

Mercia Technologies PLC

Half Year Results 2018

Mark Payton – CEO

Martin Glanfield – CFO

Julian Viggars – CIO

Increasing portfolio commercial traction



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The team: A track record of delivering



Dr Mark Payton
CEO



Martin Glanfield
CFO



Julian Viggars
CIO



A needle, in a stack of needles!



5.6m SMEs

●
4% will grow to a
turnover of £1m

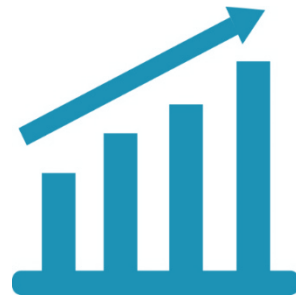
•
0.4% will grow to a
turnover of £10m,
at 20% plus per
annum; Scale ups

•
And 20% generate
the returns

Our focus



See the best deals
that others do not



NAV growth



Realise value



Minimise cash
erosion

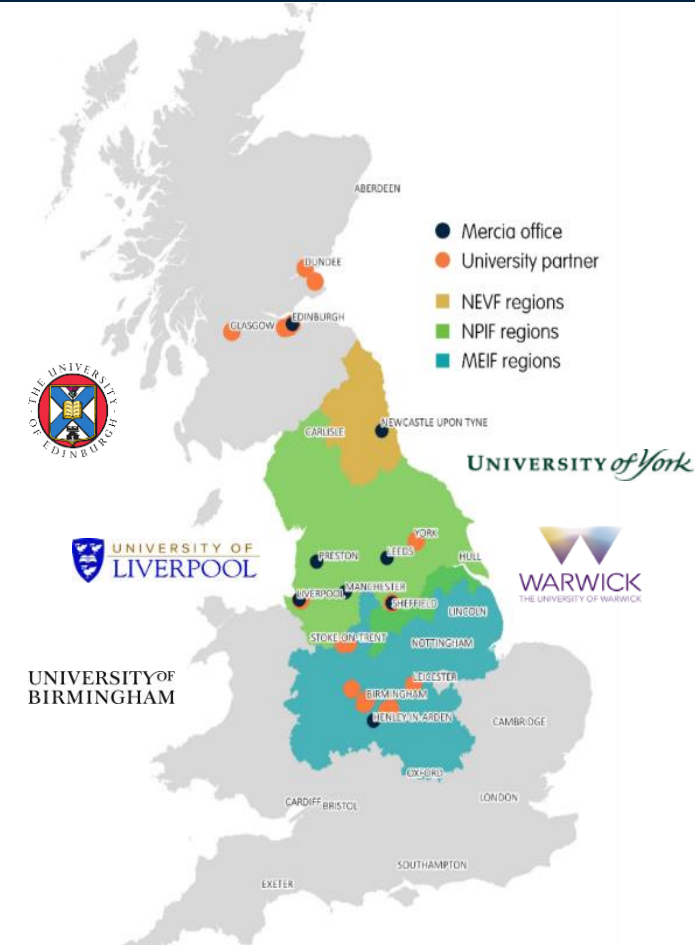
Regional advantage



Venture capital deployment (2017)

