EDISON

Molten Ventures

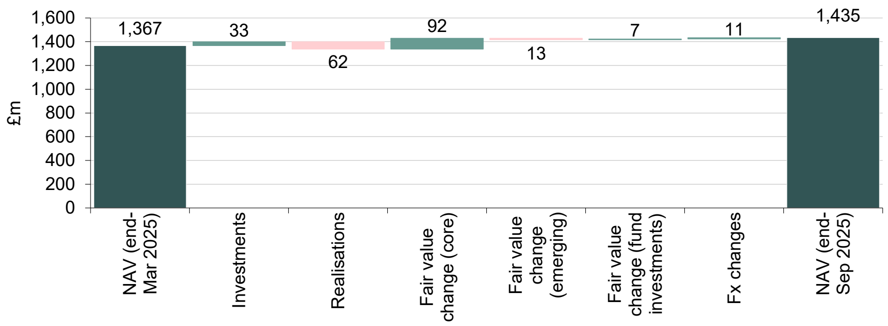
Improved exit visibility

Investment companies
Listed venture capital/TMT

4 December 2025

Molten Ventures posted a solid 7.9% NAV per share total return in H126, supported by a c 6% constant currency increase in gross portfolio value (driven by operational performance and in some cases improving market multiples) and a c 2% NAV accretion from buybacks. Standout return drivers were two spacetech businesses (ICEYE and Isar Aerospace), fintech Revolut, digital asset custody business Ledger and AI-powered, cloud-based phone platform Aircall. Molten maintains a good realisation pace, with £62m in proceeds in H126, representing 4.5% of opening gross portfolio value (broadly in line with its through-the-cycle target of 10% per year). Management highlighted improving visibility on further realisations. Molten's shares currently trade at a 36% discount to NAV.

Exhibit 1: Molten Ventures' H126 NAV bridge



Source: Molten Ventures data

European VC fund-raising challenging but improving

The funding environment for early-stage businesses, especially in the scale-up phase, remains challenging. In recent quarters, European venture capital (VC) deal value has been concentrated in larger transactions and characterised by a significant share of capital deployed into AI infrastructure plays. That said, Molten sees fund-raising strength in sectors aligned with its focus areas: AI (beyond the core infrastructure), fintech and deeptech. The funding position of Molten's core portfolio at end-September 2025 remains robust overall, with more than 70% of holdings having a cash runway of more than 18 months (even if this share declined versus end-March 2025). Moreover, the greater selectiveness of investors offers Molten more opportunities in Series B investments, which it focuses on.

Core portfolio is becoming increasingly mature

Molten's core portfolio, which made up 61.8% of its gross portfolio value (GPV) at end-September 2025, is becoming increasingly mature. This is illustrated by the fact that Molten's management assumes a two- to four-year exit horizon in the case of four companies (Revolut, Ledger, ICEYE and Isar Aerospace), which made up 25% of its GPV. Aircall is another holding that looks ripe for an exit. Another sign is the good financial performance across the core portfolio, as Molten's management forecasts a 41% average revenue increase in FY25 (after 65% in FY24) and expects six of its core companies (representing c 40–45% of the core portfolio) to be profitable this year.

Price		**481.00p**
Market cap		**£850m**
Shares in issue		176.7m
Code/ISIN		GROW/GB00BY7QYJ50
Primary exchange		LSE
AIC sector		N/A
Financial year end		31 March
52-week high/low	498.4p	215.6p

Fund objective

Molten Ventures is a UK 250, London-based venture capital (VC) firm that invests in the European technology sector. It has a portfolio of 100+ investee companies and includes a fund of funds programme (as well as EIS and VCT schemes) in the group, as well as its flagship balance sheet VC fund.

Bull points

- Strong position in the European VC landscape coupled with extensive expertise.
- Downside protection from deals structured through preference shares.
- Strong recent realisation activity supporting new investments and share buybacks.

Bear points

- Uncertain VC market outlook as recovery is at an early stage.
- Continued low exit activity in the VC market, although Molten has delivered solid realisation proceeds recently.
- Strong discipline in selecting new investments needed to offset the dilutive impact of Molten's last share issue.

