

# commercialising tomorrow's technologies



Mark Payton – CEO

Martin Glanfield – CFO



Mercia Technologies' vision is to become a leading national player in the creation, funding and development of high growth technology businesses in the UK

---

## £70m investment proceeds to fund:

- Development and expansion capital for selected companies from established and expanding portfolio of circa 38 companies in high growth sectors
- Regional growth - organic and through selective complementary acquisitions
- Enhancements to scalable platform and working capital
- expansion of university partners

# Management & Board



Dr Mark  
Payton  
CEO



Martin  
Glanfield  
CFO



Ray Chamberlain  
Non-executive  
chair



Susan Searle  
Non-executive deputy  
chair



Martin Lamb  
Non-executive  
director



Ian Metcalfe  
Non-executive  
director

- 15 years experience in technology commercialisation and investing
- 30+ venture investments
- Founder of Mercia Fund Management ("MFM")
- Isis Innovation (Oxford University TTO)

- 20 years CFO/FD experience of listed and PE backed technology led businesses
- Former CFO of Forward Group PLC
- KPMG trained Chartered Accountant

- Successful technology entrepreneur with track record of value creation
- Former Executive Chairman and principal shareholder of Forward Group PLC
- Majority shareholder in MFM since 2012

- Former CEO of Imperial Innovations Group PLC (2002-2013)
- Independent NED of Benchmark Holding PLC, Horizon Discovery plc and QinetiQ Group plc
- Adviser to Emerging Technologies and Industries Group at Technology Strategy Board

- Former CEO of Midlands-based FTSE 100 IMI plc for 13 years.
- Chairman of Evoqua Water Technologies LLC
- NED Severn Trent plc
- NED Rotork plc
- Serves on the European Advisory Board of AEA Investors

- Former Managing Partner at Wragge & Co. (2006-2014) Corporate partner at the firm for 14 years.
- Director and Chair designate of Commonwealth Games England
- NED of the RFU and 2015 Rugby World Cup

## Maximising opportunity while managing risk...

### Efficient and flexible capital

- Third party funds (MFM) applied to pathfinder and seed capital
- Companies managed to milestones with “fail fast” policy
- “Emerging stars” provided with development capital from own funds

### Historically underserved regions

- Midlands and the North of the UK
- Scotland, Wales and Northern Ireland

### Flexible sourcing

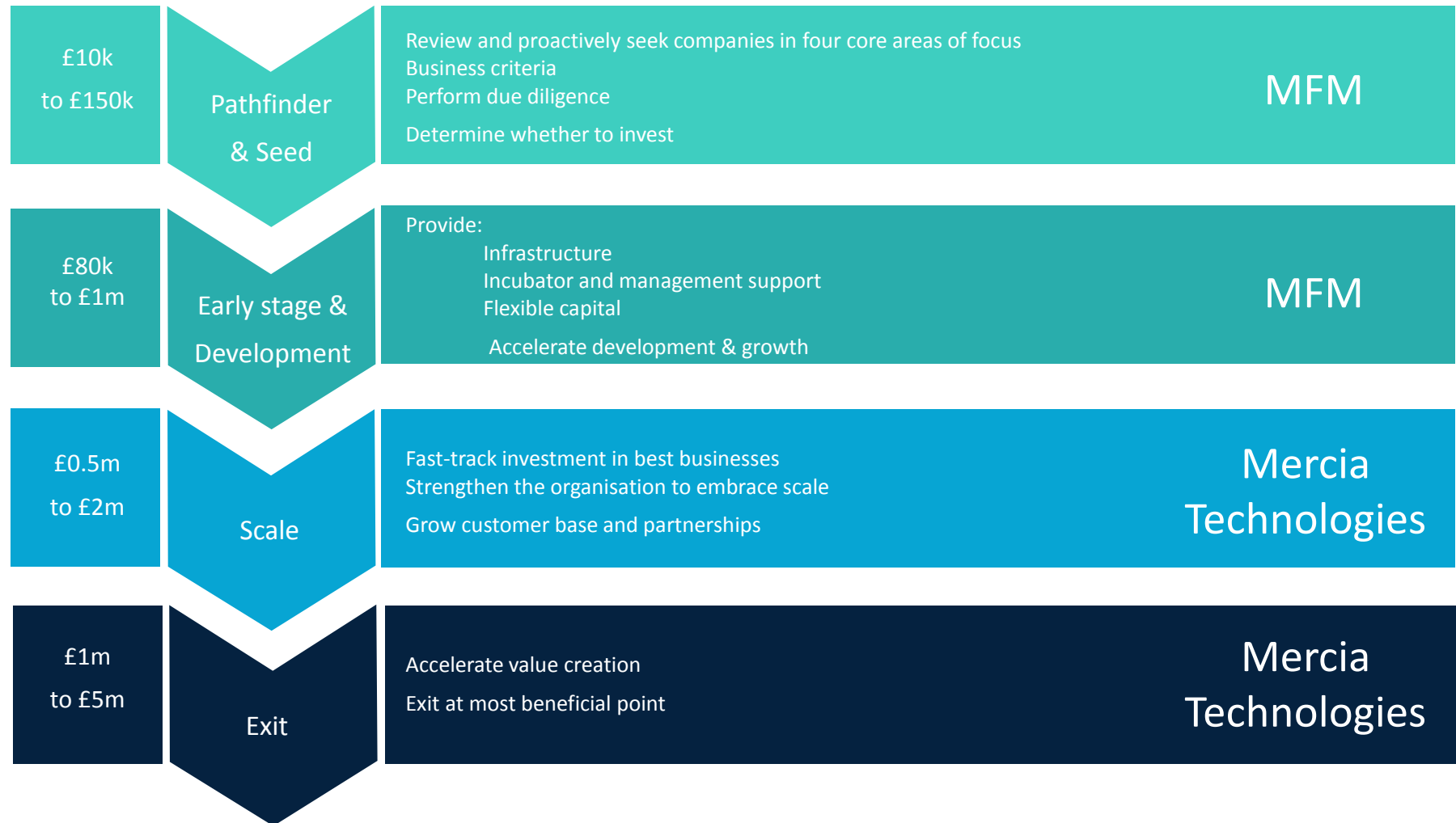
- Agreements with nine universities and broad professional network (500+ business plans p.a.)
- c. 50% of portfolio from non-university sources
- Provides access to traditionally non-university sectors i.e. digital

