

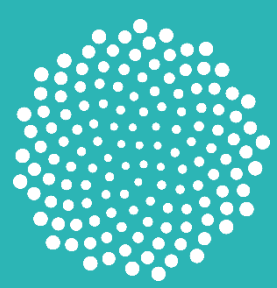


Mercia Asset Management PLC

Preliminary Results 2019

venture • private equity • debt





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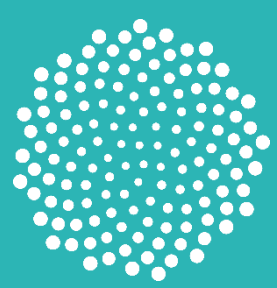


Mercia Asset Management PLC

A proactive specialist asset manager with c.£500m in AuM via balance sheet capital alongside third-party equity and debt funds

We combine regional presence with operational insight and investment expertise, to create a sustainable competitive advantage

Our strategy is to leverage that advantage to deliver a profitable asset management business combined with balance sheet cash exits



The team: a track record of value creation



Dr Mark Payton
CEO



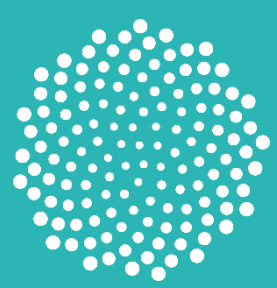
Martin Glanfield
CFO



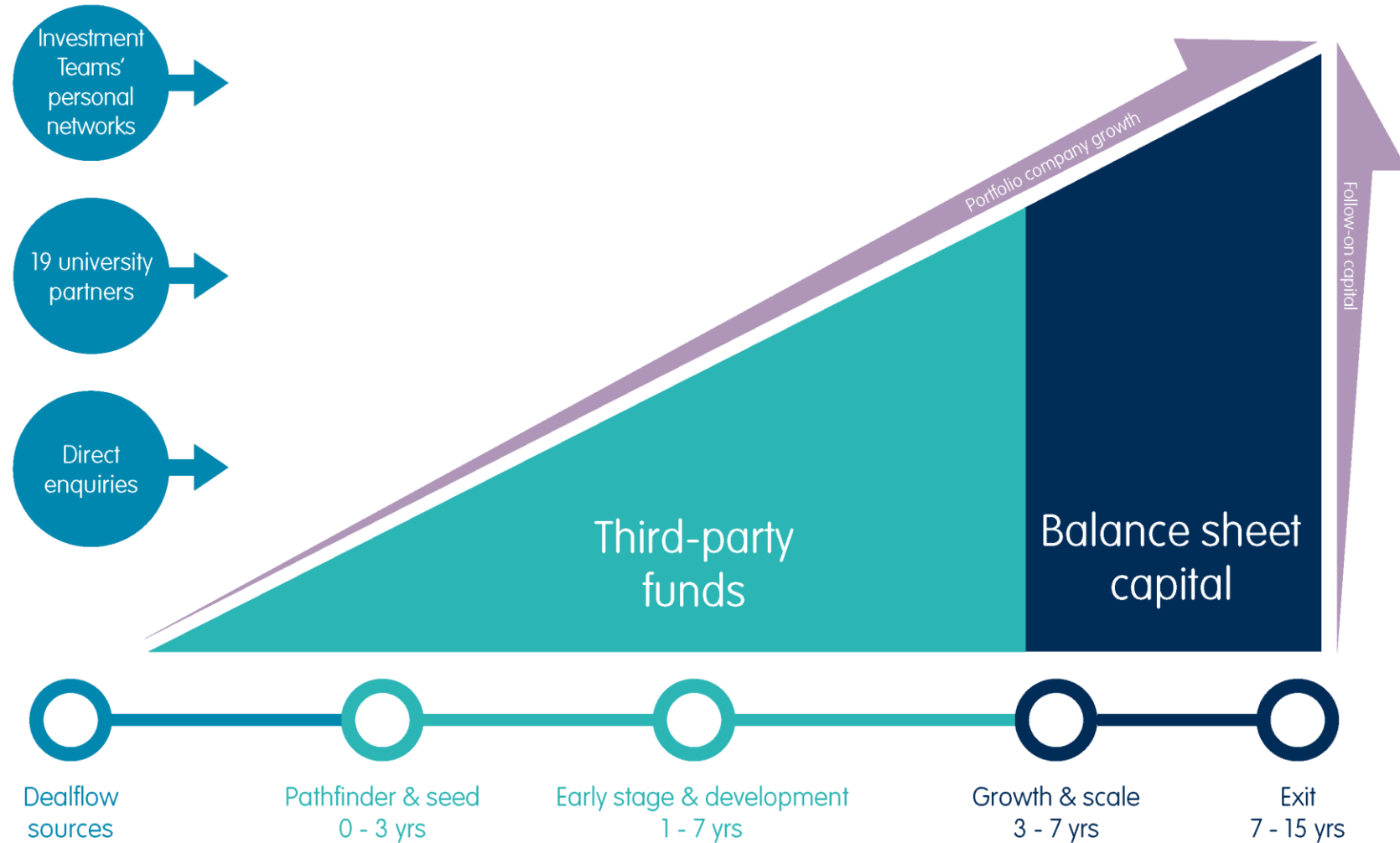
Julian Viggars
CIO

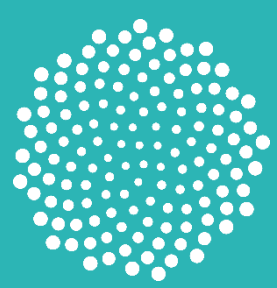


Mercia Asset Management PLC