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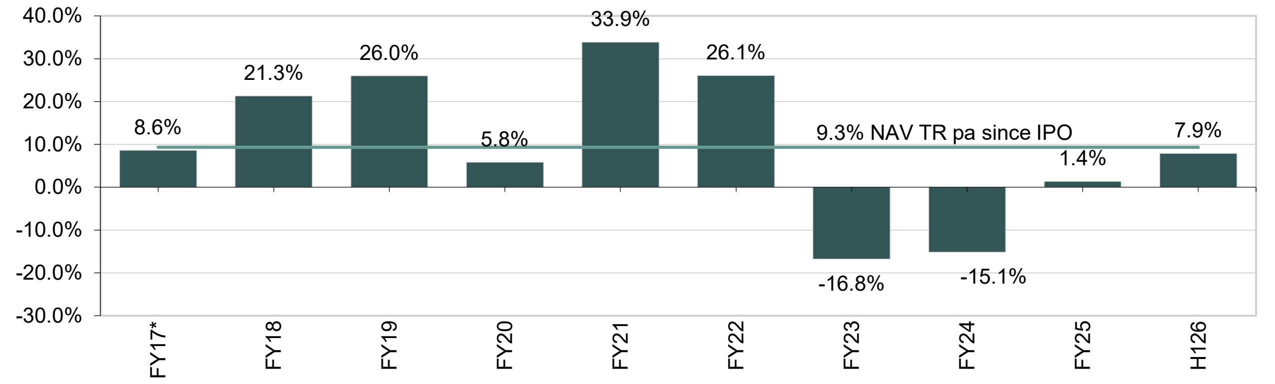
A robust 7.9% NAV total return in H126

Molten's NAV total return (TR) in H126 was driven by a 6% increase in GPV combined with a 2% NAV accretion from buybacks, as well as a reduction in administrative costs to £12.1m, from £13.1m a year ago. This brought its NAV TR since its IPO in June 2016 to 9.3% per year, despite the difficult market environment for VC-backed businesses in recent years (see Exhibit 2).

Exhibit 2: Molten's historical NAV total return



Source: Molten Ventures data, Edison Investment Research. Note: *Since IPO in June 2016.

Molten's GPV growth in H126 was supported by a £92m uplift in its core portfolio (the top 16 holdings, making up 61.8% of Molten's GPV). The most significant contributor on a constant currency basis (and one of Molten's most compelling portfolio holdings, in our view) was **ICEYE**, the fair value of which rose by £30.4m (or 74%) versus end-March 2025, making it Molten's fifth-largest holding at end-September 2025. ICEYE's constellation of over 50 synthetic aperture radar (SAR) satellites allows for Earth observation in near real-time, on a 24/7 basis, irrespective of the weather (as SAR satellites can see through clouds and at night). This makes SAR satellites a valuable tool for a wide range of use cases, such as military applications, border monitoring, detecting suspicious maritime activities, climate observation, as well as providing natural disaster insights for governments and insurance companies. ICEYE recently signed contracts worth over €400m with the governments of the Netherlands, Poland, Finland, Greece, Brazil and Portugal. The company even attracted a minority investment from the investment vehicle of Poland's state development bank. It also established a joint venture with Rheinmetall, a German supplier of solutions in the security technology and mobility segments, to strengthen Rheinmetall's activities in the space sector: according to Rheinmetall's CEO, the joint venture could eventually generate over €1bn in revenues.

Ledger, a provider of devices for self-custody of digital assets that are currently used to secure c $100bn worth of assets, was revalued by 38% at constant currency to £107.4m, driven by its strong financial performance (the business expects to deliver more than £100m in revenue in 2025). Ledger is benefiting from regulatory tailwinds and positive sentiment in the US (see part 1 of our recent thematic series on listed blockchain equities for details).

