



# 30 September 2023 Interim Results

Targeted growth underpinned by financial strength





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# Executive team



**Dr Mark Payton**  
Chief Executive Officer

Co-founder of Mercia, with a PhD in Life Sciences and over 20 years' experience in tech, commercialisation and investing.



**Martin Glanfield**  
Chief Financial Officer

KPMG trained chartered accountant with over 20 years' CFO experience of multiple listed and PE-backed technology-led businesses. Oversees the Group's lending activities.



**Julian Viggars**  
Chief Investment Officer

Chartered accountant who oversees the Group's equity investment activities, with over 20 years' venture capital experience.



**Jocelyne Bath**  
Chief Operating Officer

Previously COO at OXGENE. With 20 years' experience in commercial operations in Engineering and Technology companies, Jo now leads operations at Mercia.



# H1 FY24 Highlights

**£1.5bn +1.7%**  
Assets under  
management  
(31 March 2023: £1.4bn)

**£15.0m +23.5%**  
Revenue  
(H1 2023: £12.2m)

**£2.8m +33.4%**  
EBITDA  
(H1 2023: £2.1m)

**£36.5m**  
Cash\* on hand – no debt  
c.£60m post period end cash on  
hand

**0.35p +6.1%**  
Interim dividend  
(H1 2023: 0.33p)

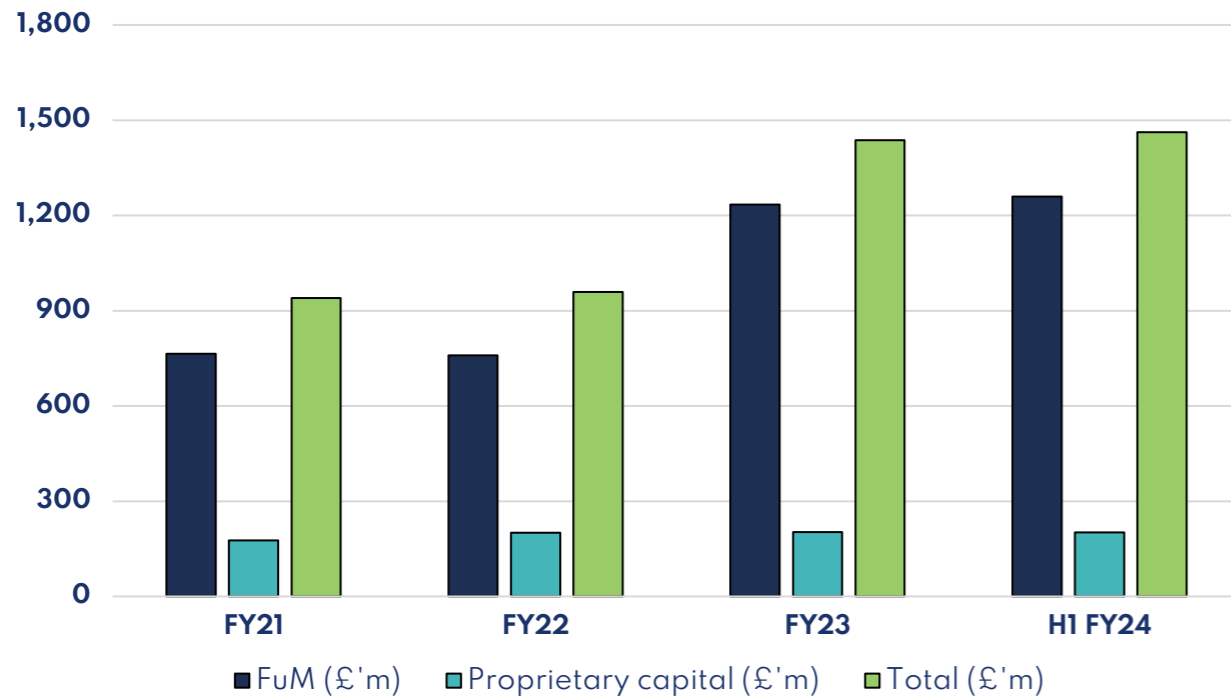
**Up to £5.0m**  
Share buyback  
announced



