

# Mercia Technologies PLC

## Growth and Innovation Forum

Mark Payton – CEO

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

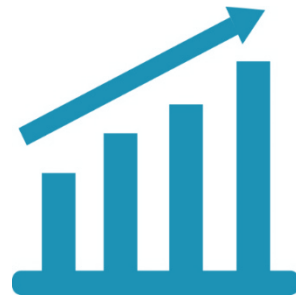
•  
0.4% will grow to a  
turnover of £10m,  
at 20% plus per  
annum; Scale ups

•  
And 20% generate  
the returns

# Our focus



See the best deals  
that others do not



NAV growth



Realise value



Minimise cash  
erosion



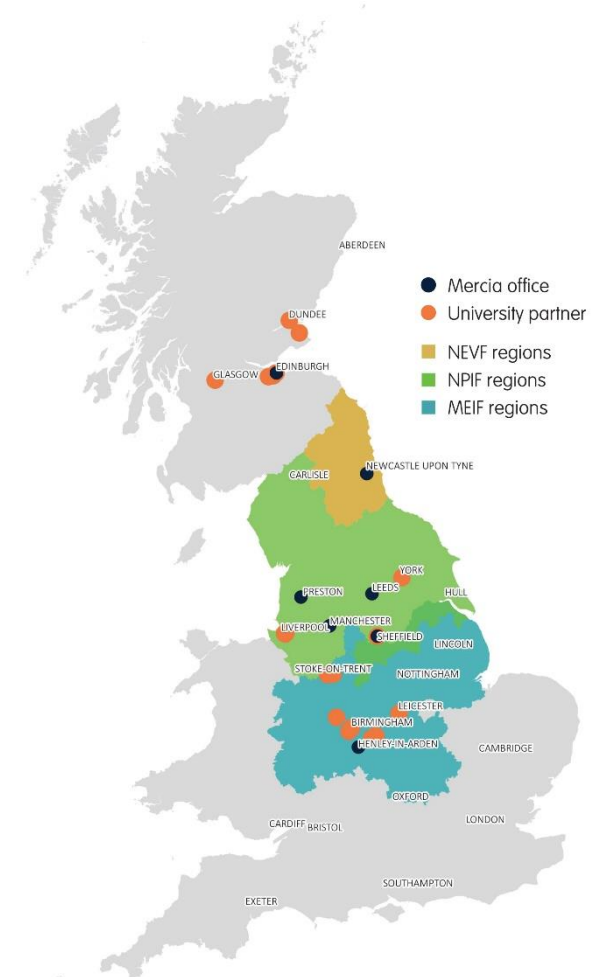
# Regional advantage



Venture capital deployment (2017)