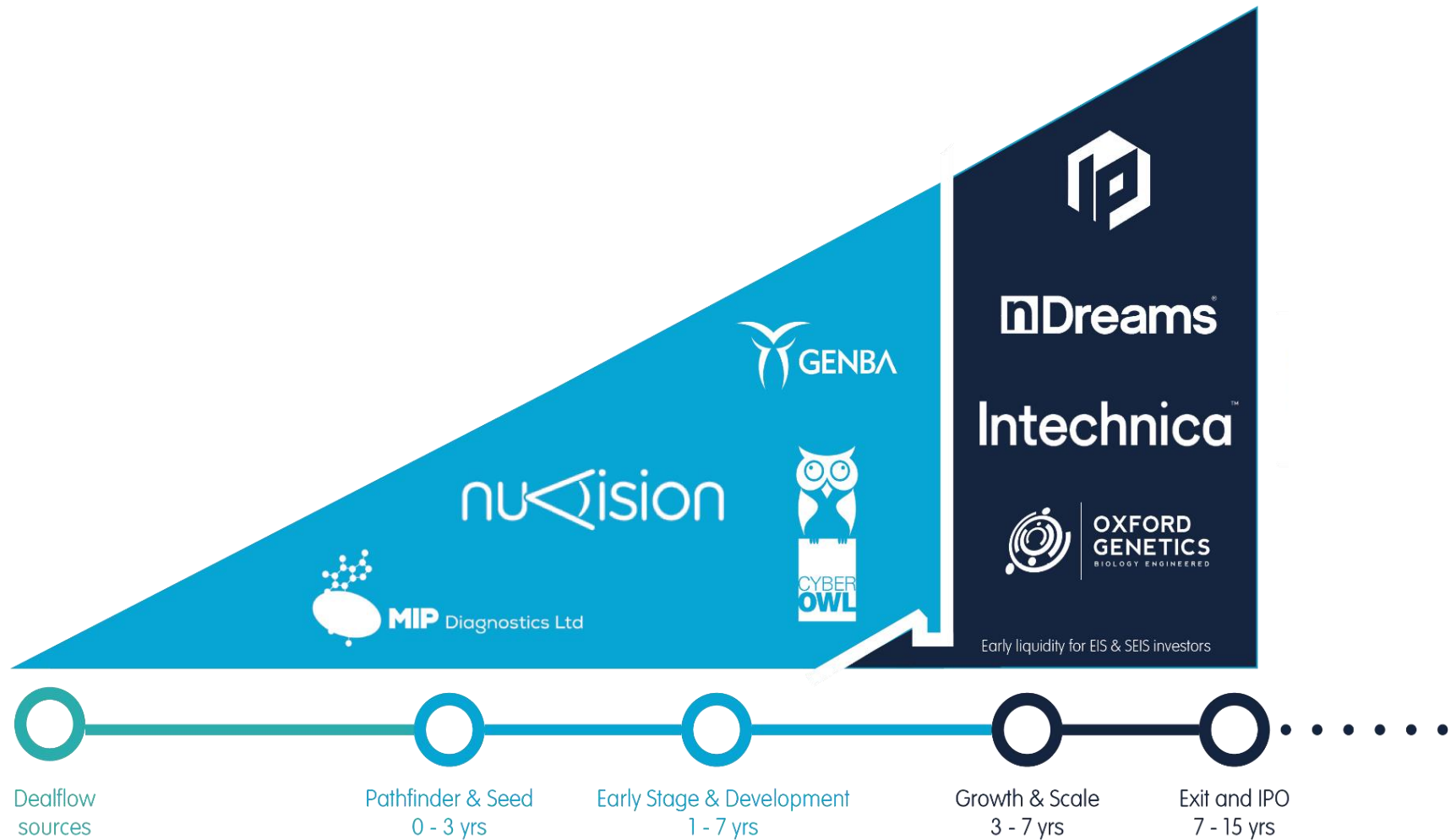


High growth firms (2017)



- 80+ employees
- 9 offices across the UK regions
- 19 university partnerships

The Mercia investment model



Progress; H1 2015 versus H1 2018



T/O



AuM



Summary financial information

	Six months to 30 Sept. 2018 £'000	Six months to 30 Sept. 2017 £'000	Year to 31 March 2018 £'000
Income statement - key items			
Revenue	5,270	4,849	10,197
Administrative expenses	(5,956)	(5,697)	(10,633)
Net expenses	(686)	(848)	(436)
Realised gains on disposal of investments	-	-	871
Fair value movements in investments	2,601	3,033	2,823
Exceptional item – deferred consideration	-	(562)	(1,125)
Profit for the financial period/year	1,930	1,431	1,663
Balance sheet – key items			
Direct investment portfolio value	77,827	64,740	66,070
Cash and short-term liquidity investments *	39,049	55,167	52,908
Net assets	125,172	123,581	123,470
Cash flow – key item			
Net cash flows from direct investment activities	(9,156)	(9,679)	(10,664)

* includes £0.8million of cash held on behalf of 3rd party EIS investors (30:09:17 £6.6million; 31:03:18 £3.5million)

Digital & Digital Entertainment



Sector Head: Mike Hayes

Former CEO, SEGA Europe
and USA

Market segment:

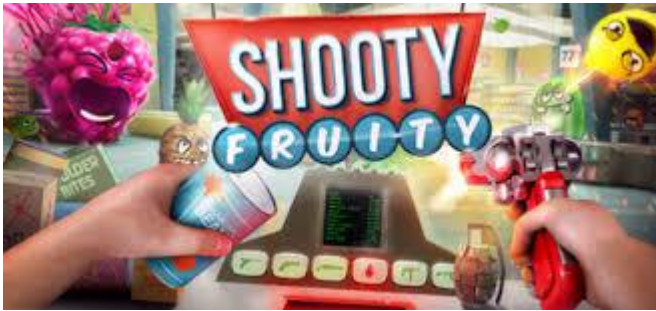
VR and AR

Est. market size:

\$40.0bn
by 2024

nDreams[®]

- 45.6% equity stake
- Holding value £13.0m



Electronics, Materials, Manufacturing/Engineering



Sector Head: Mark Volanthen

Founding employee at Kymata,
acquired by Alcatel for \$118.0m

Market segment:

Premium audio

Est. market size:

\$1.5bn
automotive

WARWICK
ACOUSTICS



- 64.0% equity stake
- Holding value £7.2m



Software & the Internet



Sector Head: Alistair Forbes

Co-founder of HoundDog
Technology, acquired by GFI
Software

Market segment:

Bot mitigation,
fraud detection
and prevention

Est. market size:

\$20.0bn in 2018,
forecast to grow
to \$42.6bn by
2023

Intechnica™

- 27.9% equity stake
- Holding value £4.7m

Behavioural analysis machine learning easily spots anomalous behaviour in a way that is extremely hard to defeat

Malicious behaviour

Suspicious behaviour

Unusual behaviour

Normal user behaviour



Leading International retailer case study – Account Takeover

GLOBALLY DISTRIBUTED ACCOUNT
TAKEOVER ATTACK

164k+
MALICIOUS LOGINS STOPPED

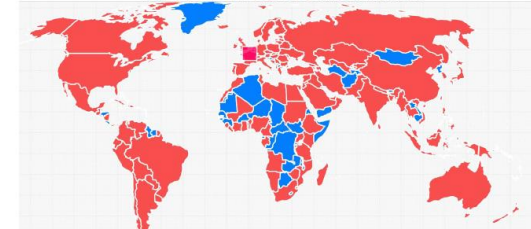
GENERATED BY **1,862**
DATA CENTRES

SPREAD ACROSS **144+** COUNTRIES

MALICIOUS LOGINS PRE ATTACK (0)