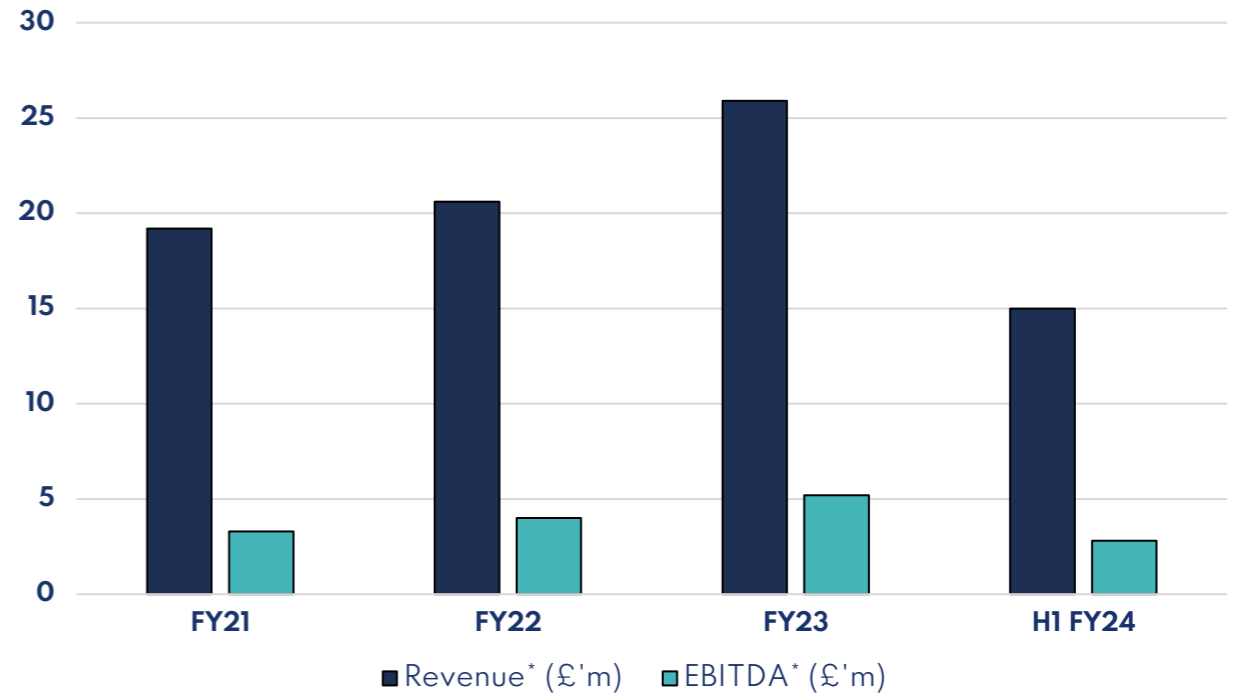
# Growth in AuM and profitability



## AuM growth



## Revenue and EBITDA growth



# Direct investment performance

1 April 2020  
to 30 Sept 2023\*

	£'m
Sale related cash receipts	86.8
Net cash invested**	(57.6)
Realised gains	36.4
Realised losses	(5.3)
Unrealised fair value gains***	42.6
Unrealised fair value losses***	(23.3)

\* Including the post period end impact of the nDreams realisation

\*\* Excluding convertible loan interest reinvested into an equity holding

\*\*\* Excluding the impact of the Intechnica and Netacea demerger in FY23

# Mercia 20:20

2.5 years into a  
three-year strategy

	AuM	PBT	Progressive Dividend
FY22:	£959m	£27.4m	0.80p / share (c.2% yield*)
FY23:	£1.4bn	£2.4m	0.86p / share (c.3% yield*)
HI FY24:	£1.5bn	£1.4m	Interim 0.35p / share (+c.6%)
Progress:	£1.5bn	£31.2m	-
Three-year cumulative target:	c.£1.6bn	c.£60m	-



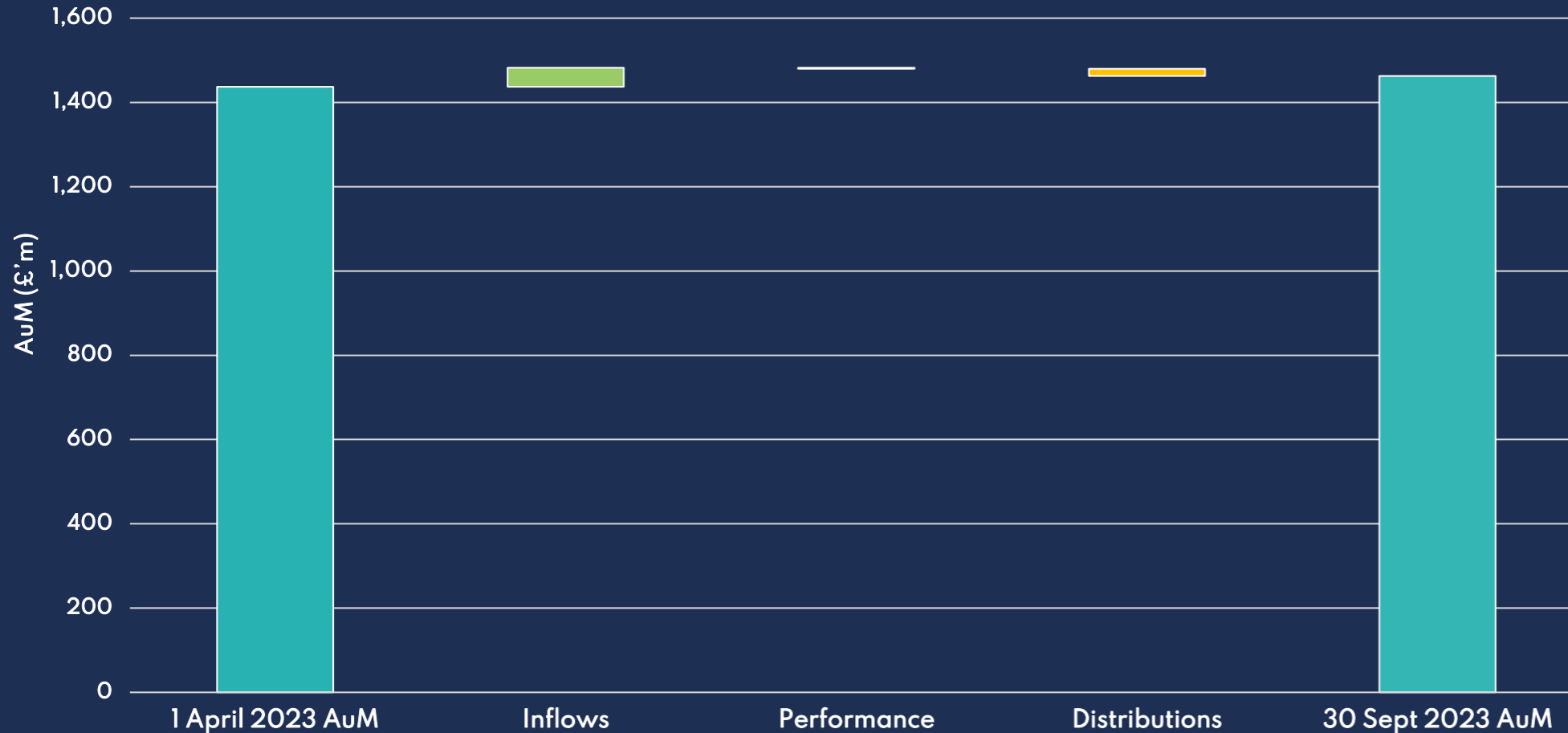
# Financial review

Martin Glanfield





# H1 FY24 AuM growth: Continued organic momentum

