EDISON

Molten Ventures

Strength through diversification

Investment companies
Listed venture capital/TMT

18 February 2026

Molten Ventures' recent investor day was an opportunity for the company to report on its strategic development and to feature a diverse set of portfolio companies. The CEO highlighted progress across all five strategic areas: refocusing on the core business of investing in Series A and B rounds; driving further scale and efficiencies in terms of portfolio development and institutional co-investment; a selective approach within its fund of funds programme; preserving a strong balance sheet; and narrowing the discount to NAV (which currently stands at 34% and therefore has further scope to narrow). The event also gave the company an opportunity to highlight the diversity of its portfolio in light of investor concerns over AI disruption.

Molten's portfolio is not a simple software play

We believe that the public market sell-off triggered by AI disruption fears was indiscriminate, affecting all business models irrespective of the actual risk of AI replicating the software's core functionalities. Molten's shares were also caught up in the sell-off, even though its portfolio is not purely focused on enterprise software, and we see limited risk from AI for many of its hardware, deeptech and consumer technology holdings. We note that Molten has been fostering investments into AI across its portfolio companies for several years now and its portfolio includes several so-called 'AI native' businesses (whose core product or service is fundamentally powered by AI) and 'AI enhanced' businesses (which proactively embed AI into their existing product offering). Where software is in the portfolio, it is often deeply embedded, domain-specific and critical for an enterprise, limiting the potential of workflow penetration by AI.

Among Molten's Core portfolio, we see a few companies that may be at a greater risk from alternative AI-powered solutions, but these companies have been also embracing AI to further innovate and in turn to remain relevant in the market. We note that the business model of venture capital (VC) investors such as Molten assumes that some of its holdings will fail while others deliver outsized returns. Therefore, a higher sensitivity of some holdings to the competitive threat from external AI solutions may not necessarily affect its long-term returns. Overall, Molten's management is very positive about its diversified portfolio and the opportunities for its portfolio companies.

Price		**480.20p**
Market cap		**£839m**
Shares in issue		174.7m
Code/ISIN		GROW/GB00BY7QYJ50
Primary exchange		LSE
AIC sector		N/A
Financial year end		31 March
52-week high/low	532.5p	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 85+ 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 venture capital 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.
- Impact of AI is difficult to predict accurately at this stage.
- Strong discipline in selecting new investments needed to offset the dilutive impact of Molten's last share issue.

Analysts

Milosz Papst +44 (0)20 3077 5700
Dan Ridsdale +44 (0)20 3077 5700

investmenttrusts@edisongroup.com
Edison profile page

Molten Ventures is a research client of Edison Investment Research Limited

Making progress on its strategic agenda

During Molten's recent investor day, Ben Wilkinson, the company's CEO, provided an update on the execution of the five-point strategy he had outlined during the prior year's event. As part of its **refocus on Molten's core business of series A and B investments**, the company has so far invested £50m in FY26 (ending end-March 2026) across five new and 13 follow-on transactions, supplemented by a secondary investment. This was coupled with six full and two partial exits, with total realisation proceeds of over £100m so far in FY26 (c 8% of opening NAV, already close to its through-the-cycle target of 10% pa), supporting **the preservation of a strong balance sheet**. At end-September 2025, Molten had £77m in cash, with a further £23m from a partial sale of Revolut in October, as well as Molten's undrawn credit facility of up to £60m (available subject to certain covenants). This supported Molten's buyback agenda. Molten has spent £50m on share repurchases since the announcement of its updated capital allocation policy in 2024, with another £10m committed recently. Molten's buybacks aided **a narrowing of the discount to NAV**, which currently stands at 34% compared to 47% at the time of the previous investor day in 2025. Molten has exhibited a balanced approach to new and follow-on investments and share buybacks so far this year.