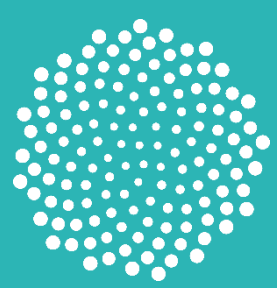
Mercia's investment model





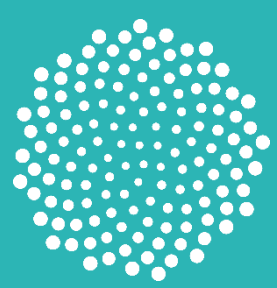
Mercia's 'Complete Capital' – 31 March 2019

Venture	Private equity	Debt	Balance sheet
Total FuM £224m	Total FuM £61m	Total FuM £96m	NAV £126m
Total invested 2002-2019 £182m	Total invested 2004-2019 £39m	Total invested 2002- 2019 £114m	Total invested 2014-2019 £84m
Returns to date £104m	Returns to date £28m	Returns to date £44m	Returns to date £14m
Cash to invest £81m	Cash to invest £34m	Cash to invest £53m	Cash to invest £30m



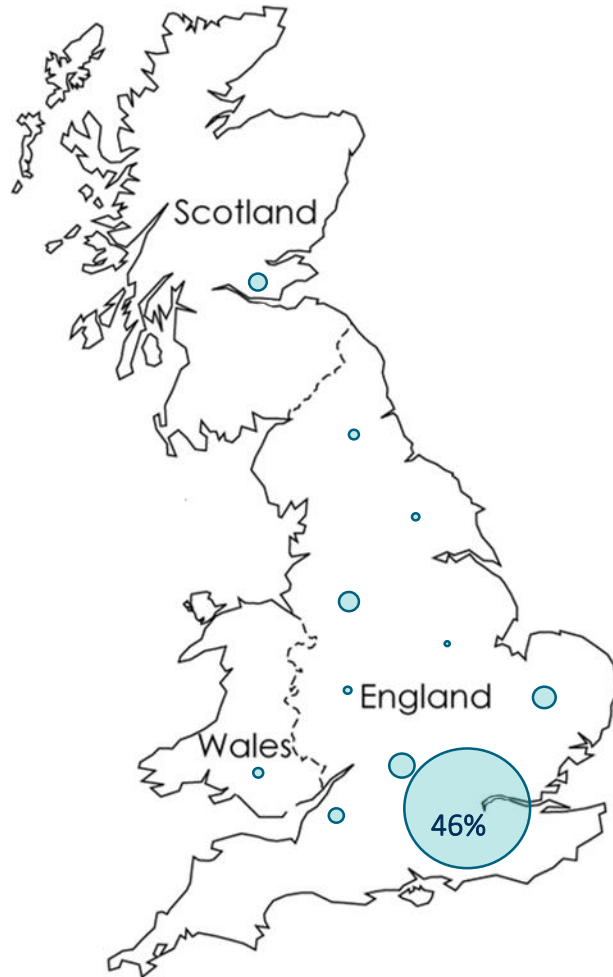
Our market

- Mercia invests:
 - In the UK regions
 - Venture (seed to scale up), P.E. (growth and MBO) and debt
 - Balance sheet capital for the most promising investees
 - Where Mercia has operational and/or tech expertise
 - Up to £10m per investee
- Large, addressable, growing regional market:
 - c.£1.3bn* invested in 2018 (CAGR, c.25% over last 3 years)

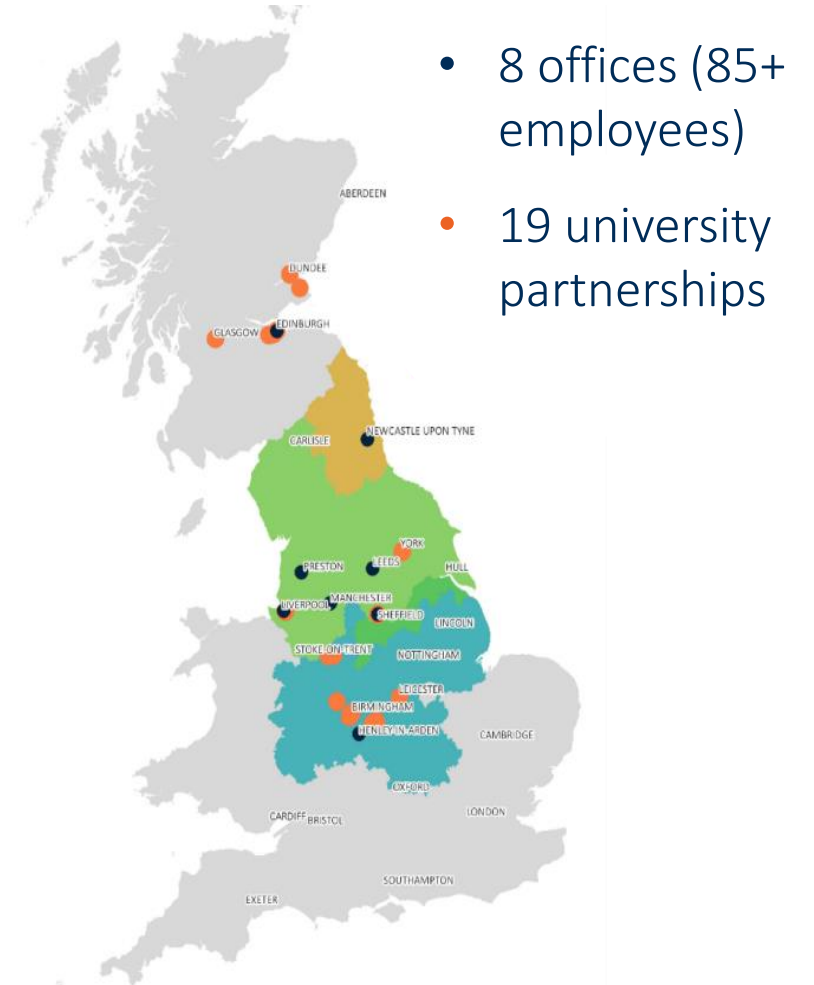
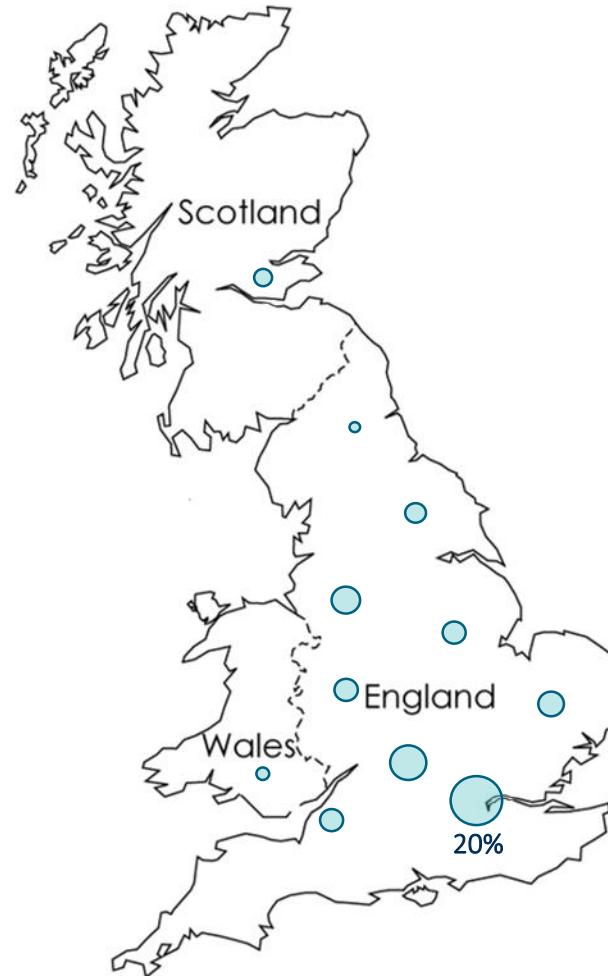


Why does Mercia focus on the regions?

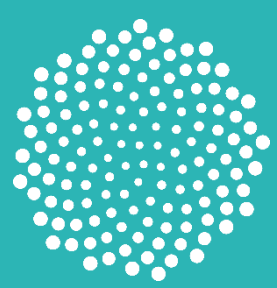
Equity investment



High growth firms



Mercia Asset Management PLC



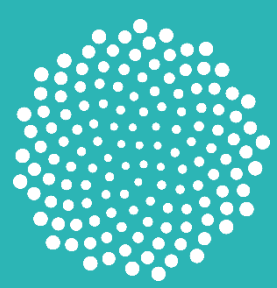
Strategic objectives

FY 15-19
Establish model &
prove regional value

- >96% of investments outside of London
- c.£500m AuM
- FY19 c.6% of target regional market
- 2nd most active in the North, 4th nationally
- c.95x return from Blue Prism (NW)
- c.26x return from Allinea (Midlands)

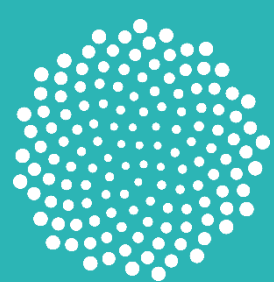
FY 20 – 22
In the regions, from the regions, to the
regions. First choice asset manager to
investees, investors & employees