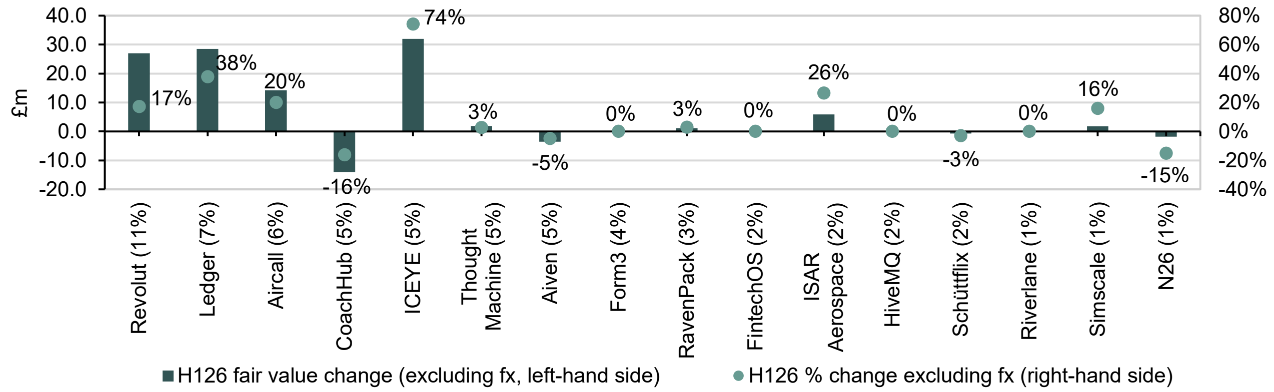
The revaluation of Molten's stake in **Revolut** by £27m excluding fx impact (or by 17%) in H126 on the back of commercial traction may not fully capture Revolut's $75bn valuation in the fund-raising that the company completed in November 2025. NVentures (NVIDIA's venture arm) participated in the funding round, which should deepen Revolut's collaboration with NVIDIA in key areas such as AI.

Isar Aerospace completed its first test flight in March 2025; it was a data-gathering flight without payload, which we understand fulfilled its objective (the company is planning a second flight in Q425). We believe that the company may benefit from Germany's recently announced plan to invest €35bn by 2030 in space-related defence projects, as the plan includes strengthening Europe's launch capabilities.

A major downward revaluation in H126 was **CoachHub**, which is profitable but experienced stalled growth, and its valuation was affected by weaker market multiples for cloud software-as-a-service businesses.

Thought Machine, for which Molten reduced the fair value in its last financial year, was revalued slightly up in H126. The business has a good pipeline of customers (tier-1 banks), but has not reached a breakthrough in terms of revenue traction. It therefore remains a potential NAV kicker once it can clear commercial proof points. The company posted £47.6m in revenues in 2024 (broadly stable vs £47.8m in 2023) and a net loss of £71.2m (vs £59.0m in 2023).

Exhibit 3: Change in fair value of Molten's core holdings in H126

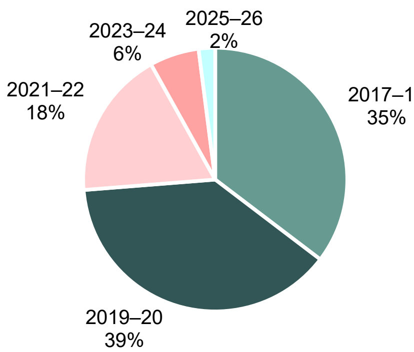


Source: Molten Ventures data, Edison Investment Research. Note: Share of Molten's total GPV indicated in brackets in the X-axis labels.

Molten's core portfolio maintains a solid financial performance overall, with management expectations of a 41% average increase in revenue in FY25 (following 65% growth in FY24) at an average gross margin of 68%. Molten expects six of its core holdings (representing c 40–45% of core portfolio) to be profitable in 2025. For instance, Revolut grew its revenue by 72% to $4.0bn in 2024 (with management expectations for 2025 at $5bn), its pre-tax profit was up by 149% to $1.4bn in 2024 and its global retail client base recently surpassed 65m. ICEYE's CEO expects revenue to double in 2025 to over €200m, according to Bloomberg.