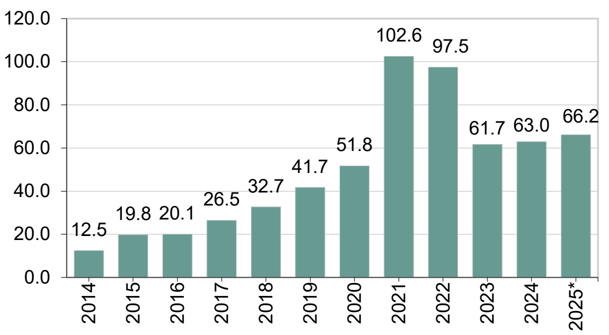
In line with another of its strategic objectives announced last year, Molten made **commitments to a narrower set of managers** (emphasising deeper strategic relationships) as part of its fund-of-funds strategy (launched in October 2017), through which Molten is a limited partner in a range of specialist seed funds across the UK and Europe. Finally, **to drive further scale and efficiencies** in terms of portfolio development and institutional co-investment, Molten made further progress on reaching the first close of its €100m Molten East fund focused on opportunities across Eastern Europe, including countries such as Turkey, Poland and Estonia.

CEO emphasised platform diversification as a competitive edge

Molten's investment strategy blends direct investments (with an average holding period of eight to 10 years), the acquisition of limited partnership positions in secondary markets and its fund-of-fund investments. The secondary investments allow Molten to acquire portfolios of usually more mature holdings at a discount to NAV from holders seeking liquidity, while the fund-of-funds programme provides it with visibility on breakout companies. They are therefore complementary to Molten's direct investments and allow Molten to seek investment opportunities through the cycle. This setup provides the company with greater investment flexibility at times of disruptive change, such as the current rise of AI.

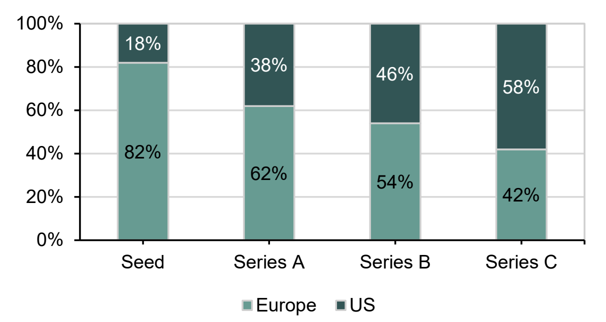
European VC deal value grew at a 27% CAGR between 2015 and 2025, with a temporary stronger spike in 2021 and 2022 (according to PitchBook data, see Exhibit 1). However, Molten highlighted that the funding gap at the growth stage persists in Europe (it estimates this gap at $375bn vs the US over the last decade), with 58% of European scale-ups (Series C stage businesses) across its fund-of-funds portfolio having a US lead investor (see Exhibit 2). To address this gap, Molten aims to launch a growth (Series B+) fund that would provide institutional investors with the opportunity to co-invest alongside Molten.

Exhibit 1: European VC deal value (€bn)



Source: PitchBook data. Note: *As of 31 December 2025.

Exhibit 2: Breakdown of Molten's underlying fund-of-fund portfolio by lead investor



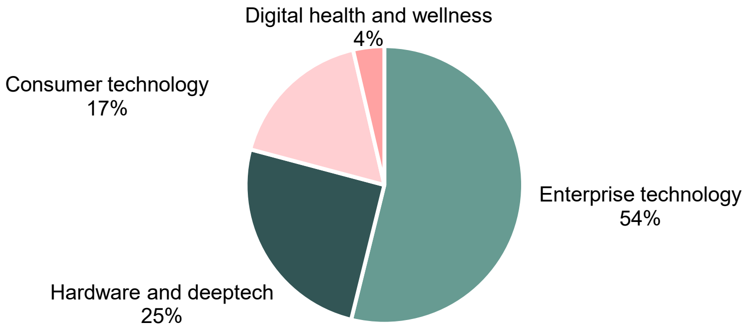
Source: Molten Ventures. Note: Calculated as a percentage of deal value, using Molten's underlying fund-of-funds portfolio, with a European headquarters, where a VC or private equity lead has been identified.

Molten's portfolio in the age of AI

When assessing the impact of any broad-based disruptive change on Molten's portfolio, it is worth keeping in mind its diversity across structural growth themes. While Molten is focused exclusively on technology, it offers a diversified portfolio of more than 85 direct investments across different vintages and stages of investment in four technology sectors: enterprise technology (cloud, enterprise and SaaS), hardware and deeptech, consumer technology and digital health and wellness (see Exhibit 3). These sectors can be further broken down into sub-sectors, including fintech, cybersecurity and data privacy, quantum, energy and climate, space, crypto and blockchain (including asset tokenisation), digital tech, and cloud and software (see Exhibit 4), with a leaning to European strengths in fintech and deeptech.

