Molten Ventures VCT plc

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29 July 2024

Final Results for the year ended 31 March 2024

David Brock, Chairman, comments:

"With some market recovery there are signs that the trough in private equity technology valuations may now be behind us. M & A activity is on the increase, and the Board believes that the portfolio contains many investments with exciting prospects that should be able to take advantage of improving sentiment."

HIGHLIGHTS

- **NAV Total Return -** NAV decreased by 5.1 pence to 48.2 pence giving a total return of -6.8% after adding back dividends paid in the year.

- **Funds raised in the year** were £18.5 million net of costs. 36,846,664 Ordinary Shares were allotted.

- **Investments made in the year** totalled £16.4 million with £12.1 million invested in 5 new companies and £4.3 million invested in 4 follow-on investments.

- **Share price -** The mid-market share price decreased by 0.9 pence to 45 pence per share in the year after adding back dividends paid of 1.5 pence.

- **Dividends paid -** Total dividends of £3.3 million paid in the year representing a yield of 2.8% on the opening NAV of 53.3 pence per Ordinary Share.

- **Dividend proposed -** The Directors are recommending a final dividend of 1.5 pence payable on 26 September 2024.

OVERVIEW

Molten Ventures VCT is a £117 million, steadily growing, investment company that gives a distinctive opportunity to invest with the experienced, technology focused, venture capital team at Molten Ventures plc in early stage companies that have exciting growth prospects whilst also giving investors tax relief, tax free dividends and tax free capital returns.

The Company benefits from the Molten team's exceptional experience in technology with an emphasis on enterprise and consumer technology, differentiated operating systems, machine learning and digital healthcare, all of which add to the portfolio's focus on UK growth and leading-edge expertise.

Through Molten Ventures' co-investment connections in future-focused sectors, and its engagement with investee companies, this VCT provides an enhanced opportunity for investors to make a serious contribution to the future of the UK's vital early-stage economy thereby making a key contribution to the UK, whilst at the same time enjoying tax relief on the investment and tax free dividends, in particular as further significant reserves become available for distribution from April 2025. Those reserves will enable the Company to maintain buybacks and target tax free dividends of at least 5% of net asset value per share.

FINANCIAL SUMMARY

	31 March 2024 pence	**31 March 2023 pence**
Net asset value per share ("NAV")	48.2	53.3
Cumulative dividends paid since launch	115.1	113.6
Total Return (NAV plus cumulative dividends paid per share)	163.3	166.9
Dividends in respect of financial year ended 31 March 2024		
Interim dividend paid per share	1.0	1.0
Final dividend per share (payable on 26 September 2024)	1.5	0.5

Final dividend per share (payable on 20 September 2024)	1.5	0.5
	2.5	1.5

CHAIRMAN'S STATEMENT

Introduction

I present the Company's Annual report for the year ended 31 March 2024.

Your company continues to focus on game-changing technology, particularly leading-edge expertise in enterprise technology, operating systems, machine learning and healthcare much of which is accessed in association with Molten's co-investment connections. This positions your VCT as a leader in supporting UK expertise and early-stage companies. Supporting and nurturing domestic talent to drive future growth in the UK is a core purpose of Venture Capital Trusts.

The portfolio now holds just four significant legacy investments, accounting for just over 11% of net assets. Three of these are software businesses, and the other is a technology enabled engineering business producing high specification machinery for the packaging industry. At the year-end £78.9 million of the portfolio was invested largely in technology and £25 million of cash reflected another successful fundraising round.

For British companies this has not been the easiest year. Supply chain issues from Brexit and Ukraine have continued, domestic interest rates have normalised and there has been significant uncertainty in the UK financial markets, reflecting the more volatile geopolitical landscape. Significantly the price of gold shot up as investors sought security. As our valuation methodology utilises public market comparables this has led to some declines in valuations, mostly modest. Only one, Fluidic Analytics, active in protein analysis, sadly failed. The rest of the portfolio carries some exciting, leading investments. One of these, Endomagnetics, is an example of a remarkable UK breakthrough in cancer location and has been acquired by Hologic Inc (Nasdaq: HOLX), a global leader in women's health, for approximately $310 million.

Net asset value and results

As at 31 March 2024, the Company's Net Asset Value per share ("NAV") stood at 48.2p, representing a decrease of 3.6p (6.8%) over the year after adding back dividends paid. In the economic and financial climate of the year, that was to be expected for early-stage investment, but performance is the key and the heart of the Company's portfolio continues to progress and financial performance will follow.

A summary of the total return for Shareholders who invested in the Company's various other fundraisings is included on page 6 of the annual report.

The loss on ordinary activities after taxation for the year was £8.1 million (2023: £7.6 million), comprising a revenue loss of £0.2 million (2023: £1.0 million) and a capital loss of £7.9 million (2023: £6.6 million).

Venture capital investments

Portfolio allocation

In line with the strategy that has been pursued in recent years, the Company's growth technology investments now form a substantial proportion of the investment portfolio. The split with the older legacy investments at the year-end is summarised as follows:

Portfolio split as at 31 March 2024

	Growth Technology £'000	Legacy £'000	Cash £'000	Total £'000
Cost	66,216	10,903	25,102	102,221
Unrealised gains	12,732	2,070	-	14,802
Valuation	78,948	12,973	25,102	117,023
Percentage of portfolio	67.4%	11.1%	21.5%	100.0%

Portfolio activity

There was a steady flow of new investment opportunities from the Manager during the year. The Company made five new investments and four follow-on investments totalling £16.4 million.