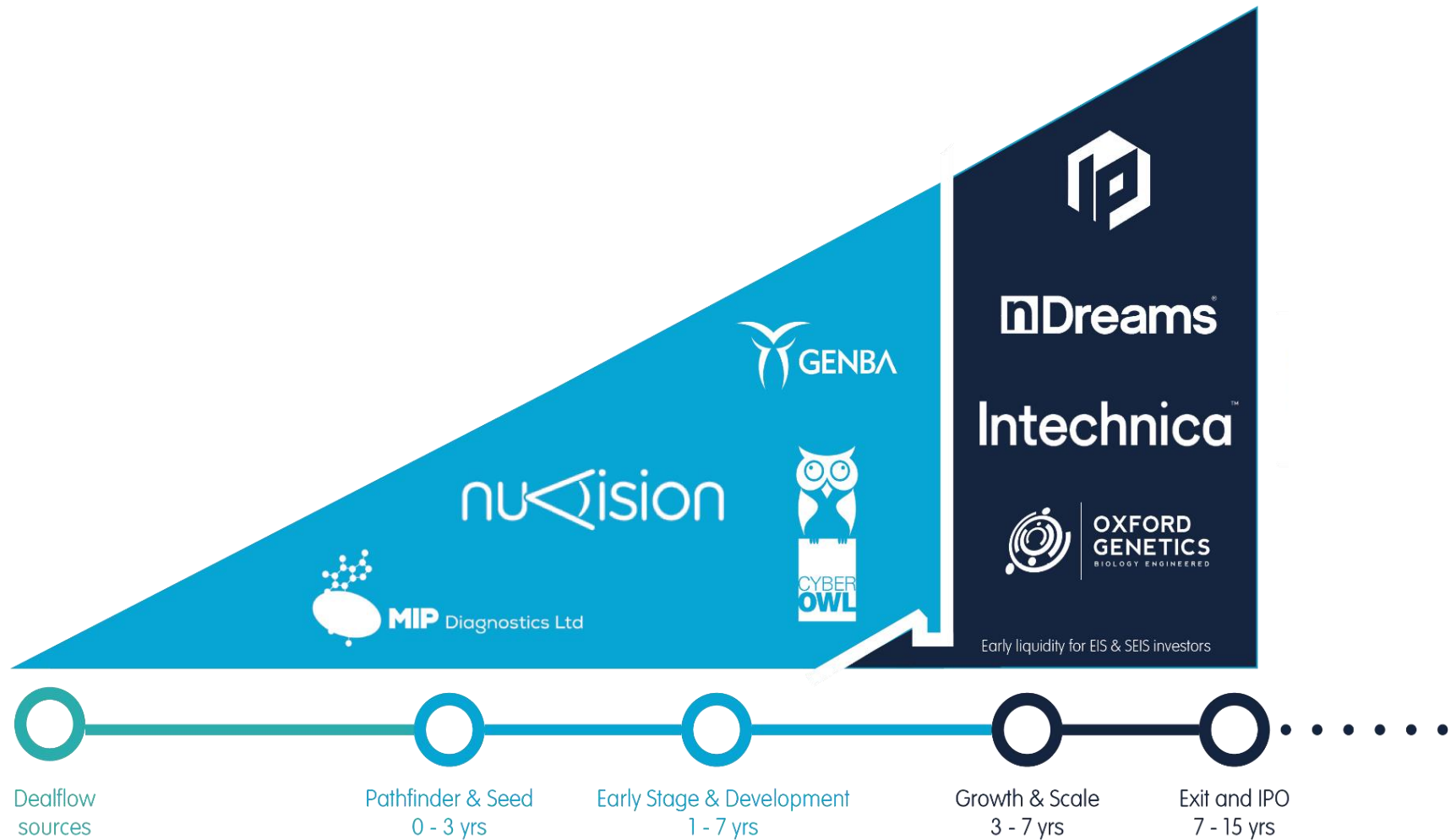


High growth firms (2017)



80+ employees and 8 offices  
19 university partners

# 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
<b>Income statement - key items</b>			
Revenue	5,270	4,849	10,197
Administrative expenses	(5,956)	(5,697)	(10,633)
<b>Net expenses</b>	<b>(686)</b>	<b>(848)</b>	<b>(436)</b>
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
<b>Balance sheet – key items</b>			
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
<b>Cash flow – key item</b>			
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)

# Our approach



# 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



*Much more to come ....*



PlayStation.VR





# 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

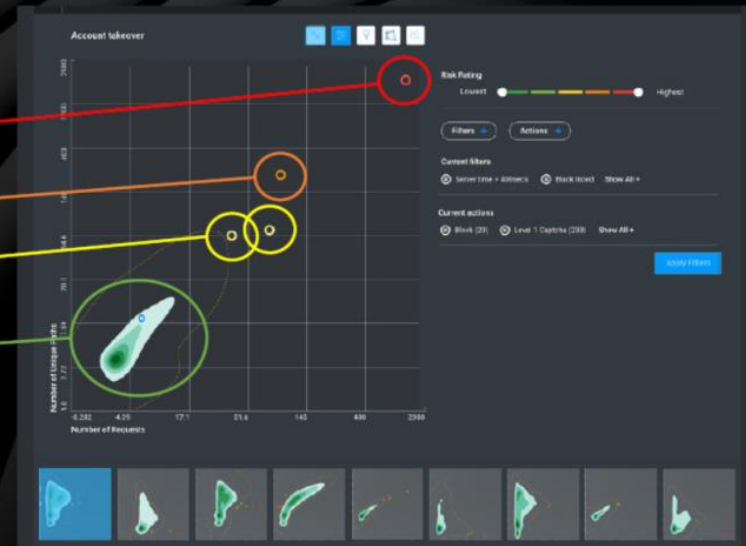
Behavioural analysis machine learning easily spots anomalous behaviour in a way that is extremely hard to defeat