MALICIOUS LOGINS DURING ATTACK



Life Sciences & Biosciences



Sector Head: Peter Dines
Former MD of Surgicraft

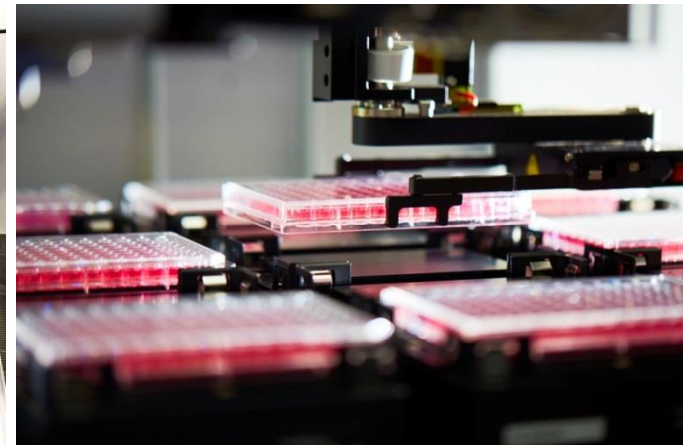
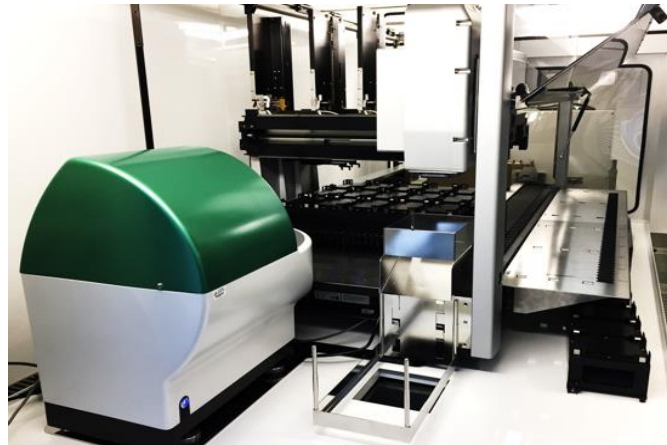
Market segment:
Synthetic biology

Est. market size:
\$38.0bn



**OXFORD
GENETICS**
BIOLOGY ENGINEERED

- 40.5% equity stake
- Holding value £9.1m



Our approach



Over 20 direct assets and growing ...

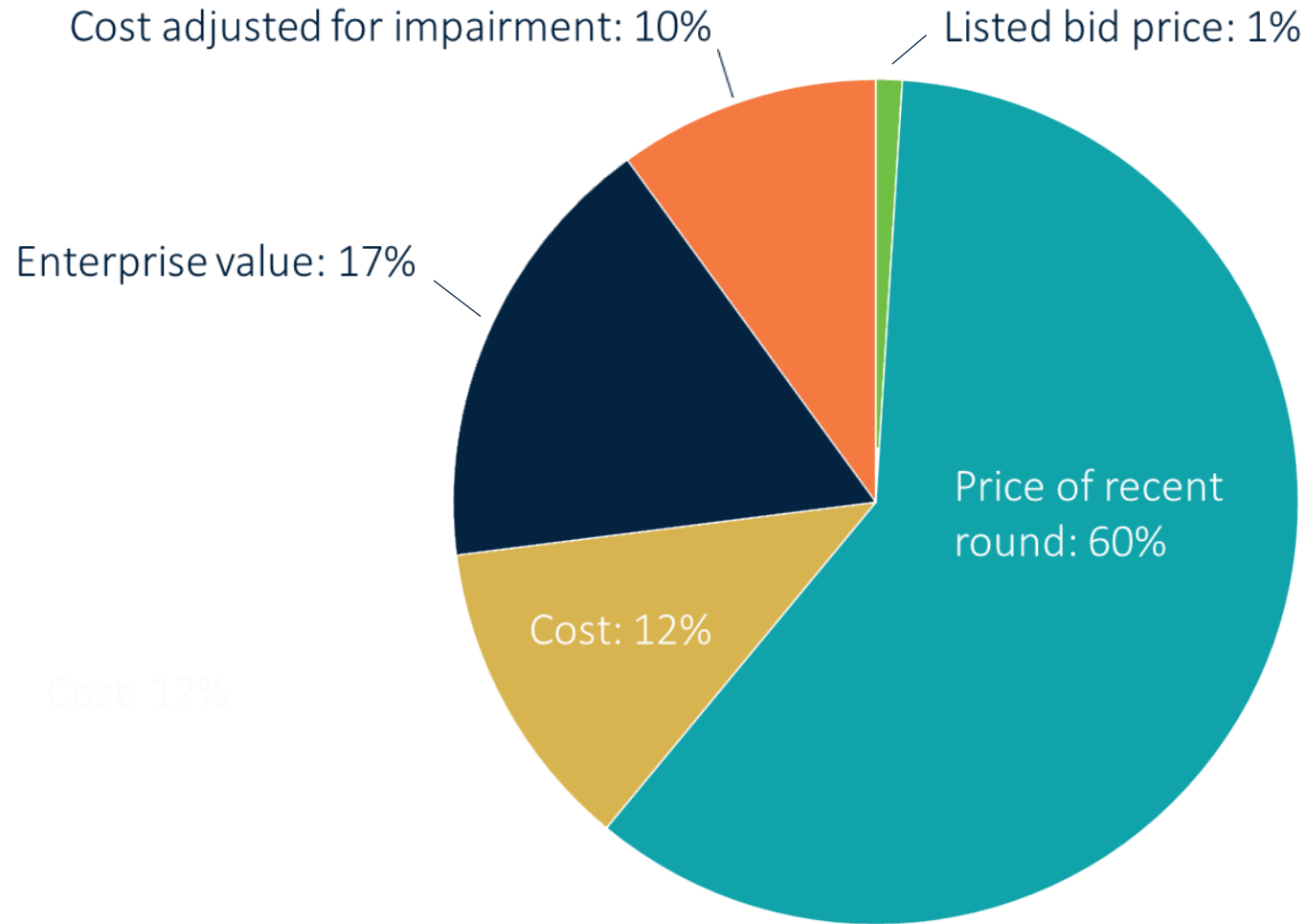
				
				
				