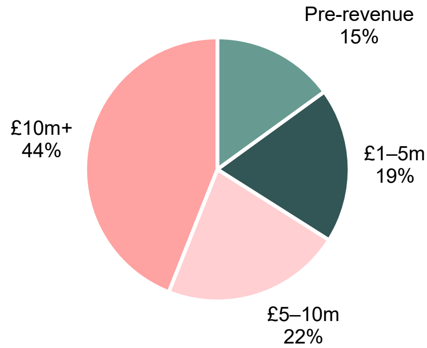
The fair value of Molten's emerging portfolio was reduced slightly by £13m in H126, driven by two to three larger write-downs. This portfolio consists of 68 holdings with a positive value, 85% of which are generating revenue (see Exhibit 5), with the pre-revenue holdings including a fair share of deeptech businesses, which normally have a longer path to revenue.

Exhibit 4: Capital deployment across Molten's emerging portfolio by vintage*



Source: Molten Ventures data. Note: *Based on capital deployed in the first year of investment.

Exhibit 5: Molten's emerging portfolio by revenue stage



Source: Molten Ventures data

Good traction in terms of realisations

Despite a still muted VC exit environment in Europe (except for the Klarna listing), the company continues to deliver strong realisations, with £62m in proceeds in H126, representing 4.5% of opening gross portfolio value (broadly in line with its through-the-cycle target of 10% per year). This includes c £26m from a further partial realisation of Revolut, at a valuation in line with the previous carrying value and which implies an excellent 20.0x multiple on invested capital (MOIC). A further £30m was realised from two exits: Freetrade, a commission-free, self-directed investment platform, sold to IG Group at a MOIC of 1.5x; and Lyst, a global fashion shopping platform, sold to ZOZO at a MOIC of 0.7x. These transactions were realised at uplifts of 17% and 7% to the last carrying values, respectively. Another £23m partial realisation of Revolut was completed after reporting date in October.

Management emphasised the improving visibility on further realisations. It assumes an exit horizon of two to four years for Revolut (held at 18.1x of cost at end-September 2025), Ledger (3.8x), ICEYE (3.3x) and Isar Aerospace (7.3x), which together made up 25% of its gross portfolio value at end-September 2025. Revolut is reportedly eyeing an IPO within two years, while Ledger is considering an IPO in 2026 (or, alternatively, another private fund-raising), according to media reports.

Aircall is also ripe for an exit (Molten suggested that it is heading towards an exit via either an IPO or a trade sale) as it was held at a 5.7x multiple of cost at end-September 2025. The business was revalued upwards by 20% on a constant currency basis in H126.

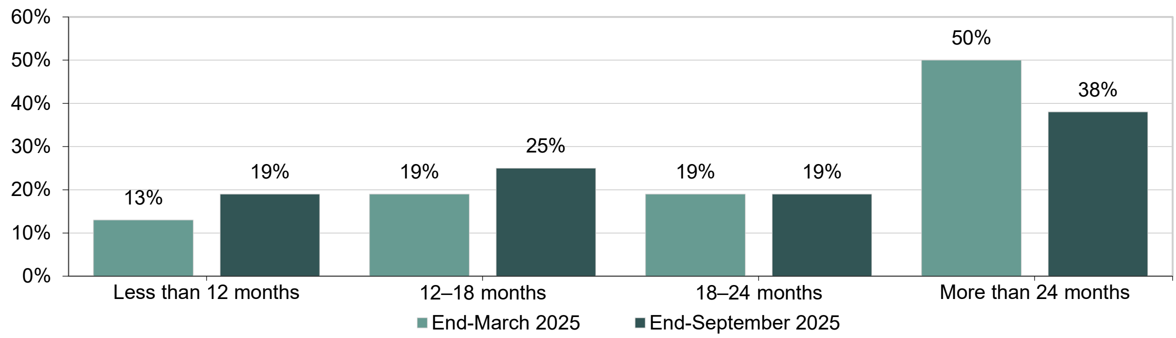
Funding activity modest but cash runways still robust overall