Malicious behaviour

Suspicious behaviour

Unusual behaviour

Normal user behaviour



# Life Sciences & Biosciences



**Sector Head:** Peter Dines  
Former MD of Surgicraft

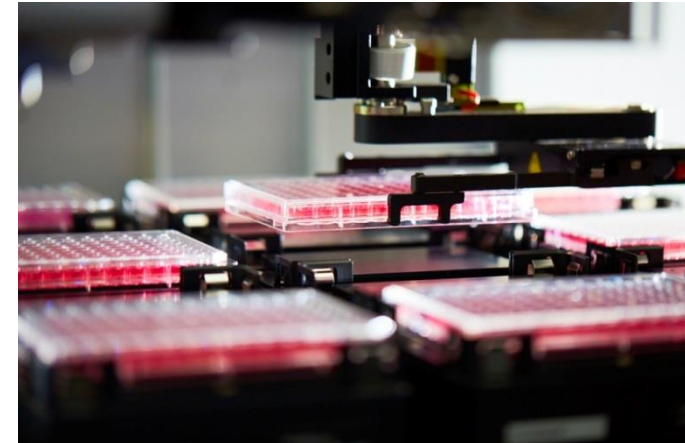
Market segment:  
Synthetic biology

Est. market size:  
\$38.0bn



**OXFORD  
GENETICS**  
BIOLOGY ENGINEERED

- 40.5% equity stake
- Holding value £9.1m



# Over 20 direct assets and growing ...

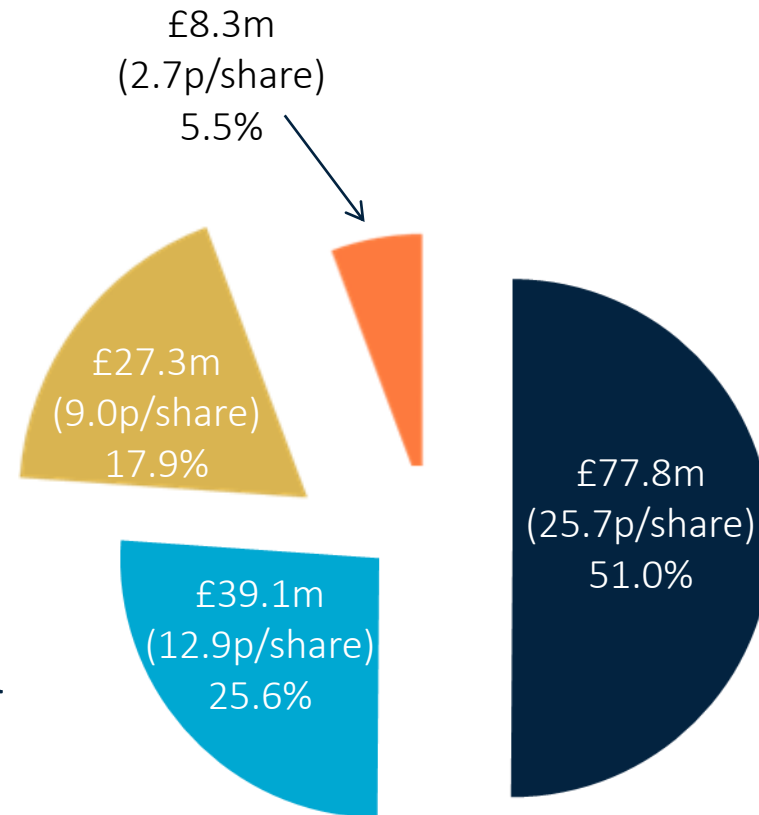
				
				
				