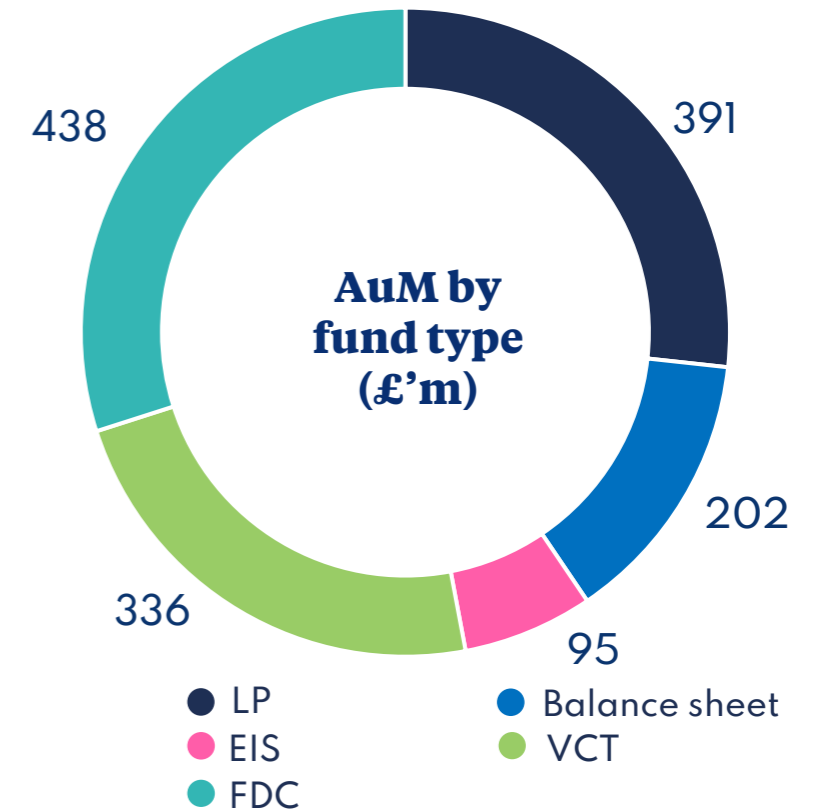
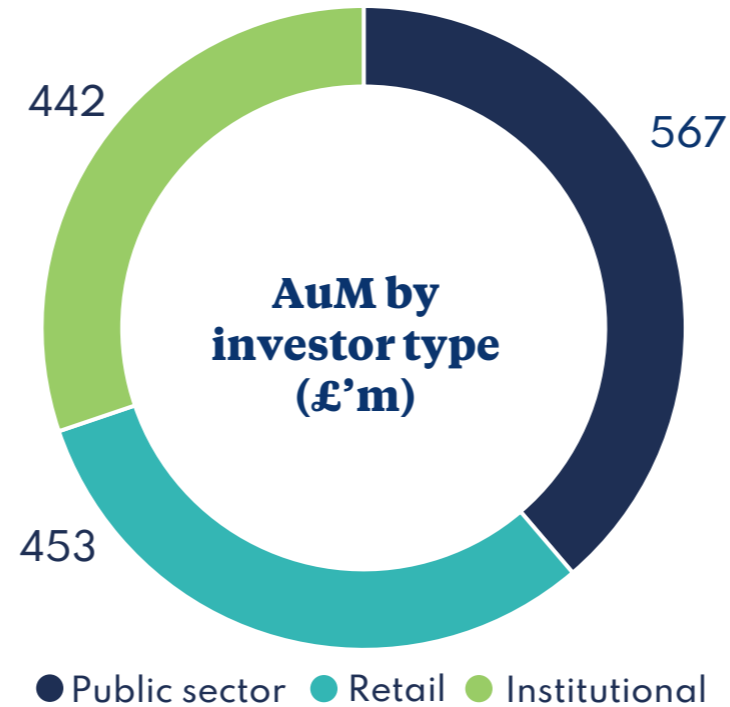
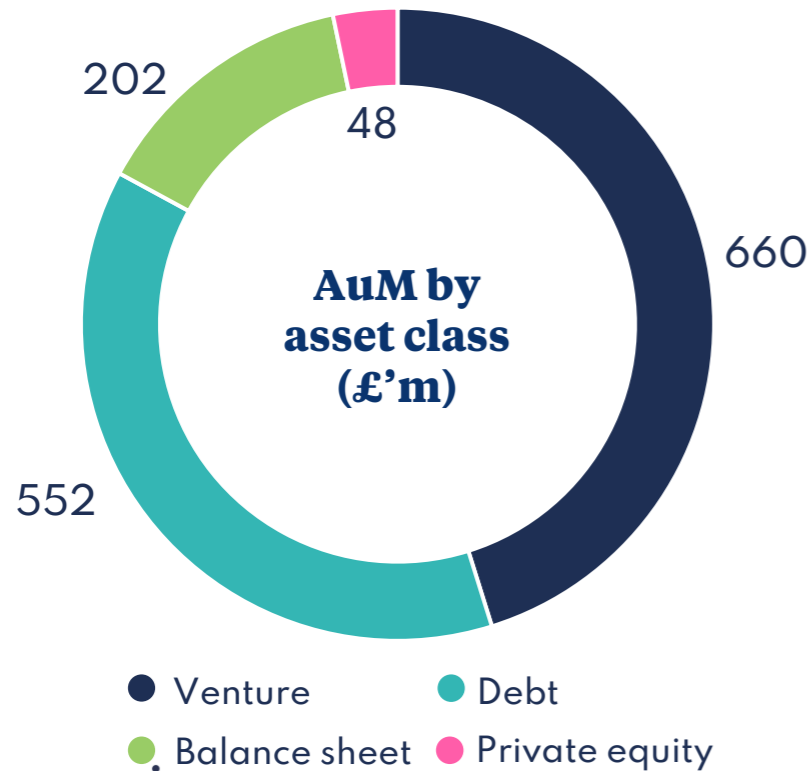