				
				

Direct investment holdings

	Net investment value As at 1 April 2018	Cash invested/ (received) Six months to 30 September 2018	Fair value movement Six months to 30 September 2018	Net investment value As at 30 September 2018	Percentage held As at 30 September 2018
Investment	£'000	£'000	£'000	£'000	%
nDreams Ltd	12,979	-	-	12,979	45.6
Oxford Genetics Ltd	9,090	-	-	9,090	40.5
Warwick Acoustics Ltd	6,152	1,000	-	7,152	64.0
Intechnica Ltd	4,021	-	656	4,677	27.9
Impression Technologies Ltd	3,107	1,500	-	4,607	31.4
Ton UK Ltd t/a Intelligent Positioning	4,216	-	-	4,216	28.8
Faradion Ltd	1,299	600	1,625	3,524	18.1
Medherant Ltd	3,453	-	-	3,453	31.9
Smart Antenna Technologies Ltd	2,148	1,200	-	3,348	32.2
Edge Case Games Ltd	2,000	1,150	-	3,150	21.2
VirtTrade Ltd	2,538	550	-	3,088	28.4
Voxpopme Ltd	1,000	1,500	526	3,026	21.8
PsiOxus Therapeutics Ltd	2,377	-	-	2,377	1.5
The Native Antigen Company Ltd	1,942	-	382	2,324	32.7
LM Technologies Ltd	1,913	-	-	1,913	41.4
sureCore Ltd	1,500	334	-	1,834	24.4
Aston EyeTech Ltd t/a Eyoto	1,750	-	-	1,750	18.7
Crowd Reactive Ltd	1,650	(13)	-	1,637	26.2
Soccer Manager Ltd	1,199	300	-	1,499	31.6
Concepta Plc	1,306	365	(468)	1,203	18.2
Other direct investments	430	670	(120)	980	n/a
Totals	66,070	9,156	2,601	77,827	n/a

98.7% of portfolio value represented by top 20 investments

Valuation policy and portfolio summary

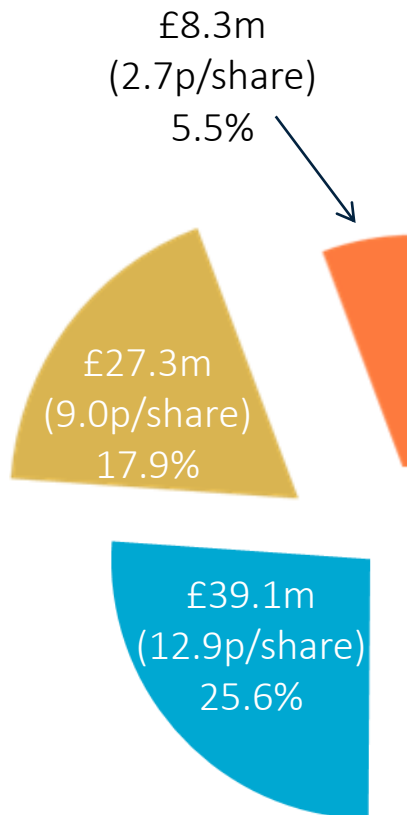


Where is the value in Mercia?

NAV: 41.3p/share

MFM: 9.0p/share

- Direct investments
- Cash
- Goodwill, intangible assets & net working capital
- Mercia Fund Managers



nDreams



OXFORD
GENETICS
BIOLOGY ENGINEERED



warwick
audio technologies

int Technica

MEDHERANT®

Impression
TECHNOLOGIES

EYOTO

Smart
Antenna
TECHNOLOGIES

FARADION
Advanced Energy Storage Solutions



VirtTrade



Voxpopme®

Why own a share in Mercia?



- Highly capital efficient and robust financial model
- Risk-mitigated, balanced portfolio of ~20 direct assets
- Co-investment opportunities
- Building momentum

Track record

Oldest venture fund (2002)

15% IRR and 4.7x DPI

Balance sheet (to March 2018)