				
				

# Where is the value in Mercia?

NAV: 41.3p/share

MFM: 9.0p/share

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





# Track record

Oldest venture fund (2002)

15% IRR and 4.7x DPI

Balance sheet

(to September 2018)

15% IRR

**science  
warehouse**  
an **advanced** company

blueprism

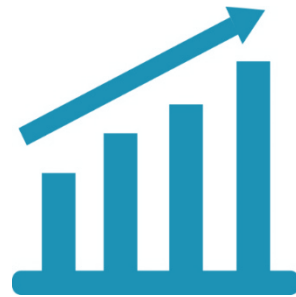
**allinea**  
Now part of **ARM**



# In summary



See the best deals  
that others do not



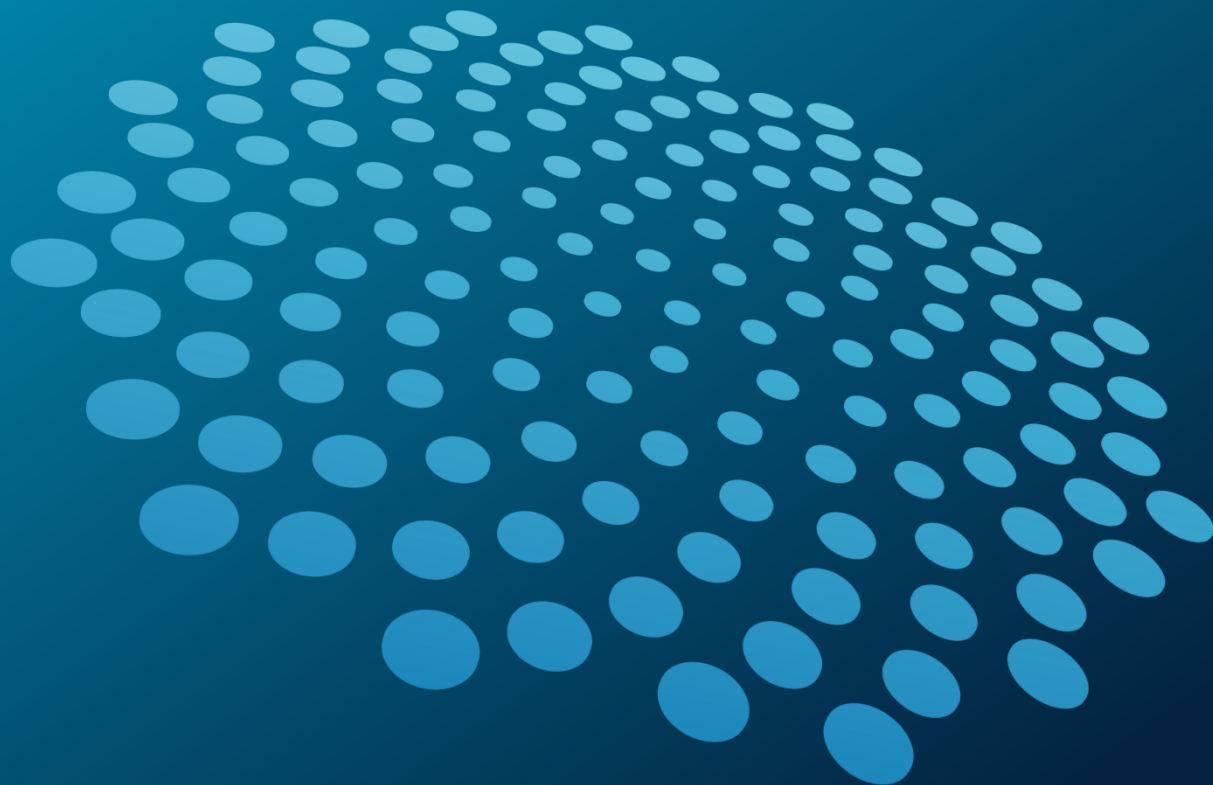
NAV growth



Realise value



Minimise cash  
erosion



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