There was one investment disposal during the year, clearing out past investments already held at minimal values including that of Lifesize inc, producing proceeds of nil, and a further escrow payment from the sale of Roomex UK Limited, producing proceeds of £29,000.

Further details on the investment activity can be found in the Investment Manager's report below.

Investment valuations

At the year end, the Company held a portfolio of 39 active investments valued at £91.9 million.

The Board has reviewed the unquoted investment valuations at the year end, resulting in a number of movements.

There were some significant uplifts over the year in respect of Fords Packaging, Form3 UK Limited, and Ravelin Technology which contributed £3.3 million between them. There were also some reductions most notably IESO Digital Health Limited, Evonetix Limited, Fluidic Analytics, Apperio, and Thought Machine amounting to £7.3 million between them. Additionally, AIM quoted Access Intelligence plc (now renamed Pulsar) also saw a significant fall in its share price amounting to £2.1 million. However, since the year end, and at the time of writing, Pulsar has recovered all of that value as the AIM market has bounced back.

Overall, the unrealised valuation movements on the portfolio were a net loss of £6.0 million for the year.

Further commentary on the portfolio, together with a schedule of additions, disposals and details of the ten largest investments can be found within the Investment Manager's Report and Review of Investments on pages 11 to 20 of the annual report.

Dividends

As Shareholders may be aware, the VCT regulations restrict the payment of dividends out of reserves related to funds raised in the last three to four years (depending on the date shares were allotted). As the Company has raised substantial levels of new funds in recent years, the Board needs to manage reserves carefully in the short term to ensure that this test is not breached, but as current reserves become available for distribution, the Company intends to continue a strong dividend policy for current and future subscribing Shareholders.

The Board is proposing to pay a final dividend of 1.5p per share. This dividend will be paid, subject to Shareholder approval, on 26 September 2024 to Shareholders on the register at 23 August 2024. This will bring the total dividends paid in respect of the year to 2.5p per share.

Shareholders are reminded that the Company operates a Dividend Reinvestment Scheme ("DRIS"), which allows Shareholders to reinvest their dividends in new shares and obtain income tax relief on that new investment. Further details can be found under Shareholder Information on page 2 of the annual report.

Fundraising

The Company received £19.5 million in April 2023 in respect of the 2022 Offer for Subscription.

The Company launched another successful Offer for Subscription in October 2023.

On 5 April 2024, the Company allotted 26,962,656 Ordinary Shares of 5p each at an average price of 48.99p per Ordinary Share under the terms of the Offer for Subscription dated 3 October 2023.

On 24 April 2024, the Company allotted 587,656 Shares at a average price of 48.58p per Ordinary Share under the terms of the Offer for Subscription dated 3 October 2023.

At the date of this announcement, a further £2 million has been subscribed and is awaiting allotment.

The Company expects to launch another Offer for Subscription later this year, subject to suitable levels of deal flow.

Share Buybacks

The Company has a policy of purchasing its own shares that become available in the market at a discount of approximately 5% to the latest published NAV, subject to regulatory and liquidity constraints.

As Shareholders may be aware, the VCT regulations also restrict share buybacks out of reserves related to funds raised in the last three to four years (depending on the date shares were allotted).

Buybacks are expected to be undertaken from time to time, and the Board is working with the Company's broker to ensure that funds are allocated on a fair basis at any time where demand might exceed the funds available.

Any Shareholders who are considering selling their shares will need to use a stockbroker. Such Shareholders should ask their stockbroker to register their interest in selling their shares with Panmure Gordon & Co.

During the year, the Company purchased a total of 1,233,000 shares at an average price of 48.9p per share. Resolution 13 will be proposed at the AGM, to renew the authority for the Company to purchase its own shares.

Since the year end, the agreed sale of Endomagnetics has realised approximately 3x original cost adding a further £6.2 million to the distributable reserves. This deal gives your Company the flexibility to increase the level of share buybacks, subject to normal VCT regulatory qualifying tests.

Directorate

Several of the Board members have now been on the Board for more than the nine years which is the guideline set by the Corporate Governance Code. With the significant changes in respect of the investment management of the Company that have occurred in recent years, it has not been an appropriate time to make major board changes. After an exercise to identify suitable candidates, Sally Duckworth was appointed to the Board on 22 January 2024. We were delighted to welcome Sally and she brings further technology expertise to the VCT Board having previously had investing and operational roles in the sector.

This is the first step towards a phased succession of the Board and the process will continue.

Company Secretary

The Board would like to thank Grant Whitehouse who retired as Company Secretary in February 2024 after over 20 years service. He leaves with our best wishes and we welcome ISCA Administration Services Limited as our new Company Secretary.

Annual General Meeting ('AGM')

The AGM will take place at 20 Garrick Street, London WC2E 9BT on 4 September 2024 at 11:15 a.m.

Three items of special business are proposed at the AGM:

• one in respect of the authority to buy back shares as noted above; and

• two in respect of the authority to allot shares.