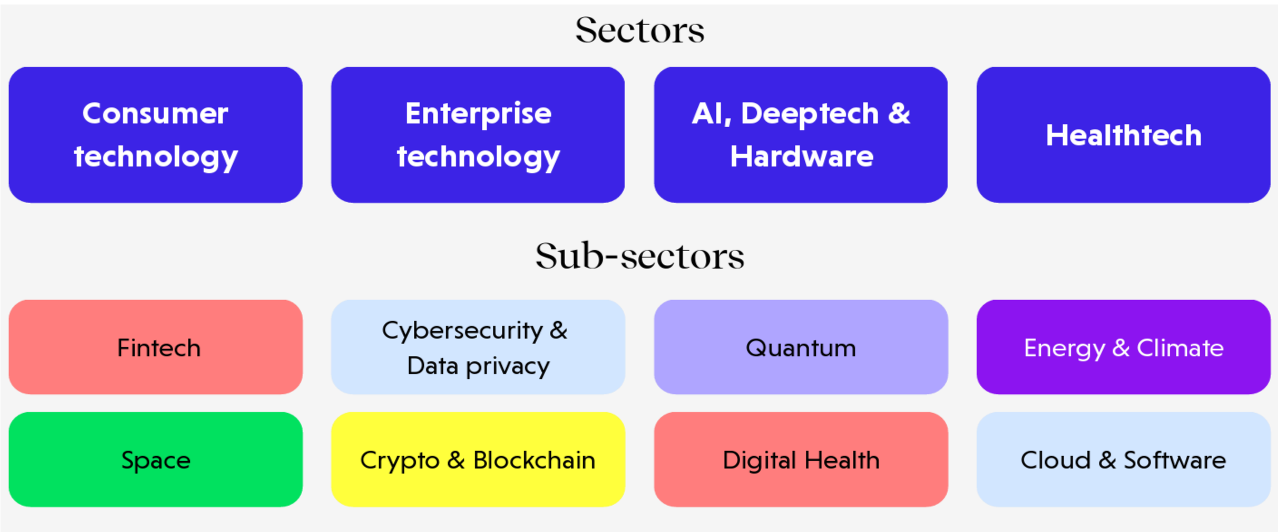
Rather than focusing on foundational models or applications, Molten's investments in AI businesses target the so-called middleware, covering AI-native security and governance, workload intelligence, agentic commerce infrastructure and data infrastructure for AI memory. An example of a recently exited, AI-augmented business is M-files, a provider of generative AI-powered intelligent informational management and knowledge work automation solutions, which was exited in FY25 (ended March 2025) at a strong 7.4x multiple of invested capital.

Exhibit 3: Molten's direct portfolio by sector as at end-September 2025



Source: Molten Ventures, Edison Investment Research

Exhibit 4: Molten's sectors and sub-sectors

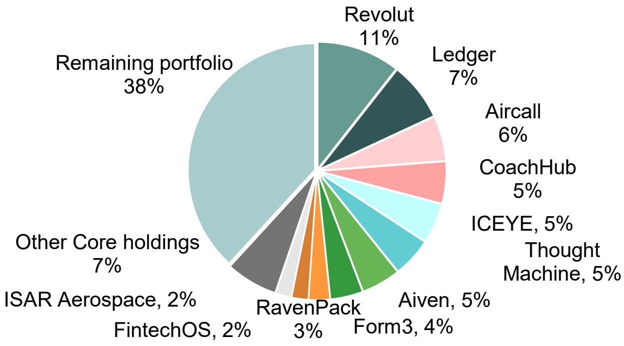


Source: Molten Ventures

Public markets have recently experienced a sharp sell-off in software stocks driven by AI disruption fears. We believe that the selling was indiscriminate in that it affected all business models irrespective of the actual risk from AI disruption, in particular the replication of software's core functionalities.