### Sectors with high growth potential

- Advanced materials & Specialist manufacturing
- Digital
- Electronics & Hardware
- Life sciences



# Investment Approach



# University Partners

Agreements with nine universities across region.

Warwick and Birmingham ranked 7<sup>th</sup>/12<sup>th</sup> in UK for research quality. Combined grant income of £180m+ pa.

## Close relationships

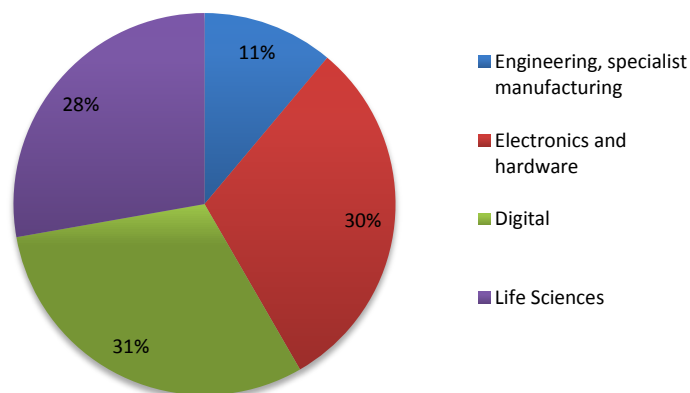


- Regular Technology Transfer Office (“TTO”) meetings
- Annual business plan competition
- Mercia on-site expert’s evaluate opportunities with TTOs
- University partners have invested in MFM funds
- Intention to expand - discussions ongoing

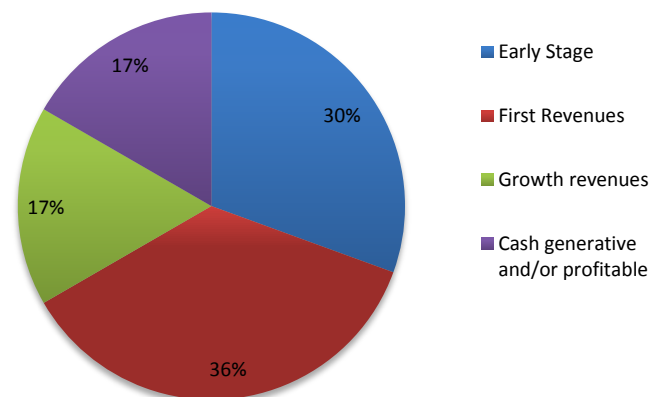
## Established pipeline of investments...

- £22m FUM; £16m invested
- 38 companies; typical investment £100k-£1m
  - Typically 10%-40% shareholdings
  - 1 to 13 years since investment
- Provide pipeline of investments for Mercia Technologies with benefit of
  - First right to invest
  - Long term real time due diligence
  - Established relationship with management teams