- Funds raised across asset classes:
  - Retail: c.£25m (EIS and VCT)
  - Public sector: c.£20m (British Business Bank and North East Venture)
- No redemptions
- Post-period end inflows:
  - c.£10m (EIS and British Business Bank)
- Further FuM growth potential in H2:
  - Northern VCTs up to £60m fundraise

Total overall AuM growth in the first six months of c.£25m (+c.2%)

# Long-dated, diversified AuM

- Regional specialist in SME capital provision across the UK, delivered through a physical presence in key regional cities
- Enables strong margins, with blended fee rate of c.2%
- Long-dated funds comprising evergreen or 10-year LP structures – all closed end



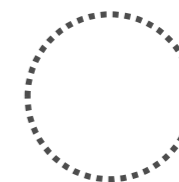
# Consolidated statement of comprehensive income

## For the six months ended 30 September 2023

	Unaudited Six months ended 30 September 2023 £'000	Unaudited Six months ended 30 September 2022 £'000	Audited Year ended 31 March 2023 £'000
<b>Revenue</b>	15,040	12,181	25,881
Administrative expenses	(12,502)	(10,222)	(21,001)
Realised loss on sale of direct investment	-	-	(849)
Fair value movements in direct investments	(1,619)	5,595	1,201
Share-based payments charge	(509)	(592)	(1,049)
Amortisation of intangible assets	(1,495)	(1,017)	(2,337)
Movement in fair value of deferred consideration	(218)	-	(1,462)
<b>Operating (loss)/profit before exceptional item</b>	<b>(1,303)</b>	<b>5,945</b>	<b>384</b>
Exceptional item	-	-	(372)
<b>Operating (loss)/profit</b>	<b>(1,303)</b>	<b>5,945</b>	<b>12</b>
Finance income	2,720	1,488	2,428
Finance expense	(30)	(8)	(31)
<b>Profit before taxation</b>	<b>1,387</b>	<b>7,425</b>	<b>2,409</b>
Taxation	(38)	(422)	427
<b>Profit and total comprehensive income for the period</b>	<b>1,349</b>	<b>7,003</b>	<b>2,836</b>
<b>Basic earnings per Ordinary share (pence)</b>	<b>0.30</b>	<b>1.59</b>	<b>0.64</b>
<b>Diluted earnings per Ordinary share (pence)</b>	<b>0.30</b>	<b>1.57</b>	<b>0.63</b>

