-Executive Directors for the year under review. In accordance with provision 32 of the UK Corporate Governance Code, Sarah Gentleman had served as a member of the Remuneration Committee of Rathbones Group plc for more than 12 months prior to her appointment as Chair of the Committee.

**Role and responsibilities**

The Committee operates under Terms of Reference, which are reviewed annually and approved by the Board. A copy of the Terms of Reference are available on our website - [investors.moltenventures.com](https://investors.moltenventures.com). The Remuneration Committee receives assistance from the Chair of the Board, CEO, CFO, Company Secretary (who attend meetings by invitation except when decisions relating to their own remuneration are being discussed) and independent advisers. The Remuneration Committee will normally meet at least three times per year.

**Advisers**

The Committee appointed Deloitte LLP following a competitive tender process, to provide independent advice on Executive remuneration matters with effect from 10 October 2022, succeeding Mercer, who had been the Committee's advisers since 2019. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under the code of conduct in relation to Executive remuneration consulting in the UK.

The fees paid to Deloitte in relation to advice provided to the Committee for FY23 were £98,600 on a time and materials basis, which covered supporting the Committee with the Shareholder consultation, benchmarking of pay levels for Executive and Non-Executive Directors, monitoring the performance of the annual bonus and inflight LTIP awards. The fees paid to Mercer for advising the Committee from April to October 2022 were £56,175.

The Committee assesses the performance of its advisers, the associated fees and the quality of advice provided annually, to ensure that the advice is independent of any support provided to management and monitors adviser independence, noting advice received is predominantly based on objective data trends/facts. The Committee is comfortable that the remuneration advisers do not have any connections with the Group or any Director that may impair their independence. No non-remuneration related advice was provided by Deloitte or Mercer to the Group in the year.

On behalf of the Board

**Sarah Gentleman**

Chair of the Remuneration Committee

14 June 2023

# Directors' report

The Directors present their report and audited consolidated financial statements for the year ended 31 March 2023. The Strategic Report on pages 4 to 91, the Corporate Governance Statement on pages 95 to 103 and this Directors' Report have been drawn up and presented in accordance with, and in reliance upon, applicable English company law and any liability of the Directors in connection with these reports shall be subject to the limitations and restrictions provided by such law.

Additional information which is incorporated by reference into this Directors' Report, including information required in accordance with the Companies Act 2006 and the Listing Rule 9.8.4R of the UK Financial Conduct Authority's Listing Rules, can be located as follows:

Disclosure	Location
Future business developments	Strategic Report – pages 6 to 43
Research and development activities	We do not perform any research and development activities
Greenhouse gas emissions	Sustainability – pages 56 to 71
People, culture and employee engagement	Sustainability – pages 72 to 74
Financial risk management objectives and policies (including hedging policy and use of financial instruments)	Note 29 to the Financial Statements – pages 173 to 175
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Details can be found on pages 80 to 90 of the Strategic Report and Note 29 to the Financial Statements
Details of long-term incentive schemes	Directors' Remuneration Report – pages 111 to 127
Statement of Directors' responsibilities	Details can be found on page 131
Directors' interests	Details can be found on page 122 of the Directors' Remuneration Report
s172 Statement	Details can be found on page 79 of the Strategic Report
Stakeholder engagement in key decisions	Details can be found on pages 76-78
Corporate Governance Statement	Details can be found starting on page 95

## Directors

The Directors of the Company who held office during the year are:

- **Grahame Cook** (Interim Chair and Senior Independent Director)
- **Martin Davis** (Chief Executive Officer)
- **Stuart Chapman** (Chief Portfolio Officer)
- **Ben Wilkinson** (Chief Financial Officer)
- **Sarah Gentleman** (Independent Non-Executive Director)
- **Richard Pelly** (Independent Non-Executive Director)
- **Gervaise Slowey** (Independent Non-Executive Director)
- **Karen Slatford** (Chair) (resigned on 17 January 2023)

The roles and biographies of the Directors in office as at the date of this report are set out on pages 96 and 97. The appointment and replacement of Directors is governed by the Company's Articles of Association, the UK Corporate Governance Code and the Companies Act 2006.

## Regulation

The Company has three wholly owned subsidiaries which are authorised and regulated by the UK Financial Conduct Authority: (1) Esprit Capital Partners LLP (FRN: 451191) a full-scope AIFM and investment manager of Molten Ventures plc; (2) Encore Ventures LLP (FRN: 510101) a small authorised AIFM and investment manager of the EIS Funds; and (3) Elderstreet Investments Limited (FRN: 148527) a small authorised AIFM and, via Elderstreet Holdings Limited, manager to Molten Ventures VCT plc. Esprit Capital Partners LLP does not employ any staff. Most employees are employed by Molten Ventures plc and provide regulated services to the regulated entities named above via services agreements as named on the FCA Register ([register.fca.org.uk/s/firm?id=001b000000Mfb37AAB](https://register.fca.org.uk/s/firm?id=001b000000Mfb37AAB)), with Elderstreet Investments Limited employing two people.

## Investment objective and investing policy

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

The 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.

The 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 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 and deeptech and digital health and wellness.

*The Group's main focus is on making investments in the UK and Europe. No investment will be made if its costs exceed 15% 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% of the Gross Portfolio Value.*

## Dividends

The Group's loss for the year was £243 million (year ended 31 March 2022: profit of £301 million). The Directors' current intention is to reinvest any income received from investee companies as well as the net proceeds of any realisations in the Group's portfolio. Accordingly, the Directors do not recommend the payment of a dividend in respect of the financial year ended 31 March 2023.

## Articles of Association

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the Company's Shareholders. A copy of the Articles of Association can be found on the Company's website: [investors.moltenventures.com/investor-relations/plc/documents](https://investors.moltenventures.com/investor-relations/plc/documents).

## Directors' indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements.

The Company has purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

## Compensation for loss of office

The Company does not have any agreements with any Executive Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company share schemes may cause options and awards outstanding under such schemes to vest on a takeover.

## Political donations

The Company made no political donations during the year up to 31 March 2023.

## Branches

The Company has established a branch in the Republic of Ireland.

## Share capital

At 31 March 2023, the Company's issued share capital consisted of 152,999,853 (2022: 152,999,853) ordinary shares of £0.01 each. Details of the movements in issued share capital in the year are set out in Note 24 to the financial statements.

Ordinary Shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands, every Shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every Shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. There are no restrictions on the transfer of shares. No Shareholder holds securities carrying any special rights or control over the Company's share capital.

The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or of voting rights. Shares held by the Company's Employee Benefit Trust rank *pari passu* with the shares in issue and have no special rights, but voting rights and rights of acceptance of any offer relating to the shares rest with the plan's Trustees and are not exercisable by employees.

## Authority for the Company to issue and make market purchases of ordinary shares

At the Company's AGM held on 3 August 2022, the Company was generally and unconditionally authorised by its Shareholders to make market purchases of up to a maximum of 15,299,985 of its ordinary shares. The Company has not repurchased any of its ordinary shares under this authority, which is due to expire at the next AGM, and accordingly has an unexpired authority to purchase up to 15,299,985 ordinary shares with a nominal value of £153,000. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase. The Company was also granted authority to allot equity securities up to a nominal value of £509,999.51 and to issue those shares for cash without offering those shares to Shareholders in accordance with their statutory pre-emption rights. These powers will expire at the AGM to be held on 26 July 2023 and renewal of the authorities will be sought at that AGM. New ordinary shares will not be allotted and issued at below the Net Asset Value.

## Change of control – significant agreements

There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group.

# Directors' report CONTINUED

## Substantial shareholdings

The table below shows the interests in shares (whether directly or indirectly held) known to the Company as at 31 March 2023. There have been no changes in major interests in shares disclosed to the Company under DTR5 as at 9 June 2023 (being the latest practicable date prior to publication of the Annual Report):

Name of Shareholder	At 31 March 2023		At 9 June 2023	
	Number of ordinary shares of 1 pence each held	Percentage of total voting rights held	Number of ordinary shares of 1 pence each held	Percentage of total voting rights held
Baillie Gifford	17,504,490	11.44%	17,504,490	11.44%
National Treasury Management Agency	14,004,502	9.15%	14,004,502	9.15%
T Rowe Price Global Investments	10,040,461	6.56%	7,648,567	4.99%
Schroders plc	8,927,199	5.83%	8,927,199	5.83%
BlackRock, Inc.	9,335,526	4.68%	7,862,154	5.13%
Border to Coast Pensions Partnership Ltd	n/a	n/a	7,722,374	5.05%
Canaccord Genuity Group Inc	7,615,956	4.98%	7,615,956	4.98%
British Business Bank	7,142,857	4.67%	7,142,857	4.67%
Ticketridge Limited	n/a	n/a	5,578,000	3.65%
AVI Global Trust plc	4,658,924	3.04%	4,658,924	3.04%

## Going concern

The Directors confirm that they have a reasonable expectation that the Group will have adequate resources to continue in operational existence for at least the next 12 months from the date of the approval of the financial statements and accordingly they continue to adopt the going concern basis in preparing the financial statements. A viability statement, as required by the Code, can be found on page 91.

## External Auditors

As far as the Directors are aware, there is no relevant audit information of which the Group's Auditors are unaware, and each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information to establish that the Group's Auditors are aware of that information.

PwC has indicated its willingness to continue in office as Auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

## Post balance sheet events

Details of post balance sheet events can be found in the Financial Review on pages 24 to 27 and in Note 35 of the financial statements on page 178.

## Annual General Meeting

The 2023 AGM of the Company will be held on 26 July 2023 at 10:00am. The notice convening the meeting, together with details of the business to be considered and explanatory notes for each resolution, will be published separately and will be available on the Company's website and distributed to Shareholders who have elected to receive hard copies of Shareholder information.

### On behalf of the Board

**Ben Wilkinson**

Chief Financial Officer

14 June 2023

# Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted International Accounting Standards, International Financial Reporting Standards as adopted by the European Union, and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, and the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) and the Central Bank of Ireland (Investment Market Conduct) Rules 2019. The Company financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements, and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Annual Report on Remuneration comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors are responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

## Responsibility statement of the Directors in respect of the annual financial report

Each of the Directors, whose names and functions are listed on the Board of Directors section on pages 96 and 97 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards and International Financial Reporting Standards as adopted by the European Union, and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority, and the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) and the Central Bank of Ireland (Investment Market Conduct) Rules 2019, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Group and financial position of the Company; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

We consider that the Annual Report and Financial Statements taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group and Company's position and performance, business model and strategy.

**By order of the Board**

**Ben Wilkinson**  
Chief Financial Officer

14 June 2023

# Financials

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### Financials

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# Independent Auditors' report to the members of Molten Ventures plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Molten Ventures plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2023 and of the Group's loss and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company statements of financial position as at 31 March 2023; the Consolidated statement of comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit, Risk and Valuations Committee.

### Separate opinion in relation to international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union

As explained in note 4 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("ISAs") and applicable law. Our responsibilities under ISAs (UK) and ISAs are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by either the FRC's Ethical Standard or Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Other than those disclosed in Note 10, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

#### Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

#### Key audit matters

- Valuation of unquoted investments (Group and Company).

#### Materiality

- Overall Group materiality: £23,882,000 (2022: £28,676,000) based on 2% of net assets.
- Overall Company materiality: £22,687,900 (2022: £27,242,000) based on 2% of net assets, capped at 95% of Group materiality.
- Performance materiality: £17,911,000 (2022: £21,507,000) (Group) and £17,015,925 (2022: £20,431,000) (Company).



### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of unquoted investments (Group and Company)</b></p> <p>Refer to Audit, Risk and Valuations Committee Report, Note 4 (Significant accounting policies), Note 5 (Critical accounting estimates and judgements), Note 16 (Financial assets held at fair value through profit and loss), Note 28 (Fair value measurements). The fair value of unquoted investments is an area of focus due to the fact that unquoted investments ("portfolio company" or "investment") do not have readily determinable prices and involve a number of estimates and unobservable inputs. As detailed in Note 29 to the financial statements the risk in estimation uncertainty can produce a valuation range. The fair value of investments is established in accordance with IFRS and with reference to the International Private Equity and Venture Capital Valuation Guidelines issued by the International Private Equity and Venture Capital Valuation Board dated December 2022 ("IPEV Guidelines"). The valuation methodologies primarily used by the Group are the 'calibrated price of recent investment', 'revenue-multiple' and 'NAV of underlying fund' approaches as detailed in Note 5 and 28 to the financial statements. Whilst the underlying investments are held within funds or other investment entities such as Molten Ventures (Ireland) Limited, which are valued by the Group at Net Asset Value, management look through these vehicles to value the underlying investments.</p>	<p>We understood and evaluated the valuation methodologies applied, by reference to industry practice, guidelines and applicable accounting standards, and tested the techniques used by management in determining the fair value of the investments. For a sample of investments, we performed the following, where applicable:</p> <ul style="list-style-type: none"> <li>• Agreed the recent transaction price to supporting documentation such as purchase agreements, funding drawdown requests or bank statements;</li> <li>• Obtained management's calibration analysis to evaluate post transaction performance against relevant milestones and comparable public companies;</li> <li>• Obtained management information, board reports and external market data to validate management's calibration analysis and adjustments made, if any, to the recent transaction price and challenged assumptions made, where appropriate;</li> <li>• Observed that alternative assumptions had been considered and evaluated by management, before determining the final valuation.</li> <li>• For those investments valued using the revenue-multiple approach we held discussions with management to understand the performance of the portfolio company and challenged estimates used in the valuations of the investments. These included but were not restricted to review of the comparable companies, rationale and consistency of discounts or premiums applied and basis for budgeted revenue figures used;</li> <li>• We evaluated the range of comparable companies used in the valuation and verified revenue multiples to independent sources; and</li> <li>• Agreed inputs into the valuation model to financial information and board papers from the portfolio companies and publicly available information.</li> </ul> <p>Where the Group has invested capital into a separately managed fund ("a Fund"), the engagement team:</p> <ul style="list-style-type: none"> <li>• Confirmed the commitments and capital drawn down with the Fund;</li> <li>• Reviewed the latest investor reports of the Fund; and</li> <li>• Reviewed the look-through valuation performed by management on individually material investments to the Group held in the Fund and any subsequent adjustments made.</li> </ul> <p>Furthermore, for a sample of investments, we confirmed the capital structure with the portfolio company and reviewed the allocation of value between the capital structure to ensure the amount attributable to the Group entities was appropriate.</p> <p>We considered the appropriateness and adequacy of the disclosures around the estimation uncertainty and sensitivities on the accounting estimates.</p> <p>Overall, based on our procedures, we found that management's valuation of investments and the assumptions used were supported by the audit evidence obtained and appropriately disclosed in the financial statements.</p>

# Independent Auditors' report to the members of Molten Ventures plc CONTINUED

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

In establishing the overall approach to our audit, we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements. The financial statements are produced using a single consolidation spreadsheet that takes information from the general ledger. The Group audit team performed all audit procedures over the consolidated Group. This allowed us to adequately address the key audit matters for the audit and, together with procedures performed over the consolidation, gave us sufficient appropriate audit evidence for our opinion on the Group financial statements as a whole.

## The impact of climate risk on our audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the Group's and Company's financial statements. Management concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact such as the valuation of unquoted investments. We found management's assessment to be consistent with our understanding of the investment portfolio. We also considered the consistency of the climate change disclosures included in the Strategic Report with the financial statements and our knowledge from our audit.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
<b>Overall materiality</b>	£23,882,000 (2022: £28,676,000).	£22,687,900 (2022: £27,242,000).
<b>How we determined it</b>	2% of net assets	2% of net assets, capped at 95% of Group materiality.
<b>Rationale for benchmark applied</b>	Net assets is the primary measure used by the shareholders in assessing the performance of the Group, and is a generally accepted auditing benchmark for a business such as the Group, which invests in other businesses for capital appreciation.	Net assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark for a business such as the Company, which invests in other businesses for capital appreciation.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was the lower of 95% of the Group materiality and the component materiality as calculated based on 2% of its net assets.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £17,911,000 (2022: £21,507,000) for the Group financial statements and £17,015,925 (2022: £20,431,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit, Risk and Valuations Committee that we would report to them misstatements identified during our audit above £1,194,000 (Group audit) (2022: £1,434,000) and £1,183,000 (Company audit) (2022: £1,362,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the Directors' going concern assessment, attended the Audit, Risk and Valuations Committee meeting where the assessment was discussed and corroborated key assumptions to underlying documentation and ensured this was consistent with our audit work in these areas;
- Assessed the appropriateness of the key assumptions used both in the base case and in the downside scenarios, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulae and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Group's control and are achievable;
- Evaluated access to credit facilities through review of the facility agreements; and
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

# Independent Auditors' report to the members of Molten Ventures plc CONTINUED

## Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit, Risk and Valuations Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the potential for manipulation of financial data or management bias in accounting estimates in the financial statements such as the valuation of financial assets held at fair value through profit or loss. Audit procedures performed by the engagement team included:

- Challenging assumptions and judgements made by management in their significant areas of estimation such as procedures relating to the valuation of unquoted investments described in the related key audit matter above;
- Reviewing financial statement disclosures to underlying supporting documentation;
- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Enquiring with management as to any actual or suspected instances of fraud or non compliance with laws and regulations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Identifying and testing journal entries with unusual characteristics such as unexpected account combinations and words; and
- Reviewing relevant meeting minutes, including those of the Board of Directors, for additional matters relevant to the audit

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements in accordance with ISAs (UK) is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Independent Auditors' report to the members of Molten Ventures plc CONTINUED

## Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## Appointment

We were appointed by the Directors on 25 September 2018 to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 March 2019 to 31 March 2023.

**Richard McGuire (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

14 June 2023

# Consolidated statement of comprehensive income

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Movements on investments held at fair value through profit or loss	6	(240.1)	329.4
Fee income	7	22.7	21.8
<b>Total investment (loss)/income</b>		<b>(217.4)</b>	<b>351.2</b>
<b>Operating expenses</b>			
General administrative expenses	8	(18.7)	(19.5)
Depreciation and amortisation	15, 18	(0.7)	(0.8)
Share-based payments – resulting from Company share option scheme	14	(4.4)	(3.7)
Investment and acquisition costs		(0.1)	(0.2)
Exceptional items	34	–	(2.4)
<b>Total operating expenses</b>		<b>(23.9)</b>	<b>(26.6)</b>
<b>(Loss)/profit from operations</b>		<b>(241.3)</b>	<b>324.6</b>
Finance income	11	1.7	1.8
Finance expense	11	(7.1)	(1.4)
<b>(Loss)/profit before tax</b>		<b>(246.7)</b>	<b>325.0</b>
Income taxes	12	3.3	(24.3)
<b>(Loss)/profit for the year</b>		<b>(243.4)</b>	<b>300.7</b>
Other comprehensive income		–	–
<b>Total comprehensive (loss)/income for the year</b>		<b>(243.4)</b>	<b>300.7</b>
<b>(Loss)/earnings per share attributable to owners of the parent:</b>			
Basic (loss)/earnings per weighted average shares (pence)	13	(159)	200
Diluted (loss)/earnings per weighted average shares (pence)	13	(158)	198

The consolidated financial statements should be read in conjunction with the accompanying notes.