**Sector breakdown**



**Stage of development**



# Balanced Portfolio

## Balanced portfolio

Mercia Technologies direct investments (red circle) and MFM emerging stars





## Selected Direct Investments

---

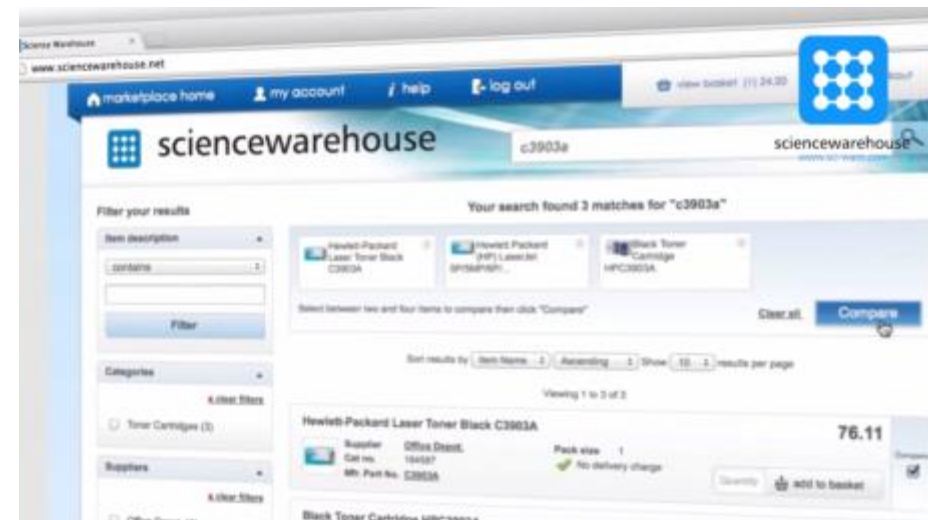
## Driving procurement efficiency...

University of Leeds spinout (first invested in 2001)

- Integrated e-marketplace, procurement and spend analysis system for large organisations
  - Supplier management – e-catalogues
  - Controls – e-requisitions, e-invoices, automated tailored internal limits and controls
  - Data analysis – e-reports
- Target user payback of circa 6 months
- SaaS, cloud based
- Revenue model – annual licence fees and supplier transaction fees. 90% recurring



Direct holding: 45%  
FV of investment: £5.6m  
2014 Revenue: £3.4m  
2014 EBITDA: £0.8m



## Virtual worlds...



### A leading virtual reality developer and publisher

- Xi, Lewis Hamilton: Secret Life, Gunner
- Aurora (freemium Play Station platform) - 14m visits and 1.4m unique players
- Developing content for use on mobile, computers and game consoles for emerging VR headsets

### Board with strong experience

- Patrick O'Lunaigh (CEO) ex-Eidos Creative Director
- Mike Hayes - ex-SEGA CEO
- Nicholas Lovell – Gamesbrief; industry analyst

Direct holding: 30%  
Combined holding: 37%  
FV of investment: £0.75m  
2014 Revenue: £1.1m  
2014 EBITDA: £0.1m

### At inflection point

- Oculus, Samsung, Sony and Microsoft developing VR headsets and propositions
- First VR headset launched by Samsung in October 2014. Two of ten demo games in Samsung headset developed by nDreams
- Oculus funding nDreams project
- VR market, hardware and software, expected to reach \$4.4bn in sales by 2016



## Innovative speaker system...

### University of Warwick spinout

- Incorporated in 2002; first invested in 2007

Direct holding: 13.5%  
Combined holding: 30.9%  
FV of investment: £0.45m  
2014 Revenue: £0.1m  
2014 EBITDA: £(1.1)m

### Flat, thin, flexible low cost speakers

- Low cost of manufacture
- Ultra thin and ultra light - less than 1mm thick and less than 120g for A4 panel
- Low power – less than 10% of power required by traditional speakers
- Directional sound
- No rare earth metals

### \$1bn+ addressable market

- Auto industry – OEM's
- Public or multiple listener spaces

### Patented technology



## Next generation mobile antenna...

University of Birmingham spinout (first invested 2013 via MFM)

Compact, efficient, low cost solution

- Replaces all existing antennas with one - DVB-H, Bluetooth, Wi-Fi, GSM, GPS, 3G, etc.
- Solution to 4G LTE with frequency range from 450MHz to 6GHz
- Potential to reduce the antennae cost in phones by up to 50%
- Smaller in size reducing space needs by up to 75% compared to existing systems
- Potential to increase battery life by up to 28%

Direct holding: 8.4%  
Combined holding: 30.7%  
FV of investment: £0.15m  
2014 Revenue: nil  
2014 EBITDA: £(0.4)m

### The market need

- Handset manufacturers seeking solution for next generation ("4G LTE")
- Performance and size
- Current implementations typically employ six antennas

Global antenna market worth \$15.1bn forecast to grow at 5.7% CAGR

Our vision is to become a leader in the creation, funding and development of high growth technology businesses in the UK

---

- Experienced management and investment teams
- Exposure to high growth technology sectors with relative low capital intensity
- Diversified, established portfolio of in excess of 36 investment opportunities including 11 “emerging stars” and seven companies profitable and/or cash generating
- A differentiated model
  - flexible sourcing
  - 3rd party funds provide first capital with transfer and pre-emption rights for Mercia
  - fail fast policy
  - focus on underserved regions with consolidation opportunities
- Scalable infrastructure with capacity to expand