15% IRR

blueprism

science
warehouse
an  advanced company

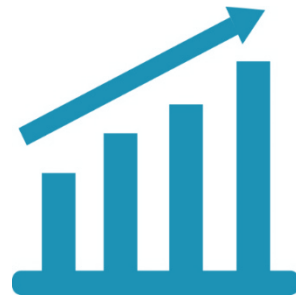
allinea
Now part of 



In summary



See the best deals
that others do not



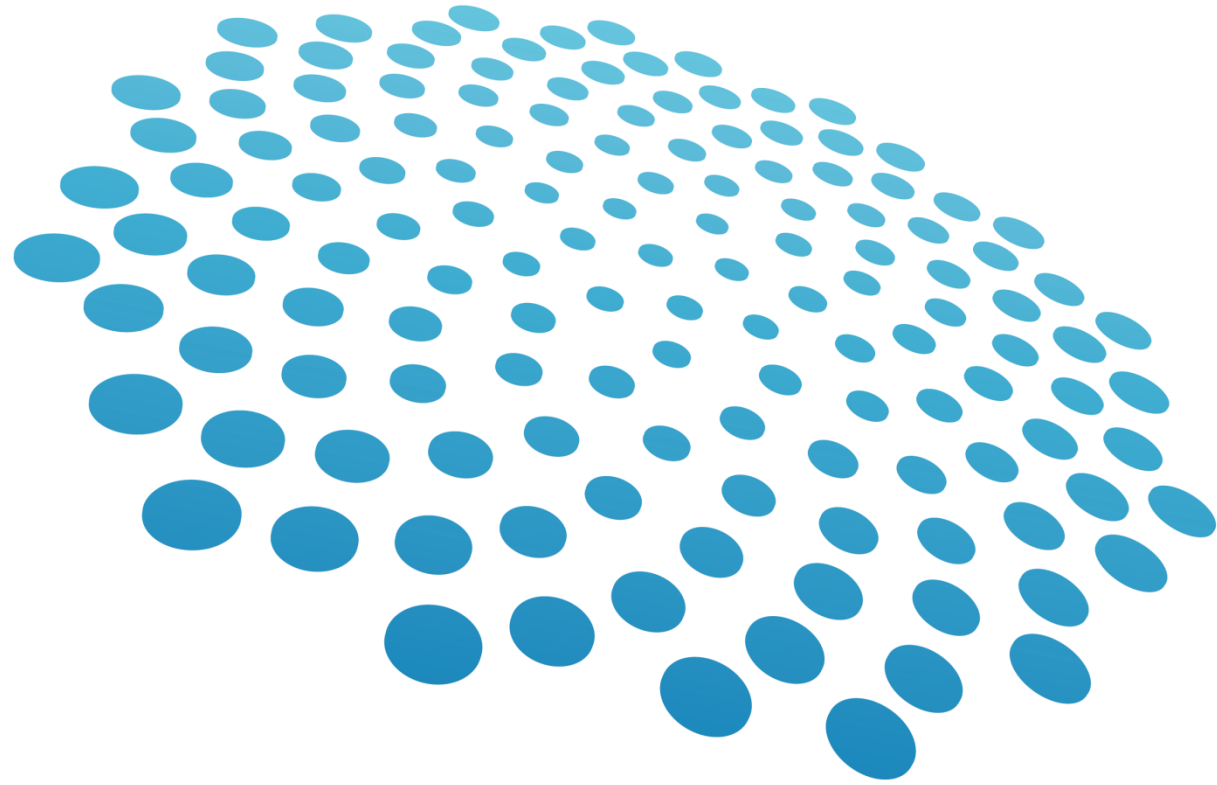
NAV growth



Realise value



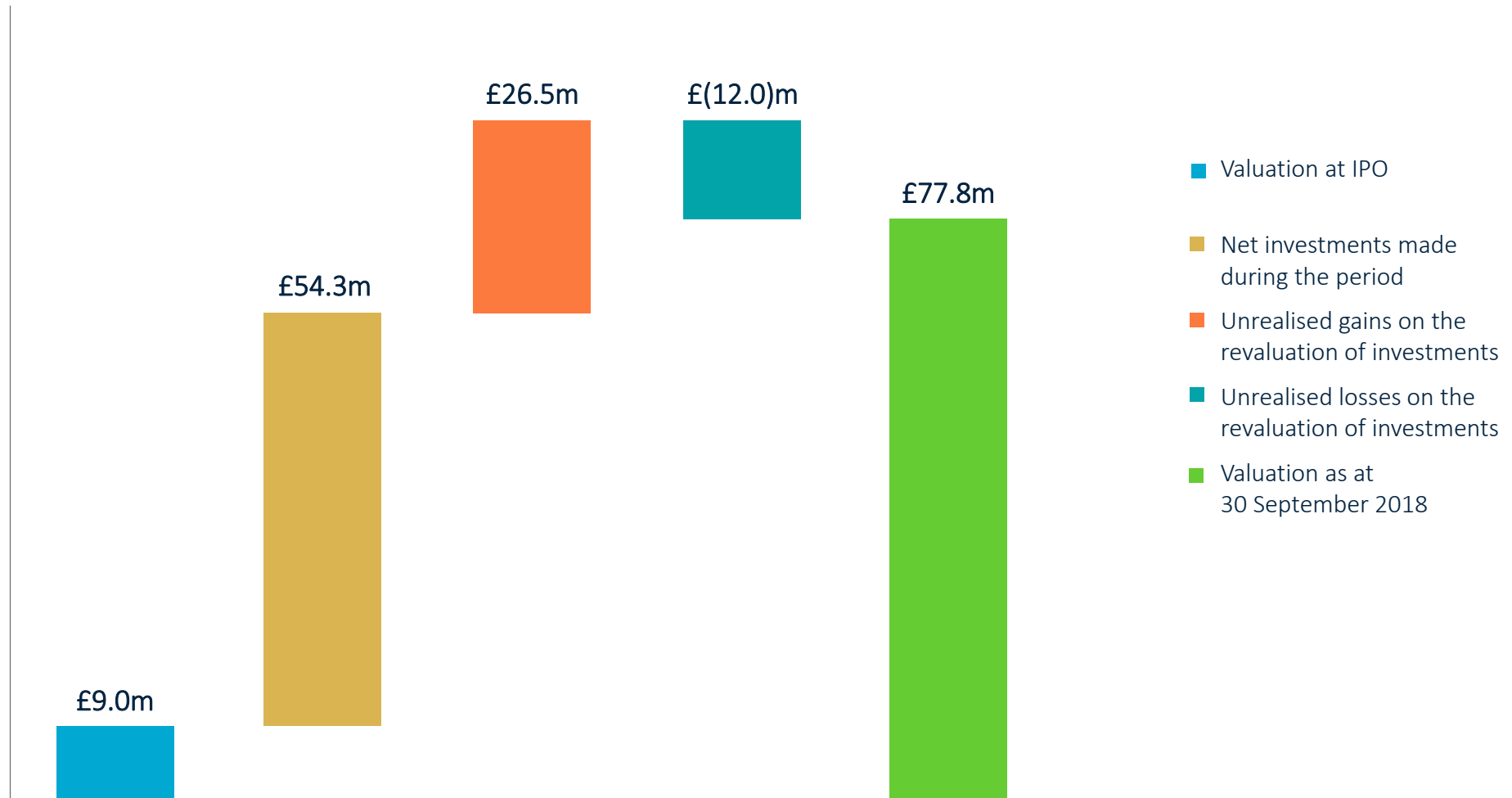
Minimise cash
erosion



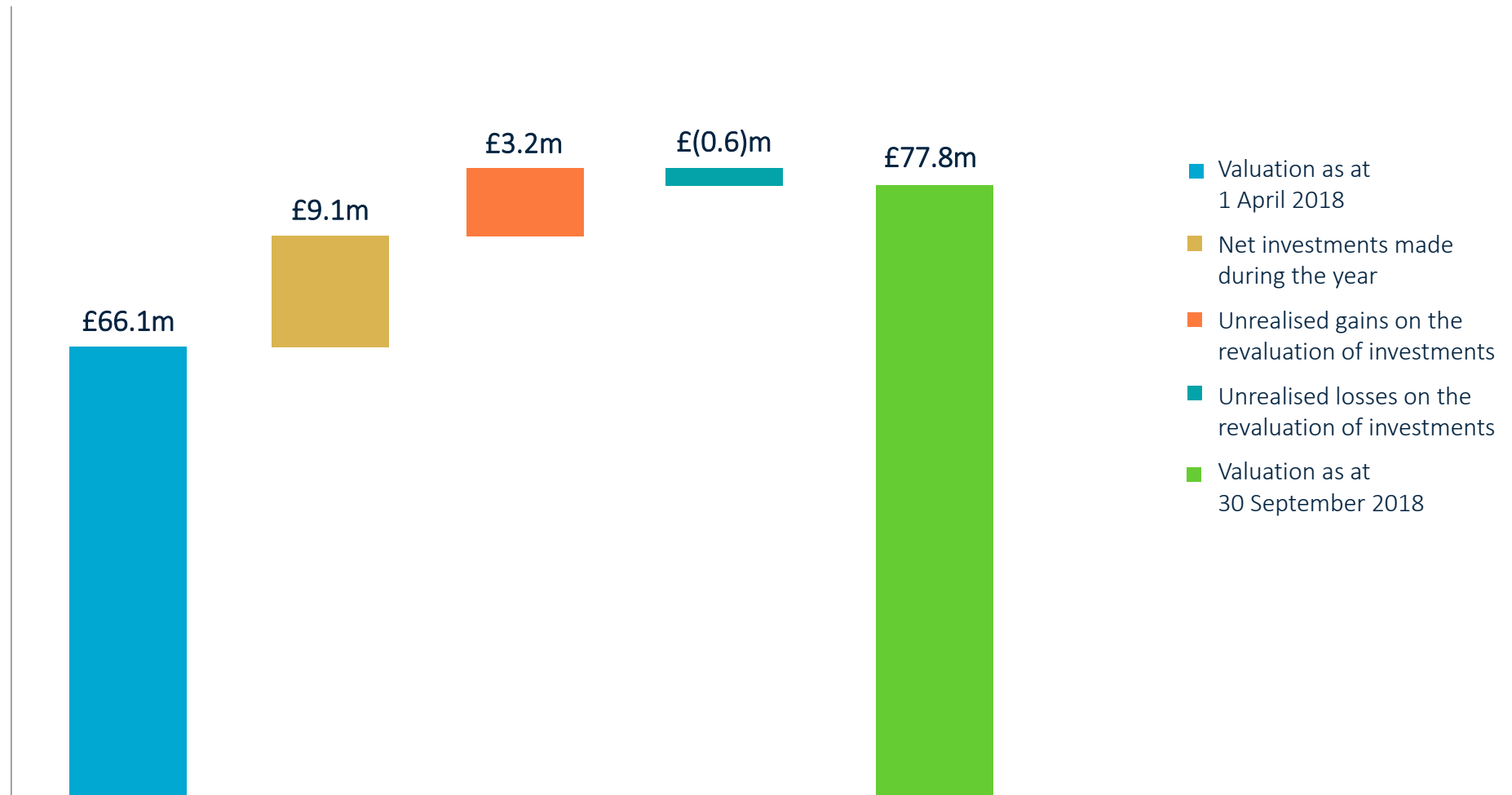