We acknowledge that AI is an overarching theme driving a generational technology shift, but we believe that it affects Molten's portfolio holdings to varying degrees. Many of its hardware and deeptech holdings face limited risk of their products being replaced by AI, including Core portfolio holdings such as Ledger (a provider of devices for self-custody of digital assets, 7.5% of end-September 2025 gross portfolio value, GPV), ICEYE (which operates a constellation of over 50 synthetic aperture radar satellites, 5.1% of GPV), Isar Aerospace (rocket launch business, 2.0% of GPV) and Riverlane (quantum error correction software and tools, 1.4% of GPV), as well as emerging holdings such as drone delivery business Manna. The same applies to its neobanks Revolut (10.6% of GPV), N26 (0.7%) and Zopabank.

Exhibit 5: Molten's gross portfolio value breakdown by major holdings as of end-September 2025



Source: Molten Ventures data, Edison Investment Research

Molten has been fostering investments into AI across its portfolio companies for several years now and its portfolio includes several so-called 'AI native' businesses (whose core product or service is fundamentally powered by AI) and 'AI enhanced' businesses (which proactively embed AI into their existing product offering). Where software is in the portfolio, it is often deeply embedded, domain-specific and critical for an enterprise, limiting the potential of workflow penetration by AI. Some of Molten's holdings benefit from deep moats such as proprietary data (eg RavenPack, 2.7% of GPV) or deeply embedded operating infrastructure in regulated operations (eg ThoughtMachine, 5.0%, and Form3, 4.1%). Another Core holding that is not easily disrupted by generic AI tools is HiveMQ (1.8%), which offers an internet of things industrial messaging infrastructure powered by an enterprise-grade message queuing telemetry transport broker. It was one of the companies presenting during this year's investor day.

Among Molten's Core portfolio, we see a few companies that may be at a greater risk from alternative AI-powered solutions, including Coachhub (digital coaching platform, 5.3% of GPV), Aircall (cloud-based phone and communications platform, 5.7%), FintechOS (low-code product engine for banks and insurers, 2.1%) and Aiven (managed open-source data platform, 5.0%). However, these companies also embrace AI to further innovate and in turn to remain relevant in the market.

Coachhub has been addressing the competition from conversational AI agents by combining its own AI coach (AIMY) for always-on, scalable day-to-day support with human coaches focused on higher-profile leadership coaching.

Aircall launched its AI voice agent (with a pay-as-you-go model) designed to answer inbound calls 24/7, handle frequently asked questions, capture caller details, qualify and hand off complex queries, and plug into Aircall call flows and existing integrations. Its roadmap includes expanding the AI voice agent's capabilities with seamless call transfers (intelligent routing of complex enquiries to live agents, while providing full conversation context), outbound call automation and deeper CRM and helpdesk integrations (to automate functions such as post-call workflows and customer data entry), which may result in higher customer stickiness. Aircall reported annualised recurring revenue of $204m in FY25 (up 26% y-o-y) and the seventh consecutive quarter with positive EBITDA. Importantly, the company reported a net retention rate of 104% across its small and medium-sized enterprise-focused software-as-a-service solutions.

FintechOS first introduced GenAI functionality directly into product design according to its December 2023 announcement. Although the company's solution sits on top of the system of record (rather than being the system of record itself like in case of ThoughtMachine), it may still benefit from a certain defensive moat from deep integrations with the system of record and the client's regulatory and compliance framework, especially if is deployed as the bank's standardised change-and-release layer across multiple products.

Finally, Aiven faces pricing pressure and risk of managed service commoditisation as AI makes it easier for engineering teams and hyperscalers to run open-source data services themselves. Therefore, Aiven positions itself as a 'data and AI platform' with emphasis on data sovereignty/control and managed reliability/operational simplicity. It has launched an AI database optimiser to improve performance and optimise cost (ie unit economics of running data infrastructure). Its multi-cloud neutrality allows its customers to avoid the hyperscaler vendor lock-in and once Kafka/Postgres/OpenSearch become mission-critical for a client, the risk of outages and migration mistakes creates practical switching friction and in turn a defensive moat and greater customer stickiness for Aiven.

Molten Ventures investor day 2026: CEO update

Source: Molten Ventures

Molten Ventures investor day 2026: The European venture capital opportunity

Source: Molten Ventures

London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom