



Investor Relations update - autumn 2016

Welcome to Mercia's second 'Investor Relations Update' providing you with insight into the progress of Mercia's direct portfolio and an update on corporate activities from the wider Mercia Group.

In this edition we look at:

Corporate

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Third Party Funds

Round up from Exec - Director

Welcome - Dr Mark Payton



The pace and scale of growth at Mercia continues. Even during the typically quiet summer months the investment team has been busy developing the direct investment portfolio and adding potential new Emerging Stars to the managed funds. The roundup of news in this communication demonstrates just how productive the team has been.

Mark Payton, Chief Executive Officer.

Capital Markets Day - London October 2016

More than 40 analysts, investors and members of the corporate financial community packed into Mercia's Capital Markets Day, which was held in London on 19th October. Guests came from all over the UK to take a closer look at some of the technology which has been developed by the portfolio. They also met the management teams whose expertise and commitment is driving the growth.

David Johnson from Allenby attended the event and had this to say in his write up. "Mercia offers investors an attractive balance between early and later stage investments as well as management fees on third party funds and realisations on direct balance sheet investments. The showcase demonstrated the breadth of subsectors covered by the company but also Mercia's focus on companies that require limited investment to reach product/revenue. This enables Mercia to take significant stakes in its investee companies but obviates the need for follow on rounds that could result in regular upwards valuations. Targeting companies outside the South East is also less competitive and this should help with valuations."

If you didn't get a chance to make the event but would like to speak to the Mercia Execs to find out more, please get in contact with Exec PA, Emma Vaux on +44 (0) 330 223 1430.

Gaming experts join new Board

Three senior figures from the gaming industry have been appointed to the newly created Digital & Digital Entertainment Advisory Board. Nick Parker, Matt Woodley and Rob Precious have over 70 years' experience between them in the gaming industry. Their appointment further strengthens the expertise within Mercia's Digital & Digital Entertainment investment team, which is led by the former CEO of SEGA Europe and America, Mike Hayes (pictured right). Read more.





Tech veterans join new software board

Four senior industry figures have been appointed to Mercia's newly-created Software & the Internet Advisory Board, which will support Investment Director Rob Johnson. Eze Vidra, Shane Mitchell, Tom Ilube and Paul Lewis bring a wealth of expertise to complement the skills of the Mercia team and help shape its investment strategy. [Read more.](#) (pictured left Rob Johnson)



Mercia scoops "Highest Impact Investor" award

Mercia's commitment to early stage businesses outside of Oxford, Cambridge and London was recently recognised after the company won Highest Impact Investor at the OBN Awards 2016. Mercia was shortlisted alongside two of its peers in technology commercialisation, Imperial Innovations and Cambridge Enterprise.

Mercia's CEO, Dr Mark Payton, said:

"Mercia was described as an active national investor with a productive strategy of investing in the underserved regions outside of the triangle of Oxford, London and Cambridge through six regional offices.

"It was therefore a great pleasure to collect the Highest Impact Investor award on behalf of Mercia reflecting our journey of rapid growth – in many respects a journey which has only just begun!"

To see the full list of winners, visit the [OBN Awards website](#).

Interim results

Mercia will be publishing its interim results on the 10th November for the period from 1st April to 30th September 2016.

Celebrating Tech 2017 - Gala Dinner

As many of you will know Mercia brings its close networks together once a year and for 2017 we are thrilled to have secured the presence of BBC Technology Correspondent, Rory Cellan-Jones as headline speaker. The event takes place in Manchester on the 26th January and formal invitations will be sent out in the next few weeks. In the meantime, please do save the date in your diary!



Mark Payton talks to Edison TV



In this short video Mark Payton talks through the progress the company has made since its IPO in 2014, explains the overarching philosophy for investing and summarises how Mercia is different to others which operate in a similar space. Watch the video [here](#).

Portfolio continues to expand



During the last quarter further capital was invested across the existing portfolio and into one new Emerging Star, Medherant, which is described in more detail below.

"It's great to watch the technology businesses in our managed funds receive investment from Mercia's balance sheet where we are able to provide capital to really scale and build valuable companies"

Matthew Mead, Chief Investment Officer

New investment into innovative healthcare company, Medherant

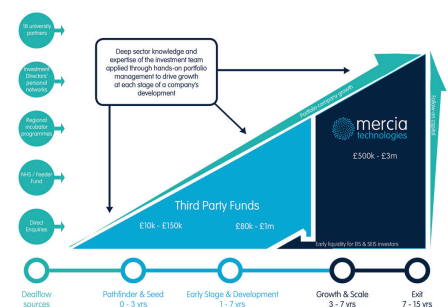
Mercia's investment into Medherant is part of a syndicated £1.5million fundraising round which is helping to scale the IP-rich spinout from the University of Warwick.

Medherant is developing its transdermal drug delivery patch, known as the TEPI Patch®, for the widely used pain management drugs Ibuprofen and methyl salicylate, providing consumers with the ability to obtain pain relief for up to 24 hours through easily applied and comfortable patches. The TEPI Patch® will also provide wider drug delivery opportunities across a number of therapeutics areas, including for drug candidates that have failed clinical trials due to unsuitability for oral consumption. As a result of the patch's ease of manufacture, efficient delivery and reduced use of material, the technology also has the potential to remove huge cost burdens from healthcare systems.

This investment is another example of Mercia making a direct investment into an "Emerging Star" originated from its managed third party funds. The investment funnel from third party funds, which was significantly enlarged following the acquisition of Enterprise Ventures Group in March 2016, has now resulted in a total of 26 direct investment technology companies with high growth potential. Read the full RNS here.

'Complete Capital Solution' explained

Mercia's 'Complete Capital Solution' is the phrase used to describe the way in which Mercia is able to provide investment across the very different stages of growth. This includes early stage investment using SEIS and EIS in our managed funds, through to direct investment using Mercia's own balance sheet for those carefully selected businesses which have truly global potential. Find out more here.



Former BOSE VP joins Warwick Audio



Warwick Audio has strengthened its Board as it prepares for the commercial launch of its headphone system with the appointment of Gary Waters, former Vice President and General Manager of BOSE Corporation ("BOSE"), as a Non-Executive Director. This appointment coincides with Warwick Audio reaching a key milestone in its development: the first commercial application of its High-Precision Electrostatic Laminate ("HPEL") transducer, in Sonoma Acoustics' Model One Headphone System ("the M1").

Read the full announcement here.

Video case study - Soccer Manager

Soccer Manager is an online multiplayer football management game played globally in 39 languages. There have been 10.0million registrations since inception and the game has over 600,000 monthly average users, 220,000 of whom play daily. Watch this video on YouTube to find out more about the team behind the company and what its plans are for the future.



Watch the video here.

World's first HFQ site opens

Direct investment portfolio company, Impression Technologies, has just launched its new factory with a formal ribbon cutting by Lord Digby Jones and the Lord Mayor of Coventry as it opened its doors to the world's first Hot Form Quench™ (HFQ®) press.

Read the full news article here: <http://www.merciatechnologies.com/news/2016/oct/10/midlands-manufacturer-opens-doors-worlds-first-hot/>



A video of the event is also available on Mercia's YouTube page.

Managed Funds Update

Mercia, through its private fund raising activities, has raised more than £8.5million of EIS and SEIS capital, the majority of which will be deployed in this financial year. This growth is as a direct result of the continued expansion of the team.

Mercia's Investor Centre continues to receive excellent feedback, providing great insight into fund performance. If you need help setting up your account please contact Gina Hood using this link.

You can also watch a brief video guide on using the Investor Centre on Mercia's YouTube page.



Jonathan Diggines, Exec Director- Funds



Dont forget to join us on [LinkedIn](#), where you can keep up with all of the latest news, views and interviews from Mercia and the team.



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