mercia
technologies

Appendix

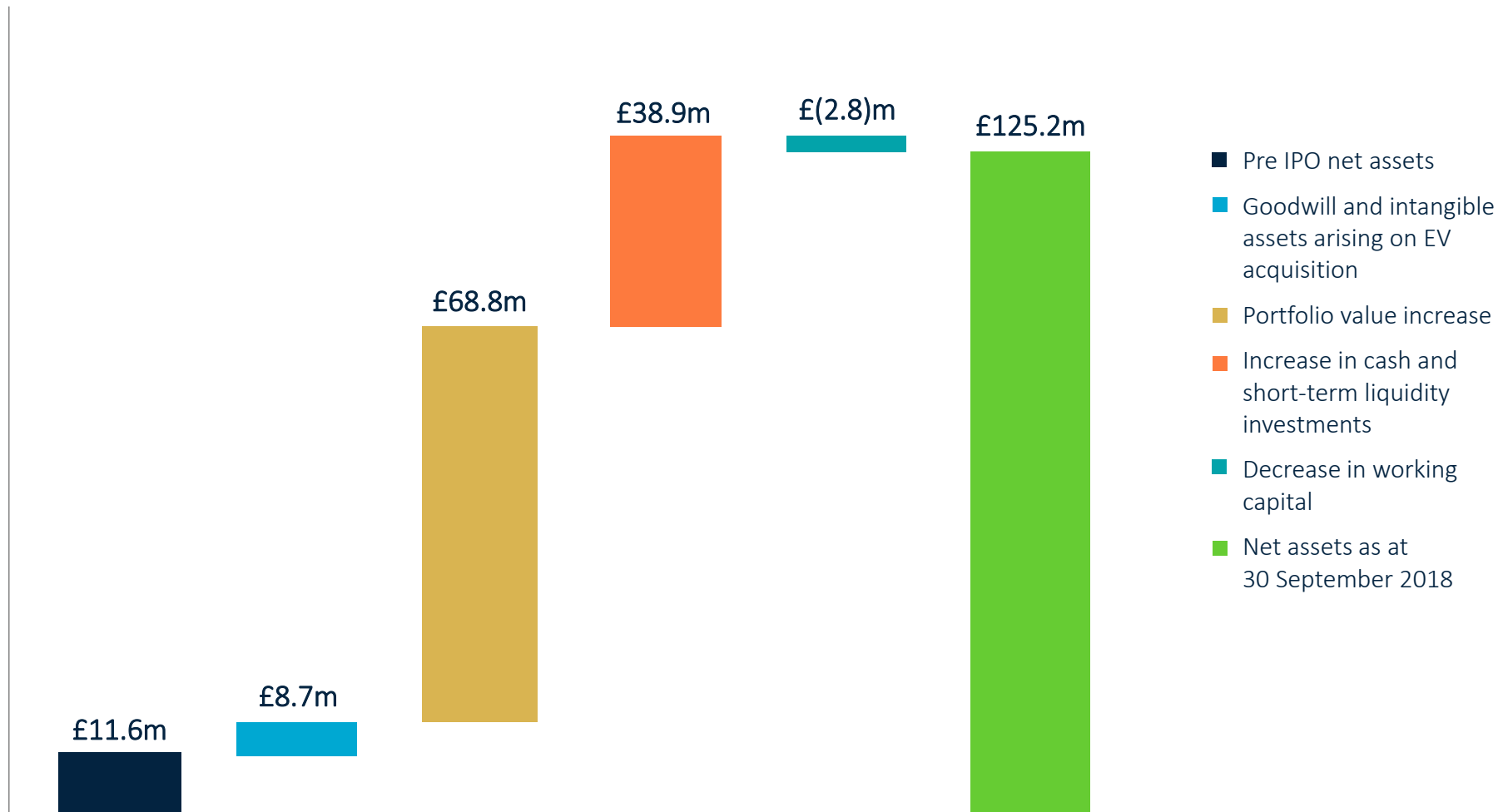
Movements in portfolio: IPO to H1 2018



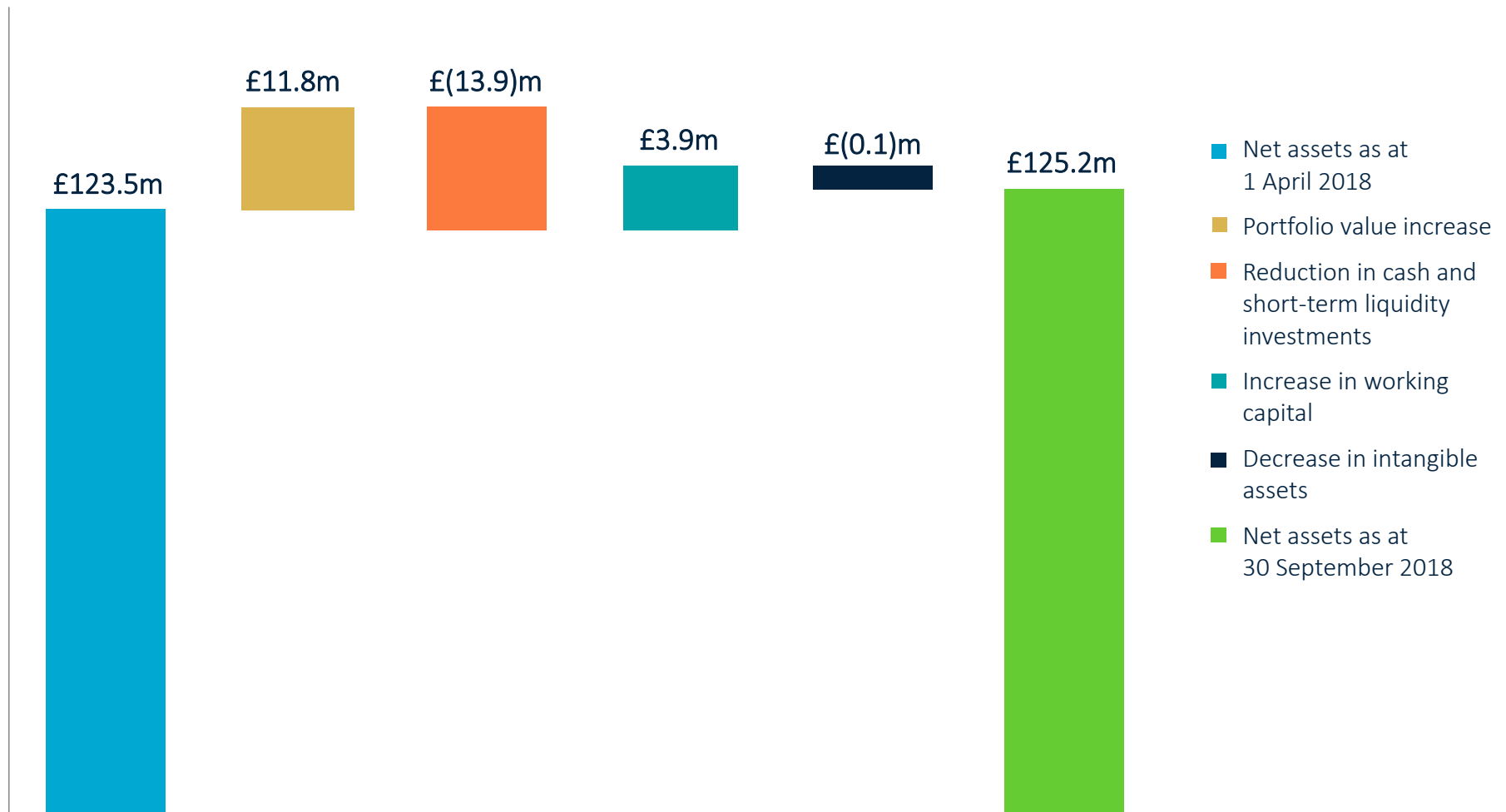
Movements in portfolio: H1 2018