- Revenue increase 23.5%

- c.5% yield on cash deposits as at 30 September 2023

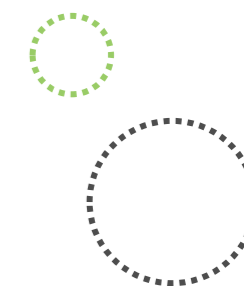


# Consolidated statement of financial position

As at 30 September 2023

	Unaudited as at 30 September 2023 £'000	Unaudited as at 30 September 2022 £'000	Audited as at 31 March 2023 £'000
Goodwill and intangible assets	37,556	31,338	39,051
Property, plant and equipment and right-of use assets	927	468	964
Investments	142,454	131,545	136,550
<b>Total non-current assets</b>	<b>180,937</b>	<b>163,351</b>	<b>176,565</b>
Trade and other receivables	2,570	1,158	3,787
Cash, cash equivalents and short-term liquidity investments	36,482	56,112	37,834
<b>Total current assets</b>	<b>39,052</b>	<b>57,270</b>	<b>41,621</b>
<b>Total assets</b>	<b>219,989</b>	<b>220,621</b>	<b>218,186</b>
Trade, other payables and lease liabilities	(9,716)	(7,851)	(7,146)
Deferred consideration	(1,316)	(2,869)	(1,227)
<b>Total current liabilities</b>	<b>(11,032)</b>	<b>(10,720)</b>	<b>(8,373)</b>
Lease liabilities	(449)	(241)	(574)
Deferred consideration	(1,907)	-	(1,778)
Deferred taxation	(4,168)	(3,676)	(4,540)
<b>Total non-current liabilities</b>	<b>(6,524)</b>	<b>(3,917)</b>	<b>(6,892)</b>
<b>Total liabilities</b>	<b>(17,556)</b>	<b>(14,637)</b>	<b>(15,265)</b>
<b>Net assets</b>	<b>202,433</b>	<b>205,984</b>	<b>202,921</b>
Equity			
Issued share capital	4	4	4
Share premium	83,775	81,644	83,744
Other distributable reserve	60,899	64,719	63,266
Retained earnings	52,690	55,508	51,341
Share-based payments reserve	5,065	4,109	4,566
<b>Total equity</b>	<b>202,433</b>	<b>205,984</b>	<b>202,921</b>

- Direct portfolio:
  - Net capital deployed £7.5m
- Significant liquidity with no debt
  - c.£60m post period end, including nDreams realisation



- Interim dividend of 0.35p/share (+c.6%), to be paid to shareholders on 10 January 2024

# Consolidated statement of cash flows

For the six months ended 30 September 2023

	Unaudited Six months ended 30 September 2023 £'000	Unaudited Six months ended 30 September 2022 £'000	Audited Year ended 31 March 2023 £'000
<b>Net cash generated from/(used in) operating activities</b>	<b>3,533</b>	<b>(161)</b>	<b>1,200</b>
Sale of direct investments	269	11	3,744
Purchase of direct investments	(7,523)	(6,403)	(20,778)
Investee company loan repayment	-	-	125
Investee company loan redemption premium and interest received	1,942	1,371	1,979
<b>Net cash used in direct investment activities</b>	<b>(5,312)</b>	<b>(5,021)</b>	<b>(14,930)</b>
Interest received from cash deposits	711	104	404
Purchase of property, plant and equipment	(65)	(20)	(77)
Acquisition of FDC	-	-	(6,951)
Cash acquired with the acquisition of FDC	-	-	2,882
Purchase of VCT fund management business	-	-	(2,100)
Decrease in short-term liquidity investments	-	-	5,000
<b>Net cash generated from/(used in) other investing activities</b>	<b>646</b>	<b>84</b>	<b>(842)</b>
Dividends paid	-	-	(3,653)
Interest paid	(30)	(8)	(31)
Payment of lease liabilities	(194)	(79)	(238)
<b>Net cash used in financing activities</b>	<b>(224)</b>	<b>(87)</b>	<b>(3,922)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,357)</b>	<b>(5,185)</b>	<b>(18,494)</b>
Cash and cash equivalents at the beginning of the period	37,555	56,049	56,049
<b>Cash and cash equivalents at the end of the period</b>	<b>36,198</b>	<b>50,864</b>	<b>37,555</b>