- Number 1 in the UK regions
- Grow AuM to ≥£1bn
- Take c.20%+ of target regional market
- Profitable trading (from FuM fees and profit share/carried interest) excluding FVM and cash realisations
- Evergreen balance sheet



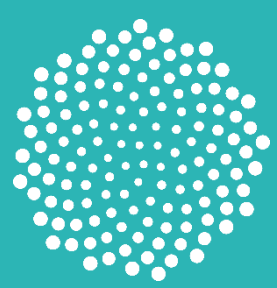
Financials



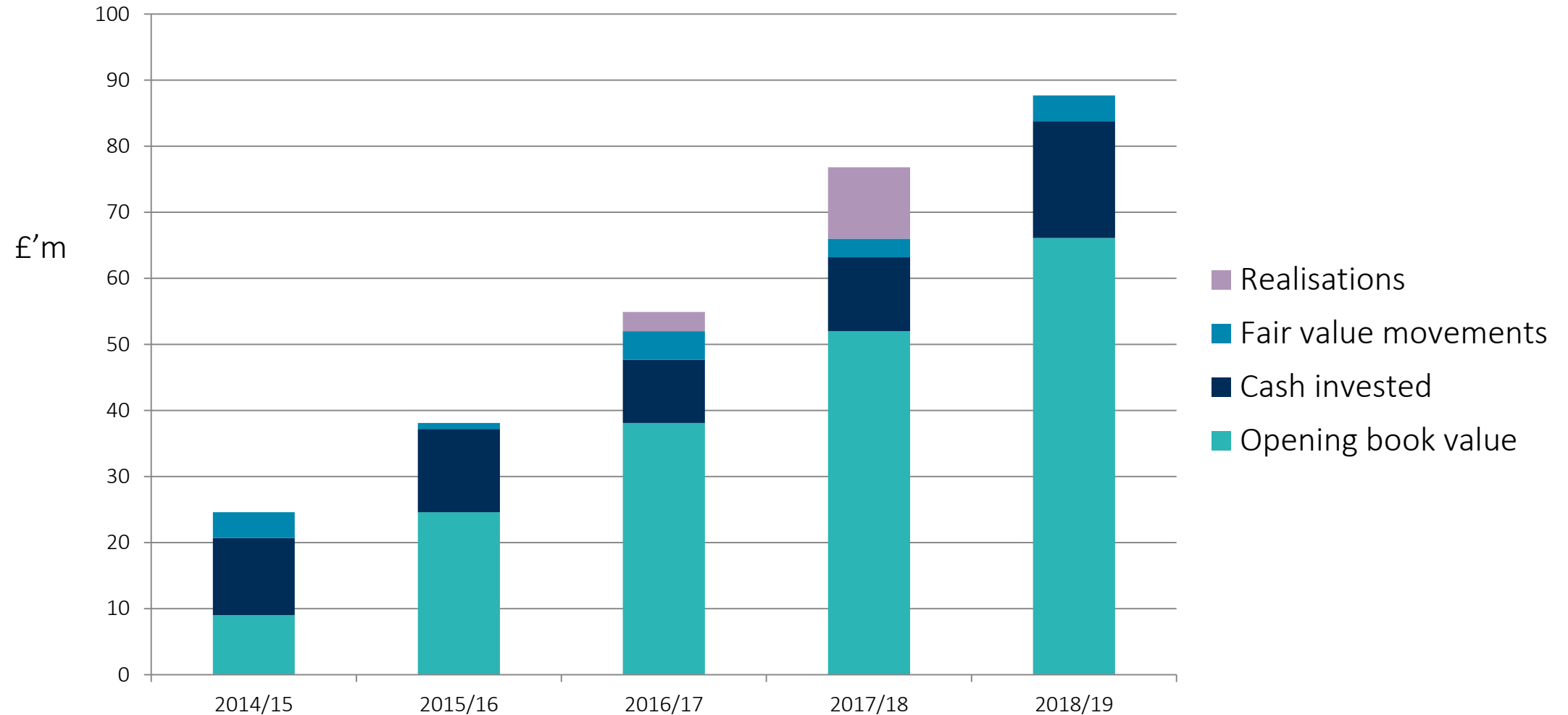


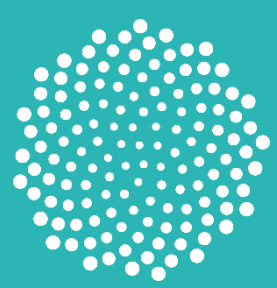
Summary financial information

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Income statement - key items		
Revenue	10,675	10,197
Administrative expenses	(12,115)	(10,633)
Net expenses	(1,440)	(436)
Realised gains on disposal of investments	-	871
Fair value movements in investments	3,916	2,823
Finance income	562	274
Profit for the financial year	2,620	1,663
Balance sheet – key items		
Direct investment portfolio value	87,659	66,070
Unrestricted cash and short-term liquidity investments	29,769	49,435
Net assets	126,065	123,470
Cash flow – key item		
Direct equity investments/loans	19,384	21,282