The authority to allot shares provides the Board with the opportunity to issue shares for the next fundraising that is being planned without having to incur the expense of seeking separate approval via a shareholder circular. Any further fundraising decisions will take account of the level of uninvested funds and the rate of investment.

Outlook

The global economy remains exposed to the effects of the Ukraine and Gaza conflicts and central banks are showing a reluctance to bring down interest rates while core inflation remains. However, so far, this collective impact on the technology sector has been more limited with signs that the trough in private equity technology valuations may now be behind us. M & A activity is on the increase, and the Board believes that the portfolio contains many investments that should be able to take advantage of improving sentiment.

Data from previous downturns suggests that investments made in periods of economic decline have yielded some of the greatest returns of all vintages for technology investors. Your Company continues to support innovation through its fundraising activity, and by offering exposure to investors of privately owned technology assets in the year.

I look forward to updating Shareholders in the Half Yearly Report which will be published towards the end of the year.

David Brock

Chairman

26 July 2024

INVESTMENT MANAGER'S REPORT

It has been a busy year for Molten Ventures amid an economic backdrop that has been challenging for most technology companies and those who invest in them.

Our focus within this context has been on what we can control. We have maintained discipline around our own investment process and worked closely with our portfolio companies to extend cash runways, control costs, and retain talent. The entrepreneurs we have backed continue to transform the industries in which they operate.

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The valuation movements in the first half of the year showed a NAV Total Return decrease of 3.6% (NAVTR - adding back dividends paid in the period).

In the second half of the year we saw a steadying in the majority of the company valuations with a decrease in NAVTR of 3.4%.

The resulting outturn for the year was a NAVTR decrease of 6.8%.

Exit Highlight

There were no successful exits in the period. However, post the period end we were delighted that portfolio company Endomagnetics Ltd ('Endomag'), the VCT's second highest valued portfolio asset, announced an acquisition offer from NASDAQ listed Hologic Inc. The acquisition values Endomag at approximately $310 million and values Molten VCT's stake in Endomag modestly above its last released September 2023 interim holding value of £8.69 million. This acquisition completed post-year end and has bolstered the VCTs distributable reserves which are available for paying dividends and share buybacks.

The VCT first invested in Endomag in 2018 and since then the company has grown its revenue fourfold. The acquisition demonstrates our ability to support innovative businesses as they scale and create value for our Shareholders through the cycle. Endomag's platform has been installed in over 1,350 hospitals in over 45 countries globally, and more than 500,000 women have received a better standard of breast cancer surgery with Endomag's technologies. The company received many accolades on its journey and more recently was awarded the King's Award for Enterprise.

To assist with its future portfolio exit strategy Molten have a relationship with a leading investment bank advising international technology and climate companies, developing and executing growth financings and strategic sell-side M&A. Its CEO is well known to the Molten team having worked on many exits with Molten partners in the past.

Portfolio

At the year end, Molten technology companies represented 67.4% of the portfolio and pre-Molten legacy companies 11.1%. The net asset valuation of £117 million was split 78.5% in investments, and 21.5% in cash and cash equivalents.

Within the portfolio our view is that, by value, 68% of the portfolio is performing, or emerging as performing broadly as we might expect. A further 24% are at an early stage of their commercial journey with reasonable prospects, and the balance require further help to get on to a viable growth path or exit.

All investments of value get close attention and have investor directors or observers on their boards. The Molten Partnership Team boasts extensive cross-sector expertise. Whether facilitating connections or sharing insights, they are dedicated to supporting growth.

The Molten Platform Team handles investment transactions and post-investment portfolio engagement. Supported by legal, compliance, investor relations, finance, and ESG specialists, we work closely to support our portfolio with branding, regulatory compliance, public markets, governance, and implementing sustainable ESG strategies as they scale.

Within the portfolio we have 12 companies with revenues or Annual Recurring Revenue (ARR) above £5 million. Of these 7 companies have revenues/ARR above £10 million and 5 have revenues above £20 million. *

Valuation movements

Within the year 8 companies had positive valuation uplifts of £4.4 million and 12 companies had negative valuation movements of £10.4 million.

Positive movements within the portfolio include Form3, Ravelin and Fords Packaging. Form3 is the largest uplift at £1.3 million followed by Fords Packaging where a forecast for much improved trading increased the valuation by £1.2 million.

Detractors are a combination of good companies with sound prospects where in general valuations set by new investors post VCT investment have declined in line with the market multiples. The positive is that these companies have cash reserves to trade forward and grow their businesses.

However, companies in this category do include some companies where the technology build and commercial roll out has taken longer than expected. This includes IESO where a provision of £2.6 million was taken as it navigates a protracted fundraising. While disappointing, the revenue potential from IESO's technology is very large and if the company can commercialise its new AI backed 100% digital mental health platform, this could prove to be a very valuable technology. IESO's other service based business, utilising its unique database, grew its revenue in the year from single digit to double digit millions.

Most of our Shareholders will be aware of the development of the Artificial Intelligence ('AI') market and the positive effect on company valuations for those companies operating in the sector. Within the VCT portfolio we have a number of companies developing and leveraging the positive enhancements from this exciting technology. These include AltruistIQ, BeZero Carbon, Causalens, Gardin, IESO, Ravelin and Thought Machine, which together represent £20.8 million of value.

* Source: latest management accounts of the companies.

New investments

In the second half of the year one new investment and one follow on investment was made taking the total investment in the year to £16.4 million. This compares with a total invested in the previous year of £17.4 million.

New investments alongside the Molten EIS and Molten Ventures plc funds were made during the year into the following qualifying companies:

Oliva Health Holdings Inc	Non clinical mental health solutions	£1,627,598
Morressier GmbH	Publishers workflow and integrity software	£3,162,375
Binalyze OU	Cybersecurity forensics and incident response	£2,161,115
Melio Healthcare t/a IMU bioscience	Immune system bio diagnostics	£2,520,000
Anima Group	InCare enablement platform	£2,653,401
Focal Point Positioning Limited	Correlation Software	£500,000
Total		£12,624,489

AIM Valuations

The VCT has one AIM legacy technology investment. Since the year end it is pleasing to see a recovery in the share price of AIM listed Pulsar Group plc LSE:PULS (formerly Access Intelligence until May 2024). The share price has risen from 54p at the year end to 79p at the time of writing, which at that price would add a further £2.1 million to the March year end valuation of £4.2 million.

Deal Flow

At the time of publication two further new and one follow on investment were completed, with two new investments with agreed term sheets awaiting HMRC clearance prior to completion. We continue to be disciplined on our approach to new investments in an environment where valuations have dropped from the previous highs in 2021. We are actively seeking new investments and supporting our existing portfolio companies.

Fundraising and other matters

In October 2023 the VCT launched a fundraising offer and to date £16.0 million has been subscribed of which £2.0 million is awaiting allotment at the time of writing. It is the intention to launch a new fundraising in Q4 this year, subject to suitable levels of deal flow.

The Investment Manager remains an active member of the VCT Association (VCTA) which represents 14 of the largest VCT fund managers and makes up over 90% of the £6.6 billion VCT industry. The VCTA worked tirelessly to lobby Government for an extension of the Sunset Clause on the VCT scheme which is expected to be extended to 2035 and continues to lobby all political parties as to the merits of the VCT and EIS tax incentives.

The new Labour government has, whilst in opposition, made very positive noises about the venture capital sector. Now that it is in government with a very significant majority and thus a mandate to execute, it has been clear that it plans to finance its increased spending plans by driving Britain's economic growth. We are therefore optimistic that the venture capital sector, which plays a pivotal role in supporting entrepreneurship in the UK may continue to enjoy government support.

Outlook

Data from previous downturns suggests that investments made in periods of economic decline have yielded some of the greatest returns of all vintages for technology investors. We continue to support innovation through our fundraising activity, and by offering exposure to investors of privately owned technology assets in the year.

In summary the portfolio remains well diversified among the four technology investment sectors with companies at different stages of maturity.

With the next financial year showing promise of delivering a more normalised realisations market we expect divestment proceeds to be meaningfully higher than the last two years. We remain cautiously optimistic for the year ahead as the technology markets continue to stabilise.

Elderstreet Investments Limited
Part of the Molten Ventures Group
26 July 2024

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments were held at 31 March 2024. All companies are registered in England and Wales, with the exception of Fulcrum Utility Services Limited, which is registered in the Cayman Islands.

Largest venture capital investments (by value)	**Cost £'000**	**Valuation £'000**	**Valuation Movement in year £'000**	**% of portfolio by value**
Thought Machine Group Limited*	2,400	9,688	(613)	8.3%
Endomagnetics Limited*	2,147	8,819	184	7.5%
Form3 UK Limited (formerly Back Office Technology Ltd)*	1,420	7,956	1,350	6.8%
Fords Packaging Topco Limited	2,433	7,101	1,234	6.1%
Focal Point Positioning Limited*	3,800	6,418	357	5.5%
Global Satellite Vu Limited*	4,089	4,379	274	3.7%
Pulsar Group (formerly Access Intelligence plc)**	2,586	4,156	(2,073)	3.5%
Riverlane Limited*	2,661	4,114	-	3.5%
Morressier GmbH *	3,162	3,162	-	2.7%
Expanding Circle Limited*	2,931	2,931	-	2.5%
Anima Group Limited*	2,653	2,653	-	2.3%
Melio Healthcare Limited*	2,520	2,520	-	2.2%
Juliand Digital*	2,439	2,439	-	2.1%
Ravelin Technology Limited*	1,133	2,187	757	1.9%
Binalyze OU*	2,161	2,161	-	1.8%
	38,535	70,684	1,470	60.4%
Other venture capital investments	38,584	21,237	(7,440)	18.1%
Cash and cash equivalents	25,102	25,102	-	21.5%
Total investments	102,221	117,023	(5,970)	100.0%

*These companies have also received investment from other funds managed by the Molten Ventures Group (Molten Ventures Plc and Molten Ventures EIS) as at 31 March 2024.

** Quoted on AIM

All venture capital investments are unquoted unless otherwise stated.