# Consolidated statement of financial position

As at 31 March 2023

	Notes	31 March 2023 £m	31 March 2022 £m
<b>Non-current assets</b>			
Intangible assets	15	10.5	10.7
Financial assets held at fair value through profit or loss	16	1,277.0	1,410.8
Deferred tax	23	–	1.6
Property, plant and equipment	18	0.4	0.9
<b>Total non-current assets</b>		<b>1,287.9</b>	<b>1,424.0</b>
<b>Current assets</b>			
Trade and other receivables	20	5.0	2.8
Cash and cash equivalents		22.9	75.8
Restricted cash	22(i)	–	2.3
<b>Total current assets</b>		<b>27.9</b>	<b>80.9</b>
<b>Current liabilities</b>			
Trade and other payables	21	(9.6)	(14.3)
Financial liabilities	22	(0.3)	(0.4)
<b>Total current liabilities</b>		<b>(9.9)</b>	<b>(14.7)</b>
<b>Non-current liabilities</b>			
Deferred tax	23	(22.5)	(26.1)
Provisions		(0.3)	(0.3)
Financial liabilities	22	(89.0)	(30.0)
<b>Total non-current liabilities</b>		<b>(111.8)</b>	<b>(56.4)</b>
<b>Net assets</b>		<b>1,194.1</b>	<b>1,433.8</b>
<b>Equity</b>			
Share capital	24	1.5	1.5
Share premium account	24	615.9	615.9
Own shares reserve	25	(8.9)	(8.2)
Other reserves	25	33.3	28.9
Retained earnings		552.3	795.7
<b>Total equity</b>		<b>1,194.1</b>	<b>1,433.8</b>
<b>Net assets per share (pence)</b>	13	<b>780</b>	<b>937</b>

The consolidated financial statements should be read in conjunction with the accompanying notes. The consolidated financial statements on pages 141 to 178 were authorised for issue by the Board of Directors on 14 June 2023 and were signed on its behalf by:

**Ben Wilkinson**

Chief Financial Officer

Molten Ventures plc registered number 09799594



# Consolidated statement of cash flows

For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>Cash flows from operating activities</b>			
(Loss)/profit after tax		(243.4)	300.7
Adjustments to reconcile (loss)/profit to net cash outflow in operating activities	26	241.7	(294.8)
Purchase of investments	16	(138.2)	(311.2)
Proceeds from disposals in underlying investment vehicles	16	48.1	126.3
Net loans made to underlying investment vehicles and Group companies	16	(16.2)	(29.4)
Share options exercised and paid to employees		–	(3.4)
Tax paid		–	(0.4)
<b>Net cash (outflow) from operating activities</b>		<b>(108.0)</b>	<b>(212.2)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	18	–	(0.1)
<b>Net cash (outflow) from investing activities</b>		<b>–</b>	<b>(0.1)</b>
<b>Cash flows from financing activities</b>			
Loan repayments	22(i)	(65.0)	–
Loan proceeds	22(i)	125.0	30.0
Fees paid on issuance of loan	22(i)	(1.0)	(0.3)
Interest paid		(6.9)	(1.0)
Interest received		–	0.2
Acquisition of own shares	25	(0.6)	(8.0)
Repayments of leasing liabilities	22	(0.4)	(0.4)
Gross proceeds from issue of share capital	24	–	111.2
Equity issuance costs	24	–	(3.6)
<b>Net cash inflow from financing activities</b>		<b>51.1</b>	<b>128.1</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(56.9)</b>	<b>(84.2)</b>
Cash and cash equivalents at beginning of year		78.1	160.7
Exchange differences on cash and cash equivalents	11	1.7	1.6
<b>Cash and cash equivalents at end of year</b>		<b>22.9</b>	<b>75.8</b>
Restricted cash at year-end		–	2.3
<b>Total cash and cash equivalents and restricted cash at year-end</b>		<b>22.9</b>	<b>78.1</b>

The consolidated financial statements should be read in conjunction with the accompanying notes.

# Consolidated statement of changes in equity

For the year ended 31 March 2023

## Year ended 31 March 2023

£m	Note	Share capital	Share premium	Own shares reserve	Other reserves	Retained earnings	Total equity
<b>Brought forward as at 1 April 2022</b>		<b>1.5</b>	<b>615.9</b>	<b>(8.2)</b>	<b>28.9</b>	<b>795.7</b>	<b>1,433.8</b>
<b>Comprehensive expense for the year</b>							
Loss for the year		–	–	–	–	(243.4)	(243.4)
<b>Total comprehensive expense for the year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(243.4)</b>	<b>(243.4)</b>
<b>Contributions by and distributions to the owners:</b>							
Contributions of equity, net of transaction costs and tax	24	–	–	–	–	–	–
Options granted and awards exercised	14, 25	–	–	(0.1)	4.4	–	4.3
Acquisition of treasury shares	25	–	–	(0.6)	–	–	(0.6)
<b>Total contributions by and distributions to the owners</b>		<b>–</b>	<b>–</b>	<b>(0.7)</b>	<b>4.4</b>	<b>–</b>	<b>3.7</b>
<b>Balance as at 31 March 2023</b>		<b>1.5</b>	<b>615.9</b>	<b>(8.9)</b>	<b>33.3</b>	<b>552.3</b>	<b>1,194.1</b>

## Year ended 31 March 2022

£m	Note	Share capital	Share premium	Own shares reserve	Other reserves	Retained earnings	Total equity
<b>Brought forward as at 1 April 2021</b>		<b>1.4</b>	<b>508.3</b>	<b>(0.3)</b>	<b>26.2</b>	<b>497.5</b>	<b>1,033.1</b>
<b>Comprehensive income for the year</b>							
Profit for the year		–	–	–	–	300.7	300.7
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>300.7</b>	<b>300.7</b>
<b>Contributions by and distributions to the owners:</b>							
Contributions of equity, net of transaction costs	24	0.1	107.6	–	–	–	107.7
Options granted and awards exercised	14, 25	–	–	0.1	2.7	(2.5)	0.3
Acquisition of treasury shares	25	–	–	(8.0)	–	–	(8.0)
<b>Total contributions by and distributions to the owners</b>		<b>0.1</b>	<b>107.6</b>	<b>(7.9)</b>	<b>2.7</b>	<b>(2.5)</b>	<b>100.0</b>
<b>Balance as at 31 March 2022</b>		<b>1.5</b>	<b>615.9</b>	<b>(8.2)</b>	<b>28.9</b>	<b>795.7</b>	<b>1,433.8</b>

The consolidated financial statements should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

## 1. General information

<b>Name of the Company</b>	Molten Ventures plc
<b>LEI code of the Company</b>	213800IPCR3SAYJWSW10
<b>Domicile of Company</b>	United Kingdom
<b>Legal form of the Company</b>	Public limited company
<b>Country of incorporation</b>	United Kingdom
<b>Address of Company's registered office</b>	20 Garrick Street, London WC2E 9BT
<b>Principal place of business</b>	20 Garrick Street, London WC2E 9BT
<b>Description of nature of entity's operations and principal activities</b>	Venture capital firm
<b>Name of parent entity</b>	Molten Ventures plc
<b>Name of ultimate parent of Group</b>	Molten Ventures plc
<b>Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period</b>	Molten Ventures plc was formerly known as Draper Esprit plc
<b>Period covered by financial statements</b>	1 April 2022–31 March 2023

Molten Ventures plc (the "Company") is a public limited company incorporated and domiciled in England and Wales.

The Company is the ultimate parent company in which the results of all subsidiaries are consolidated in line with IFRS 10 (see Note 4(b) for further details). The consolidated financial statements for the year ended 31 March 2023 and for the comparative year ended 31 March 2022 comprise the consolidated financial statements of the Company and its subsidiaries (together, the "Group").

The consolidated financial statements are presented in Pounds Sterling (GBP/£), which is the currency of the primary economic environment in which the Group operates. All amounts are presented in millions, unless otherwise stated.

## 2. Going concern assessment and principal risks

### Going concern

The Group's primary sources of liquidity are the cash flows it generates from its operations, realisations of its investments and borrowings. The primary use of this liquidity is to fund the Group's operations (including the purchase of investments). Responsibility for liquidity risk management rests with the Board, which has established a framework for the management of the Group's funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves and with ongoing monitoring of forecast and actual cash flows. The Group has undertaken a going concern assessment and the latest assessment showed sufficient headroom for liquidity for at least the next 12 months from the date of signing of these financial statements.

The assessment of going concern considered both the Group's current performance and future outlook, including:

- An assessment of the Group's liquidity and solvency position using a number of severe but plausible scenarios to assess the potential impact on the Group's operations and portfolio companies. These downside scenarios include (i) unpredictability of exit timing, being no realisations throughout the Going Concern period; (ii) portfolio company valuations subject to change, being a 20% decrease in GPV to assess the impact on covenant compliance; and (iii) the impact of an additional 2% increase in interest rates to take SONIA to 7.5%. The Group manages and monitors liquidity regularly and continually assesses investments, commitments, realisations, operating expenses, and receipt of portfolio cash income including under stress scenarios ensuring liquidity is adequate and sufficient. As at the date of signing, the Directors believe the Group has sufficient cash resources and liquidity, and is well placed to manage the business risks in the current economic environment with the ability to utilise the Debt Facility as required.
- The Group must comply with financial and non-financial covenants as part of its Debt Facility agreement (see Note 22(i) for further details). In order to assess forecast covenant compliance, management have performed an assessment to identify the level at which covenants would be breached. This is based on the current portfolio and assuming no intervention to manage a breach. For a breach to occur under these circumstances, a 33% decrease in gross asset value would need to occur which would trigger debt repayment. The Directors do not consider this to be plausible based on the performance in the year and the current outlook. Remedial action would be taken in advance of such a significant decrease to the gross asset value such as the sale of investments in the secondaries market to repay the Debt Facility.

After making enquiries and following challenge and review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

For further information, please refer to the Audit, Risk and Valuations Committee Report on pages 108 to 110 and the Directors' Report on pages 128 to 130.

### Principal risks

The Group has reviewed its exposure to its principal risks and concluded that these did not have a significant impact on the financial performance and/or position of the Group for the year and as at 31 March 2023, respectively. For further details on the Group's principal risks, as well as its risk management processes, please see the Risk Management and Principal Risks section in the Strategic Report to these financial statements.

# Notes to the consolidated financial statements

CONTINUED

## 3. Adoption of new and revised standards

### i. Adoption of new and revised standards

No changes to IFRS have impacted this year's financial statements.

### ii. Impact of standards issued not yet applied

No upcoming changes under IFRS are likely to have a material effect on the reported results or financial position. Management will continue to monitor upcoming changes.

## 4. Significant accounting policies

### a) Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IAS") and the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and International Financial Reporting Standards ("IFRS") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

UK-adopted International Accounting Standards differ in certain respects from International Financial Reporting Standards as adopted by the EU. The differences have no material impact on the financial statements for the periods presented, which, therefore, also comply with International Financial Reporting Standards as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of certain financial assets and financial liabilities held at fair value. A summary of the Group's principal accounting policies, which have been applied consistently across the Group, is set out below. The consolidated financial statements have been approved for issue by the Board of Directors on 14 June 2023.

The financial reporting framework that has been applied in the preparation of the Company's financial statements (beginning on page 179) is Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The Company has taken advantage of disclosure exemptions available under FRS 101 as explained further in Note 1 of the Company's financial statements. The financial statements are prepared on a going concern basis as disclosed in the Audit, Risk and Valuations Committee Report (pages 108 to 110), in the Directors' Report (pages 128 to 130) and in Note 2.

In preparing the financial statements we have considered the impact of climate change, particularly in the context of the disclosures included in the Strategic Report this year. There has not been a material impact on the financial reporting judgements and estimates arising from our considerations. Specifically, we note the following:

- For the fourth year running, we have offset 100% of our Scope 1 and Scope 2 and select Scope 3 emissions for the financial year (see more details on page 56).
- We continue to engage ESG Consulting Partners to support us with respect to our ESG roadmap. During the year, we worked with Altruistiq and Accenture to support us with our Climate Strategy, GHG Verification and TCFD Report for the year.
- As stated in Note 28, based on work performed so far, management have considered climate-related risks and consider these to be currently immaterial to the value of our portfolio for FY23 (FY22: immaterial).

A summary of the Group's principal accounting policies, which have been applied consistently across the Group, is set out below.

**b) Basis of consolidation**

The consolidated financial statements comprise the Company (Molten Ventures plc, 20 Garrick Street, London, England WC2E 9BT) and the results, cash flows and changes in equity of the following subsidiary undertakings as well as the Molten Ventures Employee Benefit Trust:

Name of undertaking	Nature of business	Country of incorporation	% ownership
Esprit Capital Partners LLP <sup>^</sup>	AIFM to the Company, Molten Ventures FoF I LP and the Esprit Funds	England and Wales	100%
Elderstreet Holdings Limited <sup>^</sup>	Intermediate holding company	England and Wales	100%
Elderstreet Investments Limited <sup>^</sup>	AIFM to Molten Ventures VCT plc (formerly Draper Esprit plc) and Molten SP I LLP	England and Wales	100%
Grow Trustees Limited <sup>^</sup>	Trustee of the Group's employment benefit trust	England and Wales	100%
Molten Ventures Advisors Ltd <sup>^</sup>	Investment Adviser to the Growth Fund	England and Wales	100%
Molten Ventures (Nominee) Limited <sup>^</sup>	Dormant	England and Wales	100%
Encore Ventures LLP <sup>^</sup>	AIFM to the Encore Funds	England and Wales	100%
Esprit Capital I (GP) Limited <sup>^</sup>	General Partner and co-invest vehicle	England and Wales	100%
Esprit Capital I General Partner <sup>^</sup>	General Partner	England and Wales	100%
Esprit Capital II GP Limited <sup>‡</sup>	General Partner	Cayman Islands	100%
Esprit Capital III Founder GP Limited <sup>*</sup>	General Partner	Scotland	100%
Esprit Capital III GP LP <sup>*</sup>	General Partner	Scotland	100%
Encore I Founder GP Limited <sup>‡</sup>	General Partner	Cayman Islands	100%
Encore I GP Limited <sup>‡</sup>	Intermediate holding company	Cayman Islands	100%
Esprit Capital Holdings Limited <sup>^</sup>	Dormant	England and Wales	100%
Esprit Nominees Limited <sup>^</sup>	Nominee company	England and Wales	100%
Esprit Capital I (CIP) Limited <sup>^</sup>	Dormant	England and Wales	100%
Esprit Capital III MLP LLP <sup>^</sup>	Intermediate holding company	England and Wales	100%
Esprit Capital III GP Limited <sup>^</sup>	General Partner (dormant)	England and Wales	100%
Molten Ventures Growth Fund I GP S.a.r.l. <sup>‡</sup>	General Partner (dormant)	Luxembourg	100%
Molten Ventures Growth SP GP LLP <sup>^</sup>	General Partner (dormant)	England and Wales	100%
Molten Ventures FoF I GP LLP <sup>^</sup>	General Partner	England and Wales	100%
Molten Ventures Investments GP LLP <sup>^</sup>	General Partner	England and Wales	100%

**Registered addresses**

<sup>^</sup> 20 Garrick Street, London, England WC2E 9BT.

<sup>\*</sup> 50 Lothian Road, Festival Square, Edinburgh, Scotland EH3 9WJ.

<sup>‡</sup> c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

<sup>‡</sup> 412F, Route d'Esch, Grand Duchy of Luxembourg, 1471, Luxembourg

**Subsidiaries**

Subsidiaries are entities controlled by the Group. Control, as defined by IFRS 10, is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date on which the Group effectively obtains control. They are deconsolidated from the date that control ceases. Control is reassessed whenever circumstances indicate that there may be a change in any of these elements of control.

All transactions and balances between Group subsidiaries are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with consolidated accounting policies adopted by the Group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

**Employee Benefit Trust**

On 27 November 2020, Molten Ventures Employee Benefit Trust (the "Trust") was set up to operate as part of the Molten Ventures employee share option schemes. The substance of the relationship is considered to be one of control by the Group and, therefore, the Trust is consolidated, and all assets and liabilities are consolidated into the Group. Grow Trustees Limited was appointed trustee of the Trust and the substance of this relationship is also considered to be one of control by the Group and, as such, Grow Trustees Limited is consolidated.

# Notes to the consolidated financial statements

CONTINUED

## 4. Significant accounting policies continued

### Investment entity

In accordance with the provisions of IFRS 10, Molten Ventures plc considers itself to be an investment entity. As a result of its listed status, it obtains funds from its Shareholders to acquire equity interests in multiple high-growth technology businesses (indirectly) with the purpose of capital appreciation over the life of the investments. These investments are made on behalf of investors in Molten Ventures plc across a number of deployment strategies – see page 15. Exit strategies for the portfolio vary depending on each investment, with realisations occurring typically five to ten years after the investment is made. Exit strategies for each of the portfolio companies are documented and discussed as part of regular portfolio reviews. The Group reviews exit opportunities regularly and each member of the Deal Team is responsible for an exit thesis for the investee companies they are responsible for prior to any investment being made. An exit thesis is set out in the original investment papers and it is reiterated or amended thereafter, as appropriate, in the Group's regular quarterly reports. Exit strategies include the sale of the investment via private placement or in a public market, IPO, trade sale of a company, and distributions to investors from funds invested into. All exits are approved by a sub-committee of the Investment Committee, following a similar approval process to any approval of a new investment, requiring a majority vote. Although Molten Ventures plc holds these investments indirectly, it has been deemed appropriate to directly consider the investment strategies for the portfolio as the intermediary investment vehicles discussed below were formed to hold investments on behalf of Molten Ventures plc. Molten Ventures plc evaluates its investments on a fair value basis and reports this financial information to its Shareholders.

The Directors have also satisfied themselves that Molten Ventures plc's wholly owned subsidiary, Molten Ventures (Ireland) Limited, as well as certain partnerships listed below, meet the characteristics of an investment entity. Although they have one or two investors, in substance these partnerships and companies are investing funds on behalf of the Shareholders of Molten Ventures plc. They have obtained funds for the purpose of acquiring equity interests in high-growth technology businesses with the purpose of capital appreciation over the life of the investments for the benefit of Shareholders of Molten Ventures plc and this has been communicated directly to the Shareholders. Exit strategies for investments (directly or indirectly) are previously discussed. The Group evaluates its portfolio on a fair value basis and this financial information is communicated directly to the Molten Ventures plc Shareholders. In line with the IFRS 10 consolidation exemption, entities meeting the definition of investment entity do not consolidate certain subsidiaries and instead measure those investments that are controlling interests in another entity (i.e., their subsidiaries) as investments held at fair value through profit or loss on the consolidated balance sheet. Loans to investment vehicles are treated as net investments at fair value through profit or loss.

The below is a list of entities that are controlled and not consolidated but held as investments at fair value through profit or loss on the consolidated balance sheet.

Name of undertaking	Principal activity	Country of incorporation	% ownership
Molten Ventures (Ireland) Limited <sup>1</sup>	Investment entity	Republic of Ireland	100%
Esprit Capital III LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
Esprit Capital III (B) LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
Esprit Capital IV LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
DFJ Europe X LP <sup>3</sup>	Limited partnership pursuant to which the Group makes certain investments	Cayman Islands	100%
Esprit Investments (1) LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
Esprit Investments (2) LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
Esprit Investments (1) (B) LP <sup>2</sup>	Limited partnership pursuant to which the Group and Molten Ventures FoF I LP hold Fund of Fund investments	England and Wales	89% <sup>7</sup>
Seedcamp Holdings LLP <sup>2</sup>	Limited liability partnership which holds investments acquired from Seedcamp	England and Wales	100%
Seedcamp Investments LLP <sup>4</sup>	Limited liability partnership which holds investments acquired from Seedcamp	England and Wales	100%
Seedcamp Investments II LLP <sup>4</sup>	Limited liability partnership which holds investments acquired from Seedcamp	England and Wales	100%
Esprit Investments (2) (B) LP <sup>2</sup>	Limited partnership pursuant to which the Group and Molten Ventures FoF I LP hold Fund of Fund investments	England and Wales	89% <sup>7</sup>
SC_4_OFI LP <sup>5</sup>	Limited partnership pursuant to which the Group holds certain investments	England and Wales	100%
Molten Ventures Investments LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
Molten Ventures Growth Fund I SCSp <sup>6</sup>	Limited partnership pursuant to which the Group makes certain investments (dormant)	Luxembourg	100%
Molten Ventures Holdings Limited <sup>2</sup>	Intermediate Company and Qualifying Asset Holding Company ("QAHC")	England and Wales	100%
Esprit Investments (2)(B)(i) LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
Esprit Investments 2(B)(ii) LP <sup>2</sup>	Limited partnership pursuant to which the Group makes certain investments	England and Wales	100%
Molten Ventures FoF I LP <sup>2</sup>	Limited partnership under the Group's management which makes Fund of Fund investments	England and Wales	50%

<sup>1</sup> 32 Molesworth Street, Dublin 2, Ireland D02 Y512.

<sup>2</sup> 70 Garrick Street, London, England WC2E 9BT.

<sup>3</sup> c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1 1104, Cayman Islands.

<sup>4</sup> 16 Great Queen Street, London, England WC2B 5AH.

<sup>5</sup> 35 New Bridge Street, London, England EC4V 6BW.

<sup>6</sup> 412F, Route d'Esch, Grand Duchy of Luxembourg, 1471, Luxembourg.

<sup>7</sup> 22% is held by Molten Ventures FoF I LP of which Molten and a third party are both 50% LPs

# Notes to the consolidated financial statements

CONTINUED

## 4. Significant accounting policies continued

### Limited partnerships (co-invest and carried interest)

Carried interest vehicles/co-investment limited partnerships ("CIPs") – the Group's general partners are members of these limited partnerships. These vehicles are set up with two purposes: 1) to facilitate payments of carried interest from the fund to carried interest participants; and 2) in certain circumstances to facilitate co-investment into the funds. Carried interest and co-investment partnerships are investment entities and are measured at FVTPL with reference to the performance conditions described in Note 4(u) and held at FVTPL, which equates to the net asset value attributable to the Group, in the statement of financial position in line with our application of IFRS 10 for investment entities. The vehicles in question are as follows:

Name of undertaking	Principal activity	Country of incorporation
Encore I GP LP <sup>^</sup>	General partner	Cayman Islands
Esprit Capital II Founder LP <sup>^</sup>	Co-investment limited partnership	Cayman Islands
Esprit Capital II Founder 2 LP <sup>^</sup>	Co-investment limited partnership	Cayman Islands
Encore I Founder LP <sup>^</sup>	Co-investment limited partnership	Cayman Islands
Encore I Founder 2014 LP <sup>^</sup>	Co-investment limited partnership	Cayman Islands
Encore I Founder 2014-A LP <sup>^</sup>	Co-investment limited partnership	Cayman Islands
Esprit Capital III Founder LP <sup>*</sup>	Co-investment limited partnership/carry partner	Scotland
Esprit Investments (2) (Carried Interest) LP <sup>*</sup>	Carry vehicle	Scotland
Esprit Capital III (Carried Interest) LP <sup>*</sup>	Carry vehicle	Scotland
Esprit Investments (1) (Carried Interest) LP <sup>*</sup>	Carry vehicle	Scotland
Molten Ventures Growth I Special Partner LP <sup>*</sup>	Carry vehicle	Scotland
Molten Ventures Investments (Carried Interest) LP <sup>*</sup>	Carry vehicle	Scotland
Molten Ventures FoF I (Special Partner) LP <sup>*</sup>	Carry vehicle	Scotland
Molten SP I LLP †	Third Party Capital Investment vehicle structured as a limited liability partnership	England and Wales

<sup>^</sup> c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

<sup>\*</sup> 50 Lothian Road, Festival Square, Edinburgh, Scotland EH3 9WJ.

† 20 Garrick Street, London WC2E 9BT.

Each carry vehicle indirectly holds interests in a vintage of investments within our portfolio with the purpose of producing profits for distribution among the carried interest partners. The Group evaluates its interest in carried interest at fair value as part of the valuations cycle. Indirectly, the carry partnerships have exit strategies for each investment within which they have an interest as the manager of both the carry partner and the investment vehicles regularly considers exit strategies as discussed above.

### Limited partnerships (managed by Group entities)

A number of limited partnerships are managed by entities within the Group but are not considered to be controlled and, therefore, they are not consolidated in these financial statements.

### Legacy funds

The Group continues to manage three legacy funds, Esprit Fund 1, Esprit Fund 2, Esprit Fund 3(i), and their general partners are consolidated within the Group. These funds are in run-off. Historically, the Group has not had any direct beneficial interests in the assets owned by these funds and the Group was not exposed to variable returns from these funds. Within the current financial year, the Group has acquired assets within Esprit Fund 2 with a fair value of £1.9 million as of 31 March 2023.

Other than Esprit Fund 2, which is held at fair value through profit and loss, as an investment, management considers the legacy funds are held under an agency relationship with the funds where the Group acts as an agent which is primarily engaged to act on behalf, and for the benefit, of the fund investors rather than for its own benefit. Although the manager (Esprit Capital Partners LLP, subsidiary to Molten Ventures plc) has the power to influence the returns generated by the fund, the Group does not have an interest in their returns. As a result, the Group is not deemed to control these managed funds and they are not consolidated.

The legacy funds have the following details:

Esprit Fund 1: Esprit Capital I Fund No.1 Limited Partnership and Esprit Capital I Fund No.2 Limited Partnership – c/o Molten Ventures plc, 20 Garrick Street, London WC2E 9BT.

Esprit Fund 2: Esprit Capital II L.P. – c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Esprit Capital 3(i): Esprit Capital Fund III(i) LP and Esprit Capital Fund III(i) A LP – c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.



**EIS/VCT funds**

Enterprise Investment Scheme funds and Molten Ventures VCT plc are managed by the Group. The Group has no direct beneficial interest in the assets being managed and its sole exposure to variable returns are to performance fees payable on exits above a specified hurdle and management fees based on subscriptions (and Promoter's fees in certain cases), which is a small proportion of the total capital within each fund. The Board believes that this results in an agency relationship with the funds where the Group acts as an agent, which is primarily engaged to act on behalf, and for the benefit, of the fund investors rather than for its own benefit. Although the managers (Encore Ventures LLP – EIS funds, Elderstreet Investments Limited – VCT fund and Molten SP I LLP) have the power to influence the returns generated by the fund, the Group only has an insignificant interest in their returns. As a result, the Group is not deemed to control these managed funds and they are not consolidated.

The EIS/VCT funds have the following details:

EIS funds : DFJ Esprit Angels' EIS Co-Investment Fund, DFJ Esprit Angels' EIS Co-Investment II, DFJ Esprit EIS III, DFJ Esprit EIS IV, Draper Esprit EIS 5, and Molten Ventures EIS.

VCT funds : Molten Ventures VCT plc – 6th Floor St Magnus House, 3 Lower Thames Street, London, England EC3R 6HD.

**Audit exemption for members of the Group**

The following entities are included in the parent's consolidated accounts. As a result of section 479A of the Companies Act 2006, these subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 475 of the Companies Act 2006.

Esprit Capital Holdings Limited, Esprit Capital I (CIP) Limited, Molten Ventures (Nominee) Limited, Esprit Nominees Limited, Grow Trustees Limited, Esprit Capital III MLP LLP, Esprit Capital III GP Limited, Esprit Capital I (GP) Limited, Esprit Capital III Founder GP Limited, Elderstreet Holdings Limited, Encore I GP Limited, Encore I Founder GP Limited, Esprit Capital I General Partner, Esprit Capital III GP LP, Molten Ventures Growth Fund I GP S.a.r.l., Molten Ventures Growth SP GP LLP, Molten Ventures FoF I GP LLP and Molten Ventures Investments GP LLP.

**Esprit Foundation**

Molten Ventures plc is the sole member of the Foundation. However, this is not controlled by Molten Ventures plc or the Group, as the Esprit Foundation has a separate Board of Trustees with a separate governance and decision-making process. A donation was received during the year ended 31 March 2023, there has not yet been any grant-making activity. No activity took place in the year ended 31 March 2022. Charitable Incorporated Organisation status was entered onto the Register of Charities with the Registered Charity Number 1198436 on 30 March 2022. Stuart Chapman is one of the three Trustees of the Esprit Foundation and is also an Executive Director on the Board of Molten Ventures plc.

**c) Operating segment**

IFRS 8, 'Operating Segments', defines operating segments as those activities of an entity about which separate financial information is available and which are evaluated by the Chief Operating Decision Maker to assess performance and determine the allocation of resources.

The Board of Directors have identified Molten's Chief Operating Decision Maker to be the Chief Executive Officer ("CEO"). The Group's investment portfolio engages in business activities from which it earns revenues and incurs expenses, has operating results, which are regularly reviewed by the CEO to make decisions about resources and assess performance, and the portfolio has discrete financial information available. The Group's investment portfolio has similar economic characteristics, and investments are similar in nature. Dealflo for the investment portfolio is now consistent across all funds (except for the Legacy funds – see below) and the Group's Investment Committee reviews and approves (where appropriate) investments for all of the investment portfolio in line with the strategy set by the Molten Ventures plc Board of Directors (approvals from the Molten Ventures plc Board of Directors is required for higher value investments where the proposed value of the investment to be made by plc is above £1.0 million). Although the managers of our EIS funds, VCT funds and plc funds have a management committee, the majority of those sitting on the committees are consistent across all. Taking into account the above points, and in line with IFRS 8, the investment portfolio (across all funds) has been aggregated into one single operating segment.

Legacy funds – the legacy funds (Esprit Capital I Fund No 1 LP, Esprit Capital Fund No 2 LP, Esprit Capital II LP, Esprit Capital Fund III (i) LP and Esprit Capital Fund III (i) A LP) continue to be managed by the Group (Esprit Capital Partners LLP). These funds are in run-off. Although the investments held within these funds are not consistent with the rest of the investment portfolio (although there has been some cross-over in the past), they are similar in nature and the Group does not earn material revenue (neither is material expenditure incurred) from the management of these funds that would meet the quantitative thresholds set out in IFRS 8. Management does not believe that separate disclosure of information relating to the legacy funds would be useful to users of the financial statements.

The majority of the Group's revenues are not from interest, and the Chief Operating Decision Maker does not primarily rely on net interest revenue to assess the performance of the Group and make decisions about resource allocation. Therefore, the Group reports interest revenue separately from interest expense.

The Group's management considers the Group's investment portfolio represents a coherent and diversified portfolio with similar economic characteristics and as a result these individual investments have been aggregated into a single operating segment. In the view of the Directors, there is accordingly one reportable segment under the provisions of IFRS 8.

# Notes to the consolidated financial statements CONTINUED

## 4. Significant accounting policies continued

### d) Revenue recognition

Revenue is comprised of management fees from EIS/VCT funds and Molten SP I LLP, as well as performance fees and promoter fees. Priority Profit Share is incorporated within management fees, presented as management fees charged on the underlying investment vehicles.

Revenue is also generated from Directors' fees from a small number of portfolio companies where members of the Investment Team act as Directors for portfolio companies.

Revenue is recognised when the timing can be measured and amount reliably determined, measured at the fair value of the consideration received or receivable. This represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

All revenue from services is generated within the UK and is stated exclusive of value added tax.

Revenue presented as fee income are services comprised of:

i. Management fees (Priority Profit Share)

Management fees are earned by General Partners of Limited Partnerships, through a Priority Profit Share arrangement. The basis of calculation of fund management fees differs depending on the fund and its stage. Fund management fees are either earned at a fixed annual rate or are set at a fixed percentage of funds under management, measured by commitments or invested cost, depending on the stage of the fund being managed. Revenues are recognised as the related services are provided.

ii. Management fees earned by Encore Ventures LLP.

Fund Close April 2019 and prior.

Management fees are charged on the Net Subscription per annum for the first four years of the life of the portfolio. Management fees are charged annually in advance. Cash received from the investor's Net Subscription is received and will be recognised as revenue in the period they become due, across the first four years in line with the investment and follow-on period for investing activities.

In this case, the transaction price is fixed for the life of the contract and, if management fees are recognised in the period for which they are receivable.

Fund Close July 2019 onwards.

Management fees are charged on Net Subscription per annum for the first five years of the life of the portfolio, payable annually in advance. Cash received from the investor's Net Subscription is received and will be recognised as revenue in the period they become due, across the first five years in line with the investment and follow-on period for investing activities.

Management fees are charged annually in advance. Cash received from the investor's Net Subscription to cover the payment of management fees relating to the first 2.75 years of the life of the portfolio. Thereafter, fees will be accrued and deducted from cash proceeds from exits at the time of becoming highly probable. If no proceeds are received, these fees will not be charged to investors.

iii. Performance fees

Performance fees are earned on a percentage of returns over a hurdle rate. These are recognised in the statement of comprehensive income on realisation of underlying investment. Amounts are recognised as revenue when it can be reliably measured and is highly probable funds will flow to the Group, which is generally at the point of invoicing or shortly before due to the unpredictability associated with realisations but is assessed on a case-by-case basis.

iv. Promoter's fees

Promoter's fees are earned by Elderstreet Investments Limited, as manager of the VCT funds, based on amounts subscribed during each offer.

Fees are agreed on an offer-by-offer basis and are receivable when the shares are allotted. Elderstreet Investments Limited may also be entitled to promoter's fees when it promotes offers for new subscriptions into the funds it manages. Promoter's fees are earned at a percentage of subscriptions received. Revenue is recognised in full at the time valid subscriptions are received.

v. Directors' fees

Portfolio Directors' fees are annual fees charged to an investee company. Directors' fees are only charged on a limited number of the investee companies. Revenues are recognised as services are provided.

### e) Deferred income

The Group's management fees are typically billed quarterly or half-yearly in advance. Where fees have been billed for an advance period, the amounts are credited to deferred income, and then subsequently released through the statement of comprehensive income during the period to which the fees relate. Certain performance fees and portfolio Directors' fees are also billed in advance and these amounts are credited to deferred income, and then subsequently released through the statement of comprehensive income accounting during the period to which the fees relate.

### f) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination, regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: a) fair value of consideration transferred; b) the recognised amount of any non-controlling interest in the acquiree; and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the statement of comprehensive income immediately.

### g) Goodwill and other intangible assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

#### Other intangible assets

Certain previously unrecognised assets acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values, e.g. brand names, customer contracts and lists. All finite-lived intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described below. Customer contracts are amortised on a straight-line basis over their useful economic lives, typically the duration of the underlying contracts. The following useful economic lives for customer contracts were applied on the date of acquisition:

- i. Encore Ventures LLP: eight years; and
- ii. Elderstreet Investments Limited: three years.

### h) Impairment

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are largely independent cash inflows ("cash generating units" or "CGU"). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the consolidated statement of total comprehensive income for the amount by which the assets or cash-generating units carrying amount exceeds its recoverable amount that is the higher of fair value less costs to sell and value-in-use.

To determine value-in-use, management estimates expected future cash flows over five years from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profile as assessed by management. Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro-rata to the other assets in the cash-generating unit with the exception of goodwill, and all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount where there has been a change in estimates used for the calculation of the recoverable amount.

### i) Foreign currency

Transactions entered into by Group entities in a currency other than the functional currency in which they operate are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income.

The individual financial statements of the Group's subsidiary undertakings are presented in their functional currency. For the purpose of these consolidated financial statements, the results and financial position of each subsidiary undertaking are expressed in Pounds Sterling, which is the presentation currency for these consolidated financial statements.

The assets and liabilities of the Group's undertakings, whose functional currency is not Pounds Sterling, are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period.

### j) Financial assets

All financial assets are recognised when economic benefit is expected to be transferred to the Group.

On recognition, a financial asset is initially measured at fair value, plus transaction costs, except for those financial assets classified at "fair value through profit or loss" ("FVTPL"), which are initially measured at fair value.

Financial assets are classified by the Group into the following specified categories:

- Financial assets "FVTPL"; and
- Amortised cost.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

# Notes to the consolidated financial statements CONTINUED

## 4. Significant accounting policies continued

### Financial assets through profit or loss

A financial asset may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Molten Venture Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 'Financial Instruments' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

The Group considers its investment interests referred to in Note 4(b) are appropriately designated as at FVTPL as they meet criteria (b) above. Further details of the accounting policy can be found in Note 28, Fair value measurements. Financial assets through profit or loss are accounted for at settlement date.

### Amortised cost

A financial asset is held at amortised cost under IFRS 9 where it is held for the collection of cash flows representing solely payments of principal and interest. These assets are measured at amortised cost using the effective interest method, less any expected losses.

The Group's financial assets held at amortised cost comprise trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position. Financial assets held at amortised cost are accounted for at trade date.

### k) Financial liabilities

The Group's financial liabilities include trade and other payables, and borrowings.

#### Trade and other payables

Trade and other payables are recognised when the Group enters into contractual arrangements with an expectation that economic benefits will flow from the Group.

The carrying amounts of trade and other payables are considered to be the same as their amortised cost, due to their short-term nature.

#### Loans and borrowings

Borrowings are initially recognised at fair value that is deemed to be the carrying value at inception. Fees related to the debt facility are amortised over the term of the loan, see Note 22(i) for further detail regarding the debt facility entered into during the year.

The carrying amount of borrowings is deemed to be presented at amortised cost as the fair value of future cash flows have not been incorporated. All interest-related charges are reported in profit or loss and are included within finance costs.

### l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the outflow of resources embodying the economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### m) Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's shares are classified as equity instruments. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Shares held by Molten Ventures Employee Benefit Trust are held at cost and disclosed as own shares and deducted from other equity.

### n) Defined contribution scheme

Contributions to the defined contribution pension scheme are charged to the consolidated statement of comprehensive income in the years to which they relate.

### o) Share-based payments

When equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period on a straight-line basis. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period. Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

The employee share option plans are administered by the Molten Ventures Employee Benefit Trust, which is consolidated in accordance with the principles in Note 4.

### p) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**q) Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits, against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**r) Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

- Leasehold improvements – over the term of the lease
- Fixtures and equipment – 33% per annum straight line
- Computer equipment – 33% per annum straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**s) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions.

**t) Interest income**

Interest income earned on cash and deposits and short-term liquidity investments is recognised when it is probable that the economic benefits will flow to the Group and the amount of income recognised can be measured reliably. Interest income is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable.

**u) Carried interest**

The Company has established carried interest plans for the Executive Directors (see the following associated note), other members of the Investment Team and certain other employees (together the “Plan Participants”) in respect of any investments and follow-on investments made from IPO. To 31 March 2020 each carried interest plan operated in respect of investments made during the 24-month period from inception of the fund, being the investment period, and related follow-on investments made for a further 36-month period. From 1 April 2020, a new carried interest plan was implemented, which operates for a five-year period in respect of any investment. From April 2020 onwards, the Executive Directors were not eligible to participate in new carried interest plans, and instead now participate in the Long-Term Incentive Plan. Continued participation in existing carried interest schemes that pre-dated the start of the 2021 financial year were not affected.

Subject to certain exceptions, Plan Participants will receive, in aggregate, 15% of the net realised cash profits from the investments and follow-on investments made over the relevant period once the Company has received an aggregate annualised 10% realised return on investments and follow-on investments made during the relevant period. The carried interest plan from 1 April 2020 has an aggregate annualised 8% realised return on investments and follow-on investments made during the relevant period, to bring the plans more in line with market. The Plan Participants’ return is subject to a “catch-up” in their favour. Plan Participants’ carried interests vest over five years for each carried interest plan and are subject to good and bad leaver provisions. Any unvested carried interest resulting from a Plan Participant becoming a leaver can be reallocated by an adjudication committee formed by Esprit Capital Partners LLP as manager of the carried interest plan at their discretion, including to the Group, and, therefore, an assumption is made in the financial statements that any unvested carried interest as at the reporting date would be reallocated to the Group. See Note 30 for further information on amounts that have been attributed to the Group.

Carried interest is measured at FVTPL with reference to the performance conditions described above. This is deducted from the gross value of our portfolio as an input to determine the fair value of our investment vehicles, which are held at FVTPL in the statement of financial position in line with our application of IFRS 10 for investment entities. The external carry is deducted as it will be paid to members external to the Group from proceeds of investments on realisation. Where the Group has a holding in the carried interest, this is recognised at FVTPL.

# Notes to the consolidated financial statements CONTINUED

## 4. Significant accounting policies continued

### v) Fair value movement

Management uses valuation techniques to determine the fair value of financial assets. This involves developing estimates and assumptions consistent with how market participants would price the assets. Management bases its assumptions on observable data as far as possible, but this is not always available, in that case, management uses the best information available. Estimated fair values may vary from the amount which may be received as consideration for investments in normal market conditions, between two willing parties, at the reporting date (See Note 5(a)).

## 5. Critical accounting estimates and judgements

The Directors have made the following judgements and estimates that have had the most significant effect on the carrying amounts of the assets and liabilities in the consolidated financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Actual results may differ from estimates. The key estimate, (5)(a), and judgement, (5)(b), are discussed below. There have been no new critical accounting estimates and judgements in the financial year ended 31 March 2023.

### Estimates:

#### a. Valuation of unquoted equity investments at fair value through profit or loss

The Group invests into Limited Companies and Limited Partnerships, which are considered to be investment companies that invest for the benefit of the Group. These investment companies are measured at fair value through profit or loss based on their net asset value ("NAV") at the year-end. The Group controls these entities and is responsible for preparing their NAV, which is mostly based on the valuation of their unquoted investments. The Group's valuation of investments measured at fair value through profit or loss is, therefore, dependent upon estimations of the valuation of the underlying portfolio companies.

The Group, through its controlled investment companies also invests in investment funds, which primarily focus on German or seed investments. These investments are considered to be "Fund of Fund investments" for the Group and are recognised at their NAV at the year-end date. These Fund of Fund investments are not controlled by the Group and some do not have coterminous year-ends with the Group. To value these investments, management obtains the latest audited financial statements or partner reports of the investments and discusses further movements with the management of the funds following consideration of whether the funds follow the International Private Equity and Venture Capital Guidelines ("IPEV Guidelines").

Where the Fund of Funds hold investments that are individually material to the Group, management perform further procedures to determine that the valuation of these investments has been prepared in accordance with the Group's valuation policies for portfolio companies, as outlined below, and these valuations will be adjusted by the Group where necessary based on the Group valuation policy for portfolio companies.

The estimates required to determine the appropriate valuation methodology of investments means there is a risk of material adjustment to the carrying amounts of assets and liabilities. These estimates include whether to increase or decrease investment valuations and require the use of assumptions about the carrying amounts of assets and liabilities that are not readily available or observable.

The fair value of investments is established with reference to the International Private Equity and Venture Capital Valuation Guidelines. An assessment will be made at each measurement date as to the most appropriate valuation methodology.

The Group invests in early-stage and growth technology companies, through predominantly unlisted securities. Given the nature of these investments, there are often no current or short-term future earnings or positive cash flows. Consequently, although not considered to be the default valuation technique, the appropriate approach to determine fair value may be based on a methodology with reference to observable market data, being the price of the most recent transaction. Fair value estimates that are based on observable market data will be of greater reliability than those based on estimates and assumptions and, accordingly, where there have been recent investments by third parties, the price of that investment will generally provide a basis of the valuation.

If this methodology is used, its initial use and the length of period for which it remains appropriate to use the calibration of last round price depends on the specific circumstances of the investment, and the Group will consider whether this basis remains appropriate each time valuations are reviewed. In addition, the inputs to the valuation model (e.g. revenue, comparable peer group, product roadmap, and other milestones) will be recalibrated to assess the appropriateness of the methodology used in relation to the market performance and technical/product milestones since the round and the Company's trading performance relative to the expectations of the round.

The Group considers alternative methodologies in the IPEV Guidelines, being principally price-revenue or price-earnings multiples, depending upon the stage of the asset, requiring management to make assumptions over the timing and nature of future revenues and earnings when calculating fair value. When using multiples, we consider public traded multiples as at measurement date (31 March 2023 and 31 March 2022 for this report) in similar lines of business, which are adjusted based on the relative growth potential and risk profile of the subject company versus the market and to reflect the degree of control and lack of marketability as well as considering company performance against milestones (e.g. financial/technical/product milestones).

The equity values of our portfolio companies are generally assessed via the methodologies described above. For direct investments, the equity values are run through their relevant waterfalls to assess the fair value of the investment to Molten Ventures under the current value methodology. Other methodologies would be considered if appropriate.

In all cases, valuations are based on the judgement of the Directors after consideration of the above and upon available information believed to be reliable, which may be affected by conditions in the financial markets. Due to the inherent uncertainty of the investment valuations, the estimated values may differ significantly from the values that would have been used, had a ready market for the investments existed, and the differences could be material. Due to this uncertainty, the Group may not be able to sell its investments at the carrying value in these financial statements when it desires to do so or to realise what it perceives to be fair value in the event of a sale. See Note 28 for information on unobservable inputs used and sensitivity analysis on investments held at fair value through profit or loss.

**Judgement:****b. The Company and certain subsidiaries as an investment entity**

The Group has a number of entities within its corporate structure and a judgement has been made regarding which should be consolidated in accordance with IFRS 10, and which should not. The Group consolidates all entities where it has control, as defined by IFRS 10, over the following:

- power over the investee to significantly direct the activities;
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The Company does not consolidate qualifying investment entities it controls in accordance with IFRS 10 and instead recognises them as investments held at fair value through profit or loss. An investment entity, as defined by IFRS 10, is an entity that:

- obtains funds from one or more investors for the purpose of providing those investor(s) with the investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

When judging whether an entity within the Group is an investment entity, the Group structure as a whole is considered. As a Group, the investment entities listed in Note 4(b) have the characteristics of an investment entity. This is because the Group has:

- more than one investment;
- more than one investor;
- unrelated investors; and
- equity ownership interests.

See Note 4(b) for further details on the consolidation status of entities.

## 6. Changes in (losses)/gains on investments held at fair value through profit or loss

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Changes in unrealised (losses)/gains on investments held at fair value through profit or loss	(305.3)	217.6
Changes in realised gains on investments held at fair value through profit or loss	22.8	95.9
Net foreign exchange gain on investments held at fair value through profit or loss	42.4	15.9
<b>Total movements on investments held at fair value through profit or loss</b>	<b>(240.1)</b>	<b>329.4</b>

## 7. Fee income

Revenue is derived solely within the UK, from continuing operations for all years. An analysis of the Group's revenue is as follows:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Management fees	21.6	17.8
Performance fees	–	2.5
Promoter's fees	0.9	1.4
Directors' and other fees	0.2	0.1
<b>Total fee income</b>	<b>22.7</b>	<b>21.8</b>

# Notes to the consolidated financial statements CONTINUED

## 8. General administrative expenses

Administrative expenses comprise:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Employee and employee-related expenses (Note 9)	12.3	11.9
Legal and professional	3.6	2.5
Performance fees payable	–	2.0
Marketing expenses	0.6	1.1
Building costs and rates	0.5	0.4
Travel expenses	0.5	0.3
IT expenses	0.5	0.3
Listing fees	0.1	0.2
Other administrative costs	0.6	0.8
<b>Total administrative expenses</b>	<b>18.7</b>	<b>19.5</b>

## 9. Employee and employee-related expenses

Employee benefit expenses (including Directors) comprise:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Wages and salaries	9.6	9.0
Defined contribution pension costs	0.9	0.8
Benefits (healthcare and life assurance)	0.3	0.3
Recruitment costs	0.2	0.2
Social security contributions and similar taxes	1.3	1.6
<b>General employee and employee-related expenses</b>	<b>12.3</b>	<b>11.9</b>
Share-based payment expense arising from Company share option scheme	4.4	3.7
<b>Total employee benefit expenses</b>	<b>16.7</b>	<b>15.6</b>

The monthly average number of persons (including Executive and Non-Executive Directors) employed by the Group during the year was:

	Year ended 31 March 2023 Number	Year ended 31 March 2022 Number
Executive Directors	3	3
Non-Executive Directors	5	4
Investment	22	16
Infrastructure	28	25
<b>Total</b>	<b>58</b>	<b>48</b>

At 31 March 2023, there were four Non-Executive Directors (31 March 2022: five). See Nomination Committee report for further details of changes in the year.

Infrastructure comprises finance, marketing, human resources, legal, IT, and administration.



## 10. Auditor's remuneration

The (loss)/profit for the year has been arrived at after charging:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Fees paid to the Company's Auditors for the audit of the Company and Group consolidated financial statements	0.4	0.3
Fees payable to the Company's Auditors and associates for other services:		
Audit of the financial statements of the subsidiaries and related undertakings	0.2	0.1
Audit-related assurance services	0.1	0.1
Non-audit services	–	0.3
<b>Total fees payable to the Company's Auditors</b>	<b>0.7</b>	<b>0.8</b>

Audit-related assurance services paid to the Company's Auditors in the year were £25k related to CASS reporting to the FCA in respect of certain subsidiaries (for the year ended 31 March 2022: £18k), £61k in respect of the review of the Group's interim financial statements (for the year ended 31 March 2022: £46k).

Non-audit services paid to the Company's Auditors in the year were £Nil in respect of reporting accountant services (for the year ended 31 March 2022: £305k).

## 11. Net finance expense

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
Interest on leases	–	(0.1)
Interest and expenses on loans and borrowings	(7.1)	(1.3)
<b>Finance expense</b>	<b>(7.1)</b>	<b>(1.4)</b>
Interest income on cash and cash equivalents	–	0.2
Net foreign exchange gain	1.7	1.6
<b>Finance income</b>	<b>1.7</b>	<b>1.8</b>
<b>Net finance expense</b>	<b>(5.4)</b>	<b>(0.4)</b>

## 12. Income taxes

The charge to tax, which arises in the Group and the corporate subsidiaries included within these financial statements, is:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>Current tax expense</b>		
Current tax on profits for the year	–	–
Adjustments for under/(over) provision in prior years	–	(0.1)
<b>Total current tax expense</b>	<b>–</b>	<b>(0.1)</b>
<b>Deferred tax (expense)/benefit</b>		
Prior year correction on deferred tax	–	(20.5)
Movement on deferred tax	3.3	(3.7)
<b>Total deferred tax benefit/(expense)</b>	<b>3.3</b>	<b>(24.2)</b>
<b>Income tax benefit/(expense)</b>	<b>3.3</b>	<b>(24.3)</b>

# Notes to the consolidated financial statements CONTINUED

## 12. Income taxes continued

The UK standard rate of corporation tax is 19% as at year-end (for the year ended 31 March 2022: 19%). The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to (loss)/profit for the year before tax are as follows:

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
(Loss)/profit for the year before tax	(243.4)	325.0
Tax at the UK tax rate of 19% (31 March 2022: 19%)	(46.2)	61.8
Taxable gains	–	1.1
Losses/(gains) on investments	45.6	(62.6)
Prior year correction on deferred tax	–	20.5
Movement on deferred tax	3.3	3.7
Other	0.6	(0.2)
<b>Income tax expense</b>	<b>3.3</b>	<b>24.4</b>

The standard rate of corporation tax will increase to 25% from 1 April 2023.

## 13. (Loss)/earnings per share and net asset value

The calculation of basic earnings per weighted average shares is based on the profit attributable to Shareholders and the weighted average number of shares. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effect of all dilutive share options and awards.

### Basic (loss)/earnings per ordinary share

	(Loss)/profit after tax £m	No. of shares m	Pence per share
<b>For the year ended 31 March 2023</b>	<b>(243.4)</b>	<b>153.0</b>	<b>(159)</b>
For the year ended 31 March 2022	300.7	150.1	200

### Diluted (loss)/earnings per ordinary share

	(Loss)/profit after tax £m	No. of shares <sup>1</sup> m	Pence per share
<b>For the year ended 31 March 2023</b>	<b>(243.4)</b>	<b>153.7</b>	<b>(158)</b>
For the year ended 31 March 2022	300.7	151.9	198

<sup>1</sup> The basic number of shares is 153.0 million (FY22: 150.1 million). This has been adjusted to calculate the diluted number of shares by accounting for options of 0.7 million in the year (FY22: 1.8 million) to get to the diluted number of shares of 153.7 million (FY22: 151.9 million).

Net asset value per share is based on the net asset attributable to Shareholders and the number of shares at the relevant reporting date. When calculating the diluted earnings per share, the number of shares in issue at balance sheet date is adjusted for the effect of all dilutive share options and awards.

### Net asset value per ordinary share

	Net assets £m	No. of shares m	Pence per share
<b>As at 31 March 2023</b>	<b>1,194.1</b>	<b>153.0</b>	<b>780</b>
At 31 March 2022	1,433.8	153.0	937

### Diluted net asset value per ordinary share

	Net assets £m	No. of shares <sup>1</sup> m	Pence per share
<b>As at 31 March 2023</b>	<b>1,194.1</b>	<b>153.7</b>	<b>777</b>
As at 31 March 2022	1,433.8	154.9	926

<sup>1</sup> The basic number of shares is 153.0 million (FY22: 153.0 million). This has been adjusted to calculate the diluted weighted average number of shares by accounting for options of 0.7 million in the year (FY22: 1.9 million) to get to the diluted weighted average number of shares of 153.7 million (FY22: 154.9 million).

## 14. Share-based payments

	Date of Grant	b/f 1 April 2022 (No.)	Granted in the year (No.)	Lapsed in the year (No.)	Exercised in the year (No.)	c/f 31 Mar 2023 (No.)	Vesting period	Exercise price (pence)	Fair value per granted instrument (pence)
Molten Ventures plc 2016 Company Share Option Scheme ("CSOP")	28-Nov-16	522,419	–	(23,099)	–	499,320	3 years	355	64.1
	11-Nov-17	120,000	–	–	–	120,000	3 years	359	89.8
	28-Nov-17	306,384	–	–	–	306,384	3 years	387	70.9
	30-Jul-18	664,450	–	(13,700)	–	650,750	3 years	492	152.9
	12-Feb-19	556,868	–	(10,000)	–	546,868	3 years	530	67.8
	26-Nov-19	200,000	–	(200,000)	–	–	3 years	467	71.5
	29-Jun-20	200,000	–	–	–	200,000	3 years	449	81.2
Molten Ventures plc Long-Term Incentive Plan ("LTIP")	26-Jul-21	53,270	–	–	(16,906)	36,364	1 year	1	986.0
	29-Jun-20	561,577	–	(14,337)	–	547,240	3 years	1	449.0
	16-Jul-21	560,887	–	–	–	560,887	1 year	1	940.0
	17-Jul-22	–	479,587	(9,586)	–	470,001	3 years	1	540.0
Molten Ventures plc Deferred Benefit Plan ("DBP")	17-Jul-22	–	543,609	–	–	543,609	5 years*	1	540.0
	17-Jun-22	–	211,110	–	–	255,168	2 years	1	540.0
<b>Total</b>		<b>3,745,855</b>	<b>1,234,306</b>	<b>(270,722)</b>	<b>(16,906)</b>	<b>4,692,533</b>			

\* This is a vesting period of three years and a further two-year holding period.

Set out below are summaries of options granted under the plan

	Year ended 31 March 2023	Year ended 31 March 2022
<b>As at 1 April</b>	<b>3,745,855</b>	4,056,293
Granted during the year	<b>1,234,306</b>	637,526
Lapsed in the year	<b>(270,722)</b>	(43,488)
Exercised during the year	<b>(16,906)</b>	(904,476)
<b>As at 31 March</b>	<b>4,692,533</b>	3,745,855

Both the CSOP and LTIP are, as of 31 March 2023, partly administered by the Molten Ventures Employee Benefit Trust ("Trust"). The Trust is consolidated in these consolidated financial statements. The Trust may purchase shares from the market and, from time to time, when the options are exercised, the Trust transfers the appropriate number of shares to the employee or sells these as agent for the employee. The proceeds received, net of any directly attributable transaction costs, are credited directly to equity. Shares held by the Trust at the end of the reporting period are shown as own shares in the consolidated financial statements (see Note 25(i)). Of the 16,906 options exercised during the year, none were satisfied with new ordinary shares issued by Molten Ventures plc (FY22: 0.9 million options exercised with no new ordinary shares issued) (see Note 24). All outstanding options have been assessed to be reportable as equity-settled.

For share options granted under the CSOP, the Black-Scholes Option Pricing Model has been used for valuation purposes. All options are settled in shares. Volatility is expected to be in the range of 20–30% based on an analysis of the Company's and peer group's share price. The risk-free rates used were taken from zero coupon United Kingdom government bonds on a term consistent with the vesting period. There are no non-market performance conditions attached to the share options granted under the CSOP.

Share options granted during the period under the LTIP vest over the prescribed performance period to the extent that performance conditions are met. The performance conditions relate to realisations, assets under management (calculated in line with the relevant deed of grant), and Total Shareholder Return. These options are granted under the plan for no consideration and are granted at a nominal value of one pence per share option. The fair value of the LTIP shares is valued using the Black-Scholes model, which includes a Monte Carlo simulation model. A six-monthly review takes place of non-market performance conditions and, as at 31 March 2023, the best estimate for expected vesting of unvested share options is 81%.

In the year ended 31 March 2023, it was agreed that 0% (31 March 2022: 50%) of the Executive Team's bonus for that financial year would be deferred in shares of Molten Ventures plc. FY23 bonus amounts were paid in cash for an amount up to 100% (FY22: 100%) of each Director's salary, with the balance being paid in the form of a deferred share award over a number of shares calculated based on the Volume Weighted Average Price per share for the five trading days immediately prior to the date of grant. The deferral period under the bonus scheme is two years from the date of the award. Vesting is not subject to any further performance conditions (other than continued employment at the date of vesting). The Black-Scholes Option Pricing Model has been used for valuation purposes.

The share-based payment charge for the year is £4.4 million (year ended 31 March 2022: £3.7 million).

# Notes to the consolidated financial statements CONTINUED

## 15. Intangible assets

	Goodwill £m	Customer contracts £m	Total £m
<b>As at 31 March 2023</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2022	10.4	1.1	11.5
Additions during the period	–	–	–
<b>Cost as at 31 March 2023</b>	<b>10.4</b>	<b>1.1</b>	<b>11.5</b>
<b>Accumulated amortisation</b>			
Amortisation carried forward as at 1 April 2022	–	(0.8)	(0.8)
Charge for the period	–	(0.2)	(0.2)
<b>Accumulated amortisation as at 31 March 2023</b>	<b>–</b>	<b>(1.0)</b>	<b>(1.0)</b>
<b>Net book value:</b>			
<b>As at 31 March 2023</b>	<b>10.4</b>	<b>0.1</b>	<b>10.5</b>
<b>As at 31 March 2022</b>			
<b>Cost</b>			
Cost carried forward as at 1 April 2021	10.4	1.1	11.5
Acquisition of business	–	–	–
<b>Cost as at 31 March 2022</b>	<b>10.4</b>	<b>1.1</b>	<b>11.5</b>
<b>Accumulated amortisation</b>			
Amortisation carried forward as at 1 April 2021	–	(0.6)	(0.6)
Charge for the year	–	(0.2)	(0.2)
<b>Accumulated amortisation as at 31 March 2022</b>	<b>–</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>Net book value:</b>			
<b>As at 31 March 2022</b>	<b>10.4</b>	<b>0.3</b>	<b>10.7</b>

The amortisation charge for the year is shown in the "depreciation and amortisation" line of the consolidated statement of comprehensive income.

## 16. Financial assets held at fair value through profit or loss

The Group holds investments through investment vehicles it manages. The investments are carried at fair value through profit or loss. The Group's valuation policies are set out in Note 5(a) and Note 28. The table below sets out the movement in the balance sheet value of investments from the start to the end of the year, showing investments made, cash receipts and fair value movements.

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>As at 1 April</b>	<b>1,410.8</b>	867.1
Investments made in the period:	<b>138.2</b>	311.2
Loans repaid from underlying investment vehicles	<b>(48.1)</b>	(126.3)
Carry external	<b>2.1</b>	13.5
Non-investment cash movement	<b>14.1</b>	15.9
Unrealised gains on the revaluation of investments	<b>(240.1)</b>	329.4
<b>As at 31 March</b>	<b>1,277.0</b>	1,410.8

Investments and loans made in the year are amounts the Group has invested in underlying investment vehicles. This is not the equivalent to the total amount invested in portfolio companies as existing cash balances from the investment vehicles are reinvested.

## 17. Related undertakings

For further details of other related undertakings within the Group, see Note 4(b).

Please see below details of investments held by the Group's investment companies, where the ownership percentage or partnership interest exceeds 20%. These are held at fair value through the profit or loss in the statement of financial position.

Name	Address	Principal activity	Type of shareholding	Interest FD category* at reporting date/ partnership interest
RavenPack Holding AG	Churerstrasse 135, CH-8808 Pfäffikon, Switzerland	Trading company	Ordinary shares Preference shares	D
FinalCAD	4, rue Jules Lefebvre 75009 Paris	Trading company	Ordinary shares Preference shares	D
Earlybird GmbH & Co. Beteiligungs-KG IV	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Limited partnership pursuant to which the Group holds certain investments	Partnership interest	26%
Earlybird Special Opportunities LP	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Limited partnership pursuant to which the Group holds certain investments	Partnership interest	34%
Earlybird DWES Fund VI GmbH & Co. KG	c/o Earlybird Venture Capital, Maximilianstr. 14, 80539, München	Limited partnership pursuant to which the Group holds certain investments	Partnership interest	56%

\* Fully diluted interest categorised as follows: Cat A: 0–5%, Cat B: 6–10%, Cat C: 11–15%, Cat D: 16–25%, Cat E: >25%.

Details of the fair value of the Core companies are detailed as part of the Gross Portfolio Value table on page 27.

## 18. Property, plant and equipment

As at 31 March 2023	Right-of-use assets £m	Leasehold improvements £m	Computer equipment £m	Total £m
<b>Cost</b>				
Cost carried forward as at 1 April 2022	1.6	0.8	0.2	2.6
Additions during the period	—	—	—	—
Disposals during the year	—	—	—	—
<b>Cost as at 31 March 2023</b>	<b>1.6</b>	<b>0.8</b>	<b>0.2</b>	<b>2.6</b>
<b>Accumulated depreciation</b>				
Depreciation carried forward as at 1 April 2022	(1.0)	(0.6)	(0.1)	(1.7)
Charge for the period	(0.3)	(0.1)	(0.1)	(0.5)
Disposals during the year	—	—	—	—
<b>Accumulated depreciation as at 31 March 2023</b>	<b>(1.3)</b>	<b>(0.7)</b>	<b>(0.2)</b>	<b>(2.2)</b>
<b>Net book value:</b>				
<b>As at 31 March 2023</b>	<b>0.3</b>	<b>0.1</b>	<b>Nil</b>	<b>0.4</b>

# Notes to the consolidated financial statements CONTINUED

## 18. Property, plant and equipment continued

	Right-of-use assets £m	Leasehold improvements £m	Computer equipment £m	Total £m
<b>As at 31 March 2022</b>				
<b>Cost</b>				
Cost carried forward as at 1 April 2021	1.6	0.8	0.1	2.5
Additions during the period	–	–	0.1	0.1
Disposals during the year	–	–	–	–
Cost as at 31 March 2022	1.6	0.8	0.2	2.6
<b>Accumulated depreciation</b>				
Depreciation carried forward as at 1 April 2021	(0.7)	(0.4)	–	(1.1)
Charge for the period	(0.3)	(0.2)	(0.1)	(0.6)
Disposals during the year	–	–	–	–
Accumulated depreciation as at 31 March 2022	(1.0)	(0.6)	(0.1)	(1.7)
<b>Net book value:</b>				
As at 31 March 2022	0.6	0.2	0.1	0.9

The depreciation charge for the year is shown in the “depreciation and amortisation” line of the consolidated statement of comprehensive income.

## 19. Operating segments

The Group follows the accounting policy on operating segments laid out in Note 4(c).

## 20. Trade and other receivables

	31 March 2023 £m	31 March 2022 £m
Trade receivables	3.1	1.1
Other receivables and prepayments	1.9	1.7
<b>Total</b>	<b>5.0</b>	<b>2.8</b>

Expected credit losses for these receivables are expected to be immaterial.

The ageing of trade receivables at reporting date is as follows:

	31 March 2023 £m	31 March 2022 £m
Not past due	2.9	1.0
Past due 1–30 days	0.1	–
Past due 31–60 days	–	–
More than 60 days	0.1	0.1
<b>Total</b>	<b>3.1</b>	<b>1.1</b>

Trade receivables are held at amortised cost. The maximum exposure to credit risk of the receivables at the reporting date is the fair value of each class of receivable mentioned above, which is as shown above due to the short-term nature of the trade receivables. The Group does not hold any collateral as security.

## 21. Trade and other payables

	31 March 2023 £m	31 March 2022 £m
Trade payables	(0.8)	(0.5)
Other taxation and social security	(0.2)	(0.5)
Other payables	(2.4)	(1.9)
Accruals and deferred income	(6.2)	(11.1)
Accrued tax expense	–	(0.3)
<b>Total</b>	<b>(9.6)</b>	<b>(14.3)</b>

All trade and other payables are short term.

## 22. Financial liabilities

	31 March 2023 £m	31 March 2022 £m
<b>Current liabilities</b>		
Leases	(0.3)	(0.4)
Loans and borrowings	–	–
<b>Total current financial liabilities</b>	<b>(0.3)</b>	<b>(0.4)</b>
<b>Non-current liabilities</b>		
Leases	–	(0.3)
Loans and borrowings	(89.0)	(29.7)
<b>Total non-current financial liabilities</b>	<b>(89.0)</b>	<b>(30.0)</b>
<b>Total</b>	<b>(89.3)</b>	<b>(30.4)</b>

The below table shows the changes in liabilities from financing activities.

	Borrowings £m	Leases £m
<b>At 1 April 2021</b>	0.4	(1.0)
Capitalisation of costs	0.3	–
Amortisation of costs	(0.4)	–
Drawdowns	(30.0)	–
Repayment of debt	–	–
Other changes – Interest payments (presented as cash flows)	–	(0.1)
Repayment of lease liabilities	–	0.4
<b>At 31 March 2022</b>	<b>(29.7)</b>	<b>(0.7)</b>
Capitalisation of costs	1.0	–
Amortisation of costs	(0.3)	–
Drawdowns	(125.0)	–
Repayment of debt	65.0	–
Other changes – Interest payments (presented as cash flows)	–	–
Repayment of lease liabilities	–	0.4
<b>At 31 March 2023</b>	<b>(89.0)</b>	<b>(0.3)</b>

# Notes to the consolidated financial statements CONTINUED

## 22. Financial liabilities continued

### 22(i). Loans and borrowings

On 6 September 2022, the Company entered into a facility agreement relating to a new debt facility (the "Debt Facility") with J.P. Morgan Chase Bank N.A., London Branch ("JPM") and SVB UK Limited ("SVB"), with a JPM affiliate acting as the appointed agent.

The Debt Facility comprises a £90.0 million term loan ("Term Loan") and a revolving credit facility ("RCF") of up to £60.0 million on three and two-year availability periods respectively. Repayment dates for both may be extended by two 12-month periods subject to the lenders' willingness to extend and satisfaction of various conditions. The headline interest rate applied on both the Term Loan and RCF includes a "margin" of 5.50% per annum plus SONIA. The Debt Facility is secured against various Group assets, including bank accounts; listed shares; and LP interests, with a number of entities within the Group acceding as guarantors.

The Company's ability to borrow under the Debt Facility and satisfy its financial and non-financial covenants is dependent on the value of the investment portfolio (excluding third-party funds under management), with draw downs being subject to a maximum loan to value ratio of 10% (1.10:1.00). The lenders may commission quarterly independent valuations of the investment portfolio.

The Debt Facility replaced the Company's previous revolving credit facility with SVB and Investec Bank plc of £65.0 million, which was repaid in full. In addition to repaying the previous facility, the Debt Facility may be used for general working capital purposes and to finance the purchase of portfolio companies, but cannot be used to fund share buybacks. The Group incurred transaction fees of £1.0 million, which are presented within loans and borrowings on the statement of financial position and are amortised over the life of the facility, and to date professional fees of £0.4 million have been accrued arising from the negotiation of the Debt Facility Agreement, which have been presented in general administrative expenses. Interest-related charges are reported in the consolidated statement of comprehensive income as finance costs (see Note 11).

On execution of the Debt Facility Agreement, the Group drew down £90.0 million of the Term Loan, with the RCF (£60.0 million, currently undrawn) being available for two years to September 2024 subject to any extension. After expiry of the availability period, a cash sweep on realisations will apply.

Both the RCF and Term Loan must be fully repaid by the third anniversary of the date of the Debt Facility Agreement, subject to any extension.

The Debt Facility contains financial and non-financial covenants, which the Company and certain members of the Group must comply with throughout the term of the Debt Facility:

- Maintain a value to cost ratio of investments of at least 10% (1.10:1.00).
- Total financial indebtedness not to exceed 20% (10% on each utilisation) of the value of investments in the portfolio with adjustments for concentration limits (see below) together with the value of all amounts held in specified bank accounts subject to the security package.
- Total aggregate financial indebtedness of the Company and certain members of the Group is not to exceed 35% (25% on each utilisation) of the value of secured investments in the portfolio with adjustments for concentration limits calculated by reference to specified assets and bank accounts subject to the security package.
- The Company, and certain members of its Group, must maintain a minimum number of investments subject to concentration limits connected to sector, geography, joint or collective value, and/or listed status.

Failure to satisfy financial covenants may limit the Company's ability to borrow and/or also trigger events of default, which in some instances could trigger a cash sweep on realisations and/or require the Company to cure those breaches by repaying the Debt Facility (either partially or in full).

	31 Mar 2023 £m	31 Mar 2022 £m
Bank loan senior facility amount	150	65.0
Interest rate	SONIA + 5.5%	BOE base rate + 6.25%
Drawn at balance sheet date	(90.0)	(30.0)
Arrangement fees	1.0	0.3
<b>Loan liability balance</b>	<b>(89.0)</b>	<b>(29.7)</b>
Undrawn facilities at balance sheet date	60.0	35.0

The Company was amortising costs relating to the inception, increase and extension over the life of the previous facility. On extinguishment of this liability, the costs were recognised in full in the condensed consolidated interim statement of comprehensive income. The interest reserve account previously held with SVB no longer forms part of the security package (balance on consolidated statement of financial position as at 31 March 2022: £2.3 million).



## 23. Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method using the tax rate expected to apply when the temporary differences reverse. See breakdown below:

	31 March 2023 £m	31 March 2022 £m
Arising on share-based payments	–	1.6
<b>Deferred tax asset</b>	–	1.6
Arising on share-based payments	(1.0)	–
Arising on business combination	–	(0.1)
Arising on co-invest and carried interest	(0.3)	(0.3)
Arising on the investment portfolio	(20.9)	(25.6)
Other timing differences	(0.3)	(0.1)
<b>Deferred tax liability</b>	<b>(22.5)</b>	<b>(26.1)</b>

## 24. Share capital and share premium

### Ordinary share capital

Year ended 31 March 2023 – Allotted and fully paid	Number	Pence	£m
As at 1 April	152,999,853	1	1.5
Issue of share capital during the year for cash	–	–	–
<b>As at 31 March</b>	<b>152,999,853</b>	<b>1</b>	<b>1.5</b>

Year ended 31 March 2022 – Allotted and fully paid	Number	Pence	£m
As at 1 April	139,097,075	1	1.4
Issue of share capital during the year for cash <sup>1</sup>	13,902,778	1	0.1
<b>As at 31 March</b>	<b>152,999,853</b>	<b>1</b>	<b>1.5</b>

<sup>1</sup> In June 2021, the Company raised gross proceeds of £111.2 million at a placing price of 800 pence per share by way of a placing of 13,902,778 new ordinary shares.

### Share premium

	31 Mar 2023 £m	31 Mar 2022 £m
<b>Allotted and fully paid</b>		
As at 1 April	615.9	508.3
Premium arising on the issue of ordinary shares	–	111.2
Equity issuance costs	–	(3.6)
<b>As at 31 March</b>	<b>615.9</b>	<b>615.9</b>

## 25. Own shares and other reserves

### i. Own shares reserve

Own shares are shares held in Molten Ventures plc that are held by Molten Ventures Employee Benefit Trust ("Trust") for the purpose of issuing shares under the Molten Ventures plc 2016 Company Share Options Plan and Long-Term Incentive Plan. Shares issued to employees are recognised on a weighted average cost basis. The Trust holds 0.72% of the issued share capital at 31 March 2023.

	31 Mar 2023		31 Mar 2022	
	No. of shares m	£'m	No. of shares m	£'m
<b>As at 1 April</b>	<b>(0.9)</b>	<b>(8.2)</b>	<b>(0.1)</b>	<b>(0.3)</b>
Acquisition of shares by the Trust	(0.2)	(0.6)	(0.8)	(8.0)
Disposal or transfer of shares by the Trust*	–	(0.1)	–	0.1
<b>As at 31 March</b>	<b>(1.1)</b>	<b>(8.9)</b>	<b>(0.9)</b>	<b>(8.2)</b>

\* Disposals or transfers of shares by the Trust also include shares transferred to employees not of exercise price with no resulting cash movements. Cash receipts in respect of sale of shares in the year ended 31 March 2023 were £Nil (year ended 31 March 2022: £Nil).

# Notes to the consolidated financial statements CONTINUED

## 25. Own shares and other reserves CONTINUED

### ii. Other reserves

The following table shows a breakdown of the "other reserves" line in the consolidated interim statement of financial position and the movements in those reserves during the period. A description of the nature and purpose of each reserve is provided below the table.

	Merger relief reserve £m	Share-based payments reserve resulting from Company share option scheme £m	Share-based payments reserve resulting from acquisition of subsidiary £m	Total other reserves £m
<b>Year ended 31 March 2023</b>				
<b>As at 1 April</b>	<b>13.1</b>	<b>5.0</b>	<b>10.8</b>	<b>28.9</b>
Share-based payments	–	4.4	–	4.4
Share-based payments – exercised during the year	–	–	–	–
<b>As at 31 March</b>	<b>13.1</b>	<b>9.4</b>	<b>10.8</b>	<b>33.3</b>

	Merger relief reserve £m	Share-based payments reserve resulting from Company share option scheme £m	Share-based payments reserve resulting from acquisition of subsidiary £m	Total other reserves £m
<b>Year ended 31 March 2022</b>				
<b>As at 1 April</b>	<b>13.1</b>	<b>2.3</b>	<b>10.8</b>	<b>26.2</b>
Share-based payments	–	3.7	–	3.7
Share-based payments – exercised during the year	–	(1.0)	–	(1.0)
<b>As at 31 March</b>	<b>13.1</b>	<b>5.0</b>	<b>10.8</b>	<b>28.9</b>

#### Merger relief reserve

In accordance with the Companies Act 2006, a Merger Relief Reserve of £13.1 million (net of the cost of share capital issued of £80k) was created on the issue of 4,392,332 ordinary shares for 300 pence each in Molten Ventures plc as consideration for the acquisition of 100% of the capital interests in Esprit Capital Partners LLP on 15 June 2016.

#### Share-based payment reserve

Where the Group engages in equity-settled share-based payment transactions, the fair value at the date of grant is recognised as an expense over the vesting period of the options. The corresponding credit is recognised in the share-based payment reserve. Please see Note 14 for further details on how the fair value at the date of grant is recognised.

## 26. Adjustments to reconcile operating (loss)/profit to net cash outflow in operating activities

	Notes	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>Adjustments to reconcile operating (loss)/profit to net cash outflow in operating activities:</b>			
Revaluation of investments held at fair value through profit or loss	6	240.1	(329.4)
Depreciation and amortisation	15, 18	0.7	0.8
Share-based payments – resulting from Company share option scheme	14	4.4	3.7
Finance income	11	(1.7)	(1.8)
Finance expense	11	7.1	1.4
(Decrease)/increase in deferred tax	23	(5.2)	25.6
Decrease/(increase) in trade and other receivables and other working capital movements		(1.0)	(0.6)
(Decrease)/increase in trade and other payables		(2.7)	5.5
<b>Adjustments to reconcile operating (loss)/profit to net cash outflow in operating activities</b>		<b>241.7</b>	<b>(294.8)</b>

Please see Note 22 for the changes in liabilities from financing activities.

## 27. Retirement benefits

The Molten Ventures Group makes contributions to personal pension schemes set up to benefit its employees. The Group has no interest in the assets of these schemes and there are no liabilities arising from them beyond the agreed monthly contribution for each employee or member that is included in employment costs in the profit and loss account as appropriate.

## 28. Fair value measurements

### i. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. This section should be read with reference to Note 5 and Note 16. As explained in Note 5(a), valuation of unquoted equity investments at fair value through profit or loss is a critical accounting estimate and actuals may differ from estimates. The Group has considered the impact of ESG and climate-related risks on its portfolio and consider these to be currently immaterial to the value of our portfolio for FY23 owing to the nature of the underlying investments (FY22: immaterial) and taking into consideration the climate risk impact channels and their financial impact across the portfolio companies, however this will be monitored each year to assess any changes. The Group recognised a number of climate-related opportunities within the portfolio via our Climate Tech thesis. The inputs to our valuations are described in the sensitivities analysis table below and, because these are more short-term in nature (e.g. forecast revenue for the current year applied to current market multiples, and recent transactions), we do not currently see any material impacts on these inputs from the longer term risks described in our TCFD report and, therefore, values as at 31 March 2023. We also recognise that, although the risks are not currently material, they could become material in the medium to long-term without mitigating actions, which are described within the TCFD section of the Strategic Report. For further discussion of our climate-related risks and opportunities, please see our TCFD and Principal Risks sections of the Strategic Report.

The Group classifies financial instruments measured at fair value through profit or loss ("FVTPL") according to the following fair value hierarchy prescribed under the accounting standards:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (31 March 2023; and 31 March 2022 for comparatives);
- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

All financial instruments measured at FVTPL in FY22 and FY23 are financial assets relating to holdings in investment entities that hold high-growth technology companies either directly or through Fund of Funds. The Group invests in special purpose vehicles and limited partnerships, which are considered to be investment companies that invest mostly in equities for the benefit of the Group. As set out in Note 4(b), these are held at their respective net asset values and, as such, are noted to be all Level 3 for FY22 and FY23. For details of the reconciliation of those amounts please refer to Note 16. The additional disclosures below are made on a look-through basis and are based on the Gross Portfolio Value ("GPV"). In order to arrive at the Net Portfolio Value ("NPV"), which is the value recognised as investments held at FVTPL in the statement of financial position, the GPV is subject to deductions for the fair value of carry liabilities and adjustments for Irish deferred tax. UK deferred tax is recognised in the consolidated statement of financial position as a liability to align the recognition of deferred tax to the location in which it will likely become payable on realisation of the assets. For details of the GPV and its reconciliation to the investment balance in the financial statements, please refer to the extract of the Gross Portfolio Value table below:

Investments	Fair Value of Investments 31-Mar-22 £m	Investments £m	Realisations £m	Non-investment cash movement £m	Movement in Foreign Exchange £m	Movement in Fair Value £m	Fair Value movement 31-Mar-23 £m	Fair Value of Investments 31-Mar-23 £m
<b>Total Portfolio</b>	<b>1,529.7</b>	<b>138.2</b>	<b>(48.1)</b>	<b>–</b>	<b>42.4</b>	<b>(292.6)</b>	<b>(250.2)</b>	<b>1,369.6</b>
Co-invest	1.8	–	–	–	–	(0.7)	(0.7)	1.1
<b>Gross Portfolio Value</b>	<b>1,531.5</b>	<b>138.2</b>	<b>(48.1)</b>	<b>–</b>	<b>42.4</b>	<b>(293.3)</b>	<b>(250.9)</b>	<b>1,370.7</b>
Carry external	(121.5)	–	2.1	–	–	25.4	25.4	(94.0)
Portfolio deferred tax	0.5	–	–	–	–	(0.5)	(0.5)	–
Trading carry and co-invest	0.3	–	–	–	–	–	–	0.3
Non-investment cash movement	–	–	–	14.1	–	(14.1)	(14.1)	–
<b>Net Portfolio Value</b>	<b>1,410.8</b>	<b>138.2</b>	<b>(46.0)</b>	<b>14.1</b>	<b>42.4</b>	<b>(282.5)</b>	<b>(240.1)</b>	<b>1,277.0</b>

# Notes to the consolidated financial statements CONTINUED

## 28. Fair value measurements *continued*

Investments	Fair Value of Investments 31-Mar-21 £m	Investments £m	Realisations £m	Non-investment cash movement £m	Movement in Foreign Exchange £m	Movement in Fair Value £m	Fair Value movement 31-Mar-22 £m	Fair Value of Investments 31-Mar-22 £m
<b>Total Portfolio</b>	981.2	311.2	(126.3)	~	15.9	347.7	363.6	1,529.7
Co-invest	2.6	~	~	~	~	(0.8)	(0.8)	1.8
<b>Gross Portfolio Value</b>	983.8	311.2	(126.3)	~	15.9	346.9	362.8	1,531.5
Carry external	(97.0)	~	13.5	~	~	(38.0)	(38.0)	(121.5)
Portfolio deferred tax	(20.0)	~	~	~	~	20.5	20.5	0.5
Trading carry and co-invest	0.3	~	~	~	~	~	~	0.3
Non-investment cash movement	~	~	~	15.9	~	(15.9)	(15.9)	~
<b>Net Portfolio Value</b>	867.1	311.2	(112.8)	15.9	15.9	313.5	329.4	1,410.8

Carry external – this relates to accrued carry that is due to former and current employees or managers external to the Group. These values are calculated based on the reported fair value, applying the provisions of the limited partnership agreements to determine the value that would be payable by the Group's investment entities to the carried interest partnerships.

Portfolio deferred tax – this relates to tax accrued against gains in the portfolio to reflect those portfolio companies where tax is expected to be payable on exits. This relates to Irish deferred tax only. UK deferred tax is recognised in the consolidated statement of financial position as a liability to align the recognition of deferred tax to the location in which it will likely become payable on realisation of the assets. These values are calculated based on unrealised fair value of investments at reporting date at the applicable tax rate.

Trading carry and co-invest – this relates to accrued carry that is due to the Group.

Non-investment cash movements – this relates to cash movements relating to management fees and other non-investment cash movements to the subsidiaries held at FVTPL.

During the year ending 31 March 2023, there were no transfers between levels (year to 31 March 2022: transfers out of Level 3 and into Level 1 following the listing of two investments, one is held directly and one of which is held via our partnership with Earlybird) – see below for the breakdown of investments by fair value hierarchy and (iii) on the following page for movements. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Fair value measurements At 31 March 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Financial assets at fair value through profit or loss</b>				
Quoted investments	11.9	~	~	11.9
Unquoted investments being made up of:	~	~	1,357.7	1,357.7
Unquoted investments – enterprise technology	~	~	587.9	587.9
Unquoted investments – consumer technology	~	~	144.7	144.7
Unquoted investments – hardware and deeptech	~	~	357.3	357.3
Unquoted investments – digital health and wellness	~	~	75.7	75.7
Unquoted investments – other*	~	~	192.1	192.1
<b>Total financial assets</b>	11.9	~	1,357.7	1,369.6

Fair value measurements At 31 March 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
<b>Financial assets at fair value through profit or loss</b>				
Quoted investments	64.0	~	~	64.0
Unquoted investments being made up of:	~	~	1,465.7	1,465.7
Unquoted investments – enterprise technology	~	~	464.1	464.1
Unquoted investments – consumer technology	~	~	262.3	262.3
Unquoted investments – hardware and deeptech	~	~	434.9	434.9
Unquoted investments – digital health and wellness	~	~	63.6	63.6
Unquoted investments – other*	~	~	240.8	240.8
<b>Total financial assets</b>	64.0	~	1,465.7	1,529.7

\*"other" includes Fund of Funds investments and Earlybird investments where we do not perform a look-through valuation. This differs from the analysis in the Strategic Report in order to align to valuation methodologies. Within the Strategic Report, additional Earlybird companies are included within the sector analysis.

## ii. Valuation techniques used to determine fair values

The fair value of unlisted securities is established with reference to the IPEV Guidelines. In line with the IPEV Guidelines, the Group may base valuations on earnings or revenues where applicable, market comparables, calibrated price of recent investment in the investee companies, or on net asset values of underlying funds ("NAV of underlying funds"). An assessment will be made at each measurement date as to the most appropriate valuation methodology, including that for investee companies owned by third-party funds that Molten Ventures plc invests in and which are valued on a look-through basis.

Financial instruments, measured at fair value, categorised as Level 3 can be split into three main valuation techniques:

- Calibrated price of recent investment;
- Revenue-multiple; and
- NAV of underlying fund.

Each portfolio company will be subject to individual assessment.

For a valuation based on calibrated price of recent investment, the recent round enterprise value is calibrated against the equivalent value at year-end using a revenue-multiple valuation methodology as well as in relation to technical/product milestones since the round and the Company's trading performance is relative to the expectations of the round.

For a valuation based on a revenue-multiple, the main assumption is the multiple. The multiple is derived from comparable listed companies or relevant market transaction multiples. Companies in the same industry, geography, and, where possible, with a similar business model and profile are selected and then adjusted for factors including liquidity risk, growth potential and relative performance. They are also adjusted to represent our longer-term view of performance through the cycle of our existing assumption.

Where the Group invests in Fund of Fund investments, the value of the portfolio will be reported by the fund to the Group. The Group will ensure that the valuations comply with the Group policy and that they are adjusted with any cash and known valuation movements where reporting periods do not align.

See also Note 5(a) where valuation policies are discussed in more detail.

## iii. Fair value measurements using significant unobservable inputs (Level 3)

The table below presents the changes in Level 3 items for the years ending 31 March 2022 and 31 March 2023.

Level 3 valuations	£m
<b>Opening balance at 1 April 2021</b>	895.7
Investments	309.1
Gains	435.7
Realisations	(86.2)
<b>Unadjusted closing balance at 31 March 2022</b>	1,554.3
Transfer to Level 1	(88.6)
<b>Closing balance at 31 March 2022</b>	<b>1,465.7</b>
Investments	138.2
Losses	(224.6)
Realisations	(21.6)
<b>Unadjusted closing balance at 31 March 2023</b>	<b>1,357.7</b>
Transfer to Level 1	-
<b>Closing balance at 31 March 2023</b>	<b>1,357.7</b>

# Notes to the consolidated financial statements CONTINUED

## 28. Fair value measurements continued

### iv. Valuation inputs and relationships for fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Valuation technique	Sector	Significant input*	Fair value at 31 Mar 2023	Sensitivity on significant input	Fair value impact of sensitivities (£m) +10%	Fair value impact of sensitivities (£m) -10%
Calibrated price of recent investment	All	Calibrated round enterprise value – Pre and post year-end round enterprise values have been calibrated with appropriate discounts taken to reflect movements in publicly listed peer multiples, future revenue projections and timing risk. Discounts were applied to 65% (2022: 52%) of the fair value of investments measured at calibrated price of recent investment. The range of discounts taken is between 6%-79% (2022: 15-89%). The weighted average discount taken is 35% (2022: 25%).	<b>668.0</b> (FY22: 806.7)	10% sensitivity applied to the discount to last round price.	<b>573.8</b> (FY22: 881.0)	<b>731.5</b> (FY22: 739.6)
	Enterprise tech		<b>279.2</b> (FY22: 388.5)		<b>242.7</b> (FY22: 424.4)	<b>293.6</b> (FY22: 357.0)
	Consumer tech		<b>34.1</b> (FY22: 68.4)		<b>25.9</b> (FY22: 73.7)	<b>38.5</b> (FY22: 64.2)
	Hardware & Deeptech		<b>313.0</b> (FY22: 310.9)		<b>265.9</b> (FY22: 342.0)	<b>355.9</b> (FY22: 282.8)
	Digital health & wellness		<b>41.7</b> (FY22: 38.9)		<b>39.3</b> (FY22: 40.9)	<b>43.5</b> (FY22: 35.6)
More discounts have been applied in the current year, reflecting calibration to the market.						
Market comparables	All	Revenue-multiples are applied to the revenue of our portfolio companies to determine their enterprise value.	<b>462.2</b> (FY22: 418.2)	10% sensitivity applied to the revenue-multiple	<b>505.1</b> (FY22: 458.1)	<b>417.5</b> (FY22: 378.3)
				10% sensitivity applied to the revenue of the portfolio company	<b>505.1</b> (FY22: 458.1)	<b>417.5</b> (FY22: 378.3)
	Enterprise tech	Implied revenue-multiple – the portfolio we have is diversified across sectors and geographies and the companies which have valuations based on revenue-multiples have a range of multiples of between 1.0x-13.4x (2022: 0.9-13.8x) and a weighted average multiple of 8.4x (2022: 7.8x).	<b>281.9</b> (FY22: 75.6)	10% sensitivity applied to the revenue-multiple	<b>308.6</b> (FY22: 83.3)	<b>253.2</b> (FY22: 67.8)
				10% sensitivity applied to the revenue of the portfolio company	<b>308.6</b> (FY22: 83.3)	<b>253.2</b> (FY22: 67.8)
	Consumer tech	Revenue – we select forward revenues from our portfolio companies mostly with reference to financial updates in their board packs, adjusted where required in the event we do not have forward-looking information. Our core portfolio makes up 62% (2022: 68%) of the GPV and revenue growth in the core portfolio for 2023 is 68% (2022: 77%).	<b>110.6</b> (FY22: 193.9)	10% sensitivity applied to the revenue-multiple	<b>121.4</b> (FY22: 212.5)	<b>100.0</b> (FY22: 175.4)
				10% sensitivity applied to the revenue of the portfolio company	<b>121.4</b> (FY22: 212.5)	<b>100.0</b> (FY22: 175.4)
	Hardware & Deeptech		<b>35.7</b> (FY22: 124.0)	10% sensitivity applied to the revenue-multiple	<b>38.1</b> (FY22: 135.6)	<b>33.2</b> (FY22: 112.4)
				10% sensitivity applied to the revenue of the portfolio company	<b>38.1</b> (FY22: 135.6)	<b>33.2</b> (FY22: 112.4)
	Digital health & wellness	The multiple range has remained consistent with the prior financial year March 2022 but there has been an increase to the weighted average multiple reflecting the more significant weighting of larger assets.	<b>34.0</b> (FY22: 24.7)	10% sensitivity applied to the revenue-multiple	<b>37.0</b> (FY22: 26.7)	<b>31.1</b> (FY22: 22.7)
				10% sensitivity applied to the revenue of the portfolio company	<b>37.0</b> (FY22: 26.7)	<b>31.1</b> (FY22: 22.7)
NAV of underlying fund	All	NAV of funds, adjusted where required – net asset values of underlying funds reported by the manager. These are reviewed for compliance with our policies and are calibrated for any cash and known valuation movements where reporting periods do not align.	<b>227.5</b> (FY22: 240.8)	10% sensitivity applied to the adjusted NAV of funds	<b>250.3</b> (FY22: 264.9)	<b>204.8</b> (FY22: 216.8)
	Enterprise tech		<b>26.8</b> (FY22: –)		<b>29.5</b> (FY22: –)	<b>24.1</b> (FY22: –)
	Consumer tech		<b>–</b> (FY22: –)		<b>–</b> (FY22: –)	<b>–</b> (FY22: –)
	Hardware & Deeptech		<b>8.6</b> (FY22: –)		<b>9.5</b> (FY22: –)	<b>7.8</b> (FY22: –)
	Digital health & wellness		<b>–</b> (FY22: –)		<b>–</b> (FY22: –)	<b>–</b> (FY22: –)
	Other		<b>192.1</b> (FY22: 240.8)		<b>211.3</b> (FY22: 264.9)	<b>172.9</b> (FY22: 216.8)

\*There were no significant inter-relationships between unobservable inputs that materially affect fair values.

## v. Valuations processes

The Audit, Risk and Valuations Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored. In addition to continuous portfolio monitoring through the Board positions held in portfolio companies and the Investment Committee, a bi-annual strategy day is held every six months to discuss the investment performance and valuations of the portfolio companies. The Investment Team leads discussions focused on business performances and key developments, exit strategy and time lines, revenue and EBITDA progression, funding rounds and latest capitalisation table, and valuation metrics of listed peers. Valuations are prepared every six months by the Finance Team during each reporting period, with direct involvement and oversight from the CFO. Challenge and approvals of valuations are led by the Audit, Risk and Valuations Committee every six months, in line with the Group's half-yearly reporting periods.

## 29. Financial instruments risk

### Financial risk management

Financial risks are usually grouped by risk type: market, liquidity and credit risk. These risks are discussed in turn below.

#### Market risk – Foreign currency

A significant portion of the Group's investments and cash deposits are denominated in a currency other than Sterling. The principal currency exposure risk is to changes in the exchange rate between GBP and USD/EUR. Presented below is an analysis of the theoretical impact of 10% volatility in the exchange rate on Shareholder equity.

Theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

	31 Mar 2023 £m	31 Mar 2022 £m
<b>Foreign currency exposures – Investments</b>		
<b>Investments – exposures in EUR</b>	<b>672.3</b>	614.3
10% decrease in GBP	<b>747.0</b>	682.6
10% increase in GBP	<b>611.2</b>	558.5
<b>Investments – exposures in USD</b>	<b>303.1</b>	484.5
10% decrease in GBP	<b>336.7</b>	538.3
10% increase in GBP	<b>275.5</b>	440.5

Certain cash deposits held by the Group are denominated in Euros and US Dollars. The theoretical impact of a change in the exchange rate of +/-10% between GBP and USD/EUR would be as follows:

	31 March 2023 £m	31 March 2022 £m
<b>Foreign currency exposures – Cash</b>		
<b>Cash denominated in EUR</b>	<b>0.5</b>	24.5
10% decrease in EUR: GBP	<b>0.5</b>	22.0
10% increase in EUR: GBP	<b>0.6</b>	26.9
<b>Cash denominated in USD</b>	<b>0.9</b>	32.5
10% decrease in USD: GBP	<b>0.8</b>	29.3
10% increase in USD: GBP	<b>1.0</b>	35.8

The combined theoretical impact on Shareholders' equity of the changes to revenues, investments and cash and cash equivalents of a change in the exchange rate of +/- 10% between GBP and USD/EUR would be as follows:

	31 March 2023 £m	31 March 2022 £m
<b>Foreign currency exposures – Equity</b>		
<b>Shareholders' Equity</b>	<b>1,194.1</b>	1,433.8
10% decrease in EUR: GBP/USD: GBP	<b>1,085.6</b>	1,290.5
10% increase in EUR: GBP/USD: GBP	<b>1,326.8</b>	1,577.3

#### Market risk – Price risk

Market price risk arises from the uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements. As stated in Note 5 and Note 28, valuation of unquoted equity investments at fair value through profit or loss is a critical accounting estimate and actuals may differ from estimates.

The Group is exposed to equity price risk in respect of equity rights and investments held by the Group and classified on the balance sheet as financial assets at fair value through profit or loss (Note 28). These equity rights are held mostly in unquoted high-growth technology companies and are valued by reference to revenue or earnings multiples of quoted comparable companies (taken as at the year-end date), last round price (calibrated against market comparables), or NAV of underlying fund, and also in certain quoted high-growth technology companies – as discussed more fully in Note 5(a). These valuations are subject to market movements.

The Group seeks to manage this risk by routinely monitoring the performance of these investments, employing stringent investment appraisal processes.

# Notes to the consolidated financial statements CONTINUED

## 29. Financial instruments risk continued

Theoretical impact of a fluctuation in equity prices of +/-10% would be as follows:

	Valuation methodology							
	Quoted equity £m		Revenue-multiple £m		NAV of underlying fund £m		Calibrated price of recent investment £m	
	-10%	+10%	-10%	+10%	-10%	+10%	-10%	+10%
As at 31 March 2023	(1.2)	1.2	(43.6)	41.7	(22.8)	22.8	(54.4)	53.6
As at 31 March 2022	(6.4)	6.4	(39.8)	39.9	(24.1)	24.1	(67.2)	74.3

Given the impact on both private and public markets from current market volatility, which could impact the valuation of our unquoted and quoted equity investments, we further flexed by 20% in order to analyse the impact on our portfolio of larger market movements. Theoretical impact of a fluctuation of +/- 20% would have the following impact:

	Valuation methodology							
	Quoted equity £m		Revenue-multiple £m		NAV of underlying fund £m		Calibrated price of recent investment £m	
	-20%	+20%	-20%	+20%	-20%	+20%	-20%	+20%
As at 31 March 2023	(2.4)	2.4	(86.9)	82.5	(45.5)	45.5	(109.2)	106.8
As at 31 March 2022	(12.8)	12.8	(80.2)	79.7	(48.2)	48.2	(132.2)	151.4

### Liquidity risk

Cash and cash equivalents comprise of cash and short-term bank deposits with an original maturity of three months or less held in readily accessible bank accounts. There is no restricted cash as at 31 March 2023 (restricted cash as at 31 March 2022 included £2.3 million of collateral for interest payments on the revolving credit facility (see Note 22 (i)). The carrying amount of these assets is approximately equal to their fair value. Responsibility for liquidity risk management rests with the Board of Molten Ventures plc, which has established a framework for the management of the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows. The utilisation of the debt facility and requirement for utilisation requests is monitored as part of this process, the debt facility is not linked to the liquidity of the Group and further drawdowns on the debt facility have been considered within the Going Concern assessment. For the contractual maturities of the Group's liabilities see tables below.

Contractual maturities of liabilities at 31 March 2023 (£m)	Less than 6 months	6-12 months	Between 1-2 years	Between 2-5 years	Total contractual cash flows	Carrying amount
Trade and other payables	(9.1)	(0.5)	-	-	(9.6)	(9.6)
Fees on facility	-	-	-	-	1.0	1.0
Facility	(4.4)	(4.4)	(8.8)	(116.5)	(134.1)	(90.0)
Provisions	-	(0.3)	-	-	(0.3)	(0.3)
Current lease liabilities	(0.3)	-	-	-	(0.3)	(0.3)
Non-current lease liabilities	-	-	-	-	-	-
Total shown in the statement of financial position	(13.8)	(5.2)	(8.8)	(116.5)	(143.3)	(99.2)

Contractual maturities of liabilities at 31 March 2022 (£m)	Less than 6 months	6-12 months	Between 1-2 years	Between 2-5 years	Total contractual cash flows	Carrying amount
Trade and other payables	(13.3)	(1.0)	-	-	(14.3)	(14.3)
Fees on facility	-	-	-	-	0.3	0.3
Facility	(1.2)	(1.2)	(2.3)	(30.3)	(35.0)	(35.0)
Provisions	-	-	(0.2)	-	(0.2)	(0.2)
Current lease liabilities	(0.2)	(0.2)	-	-	(0.4)	(0.4)
Non-current lease liabilities	-	-	(0.3)	-	(0.3)	(0.3)
Total shown in the statement of financial position	(14.7)	(2.4)	(2.8)	(30.3)	(49.9)	(49.9)

Lease liabilities fall due over the term of the lease. The debt facility has a term of three years – for further details, see Note 22(i). All other Group payable balances at balance sheet date and prior periods fall due for payment within one year.

As part of our Fund of Funds strategy, we make commitments to funds to be drawn down over the life of the fund. Projected drawdowns due by the Company are monitored as part of the monitoring process above. For further details, see Note 31.



### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits. As part of the Group's investments, the Group invests in debt instruments such as bridging loans and convertible loan notes (included within the investments held at FVTPL). This is not included below as the risk is considered as part of the fair value measurement. The Group's trade receivables are amounts due from the investment funds under management, or underlying portfolio companies. The Group's maximum exposure to credit risk is limited to the carrying amount of trade receivables, cash and cash equivalents, and restricted cash at each period end and is summarised below:

Classes of financial assets impacted by credit risk, carrying amounts	31 March 2023 £m	31 March 2022 £m
Trade and other receivables	5.0	2.78
Cash at bank and on hand	22.9	75.8
Restricted cash	–	2.3
<b>Total</b>	<b>27.9</b>	<b>80.9</b>

The Directors consider that expected credit losses relating to the above financial assets are immaterial for each of the reporting dates under review as they are of good credit quality. In respect of trade and other receivables, the Group is not exposed to significant risk as the principal customers are the investment funds managed by the Group, and in these the Group has control of the banking as part of its management responsibilities. Investments in unlisted securities are held within limited partnerships for which Esprit Capital Partners LLP acts as manager, and, consequently, the Group has responsibility itself for collecting and distributing cash associated with these investments. The credit risk of amounts held on deposit is limited by the use of reputable banks with high-quality external credit ratings and, as such, is considered negligible. The Group has an agreed list of authorised counterparties. Authorised counterparties and counterparty credit limits are established within the parameters of the Group Treasury Policy to ensure that the Group deals with creditworthy counterparties and that counterparty concentration risk is addressed. Any changes to the list of authorised counterparties are proposed by the CFO after carrying out appropriate credit worthiness checks and any other appropriate information, and the changes require approval from the Board. Cash at 31 March 2023 is held with the following institutions (and their respective Moody's credit rating): (1) Barclays Bank plc (Baa2); (2) SVB UK Limited (Ba1); (3) Investec Bank plc (Baa1); and at 31 March 2022, also EFG Private Bank Limited.

### Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for Shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure.

The Group is funded through equity and debt at the balance sheet date. During the period, the Group has repaid a revolving credit facility and replaced with a term loan (as well as an undrawn revolving credit facility). During the year, the previous credit facility of £65.0 million was repaid with a term loan of £90.0 million. Please refer to Note 22(i) for further details regarding the loan.

In order to maintain or adjust the capital structure, the Group may make distributions to Shareholders, return capital to Shareholders, issue new shares or sell assets between related parties or otherwise to manage cash.

### Interest rate risk

The Group's interest rate risk arises from borrowings on the £90.0 million loan facility with JPM and SVB, which was entered into in September 2022 and the fully repaid £65.0 million loan facility with SVB and Investec (31 March 2022: £30.0 million drawn). The Group's borrowings are denominated in GBP and are carried at amortised cost. The fair value of the debt is deemed to be the same as the carrying amount.

Drawdowns of £90.0 million were made during the year to 31 March 2023 at an interest rate of SONIA (prior debt facility LIBOR) plus 5.50% on the loan facility with JPM and SVB. This balance remains outstanding at the period end. There was an additional drawdown from the previous debt facility with SVB and Investec of £35.0 million in the period (total borrowings post drawdown of £65.0 million) at an interest rate of LIBOR plus 6.25%. The £65.0 million debt facility was fully repaid in the year ended 31 March 2023. (31 March 2022: £30.0 million had been drawn down from the previous facility, which has now been repaid). The Debt Facility agreement has an interest rate calculated with reference to the SONIA with a margin of 5.50%. The interest charged on future drawdowns will fluctuate with the movements on SONIA.

If the base rate (SONIA or LIBOR) rate had been 2.5% higher during the year to 31 March 2023, the difference to the consolidated statement of comprehensive income would have been an increase in finance costs of £1.5 million.

# Notes to the consolidated financial statements CONTINUED

## 30. Related party transactions

The Group has various related parties stemming from relationships with Limited Partnerships managed by the Group, its investment portfolio, its advisory arrangements/Directors' fees (Board seats) and its key management personnel.

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, and are considered to be the Directors of the Company listed on pages 96 and 97.

	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
Wages and salaries	2.1	2.6
Defined contribution pension costs	0.2	0.2
Social security contributions and similar taxes	0.3	0.4
Carried interest paid	1.2	2.6
<b>Total</b>	<b>3.8</b>	<b>5.8</b>

The details of individual Directors' remuneration and pension benefits, as set out in the tables contained in the Directors' Remuneration Report on page 117, form part of these consolidated financial statements.

During the year, employees of Molten Ventures plc, including key management personnel were granted and exercised share options – see Note 14 for further details.

### Transactions with other related parties

In addition to key management personnel, the Company has related parties in respect of its subsidiaries and other related entities.

On 30 March 2022, Molten Ventures plc entered into an agreement with Softcat plc to provide Molten Ventures plc with fractional CIO services. Karen Slafford was both the Chair of Softcat plc's Board and was Chair of Molten Ventures plc's Board at the time of entering the agreement until 17 January 2023. During the year, fees of £0.1 million have been recognised in relation to the services and £Nil remains outstanding at 31 March 2023 (31 March 2022: £Nil).

### Management fees

Fees are received by the Group in respect of the EIS and VCT funds as well as unconsolidated structured entities managed by Esprit Capital Partners LLP, which is consolidated into the Group. The EIS funds are managed by Encore Ventures LLP under an Investment Management Agreement; Encore Ventures LLP is a consolidated subsidiary of the Group. Molten Ventures VCT plc is managed under an Investment Management Agreement by Elderstreet Investments Limited, which is a consolidated subsidiary of the Group. Management fees are received by the Group in respect of these contracts. See Note 4(b) for further information on consolidation.

	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
<b>Management fees recognised in the statement of comprehensive income resulting from related party transactions</b>		
Management fees from unconsolidated structured entities	16.8	12.7
Management fees from EIS and VCT funds	5.9	5.1

### Directors' fees

Administration fees for the provision of Director services are received where this has been agreed with the portfolio companies. These amounts are immaterial. At times, expenses incurred relating to Director services can be recharged to portfolio companies – these are also immaterial. Molten Ventures does not exercise control or management through any of these Non-Executive positions.

### Carry payments

Carry was paid to 15 beneficiaries in the year, of which the below was to related parties. Carry payments have been made in respect of Esprit Capital III LP and Esprit Capital IV LP to key management personnel in FY22 and FY23. Please see the Directors' Remuneration Report for further details.

	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
Carry payments	1.2	2.6

### Performance fees

Performance fees have not been paid during the year by the EIS and VCT funds to Encore Ventures LLP. At 31 March 2023, £Nil was unpaid (31 March 2022: £0.8 million).

	Year ended 31 March 2023	Year ended 31 March 2022
	£m	£m
Performance fees	–	2.5

### Unconsolidated structured entities

The Group has exposure to a number of unconsolidated structured entities as a result of its venture capital investment activities.

The Group ultimately invests all funds via a number of limited partnerships and some via Molten Ventures plc's wholly owned subsidiary, Molten Ventures (Ireland) Limited. These are controlled by the Group and not consolidated, but they are held as investments at fair value through profit or loss on the consolidated statement of financial position in line with IFRS 10 (see Note 4(b) for further details and for the list of these investment companies and limited partnerships). The material assets and liabilities within these investment companies are the investments, which are held at FVTPL in the consolidated accounts. Please see further details in the table below.

Within the current financial year, the Group has acquired assets within Esprit Fund 2 at a fair value of £1.9 million as at 31 March 2023. The Group has a beneficial interest to these assets since the acquisition and as such holds them as investments at fair value through profit and loss.

Name of undertaking	Registered office	Activity	Holding	Country	31 March 2023 £m	31 March 2022 £m
Esprit Investments (1) (B) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group and Molten Ventures FoF 1 LP hold Fund of Fund investments	89%	England	14.2	18.0
Esprit Investments (2) (B) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group and Molten Ventures FoF 1 LP hold Fund of Fund investments	89%	England	47.5	240.0
Esprit Investments (2) (B) (i) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	–	–
Molten Ventures (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland	Investment entity	100%	Ireland	1,041.7	1,121.7
Esprit Capital III LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	33.6	50.8
Esprit Capital IV LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	15.5	34.8
DFJ Europe X LP	c/o Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands	Limited Partnership pursuant to which the Group makes certain investments	100%	Cayman Islands	5.8	15.8
Esprit Investments (1) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	169.9	248.3
Esprit Investments (2) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	822.2	787.2
Molten Ventures Holdings Limited	20 Garrick Street, London WC2E 9BT	Intermediate Company and Qualifying Asset Holding Company ("QAHC")	100%	England	51.9	–
Molten Ventures Investments LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	2.5	–
Molten Ventures FoF I LP	20 Garrick Street, London WC2E 9BT	Limited partnership under the Group's management which makes Fund of Fund investments	50%	England	12.4	–
Esprit Investments (2) (B) (ii) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	153.2	–

Molten Ventures (Ireland) Limited invests via the following limited partnerships: Esprit Investments (1) LP, Esprit Investments (2) LP, Esprit Capital IV LP (which also holds investments via DFJ Europe X LP) and Esprit Capital III LP.

Molten Ventures Holdings Limited invests via the following limited partnerships: Molten Ventures Investments LP, Molten Ventures FoF I LP, and Esprit Investments (2)(B)(ii) LP.

The investments balance in the consolidated statement of financial position also includes investments held by consolidated entities.

The Group also co-invests or historically co-invested with a number of limited partnerships (see Note 4(b) for further details). The exposure to these entities is immaterial.

Vested but unrealised carried interest of £0.6 million is recognised by the Group via Encore I Founder LP (14.5% aggregate carry LP interest) and Esprit Capital III Carried Interest LP (2.2% aggregate carry LP interest).

# Notes to the consolidated financial statements CONTINUED

## 31. Capital commitments

The Group makes commitments to seed funds (including funds invested in as part of our partnership with Earlybird) as part of its investment activity, which will be drawn down as required by the funds over their investment period. Contractual commitments for the following amounts have been made as at 31 March 2023 but are not recognised as a liability on the consolidated statement of financial position:

	31 March 2023 £m	31 March 2022 £m
Undrawn capital commitments	87.9	74.2
Total capital commitments	316.0	263.5

Total fair value to the Group of these seed funds (including Earlybird) is £331.5 million of total investments (31 March 2022: £399.5 million).

## 32. Ultimate controlling party

The Directors of Molten Ventures plc do not consider there to be a single ultimate controlling party of the Group.

## 33. Alternative Performance Measures ("APM")

The Group has included the APMs listed below in this report as they highlight key value drivers for the Group and, as such, have been deemed by the Group's management to provide useful additional information to readers of this report. These measures are not defined by IFRS and should be considered in addition to IFRS measures.

### Gross Portfolio Value ("GPV")

The GPV is the gross fair value of the Group's investment holdings before deductions for the fair value of carry liabilities and any deferred tax. The GPV is subject to deductions for the fair value of carry liabilities and deferred tax to generate the net investment value, which is reflected on the consolidated statement of financial position as financial assets held at FVTPL. Please see Note 28 for a reconciliation to the net investment balance. This table also shows the Gross to Net movement, which is 93% in the current year calculated as the net investment value (£1,277.0 million) divided by the GPV (£1,370.7 million). The table reflects a Gross fair value movement of £(250.9 million), on an opening balance of £1,531.5 million, which is a (16)% percentage change on the 31 March 2022 GPV. This is described in the report as the Gross fair value decrease/increase.

### Net Portfolio Value ("NPV")

The NPV is the net fair value of the Group's investment holdings after deductions for the fair value of carry liabilities and any deferred tax from the GPV. The NPV is the value of the Group's financial assets classified at "fair value through profit or loss" on the statement of financial position. Please see further details relating to the calculation of the Net Portfolio Value in Note 28.

### NAV per share

The NAV per share is the Group's net assets attributable to Shareholders divided by the number of shares at the relevant reporting date. See the calculation in Note 13.

### Net fair value movement

This is the fair value movement as calculated by dividing the fair value movement, excluding foreign exchange movements, by the opening Gross Portfolio Value at the relevant period.

### Gross fair value movement

This is the fair value movement as calculated by dividing the fair value movement, including foreign exchange movements, by the opening Gross Portfolio Value at the relevant period.

### Platform AuM

The latest available fair value of investments held at FVTPL and cash managed by the Group, including funds managed by Elderstreet Investments Limited, Encore Ventures LLP, and Esprit Capital Partners LLP. This includes a deduction for Molten Ventures plc operating costs budget for the year. We also refer to the EIS and VCT fund AUM separately within the report.

## 34. Exceptional items

Exceptional costs related to the Company's Main Market move were £Nil for the year ended 31 March 2023 (year ended 31 March 2022: £2.4 million). The majority of these costs related to brokers fees, legal advisory, listing, reporting accountant, NED recruitment, remuneration advisory, IT consultancy, and PR services.

## 35. Subsequent events

As part of our portfolio management and to generate additional liquidity, we have agreed a secondary sale for 10% of our Earlybird Fund VI investment on 28 April 2023, realising £14 million (£13 million).

There are no further post balance sheet events requiring comment.

# Company statement of financial position

As at 31 March 2023

	Notes	31 March 2023 £m	31 March 2022 £m
<b>Non-current assets</b>			
Financial assets held at fair value through profit or loss	6	1,271.5	1,379.7
Investments in subsidiary undertakings	7	13.6	14.2
Deferred tax		–	1.6
Property, plant and equipment	4	0.4	0.9
<b>Total non-current assets</b>		<b>1,285.5</b>	<b>1,396.4</b>
<b>Current assets</b>			
Trade and other receivables	8	13.1	11.8
Cash and cash equivalents		20.5	61.9
Restricted cash		–	2.3
<b>Total current assets</b>		<b>33.6</b>	<b>76.0</b>
<b>Current liabilities</b>			
Trade and other payables	10	(19.1)	(8.2)
Lease liabilities		(0.3)	(0.4)
<b>Total current liabilities</b>		<b>(19.4)</b>	<b>(8.6)</b>
<b>Non-current liabilities</b>			
Deferred tax	15	(22.2)	(25.7)
Provisions		(0.3)	(0.3)
Loans and borrowings	9	(89.0)	(29.7)
Lease liabilities		–	(0.3)
<b>Total non-current liabilities</b>		<b>(111.5)</b>	<b>(56.0)</b>
<b>Net assets</b>		<b>1,188.2</b>	<b>1,407.8</b>
<b>Equity</b>			
Share capital	11	1.5	1.5
Share premium account	11	615.9	615.9
Other reserves	12	33.3	28.9
Retained earnings		537.5	761.5
<b>Equity attributable to owners of Molten Ventures plc</b>		<b>1,188.2</b>	<b>1,407.8</b>

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented a statement of comprehensive income for the Company. The Company's loss for the year ended 31 March 2023 was £224.0 million (year ended 31 March 2022: profit of £296.3 million).

The Company financial statements should be read in conjunction with the accompanying notes. The Company financial statements on pages 179 to 186 were authorised for issue by the Board of Directors on 14 June 2023 and were signed on its behalf by:

**Ben Wilkinson**  
Chief Financial Officer

Molten Ventures plc registered number 09799594

# Company statement of changes in equity

For the year ended 31 March 2023

31 March 2023 £m	Note	Share capital	Share premium	Other reserves	Retained earnings	Total equity
<b>Brought forward as at 1 April 2022</b>		<b>1.5</b>	<b>615.9</b>	<b>28.9</b>	<b>761.5</b>	<b>1,407.8</b>
<b>Comprehensive income/(expense) for the year</b>						
Loss for the year		–	–	–	(224.0)	(224.0)
<b>Total comprehensive income/(expense) for the year</b>		–	–	–	(224.0)	(224.0)
<b>Contributions by and distributions to the owners:</b>						
Issue of share capital	12	–	–	–	–	–
Share premium	12	–	–	–	–	–
Options granted and awards exercised	13	–	–	4.4	–	–
<b>Total contributions by and distributions to the owners</b>		–	–	<b>4.4</b>	–	<b>4.4</b>
<b>Balance as at 31 March 2023</b>		<b>1.5</b>	<b>615.9</b>	<b>33.3</b>	<b>527.7</b>	<b>1,118.2</b>
<b>31 March 2022 £m</b>	<b>Note</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Brought forward as at 1 April 2021</b>		<b>1.4</b>	<b>508.3</b>	<b>26.2</b>	<b>467.7</b>	<b>1,003.6</b>
<b>Comprehensive income for the year</b>						
Profit for the year		–	–	–	296.3	296.3
<b>Total comprehensive income for the year</b>		–	–	–	296.3	296.3
<b>Contributions by and distributions to the owners:</b>						
Issue of share capital	12	0.1	–	–	–	0.1
Share premium	12	–	107.6	–	–	107.6
Options granted and awards exercised	13	–	–	2.7	(2.5)	0.2
<b>Total contributions by and distributions to the owners</b>		<b>0.1</b>	<b>107.6</b>	<b>2.7</b>	<b>(2.5)</b>	<b>107.9</b>
<b>Balance as at 31 March 2022</b>		<b>1.5</b>	<b>615.9</b>	<b>28.9</b>	<b>761.5</b>	<b>1,407.8</b>

The Company financial statements should be read in conjunction with the accompanying notes.

# Notes to the company financial statements

## 1. Basis of preparation

The financial reporting framework that has been applied in the preparation of the Company's financial statements is Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The Company has taken advantage of disclosure exemptions available under FRS 101 as explained below. The financial statements are prepared on a going concern basis.

A summary of the more important Company accounting policies, which have been consistently applied except where noted, is set out in the relevant following notes.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
- IAS 7 'Statement of Cash Flows';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into and between two or more members of a group;
- IAS 1 'Presentation of Financial Statements' and the following paragraphs of IAS 1: 10(d) (statement of cash flows), 16 (statement of compliance with all IFRS), 111 (cash flow statement information), and 134–136 (capital management disclosures).

No new Standards have been adopted in the current financial year ended 31 March 2023 or in the prior financial year ended 31 March 2022.

## 2. Critical accounting estimates and judgements

The Directors have made judgements and estimates with respect to those items that have made the most significant effect on the carrying amounts of the assets and liabilities in the financial statements. The Directors have concluded that the critical judgements and estimates in the Company financial statements are consistent with those applied in the consolidated financial statements, further details of which can be found in Note 5 of the consolidated financial statements.

## 3. Investments in subsidiary undertakings

Unlisted investments are held at cost less any provision for impairment with the exception of unconsolidated investment entity subsidiaries that are held at fair value.

## 4. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is recognised to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following basis:

Leasehold improvements – over the term of the lease

Fixtures and equipment – 33% per annum straight line

Computer equipment – 33% per annum straight line

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting year, with the effect of any changes in estimate accounted for on a prospective basis.

	Right-of-use assets £m	Leasehold improvements £m	Computer equipment £m	Total £m
<b>As at 31 March 2023</b>				
<b>Cost</b>				
Cost carried forward as at 1 April 2022	1.6	0.8	0.2	2.6
Additions during the year	–	–	–	–
Disposals during the year	–	–	–	–
<b>Cost as at 31 March 2023</b>	<b>1.6</b>	<b>0.8</b>	<b>0.2</b>	<b>2.6</b>
<b>Accumulated depreciation</b>				
Depreciation carried forward as at 1 April 2022	(1.0)	(0.6)	(0.1)	(1.7)
Charge for the year	(0.4)	(0.1)	–	(0.5)
Disposals during the year	–	–	–	–
<b>Accumulated depreciation as at 31 March 2023</b>	<b>(1.4)</b>	<b>(0.7)</b>	<b>(0.1)</b>	<b>(2.2)</b>
<b>Net book value</b>				
<b>As at 31 March 2023</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>
As at 31 March 2022	0.6	0.2	0.1	0.9

# Notes to the company financial statements CONTINUED

## 4. Property, plant and equipment continued

	Right-of-use assets £m	Leasehold improvements £m	Computer equipment £m	Total £m
<b>As at 31 March 2022</b>				
Cost				
Cost carried forward as at 1 April 2021	1.6	0.8	0.1	2.5
Additions during the year	-	-	0.1	0.1
Disposals during the year	-	-	-	-
<b>Cost as at 31 March 2022</b>	<b>1.6</b>	<b>0.8</b>	<b>0.2</b>	<b>2.6</b>
Accumulated depreciation				
Depreciation carried forward as at 1 April 2021	(0.7)	(0.4)	-	(1.1)
Charge for the year	(0.3)	(0.2)	(0.1)	(0.6)
Disposals during the year	-	-	-	-
<b>Accumulated depreciation as at 31 March 2022</b>	<b>(1.0)</b>	<b>(0.6)</b>	<b>(0.1)</b>	<b>(1.7)</b>
<b>Net book value</b>				
<b>As at 31 March 2022</b>	<b>0.6</b>	<b>0.2</b>	<b>0.1</b>	<b>0.9</b>
As at 31 March 2021	1.0	0.3	0.1	1.4

No "fixtures and equipment" are held by the Company.

## 5. Results for the parent company

The auditor's remuneration for audit services and other services is disclosed in Note 10 to the consolidated financial statements.

## 6. Financial assets held at fair value through profit or loss

Name of undertaking	Registered office	Activity	Holding	Country	31 March 2023 £m	31 March 2022 £m
Esprit Investments (1) (B) LP	20 Garrick Street, London WC2E 9BT	Limited partnership pursuant to which the Company and Molten Ventures FoF LP hold Fund of Fund investments	78%	England	14.2	18.0
Esprit Investments (2) (B) LP	20 Garrick Street, London WC2E 9BT	Limited partnership pursuant to which the Company and Molten Ventures FoF LP hold Fund of Fund investments	78%	England	47.5	240.0
Molten Ventures (Ireland) Limited	32 Molesworth Street, Dublin 2, Ireland	Investment entity	100%	Ireland	1,041.7	1,121.7
Molten Ventures Holdings Limited <sup>1</sup>	20 Garrick Street, London WC2E 9BT	Intermediate Company and Qualifying Asset Holding Company ("QAHC")	100%	England	51.9	-
Esprit Investments 2(B)(i) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	-	-
Esprit Investments 2(B)(ii) LP	20 Garrick Street, London WC2E 9BT	Limited Partnership pursuant to which the Group makes certain investments	100%	England	116.2	-
<b>Totals</b>					<b>1,271.5</b>	<b>1,379.7</b>

	Year ended 31 March 2023 £m	Year ended 31 March 2022 £m
<b>As at 1 April</b>	<b>1,379.7</b>	840.2
Investments made in the year	138.2	311.2
Loans repaid from underlying investment vehicles <sup>1</sup>	(48.1)	(90.1)
Changes on (losses)/gains on investments held at fair value through profit or loss	(198.3)	318.4
<b>Totals</b>	<b>1,271.5</b>	<b>1,379.7</b>

<sup>1</sup> Investments and loans made in the year are amounts the Company has invested in underlying investment vehicles. This is not the equivalent to the total amount invested in portfolio companies, as existing cash balances from the investment vehicles are reinvested.

See Note 4(b) in the consolidated financial statements for the accounting policies in respect of investments held at fair value through profit or loss.



## 7. Investments in consolidated subsidiary undertakings, associates and Employee Benefit Trust

On 15 June 2016, the Company acquired the entire capital interests of Esprit Capital Partners LLP for £13.2 million, which was satisfied in shares and is held at cost on the Company's balance sheet within investments in subsidiary undertakings as at 31 March 2023 (31 March 2022: £13.2 million).

On 26 November 2016, the Company acquired 30.77% of the capital interests in Elderstreet Holdings Limited, the holding company of Elderstreet Investments Limited (manager of Molten Ventures VCT plc) for £0.26 million, which was held at cost on the Company's balance sheet at 31 March 2020 within investments in associates. On 9 February 2021, Molten Ventures plc acquired the remaining 69.23% of the issued share capital in Elderstreet Holdings Limited. Elderstreet Holdings Limited was held as an Investment in Associate on the consolidated statement of financial position as at 31 March 2020. Total consideration for the remaining issued share capital not previously held was cash consideration of £0.79 million (with an amount withheld for tax on share options). This transaction was accounted for under IFRS 3 as a business combination achieved in stages (or "step acquisition") as this transaction resulted in Molten Ventures plc obtaining control over Elderstreet Holdings Limited and Elderstreet Investments Limited (as its 100% owned subsidiary). At 31 March 2023, the total investment in subsidiary undertaking is £1.05 million made up of initial ownership and the cash consideration (31 March 2022: £1.05 million).

On 27 November 2020, Molten Ventures Employee Benefit Trust (the "Trust") was set up to operate as part of the employee share option schemes. The Trust is funded via a loan from Molten Ventures plc, which is included in trade and other receivables on the Company statement of financial position.

## 8. Trade and other receivables

	31 March 2023 £m	31 March 2022 £m
Trade receivables	0.8	0.3
Other receivables and prepayments	1.9	1.0
Loans made to Group companies <sup>1</sup>	9.5	9.5
Intercompany debtors	0.9	1.0
<b>Total</b>	<b>13.1</b>	<b>11.8</b>

<sup>1</sup> Loans made to Group companies relate to the loan to Grow Trustees Limited, see Note 18 for further details.

All trade and other receivables amounts are short term. The net carrying value of all financial assets is considered a reasonable approximation of fair value.

## 9. Loans and borrowings

During the period, Molten Ventures agreed a new £150.0 million net asset value facility with J.P. Morgan Chase Bank N.A. ("JPM") and Silicon Valley Bank ("SVB") (the "Debt Facility"). The Debt Facility comprises a £90.0 million term loan and a revolving credit facility ("RCF") of up to £60.0 million on a three-year tenure, both with one-year extensions up to five years and is secured against various assets and LP interests in the Group. The Debt Facility interest rate is SONIA plus a margin of 5.5% per annum. For more information, see Note 22(i) in the Group consolidated financial statements.

## 10. Trade and other payables

	31 March 2023 £m	31 March 2022 £m
Trade payables	(0.4)	(0.4)
Other taxation and social security	(0.2)	(0.4)
Intragroup creditors	(11.2)	(0.3)
Other payables	(2.4)	–
Accruals and deferred income	(4.9)	(7.1)
<b>Total</b>	<b>(19.1)</b>	<b>(8.2)</b>

All trade and other payables amounts are short term. The net carrying value of all financial liabilities is considered a reasonable approximation of fair value.

# Notes to the company financial statements CONTINUED

## 11. Share capital and share premium

<b>Year ended 31 March 2023 – Allotted and fully paid</b>	<b>Number</b>	<b>Pence</b>	<b>£'m</b>
At the beginning of the year	152,999,853	1	1.5
Issue of share capital during the year <sup>1</sup>	–	–	–
<b>At the end of the year</b>	<b>152,999,853</b>	<b>1</b>	<b>1.5</b>

<b>Year ended 31 March 2022 – Allotted and fully paid</b>	<b>Number</b>	<b>Pence</b>	<b>£'m</b>
At the beginning of the year	139,097,075	1	1.4
Issue of share capital during the year <sup>1</sup>	13,902,778	1	0.1
<b>At the end of the year</b>	<b>152,999,853</b>	<b>1</b>	<b>1.5</b>

<sup>1</sup> In June 2021, the Company raised gross proceeds of £111.2 million at a placing price of 800 pence per share by way of a placing of 13,902,778 new ordinary shares.

Movements in share premium in the statement of changes in equity are shown net of directly attributable costs relating to the share issuance. Movements in share capital and share premium are explained in Note 24 of the consolidated financial statements.

## 12. Other reserves

Movements in other reserves are explained in Note 25(ii) of the consolidated financial statements.

## 13. Share-based payments

The Company operates a share option scheme that is explained in Note 14 of the consolidated financial statements. The Company operates the share option scheme within the Group, therefore, the details provided in Note 14 are also applicable to the Company.

## 14. Employee information

Employee benefit expenses (including Directors) comprise:

	<b>Year ended 31 March 2023 £'m</b>	<b>Year ended 31 March 2022 £'m</b>
Wages and salaries	8.3	8.7
Defined contribution pension costs	0.8	0.8
Benefits (healthcare and life assurance)	0.3	0.2
Recruitment costs	0.2	0.2
Social security contributions and similar taxes	1.2	1.5
<b>General employee and employee-related expenses</b>	<b>10.8</b>	<b>11.4</b>
Share-based payment expense arising from Company share option scheme	4.4	3.6
<b>Total employee benefit expenses</b>	<b>15.2</b>	<b>15.0</b>

The monthly average number of persons (including Executive and Non-Executive Directors) employed by the Company during the year was:

	<b>Year ended 31 March 2023 Number</b>	<b>Year ended 31 March 2022 Number</b>
Executive Directors	3	3
Non-Executive Directors	5	4
Investment	22	16
Infrastructure	26	23
<b>Total</b>	<b>56</b>	<b>46</b>

Infrastructure comprises finance, marketing, human resources, legal, IT, and administration.

At 31 March 2023, there were four Non-Executive Directors (31 March 2022: five). See Nomination Committee report for further details of changes in the year.

## 15. Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method using the tax rate expected to apply when the temporary differences reverse. See breakdown below:

	31 March 2023 £'m	31 March 2022 £'m
Arising on share-based payments	–	1.6
<b>Deferred tax asset</b>	–	1.6
Arising on the investment portfolio	(20.9)	(25.6)
Arising on share-based payments	(1.0)	(0.1)
Other timing differences	(0.3)	–
<b>Deferred tax liability</b>	(22.2)	(25.7)
<b>At the end of the period</b>	<b>(22.2)</b>	<b>(24.1)</b>

## 16. Subsidiary undertakings

The Company has a number of subsidiary undertakings. For a breakdown of the subsidiaries and related undertakings of the Group, of which Molten Ventures plc is the ultimate parent entity, see Note 4(b) and Note 17 of the consolidated financial statements. See below the list of direct subsidiaries of Molten Ventures plc.

Name of subsidiary undertaking	Activity	Holding	Registered office
Esprit Capital Partners LLP	AIFM to the Company and Esprit Funds	100%	20 Garrick Street, London WC2E 9BT United Kingdom
Molten Ventures (Nominee) Limited <sup>1</sup>	Nominee company	100%	20 Garrick Street, London WC2E 9BT United Kingdom
Elderstreet Holdings Limited <sup>2</sup>	Intermediate holding company	100%	20 Garrick Street, London WC2E 9BT United Kingdom
Molten Ventures (Ireland) Limited	Investment entity	100%	32 Molesworth Street, Dublin 2, Ireland
Esprit Investments (1) (B) LP <sup>3</sup>	Limited partnership pursuant to which the Company and Molten Ventures FoF I LP hold Fund of Fund investments	78%	20 Garrick Street, London WC2E 9BT United Kingdom
Esprit Investments (2) (B) LP <sup>3</sup>	Limited partnership pursuant to which the Company and Molten Ventures FoF I LP hold Fund of Fund investments	78%	20 Garrick Street, London WC2E 9BT United Kingdom
Grow Trustees Limited	Trustee of the Group's employment benefit trust	100%	20 Garrick Street, London WC2E 9BT United Kingdom
Molten Ventures Advisors Ltd <sup>4</sup>	Investment Adviser to the Growth Fund	100%	20 Garrick Street, London WC2E 9BT United Kingdom
Molten Ventures Holdings Limited <sup>5</sup>	Intermediate Company and Qualifying Asset Holding Company ("QAHC")	100%	20 Garrick Street, London WC2E 9BT United Kingdom
Esprit Investments (2) (B) (i) LP <sup>6</sup>	Limited Partnership pursuant to which the Group makes certain investments	100%	20 Garrick Street, London WC2E 9BT United Kingdom
Esprit Investments (2) (B) (ii) LP <sup>6</sup>	Limited Partnership pursuant to which the Group makes certain investments	100%	20 Garrick Street, London WC2E 9BT United Kingdom

<sup>1</sup> Molten Ventures (Nominee) Limited is held at cost £Nil (2022: £Nil) on the Company's balance sheet.

<sup>2</sup> The remaining interest in Elderstreet Holdings Limited, holding company of Elderstreet Investments I Limited, was purchased by Molten Ventures plc on 9 February 2021. For further details, see Note 18 of the FY21 consolidated financial statements.

<sup>3</sup> A minority holding in Esprit Investments (1) (B) LP & Esprit Investments (2) (B) LP was sold within the financial year ended 31 March 2023 to external parties (31 March 2022: 100% holdings in both subsidiaries).

<sup>4</sup> Molten Ventures Advisors Ltd was incorporated on 24 January 2022.

<sup>5</sup> Molten Ventures Holdings Ltd was incorporated on 27 July 2022.

<sup>6</sup> Esprit Investments (2) (B) (i) LP and Esprit Investments (2) (B) (ii) LP were incorporated on 23 November 2022.

# Notes to the company financial statements CONTINUED

## 16. Subsidiary undertakings continued

The investments are held through the investment companies as set out in Note 28 in the consolidated financial statements at their respective net asset values, and as such, are all noted to be Level 3 for FY23 and FY22. The difference between investments disclosed in Note 28 of the consolidated financial statements and the Company investments relate to interests in unvested carried interest held by subsidiaries of Molten Ventures plc, which are included in the consolidated financial statements at FVTPL but are not included in the Company financial statements. Unvested carried interest is carried interest, which is yet to vest, but would be due on realisation of assets based on measurement date fair values of investments. See table below for a reconciliation to the investment figure in Note 28 of the consolidated financial statements and the investments figure on the Company statement of financial position.

	Year ended 31 March 2023 £'m	Year ended 31 March 2022 £'m
Molten Ventures plc investments held at fair value through profit or loss	1,271.5	1,379.7
Fair value of investments held in other Group entities*	5.5	31.1
<b>Total</b>	<b>1,277.0</b>	<b>1,410.8</b>

\*Refers to the fair value of investments not held by Molten Ventures Plc, but included within the Consolidated Statement of Financial Position.

The Company holds investments at FVTPL. Refer to Note 28 for the Group's policies with respect to fair value measurements and Note 2 of the Company financial statements.

## 17. Financial instruments risk

In the normal course of business, the Company uses certain financial instruments including cash, trade and other receivables and investments. The Company is exposed to a number of risks through the performance of its normal operations. Refer to Note 29 of the consolidated financial statements.

## 18. Related party transactions

### Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and are considered to be the Directors of the Company listed on pages 96 and 97.

	31 March 2023 £'m	31 March 2022 £'m
Wages and salaries	2.1	2.6
Defined contribution pension costs	0.2	0.2
Social security contributions and similar taxes	0.3	0.4
Carried interest paid	1.2	2.6
<b>Total</b>	<b>3.8</b>	<b>5.8</b>

The details of individual Directors' remuneration and pension benefits, as set out in the tables contained in the Directors' Remuneration Report on page 117, form part of these financial statements.

### Other related party transactions

Please refer to Note 30 in the consolidated financial statements for further details on related party transactions. In addition to the transactions referenced in Note 30, the below transactions eliminate on consolidation but are relevant for the Company:

As at 31 March 2023, Molten Ventures plc has a receivable relating to an intercompany loan with Grow Trustees Limited relating to the purchase of own shares for the benefit of the Molten Ventures Employee Benefit Trust of £9.5 million (31 March 2022: £9.5 million).

During the year, £2.0 million (year ended 31 March 2022: £2.3 million) was invoiced from Molten Ventures plc to Encore Ventures LLP for overheads, including use of office space at 20 Garrick Street, staff, and fixed assets. At year-end a balance of £0.2 million (31 March 2022: £0.1 million) remained outstanding. Encore Ventures LLP is a subsidiary of Molten Ventures plc and has a management contract with the EIS funds.

During the year, the Company invoiced Elderstreet Investments Limited, previously an associate and now a subsidiary, £0.4 million (year to 31 March 2022: £0.3 million), with a balance outstanding at year-end of £Nil (31 March 2022: £Nil) for overheads, including use of office space at 20 Garrick Street, staff, and fixed assets.

During the year, the Company transferred certain fund of fund investments totalling £26.2m from Esprit Investments 1(B) LP and Esprit Investments 2(B) LP to a newly formed entity, Molten Ventures FoF I LP as part of a strategy for the syndication of Fund of Funds.

## 19. Subsequent events

Please refer to Note 35 of the consolidated financial statements.

# Board, management and administration

## Directors

**Grahame Cook** (Interim Chair)  
**Martin Davis** (Chief Executive Officer)  
**Stuart Chapman** (Chief Portfolio Officer)  
**Ben Wilkinson** (Chief Financial Officer)  
**Gervaise Slowey** (Non-Executive Director)  
**Richard Pelly** (Non-Executive Director)  
**Sarah Gentleman** (Non-Executive Director)

## Registered office

20 Garrick Street  
 London  
 England  
 WC2E 9BT  
 United Kingdom

## Website

[www.moltenventures.com](http://www.moltenventures.com)  
[investors.moltenventures.com/investor-relations/plc](http://investors.moltenventures.com/investor-relations/plc)

## Broker and Joint Financial Adviser

**Numis Securities Limited**  
 45 Gresham Street  
 London  
 EC2V 7BF  
 United Kingdom

## Broker and Euronext Dublin Sponsor

**Goodbody Stockbrokers UC**  
 Ballsbridge Park  
 Ballsbridge  
 Dublin 4  
 Ireland

## Legal Advisers to the Company (as to English law)

**Gowling WLG (UK) LLP**  
 4 More London Riverside  
 London  
 SE1 2AU  
 United Kingdom

## Legal Advisers to the Company (as to Irish law)

**Maples and Calder**  
 75 St. Stephen's Green  
 Dublin 2  
 Ireland

## Depositary

**Langham Hall UK Depositary LLP**  
 1 Fleet Place  
 8th Floor  
 London  
 EC4M 7RA  
 United Kingdom

## Independent Auditors

**PricewaterhouseCoopers LLP**  
 7 More London Riverside  
 London  
 SE1 2RT  
 United Kingdom

## Public Relations Adviser

**Powerscourt Limited**  
 1 Tudor Street  
 London  
 EC4Y 0AH  
 United Kingdom

## Investor Relations Adviser

**Equitory**  
 33 Queen Street PI  
 London  
 EC4R 1AP

## Principal Bankers

**Barclays Bank Plc**  
 1 Churchill Place  
 London  
 E14 5HP  
 United Kingdom

**JP Morgan Chase Bank, N.A., London Branch**  
 25 Bank Street  
 London  
 E14 5JP

**Silicon Valley Bank**  
 Alphabeta  
 14–18 Finsbury Square  
 London  
 EC2A 1BR

## Registrar

**Equiniti Limited**  
 Aspect House  
 Spencer Road  
 Lancing  
 West Sussex  
 BN99 6DA  
 United Kingdom

## Company Secretary

Gareth Faith

# Glossary

In this document, where the context permits, the expressions set out below shall bear the following meaning:

<b>"Act"</b>	the UK Companies Act 2006.
<b>"AIM"</b>	AIM, the market of that name operated by the London Stock Exchange.
<b>"Audit, Risk and Valuations Committee"</b>	the Audit, Risk and Valuations Committee of the Board.
<b>"AUM"</b>	assets under management.
<b>"BoE"</b>	Bank of England.
<b>"BVCA"</b>	British Private Equity and Venture Capital Association.
<b>"Company" or "Molten" or "Molten Ventures" or "plc"</b>	Molten Ventures plc, a company incorporated in England and Wales with registered number 09799594 and having its registered office at 20 Garrick Street, London WC2E 9BT.
<b>"Core Portfolio", "Core Portfolio Companies", "Core Companies" or "Core"</b>	the companies that generally represent highest fair value to Molten, which account for approximately 62% of the Gross Portfolio Value based on fair values as at 31 March 2023.
<b>"DEF" or "Digital East Fund"</b>	Digital East Fund 2013 SCA SICAR.
<b>"Directors" or "Board"</b>	the Directors of the Company from time to time.
<b>"EB GO"/"Earlybird Growth Opportunities fund"</b>	Earlybird Growth Opportunities Fund I GmbH & Co. KG.
<b>"EB IV"/"Earlybird Fund IV"</b>	Earlybird GmbH & Co. Beteiligungs-KG IV.
<b>"EB VI"/"Earlybird Fund VI"</b>	Earlybird DWES Fund VI GmbH & Co. KG.
<b>"EB VII"/"Earlybird Fund VII"</b>	Earlybird DWES Fund VII GmbH & Co. KG.
<b>"EIS"</b>	The EIS funds managed by Encore Ventures LLP. EIS funds being Enterprise Investment Scheme under the provisions of Part 5 of the Income Tax Act 2007.
<b>"Elderstreet"</b>	Elderstreet Investments Limited, a private company limited by shares incorporated in England and Wales under registration number 01825358 with its registered office at 20 Garrick Street, London WC2E 9BT.
<b>"Encore Funds"/"EIS funds"</b>	DFJ Esprit Angels' EIS Co-Investment Fund, DFJ Esprit Angels' EIS Co-Investment II, DFJ Esprit EIS III, DFJ Esprit EIS IV, Draper Esprit EIS 5, and Molten Ventures EIS and each an "Encore Fund".
<b>"Encore Ventures"</b>	Encore Ventures LLP, a limited liability partnership incorporated in England and Wales under the registration number OC347590 with its registered office at 20 Garrick Street, London WC2E 9BT.
<b>"ESG"</b>	Environmental, Social and Governance.
<b>"Esprit Capital"/"ECP"</b>	Esprit Capital Partners LLP, a limited liability partnership incorporated in England and Wales under the registration number OC318087 with its registered office at 20 Garrick Street, London WC2E 9BT, the holding vehicle of the Group immediately prior to IPO.
<b>"Esprit funds"</b>	Esprit Capital I Fund No.1 Limited Partners and Esprit Capital I Fund No.2 Limited Partnership, Esprit Capital II LP, Esprit Capital Fund III(i) LP and Esprit Capital Fund III(i) A LP and each an "Esprit Fund".
<b>"Euronext Dublin"</b>	the trading name of the Irish Stock Exchange plc.
<b>"Exclusion list"</b>	the Group's exclusion list setting out the sectors, businesses and activities in which the Group will not invest due to having as their objective or direct impact any of the following: 1. Slavery, human trafficking, forced or compulsory labour, or unlawful/harmful child labour. 2. Production or sale of illegal or banned products, or involvement in illegal activities. 3. Activities that compromise endangered or protected wildlife or wildlife products. 4. Production or sale of hazardous chemicals, pesticides and wastes. 5. Mining of fossil fuels. 6. Manufacture, distribution or sale of arms or ammunitions, which are not systems or services generally regarded as having defensive/non-offensive objectives as their core focus. 7. Manufacture of, or trade in, tobacco or alcohol. 8. Manufacture or sale of pornography. 9. Trade in human body parts or organs. 10. Animal testing other than for the satisfaction of medical regulatory requirements. 11. Production or other trade related to unbonded asbestos fibres.
<b>"FCA"</b>	the UK Financial Conduct Authority.
<b>"Fund of Funds"</b>	seed and early-stage funds invested in by the Group.

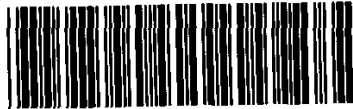
<b>"Gross Portfolio fair value movement"</b>	the increase or decrease in the fair value of the portfolio of investee companies held by funds controlled by the Company before accounting for deferred tax (via Molten Ventures (Ireland) Limited), external carried interest and amounts co-invested.
<b>"Gross Portfolio Value"</b>	gross portfolio value is the value of the portfolio of investee companies held by funds controlled by the Company before accounting for deferred tax, external carried interest and amounts co-invested.
<b>"Group"</b>	the Company and its subsidiaries from time to time and, for the purposes of this document, including Esprit Capital LLP and its subsidiaries and subsidiary undertakings.
<b>"HMRC"</b>	HM Revenue & Customs.
<b>"IAS" or "IAs"</b>	International Accounting Standards, as adopted for use in the United Kingdom.
<b>"IFRS" or "IFRSs"</b>	International Financial Reporting Standards, as adopted for use in the European Union.
<b>"International Private Equity and Venture Capital Valuation Guidelines"/ "IPEV Guidelines"</b>	the International Private Equity and Venture Capital Valuation Guidelines, as amended from time to time.
<b>"IPO"</b>	initial public offering, which in the context of Molten Ventures means the Admission of the enlarged share capital to trading on AIM and Euronext Growth (formerly the Enterprise Securities Market operated and regulated by the Irish Stock Exchange) on 15 June 2016 and such admission becoming effective in accordance with the AIM Rules and the Euronext Growth Rules respectively. The IPO included the acquisition of Esprit Capital Partners LLP and Molten Ventures (Ireland) Limited.
<b>"IRR"</b>	the internal rate of return.
<b>"Investment Committee"</b>	voting members of the Investment Committee of ECP.
<b>"Investment Team"</b>	The Partnership Team and Platform Team as described on the Company's website.
<b>"JPM"</b>	J.P. Morgan Chase Bank N.A.
<b>"Main Market move"</b>	Molten Ventures plc's admission to the premium listing segment of the Official List of the Financial Conduct Authority and the secondary listing segment of the Official List of the Irish Stock Exchange plc, trading as Euronext Dublin and to trading on the London Stock Exchange plc's main market for listed securities and the regulated market of Euronext Dublin.
<b>"Main Market"</b>	the London Stock Exchange plc's main market for listed securities.
<b>"NAV"/"Net Asset Value"</b>	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with the accounting policies adopted by the Company from time to time.
<b>"Net Portfolio Value"</b>	the value of the portfolio of investee companies held by funds controlled by the Company after accounting for deferred tax, external carried interest and amounts co-invested and recognised on the statement of financial position.
<b>"Ordinary Shares"</b>	ordinary shares of £0.01 pence each in the capital of the Company.
<b>"PricewaterhouseCoopers" or "PwC"</b>	PricewaterhouseCoopers LLP, a limited liability partnership registered in England and Wales with registered number OC303525 and having its registered office at 1 Embankment Place, London WC2N 6RH.
<b>"SECR"</b>	Streamlined Energy and Carbon Reporting.
<b>"SMCR"</b>	the Senior Managers and Certification Regime.
<b>"SONIA"</b>	is the Sterling Overnight Index Average, an interest benchmark administered by the Bank of England.
<b>"SVB"</b>	Silicon Valley Bank UK Limited.
<b>"TCFD"</b>	Task Force on Climate-Related Financial Disclosures.
<b>"VC"</b>	venture capital.
<b>"VCT"/"VCT funds"</b>	the VCT fund of Molten Ventures VCT plc (Co. Reg. No.03424984), which sits outside of the Group under the management of Elderstreet, VCT being Venture Capital Trusts under the provisions of Part 6 of the Income Tax Act 2007.

# Molten

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