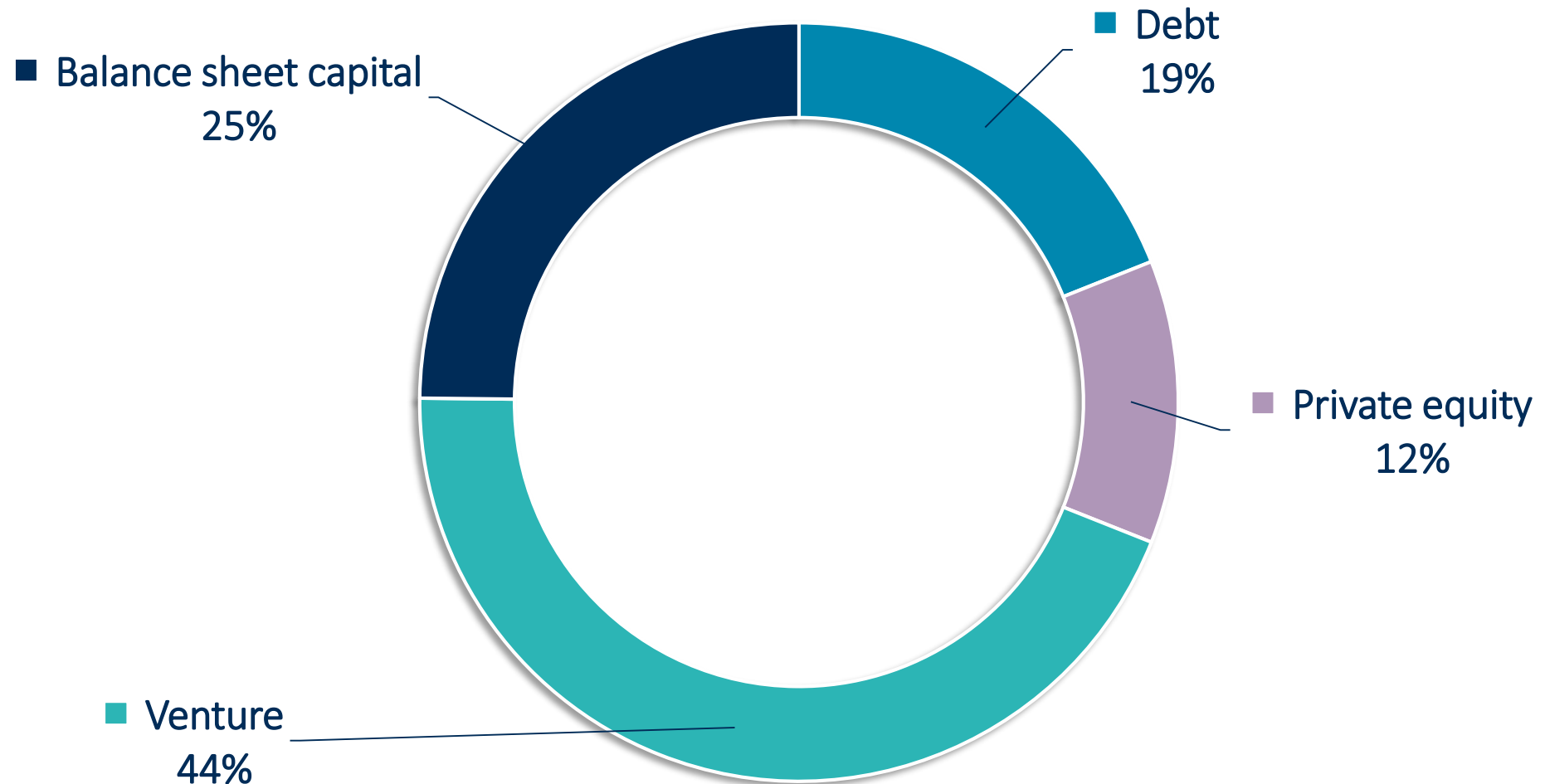


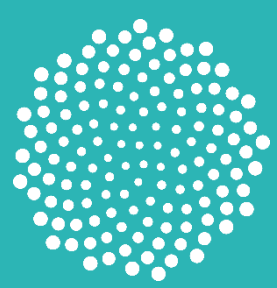
Direct investment progress since IPO





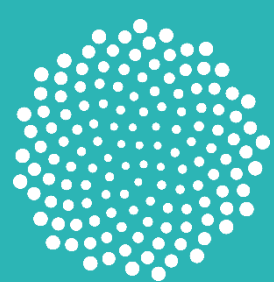
Mercia's AuM by specialist asset class





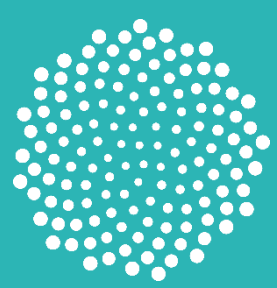
Direct investments (balance sheet capital)



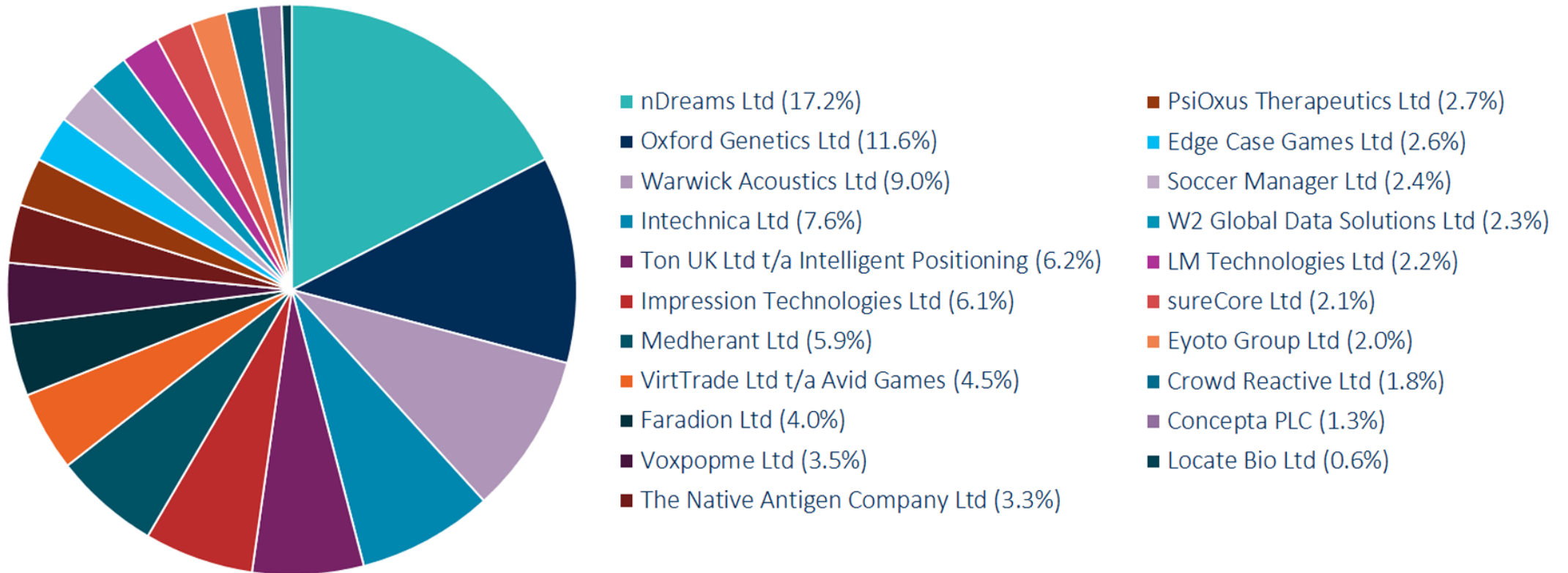


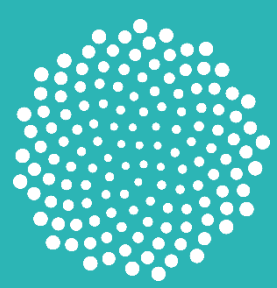
Direct investment holdings

	Investment value As at 1 April 2018 £'000	Net cash invested Year to 31 March 2019 £'000	Fair value movement Year to 31 March 2019 £'000	Investment value As at 31 March 2019 £'000	Percentage held As at 31 March 2019 %
nDreams Ltd	12,979	1,029	1,112	15,120	45.5
Oxford Genetics Ltd	9,090	433	638	10,161	33.3
Warwick Acoustics Ltd	6,152	1,500	252	7,904	62.5
Intechnica Ltd	4,021	2,000	656	6,677	32
Ton UK Ltd t/a Intelligent Positioning	4,216	-	1,257	5,473	28.8
Impression Technologies Ltd	3,107	2,268	6	5,381	31.4
Medherant Ltd	3,453	524	1,228	5,205	31.9
VirtTrade Ltd t/a Avid Games	2,538	1,400	-	3,938	28.4
Faradion Ltd	1,299	601	1,625	3,525	18.1
Voxpopme Ltd	1,000	1,500	526	3,026	21.3
The Native Antigen Company Ltd	1,942	-	921	2,863	32.7
PsiOxus Therapeutics Ltd	2,377	-	-	2,377	1.5
Edge Case Games Ltd	2,000	300	-	2,300	21.2
Soccer Manager Ltd	1,199	500	400	2,099	31.6
W2 Global Data Solutions Ltd	-	2,000	-	2,000	17.4
LM Technologies Ltd	1,913	-	-	1,913	41.4
sureCore Ltd	1,500	334	-	1,834	24.4
Eyoto Group Ltd	1,750	4	1	1,755	18.8
Crowd Reactive Ltd	1,650	(61)	-	1,589	26.2
Concepta PLC	1,306	365	(538)	1,133	18.2
Locate Bio Ltd	-	500	-	500	6.0
Smart Antenna Technologies Ltd	2,148	1,900	(4,048)	-	n/a
Other direct investments	430	576	(120)	886	n/a
Totals	66,070	17,673	3,916	87,659	n/a



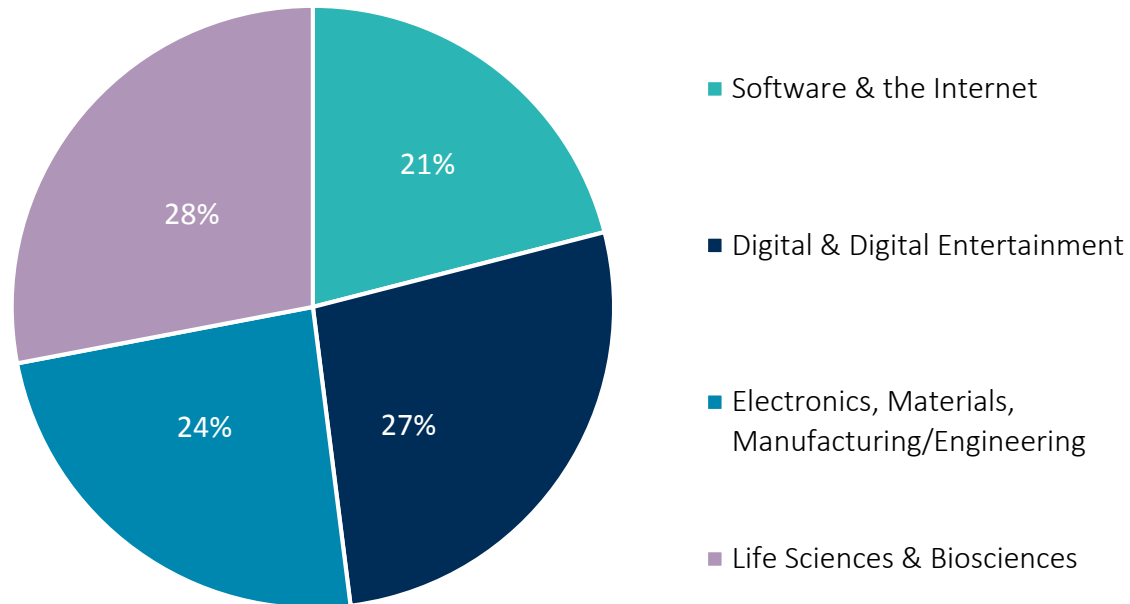
Direct investment portfolio - holding proportions



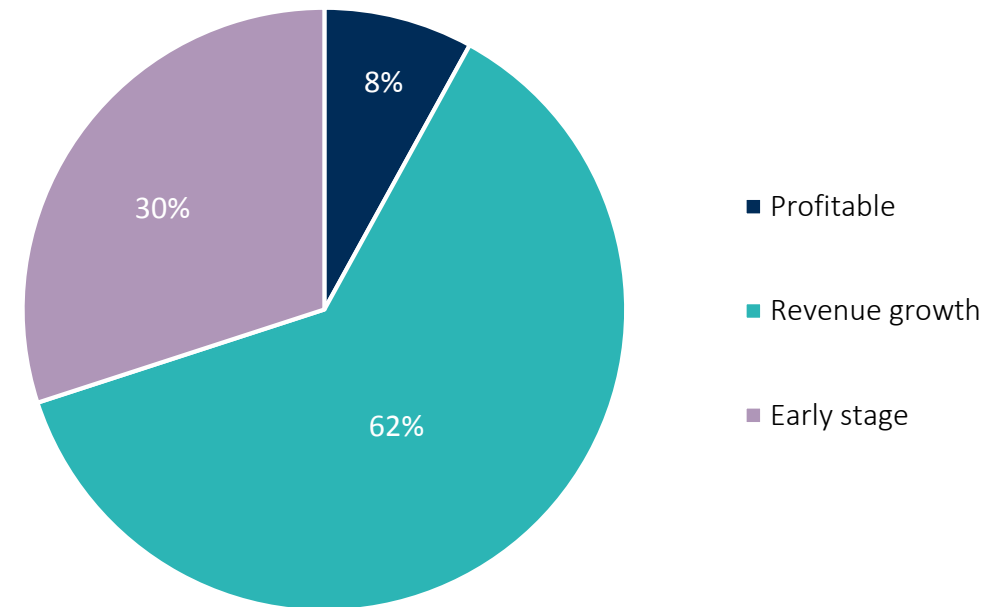


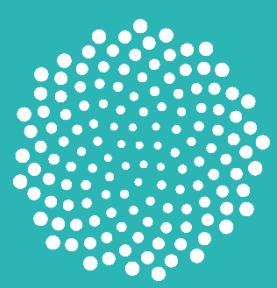
Direct investment portfolio – analysis at 31 March 2019

Portfolio value by sector

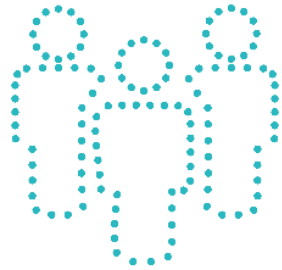


Portfolio value by stage of development

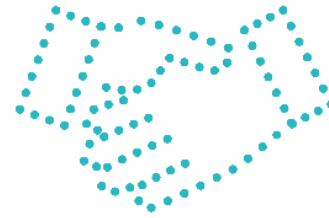




Progress FY19; *direct investments*



2 new investments from
c.400 funds' portfolio



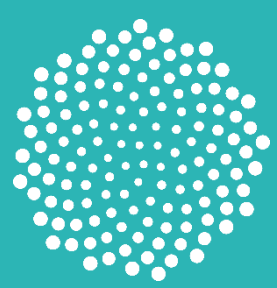
17 companies



£19.4m invested



14% IRR



Direct investments



**OXFORD
GENETICS**
BIOLOGY ENGINEERED

33.3% equity stake
Holding value £10.2m



nDreams[®]

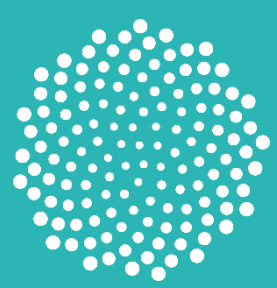
45.5% equity stake
Holding value £15.1m



PlayStation.VR

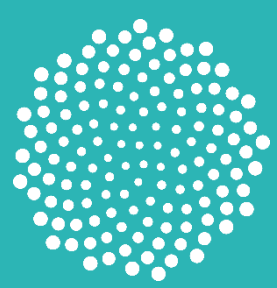
Much more to come





Fund Management (third party FuM)

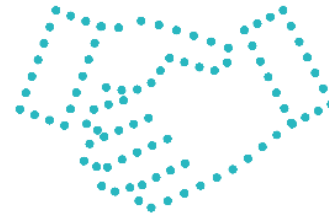




Progress FY19; *venture*



2,217 enquiries



61 companies



£30.5m invested

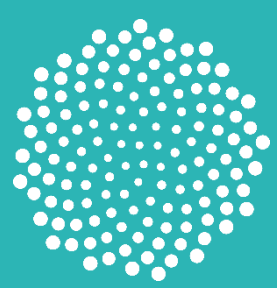


blueprism[®]

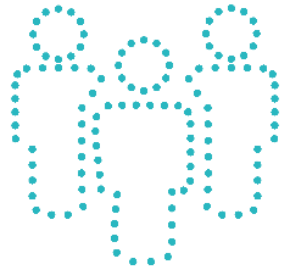
c.95x return



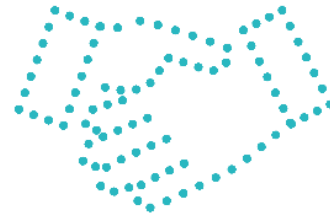
15% investor IRR
528% TVPI



Progress FY19; *private equity*



113 enquiries



2 new companies

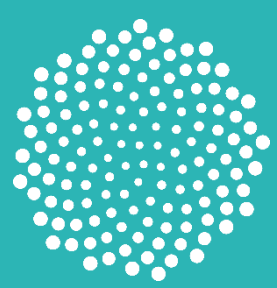


£8.5m invested

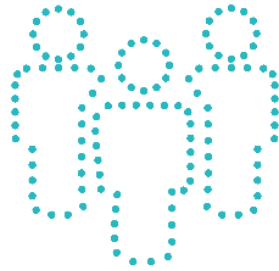


COALFIELDS
FUNDS

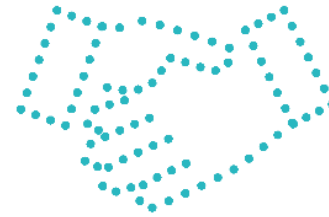
19% investor IRR
236% TVPI



Progress FY19; *debt*



462 enquiries



65 companies



£15.0m invested



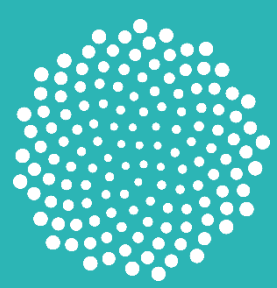
HARROGATE
SPRING WATER



Rosehill
Polymers Group



107% being returned



Mercia Asset Management

sustainable and diversified

To achieve this



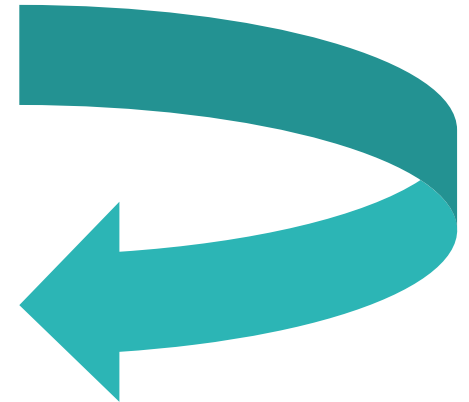
See the best
deals



NAV
growth



Increase
FuM



Profitable
trading (before
FVM &
realisations)



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Mercia Asset Management PLC



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