Investment movements for the year ended 31 March 2024

Additions

Venture capital investments	**£'000**
Morressier GmbH*	3,162
Global Satellite Vu Limited*	3,112
Anima Group Limited*	2,653
Melio Healthcare Limited*	2,520
Binalyze OU*	2,161
Oliva Health Holdings Inc*	1,628
Focal Point Positioning Limited*	500
Allplants Limited*	400
Apperio Limited*	240
	16,376

Disposals

	Cost £'000	**Value at 1 April 2022* £'000**	**Proceeds £'000**	**Gain/(loss) vs cost £'000**
Venture Capital Investments				
Lifesize Inc (formerly Light Blue Optics Limited)*	483	42	-	(483)
Roomex UK Limited*	-	-	29	29
	483	42	29	(454)

These investments were revalued over time and until sold with any unrealised losses included in the fair value of the investments.

*These companies have also received investment from other funds managed by the Molten Ventures Group (Molten Ventures plc and Molten Ventures EIS) as at 31 March 2024.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Report of the Directors, the Strategic Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Conduct Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102).

Under company law the 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 Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a directors' report, a strategic report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors considers that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INCOME STATEMENT for the year ended 31 March 2024

	Year ended 31 March 2024			Year ended 31 March 2023		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Income	980	-	980	1	-	1
Losses on investments	-	(5,983)	(5,983)	-	(4,926)	(4,926)
	980	(5,983)	(5,003)	1	(4,926)	(4,925)
Investment management fees	(634)	(1,903)	(2,537)	(542)	(1,625)	(2,167)
Other expenses	(514)	-	(514)	(468)	-	(468)
Loss on ordinary activities before tax	(168)	(7,886)	(8,054)	(1,009)	(6,551)	(7,560)
Tax on loss	-	-	-	-	-	-
Loss attributable to equity shareholders, being total comprehensive income for the period	(168)	(7,886)	(8,054)	(1,009)	(6,551)	(7,560)
	Pence	**Pence**	**Pence**	**Pence**	**Pence**	**Pence**
Basic and diluted loss per share	(0.1)	(3.2)	(3.3)	(0.5)	(3.5)	(4.0)

All Revenue and Capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the year.

The total column within the Income Statement represents the Statement of Total Comprehensive Income of the Company prepared in accordance with Financial Reporting Standards ("FRS 102"). The supplementary revenue and capital return columns are prepared in accordance with the Statement of Recommended Practice issued in July 2022 by the Association of Investment Companies ("SORP").

There has been no other comprehensive income in the period.

BALANCE SHEET at 31 March 2024

		31 March 2024		31 March 2023
	£'000	£'000	£'000	£'000
Fixed assets				
Investments		91,921		81,557
Current assets				
Debtors	213		27	
Cash at bank and in hand	3,226		28,845	
Money market funds	21,876		-	
	25,315		28,872	
Creditors: amounts falling due within one year	(182)		(117)	
Net current assets		25,133		28,755
Net assets		117,054		110,312
Capital and reserves				
Called up share capital		12,146		10,347
Capital redemption reserve		62		-
Share premium account		25,510		8,689
Merger reserve		-		-
Special reserve		62,190		65,178
Capital reserve - unrealised		25,886		27,346
Capital reserve - realised		(6,471)		853
Revenue reserve		(2,269)		(2,101)
Total equity shareholders' funds		117,054		110,312
Basic and diluted net asset value per share		**48.2p**		**53.3p**

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2024

	Share capital	Capital Redemption reserve	Share Premium account	Merger reserve	Special reserve	Capital reserve - unrealised	Capital reserve - realised	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
For the year ended 31 March 2023									
At 1 April 2022	8,880	794	56,273	673	5,303	35,220	1,516	(1,092)	107,567
Total comprehensive income	-	-	-	-	-	(3,890)	(2,661)	(1,009)	(7,560)
Transfer between reserves*	-	-	-	(673)	(3,239)	(3,984)	7,896	-	-
Cancellation of Share Premium	-	-	(63,628)	-	63,628	-	-	-	-
Cancellation of Capital Redemption	-	(925)	-	-	925	-	-	-	-
Transactions with owners									
Issue of new shares	1,598	-	16,915	-	-	-	-	-	18,513
Share issue costs	-	-	(871)	-	-	-	-	-	(871)
Purchase of own shares	(131)	131	-	-	(1,439)	-	-	-	(1,439)
Dividends paid	-	-	-	-	-	-	(5,898)	-	(5,898)
At 31 March 2023	10,347	-	8,689	-	65,178	27,346	853	(2,101)	110,312
For the year ended 31 March 2024									
At 1 April 2023									
Total comprehensive income	-	-	-	-	-	(5,529)	(2,357)	(168)	(8,054)
Transfer between reserves*	-	-	-	-	(2,385)	4,069	(1,684)	-	-
Transactions with owners									
Issue of new shares	1,861	-	17,837	-	-	-	-	-	19,698
Share issue costs	-	-	(1,016)	-	-	-	-	-	(1,016)
Purchase of own shares	(62)	62	-	-	(603)	-	-	-	(603)
Dividends paid	-	-	-	-	-	-	(3,283)	-	(3,283)
At 31 March 2024	12,146	62	25,510	-	62,190	25,886	(6,471)	(2,269)	117,054

* A transfer of £4.1 million (2023: £4.0 million), representing impairment losses during the year, as well as cumulative unrealised gains on investments which were disposed of during the year has been made from the Capital reserve - unrealised to the Capital Reserve - realised. A transfer of £2.4 million (2023: £3.2 million), representing realised losses on investment disposals plus capital expenses in the year, has been made from Capital Reserve - realised to the Special reserve.

A transfer of £nil (2023: £673,000) from Merger Reserve to Capital reserve-realised has been made following the disposal of an investment which was held pre-merger.

A transfer of nil (2023: £63.6 million), from the cancellation of Share premium, has been made from the Share Premium account to the Special Reserve. A transfer of nil (2023: 925,000), from the cancellation of Capital Redemption, has been made from the Capital Redemption Reserve to the Special Reserve.

STATEMENT OF CASH FLOWS for the year ended 31 March 2024

	31 March 2024 £'000	31 March 2023 £'000
Cash flow from operating activities		
Investment income received	876	1
Investment management fees paid	(2,554)	(2,284)
Other cash payments	(463)	(535)
Net cash outflow utilised in operating activities	(2,141)	(2,818)
Cash flow from investing activities		
Purchase of investments	(16,376)	(17,370)
Proceeds from disposal of investments	29	7,695
Net cash outflow utilised in investing activities	(16,347)	(9,675)
Cash flow from financing activities		
Equity dividends paid	(3,098)	(5,898)
Proceeds from share issue	19,513	18,513
Share issue costs	(1,067)	(873)
Purchase of own shares	(603)	(1,499)
Net cash inflow generated from financing activities	14,745	10,243
Decrease in cash and cash equivalents	(3,743)	(2,250)
Cash and cash equivalents at start of year	28,845	31,095
Cash and cash equivalents at end of year	25,102	28,845
Total cash and cash equivalents	25,102	28,845

NOTES

1. Accounting policies

General information

Molten Ventures VCT plc ("the Company") is a venture capital trust established under the legislation introduced in the Finance Act 1995 and is domiciled in the United Kingdom and incorporated in England and Wales. The Company is a premium listed entity on the London Stock Exchange.

Basis of accounting

The Company has prepared its financial statements in accordance with the Financial Reporting Standard 102 ("FRS 102") and in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued in July 2022 ("SORP") and with the Companies Act 2006.

Going concern

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the major cash outflows of the Company (most notably investments, share buybacks and dividends) are within the Company's control and therefore the Company has sufficient cash to meet its expenses and liabilities when they fall due. The impact of the Ukraine and Gaza conflicts and the cost of living have been considered, more detail on these considerations can be found within the Corporate Governance report within the Annual Report. As such, the Board confirms that the Company has adequate resources to continues in operational existence for at least 12 months from the date of approval of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements as noted further within the Corporate Governance report within the Annual Report.

Presentation of Income Statement

In order to better reflect the activities of a Venture Capital Trust, and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Part 6 of the Income Tax Act 2007.

Investments

Investments are designated as "fair value through profit or loss" assets, upon acquisition, due to investments being managed and performance evaluated on a fair value basis. A financial asset is designated within this category if it is both acquired and managed, with a view to selling after a period of time, in accordance with the Company's documented Investment Policy.

Listed fixed income investments and investments quoted on AIM and the Main Market are measured using bid prices in accordance with the International Private Equity and Venture Capital Valuation Guidelines ("IPEV").

For unquoted instruments, fair value is established using the IPEV. The valuation methodologies for unquoted entities used by the IPEV to ascertain the fair value of an investment are as follows:

- Multiples;
- Industry valuation benchmarks;
- Discounted cash flows or earnings (of underlying business);
- Discounted cash flows (from the investment);
- Net assets; and
- Calibrating to the price of a recent investment.

The methodology applied takes account of the nature, facts and circumstances of the individual investment and uses reasonable data, market inputs, assumptions and estimates in order to ascertain fair value as explained in the investment accounting policy above and addressed further in note 9 of the Annual Report.

Where an investee company has gone into receivership, liquidation, or administration (where there is little likelihood of recovery), the loss on the investment, although not physically disposed of, is treated as being realised. Permanent impairments in the value of investments are deemed to be realised losses and held within the Capital Reserve - Realised.

Gains and losses arising from changes in fair value are included in the Income Statement for the period as a capital item and transaction costs on acquisition or disposal of the investment expensed.

It is not the Company's policy to exercise significant influence over investee companies. Therefore, the results of these companies are not incorporated in the Income Statement, except to the extent of any income accrued. This is in accordance with the SORP and FRS 102 sections 14 and 15 that do not require portfolio investments to be accounted for using the equity method of accounting.

Calibration to price of recent investment requires a level of judgment to be applied in assessing and reviewing any additional information available since the last investment date. The Board and Investment Manager consider a range of factors in order to determine if there is any indication of decline in value or evidence of increase in value since the recent investment date. If no such indications are noted the price of the recent investment will be used as the fair value for the investment.

Examples of signals which could indicate a movement in value are: -
Changes in results against budget or in expectations of achievement of technical milestones patents/testing/ regulatory approvals.
Significant changes in the market of the products or in the economic environment in which it operates.
Significant changes in the performance of comparable companies.
Internal matters such as fraud, litigation or management structure.

In respect of disclosures required by the SORP for the 10 largest investments held by the Company, the most recent publicly available accounts information, either as filed at Companies House, or announced to the London Stock Exchange, is disclosed. In the case of unlisted investments, this may be abbreviated information only.

Judgement in applying accounting policies and key sources of estimation uncertainty
The key estimates in the financial statements is the determination of the fair value of the unquoted investments by the Directors as it impacts the valuation of the unquoted investments at the year end date.

Of the Company's assets measured at fair value, it is possible to determine their fair values within a reasonable range of estimates. The fair value of an investment upon acquisition is deemed to be cost. Thereafter, investments are measured at fair value in accordance with FRS 102 sections 11 and 12, together with the IPEV.

A price sensitivity analysis of the unquoted investments is provided in note 15 of the Annual Report, under Investment price risk.

Income

Dividend income from investments is recognised when the Shareholders' rights to receive payment have been established, normally the ex-dividend date.

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable and only where there is reasonable certainty of collection. Where previously accrued income is considered irrecoverable a corresponding bad debt expense is recognised.

Expenses

All expenses are accounted for on an accruals basis. In respect of the analysis between revenue and capital items presented within the Income Statement, all expenses have been presented as revenue items except as follows:

- Expenses which are incidental to the acquisition of an investment are deducted as a capital item.
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.
- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated. The Company has adopted the policy of allocating investment manager's fees, 75% to capital and 25% to revenue as permitted by the SORP. The allocation is in line with the Board's expectation of long term returns from the Company's investments in the form of capital gains and income respectively.
- Performance incentive fees arising, if any, are treated as a capital item.

Taxation

The tax effects on different items in the Income Statement are allocated between capital and revenue on the same basis as the particular item to which they relate using the Company's effective rate of tax for the accounting period.

Due to the Company's status as a Venture Capital Trust and the continued intention to meet the conditions required to comply with Part 6 of the Income Tax Act 2007, no provision for taxation is required in respect of any realised or unrealised appreciation of the Company's investments which arise.

Deferred taxation is not discounted and is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts.

A deferred tax asset is only recognised to the extent that it is probable there will be taxable profits in the future against which the asset can be offset.

Other debtors and other creditors

Other debtors (including accrued income) and other creditors are included within the accounts at amortised cost.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with an original maturity of three months or less. This includes £12.9 million in the JP Morgan GBP Liquidity NAV Fund and £9.0 million in the Blackrock ICS Sterling Liquidity Fund.

Dividends

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established, typically when approved by Shareholders at the AGM or, for interim dividends, the payment date.

Issue costs

Issue costs in relation to the shares issued are deducted from the special reserve.

Reportable segments

The Company has one reportable segment as the sole activity of the Company is to operate as a VCT and all of the Company's resources are allocated to this activity.

Company's resources are allocated to this activity.

2. Basic and diluted return per share

	Year to 31 March 2024	Year to 31 March 2023
Basic and diluted loss per share	(3.3p)	(4.0p)
Return per share based on:		
Net revenue loss for the financial year (£'000)	(168)	(1,009)
Net capital loss for the financial year (£'000)	(7,886)	(6,551)
Total losses or the financial year (£'000)	(8,054)	(7,560)
Weighted average number of shares in issue	242,863,047	190,419,643

As the Company has not issued any convertible securities or share options, there is no dilutive effect on return per share. The return per share disclosed, therefore, represents both basic and diluted return per share.

3. Basic and diluted net asset value per share

	Number in issue as at 31 March		31 March 2024 Net asset value		31 March 2023 Net asset value	
	2024	**2023**	**Pence per share**	**£'000**	**Pence per share**	**£'000**
Ordinary Shares	**242,913,196**	206,931,912	**48.2**	**117,054**	53.3	110,312

As the Company has not issued any convertible securities or share options, there is no dilutive effect on net asset value per share. The net asset value per share disclosed therefore represents both basic and diluted net asset value per share.

4. Principal Risks

The Company's investment activities expose the Company to a number of risks associated with financial instruments and the sectors in which the Company invests. The principal financial risks arising from the Company's operations are:

- Market risks;
- Credit risk; and
- Liquidity risk.

The Board regularly reviews these risks and the policies in place for managing them. There have been no significant changes to the nature of the risks that the Company is exposed to over the year and there have also been no significant changes to the policies for managing those risks during the year.

The risk management policies used by the Company in respect of the principal financial risks and a review of the financial instruments held at the year-end are provided below.

Market risks

As a VCT, the Company is exposed to investment risks in the form of potential losses that may arise on the investments it holds in accordance with its Investment Policy. The management of these investment risks is a fundamental part of investment activities undertaken by the Investment Manager and overseen by the Board. The Manager monitors investments through regular contact with management of investee companies, regular review of management accounts and other financial information and attendance at investee company board meetings. This enables the Manager to manage the investment risk in respect of individual investments. Investment risk is also mitigated by holding a diversified portfolio spread across various business sectors and asset classes.

The key investment risks to which the Company is exposed are:

- Investment price risk; and
- Interest rate risk.

The Company has undertaken sensitivity analysis on its financial instruments, split into the relevant component parts, taking into consideration the economic climate at the time of review in order to ascertain the appropriate risk allocation.

Investment price risk

Investment price risk arises from uncertainty about the future prices and valuations of financial instruments held in accordance with the Company's investment objectives. It represents the potential loss that the Company might suffer through investment price movements in respect of quoted investments, and changes in the fair value of unquoted investments that it holds.