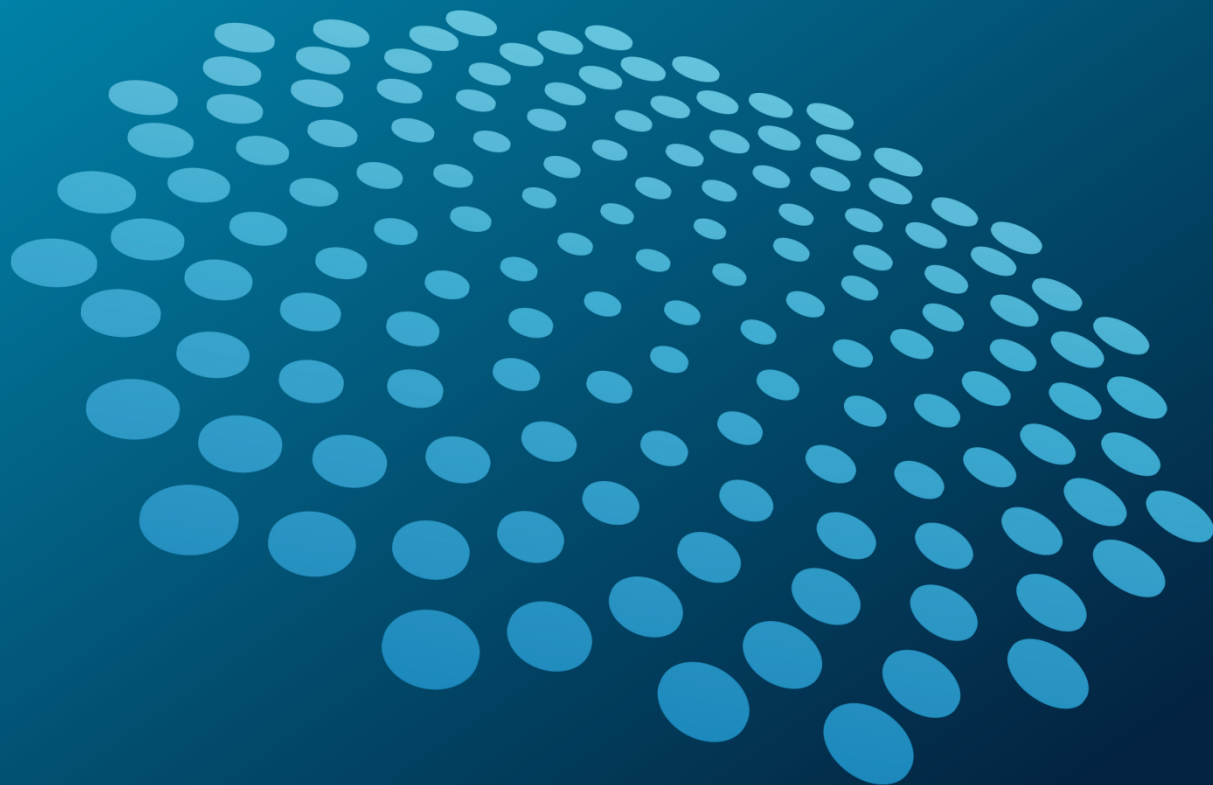


Movements in net assets: IPO to H1 2018



Movements in net assets: H1 2018





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