We believe that the funding environment for early-stage companies, especially in scale-up phase, remains challenging overall, with investors focusing on a narrow set of premium assets. PitchBook has also noted the weaker activity in terms of follow-on rounds recently. Investors' selectiveness is illustrated by the declining deal count across the European VC market, with a focus on larger rounds. A significant proportion of deal value was allocated to AI infrastructure or foundation-model plays (eg Mistral, Nscale), which made up 39.1% of all European deal value in Q325 (after 34.5% in H125), according to PitchBook. In this context, we note that Molten's exposure to the AI theme is a blend of 'AI native' businesses (with a core product or service that is fundamentally powered by AI, eg Aiven, Ravenpack, Mostly AI) and 'AI enhanced' businesses (which embed AI into their existing product offering, eg Revolut, BeZero or Altruistiq). Such businesses can still attract funding in the current environment, as illustrated by the recent funding rounds of Omnea (AI supplier-relationship & procurement platform, $50m series B round), Mimica (AI process mapping/automation, $26m series B round), DRUID AI (conversational/agentic AI for enterprise workflows, $31m series C round) and HIVED (AI-optimised, all-electric parcel network, £31m series B round). Overall, Molten's management sees fund-raising strength in sectors aligned with its focus areas: AI (beyond the core infrastructure/foundation-model companies), fintech and deeptech. Importantly, while valuations of large AI infrastructure/foundation-model plays (both listed and unlisted) are becoming demanding, Molten's management is not seeing a similar trend across its 'AI native' and 'AI enhanced' portfolio companies.

Cash runways across Molten's core portfolio remain robust, even if the share of core companies with a cash runway of less than 18 months increased compared to end-March 2025 (Exhibit 6). This still leaves close to 70% of Molten's core portfolio with a cash runway of 18 months or more. We believe that the good funding position of this portfolio is a function of the greater maturity of several holdings, including some profitable companies as mentioned above.

There have been no major equity rounds across Molten's core portfolio so far in the 2025 calendar year. Isar Aerospace signed a €150m convertible bond agreement with Eldridge Industries, with the proceeds to be used to expand launch capabilities and series production facilities near Munich. Thought Machine raised £44.8m in July 2025 from existing investors (its previous fund-raising was a $160m Series D funding round in May 2022). There is no data available on the cash runways across Molten's emerging portfolio.

Exhibit 6: Cash runway across Molten's core portfolio



Source: Company data

Good balance sheet headroom for new investments and buybacks

The company invested £33m in H126 (with a further £11m deployed by its EIS and VCT funds), including £6m spent on new investments in Duel (an enterprise brand advocacy platform) and General Index (a provider of energy and commodity pricing data), £5m in follow-on investments including a further investment in the drone delivery company Manna, a £16m secondary investment in the Speedinvest Continuation Fund I (c 58% of the fund), as well as £6m of fund investments. A further £23m was committed as of end-September 2025, and management expects a total investment volume of £95m in FY26 (ie c 7.4% of opening NAV), compared to £73m in FY25 and £65m in FY24. Molten recently announced that it led the £25m the series B round of its existing portfolio company Modo Energy, a B2B SaaS market intelligence and data platform for energy assets. In this context, we note Molten's sound balance sheet, with £77m in cash at end-September 2025, a further £23m from the above-mentioned partial sale of Revolut in October, as well as Molten's undrawn credit facility of up to £60m (available subject to certain covenants).

Molten aims to increasingly focus on series B investments, where it sees a funding gap and demand for Molten's VC skills to help companies manage their scaling path. Beyond FY26, given the good pipeline of potential exits, Molten considers an annual investment volume of £100–150m (funded by both Molten's balance sheet and its EIS and VCT funds) as achievable. In terms of third-party capital, Molten's management stated that the Molten East fund is making progress towards a first close (which is likely to happen in the next calendar year).

Alongside new investments, Molten continues to pursue share buybacks, with £19m spent in H126 and a further £5m committed post period end, bringing the total capital committed to share repurchases since the announcement of its updated capital allocation policy last year to £51m.

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