Interest rate risk

The Company accepts exposure to interest rate risk on floating-rate financial assets through the effect of changes in prevailing interest rates. The Company receives interest on its cash deposits at a rate agreed with its bankers and on liquidity funds at rates based on the underlying investments. Investments in loan notes and fixed interest investments attract interest predominately at fixed rates. A summary of the interest rate profile of the Company's investments is shown below.

Interest rate risk profile of financial assets and financial liabilities

There are three levels of interest which are attributable to the financial instruments as follows:

- "Fixed rate" assets represent investments with predetermined yield targets and comprise fixed interest and loan note investments.
- "Floating rate" assets predominantly bear interest at rates linked to Bank of England base rate and comprise cash at bank and money market funds.
- "No interest rate" assets do not attract interest and comprise equity investments, loans and receivables (excluding cash at bank) and other financial liabilities.

The Company monitors the level of income received from fixed, floating and non-interest rate assets and, if appropriate, may make adjustments to the allocation between the categories, in particular, should this be required to ensure compliance with the VCT regulations.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk through its holdings of loan notes in investee companies, investments in fixed income securities, cash deposits and debtors.

The Manager manages credit risk in respect of loan notes with a similar approach as described under interest rate risk above. In addition, the credit risk is partially mitigated by registering floating charges over the assets of certain investee companies. The strength of this security in each case is dependent on the nature of the investee company's business and its identifiable assets. The level of security is a key means of managing credit risk. Similarly, the management of credit risk associated interest, dividends and other receivables is covered within the investment management procedures.

Cash of £3.3 million is held at Bank of Scotland plc, which is an A rated financial institution. In addition the Company holds £21.9 million in money market funds. Consequently, the Directors consider that the risk profile associated with cash deposits is low.

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities. Liquidity risk may also arise from either the inability to sell financial instruments when required at their fair values or from the inability to generate cash inflows as required. The Company normally has a relatively low level of creditors (31 March 2024: £182,000, 31 March 2023: £117,000) and has no borrowings. The Company always holds sufficient levels of funds as cash and readily realisable investments in order to meet expenses and other cash outflows as they arise. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's liquidity risk is managed by the Investment Manager, in line with guidance agreed with the Board and is reviewed by the Board at regular intervals.

5. Transactions with related parties and Investment Manager

Nicholas Lewis is a partner of Downing LLP, which provided administration services to the Company for the year to 31 March 2024. During the year, £75,000 (2023: £100,000) was due to Downing LLP in respect of these services. As at 31 March 2024, £nil (2023: £nil) was outstanding and payable.

Richard Marsh is an employee of Molten Ventures plc, the parent company of Elderstreet Investments Limited.

Elderstreet Investments Limited provided investment management services to the Company. During the year, £2.5 million (2023: £2.2 million) was due in respect of these services. No performance incentive fees were paid to Elderstreet Investments Limited in respect of the year under review (2023: £nil). As at 31 March 2024, £27,000 (2023: £17,000) was outstanding and payable.

6. Events after the end of the reporting period

On 5 April 2024, the Company allotted 26,962,656 Ordinary Shares of 5p each at an average price of 48.99p per Ordinary Share under the terms of the Offer for Subscription dated 3 October 2023.

The Company also allotted 300,379 Ordinary Shares of 5p each in respect of Shareholders who agreed to subscribe for shares under the terms of the Company's Dividend Reinvestment Scheme ("DRIS") in respect of the dividend of 1p per Ordinary Share paid on 5 April 2024. The shares were issued at 47.27p per share (being the unaudited adjusted net asset value as of 4 April 2024, which has been adjusted down for payment of the 1p dividend on 5 April 2024).

On 24 April 2024, the Company allotted 587,656 Shares at an average price of 48.58p per Ordinary Share under the terms of the Offer for Subscription dated 3 October 2023.

Since the year end, the Company bought back 1,047,051 of its own Ordinary Shares at a price 44.91p per share. These shares were subsequently cancelled.

The issued share capital and total voting rights of the Company is now 269,716,836 Ordinary Shares.

Since the year end, the Company has made unquoted investments in three companies totalling £3.0 million.

On 26 July 2024, the Company received proceeds of £8.3 million from the acquisition of Endomag by Hologic inc.

ANNOUNCEMENT BASED ON AUDITED ACCOUNTS

The financial information set out in this announcement does not constitute the Company's statutory financial statements in accordance with section 434 Companies Act 2006 for the year ended 31 March 2024 but has been extracted from the statutory financial statements for the year ended 31 March 2024 which were approved by the Board of Directors on 26 July 2024 and will be delivered to the Registrar of Companies. The Independent Auditor's Report on those financial statements was unqualified and did not contain any emphasis of matter nor statements under s498(2) and (3) of the Companies Act 2006.

The statutory accounts for the year ended 31 March 2023 have been delivered to the Registrar of Companies and received an Independent Auditors report which was unqualified and did not contain any emphasis of matter nor statements under s498(2) and (3) of the Companies Act 2006.

A copy of the full annual report and financial statements for the year ended 31 March 2024 will be printed and posted/emailed to shareholders shortly. Copies will also be available to the public at the registered office of the Company at The Office Suite, Den House, Den Promenade, Teignmouth TQ14 8SY and will be available for download from www.moltenventures.com.

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