- Cash generative, profitable fund management operations

- +£0.3m of short-term liquidity investments

# Mercia share register: 69% free float (31 March 2023: 69%)

- Board, management and employees (c.17%)
- Invesco (c.14%)
- Retail (c.10%)
- Fidelity (c.7%)
- Ruffer (c.6%)
- Chelverton Asset Management (c.4%)
- BlackRock (c.4%)
- Columbia Threadneedle Investments (c.4%)
- GPIM (c.4%)
- The Hargreaves No.11 Settlement (c.3%)
- NFU Mutual (c.3%)
- Librae Holdings (c.3%)

## Others of note:

- Hargreave Hale
- Liontrust
- Allianz
- West Yorkshire Pension Fund
- Unicorn
- Ninety One



# Investment performance

Julian Viggars



# Enduring partner for sustainable growth



**Early-stage venture**  
£324m: £0.5m - £5m

**National / scale up venture**  
£336m: £3m - £10m



**Regional debt**  
£93m: £0.2m - £1m

**National debt**  
£459m: £1m - £20m



**PE**  
£48m: £2m - £5m



Mercia Ventures



Mercia Debt



Mercia Private Equity



Proprietary Capital

	FuM	Unrestricted cash
Mercia Ventures	£660m	£181m
Mercia Debt	£552m	£152m
Mercia Private Equity	£48m	£13m
Proprietary Capital	£202m	£37m
<b>Total</b>	<b>£1,462m</b>	<b>£383m</b>



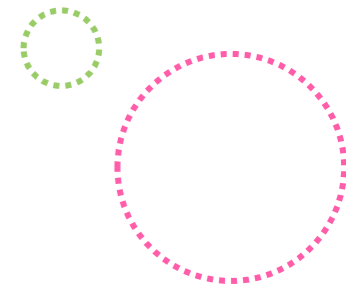
# Equity performance

IRR	30 September 2023		31 March 2023	
Proprietary capital	13%		13%	
TVPI*	Venture	Private Equity	Venture	Private Equity
<b>Institutional Funds</b>				
Legacy	191%	143%	188%	149%
Current	103%	126%	113%	119%
<b>Retail EIS Funds</b>				
Legacy	102%	n/a	108%	n/a
Current	90%	n/a	92%	n/a

VCTs (pence per ordinary share)	NAV **	Total return **	NAV	Total return
Northern Venture Trust	61.4	251.9	62.1	250.6
Northern 2 VCT	58.6	195.9	59.0	195.0
Northern 3 VCT	90.0	205.9	91.6	205.0

\* TVPI % defined as; distributions + total value + cash/capital paid in.





\*\* VCT Total return growth over 12 months, based on 30 September 2023 cumulative total return, of 0.8% to 1.2%.








# Direct investment portfolio - as at 30 September 2023

	Year of first direct investment	Net investment value as at 1 April 2023 £'000	Net cash invested Six months to 30 September 2023 £'000	Fair value movement Six months to 30 September 2023 £'000	Net investment value as at 30 September 2023 £'000	Equity percentage held as at 30 September 2023 %
nDreams Ltd	2014	25,761	-	4,450	30,211	33.2
Voxpopme Ltd	2018	11,015	861	3,973	15,849	20.4
Netacea Group Ltd	2022	11,693	1,500	-	13,193	24.1
VirtTrade Ltd *	2015	10,082	1,530	-	11,612	62.6
Medherant Ltd	2016	10,934	-	-	10,934	38.4
Warwick Acoustics Ltd	2014	9,695	-	-	9,695	40.3
Invincibles Studio Ltd	2015	8,697	-	(116)	8,581	35.5
Impression Technologies Ltd	2015	15,260	1,198	(8,909)	7,549	65.1
Ton UK Ltd **	2015	5,382	746	455	6,583	40.4
Locate Bio Ltd	2018	4,858	-	-	4,858	18.1
Eyoto Group Ltd	2017	5,487	1,527	(2,322)	4,692	24.7
Axis Spine Technologies Ltd	2022	3,000	-	-	3,000	9.4
sureCore Ltd	2016	2,417	-	-	2,417	22.0
Nova Pangaea (Holdings) Ltd	2022	2,250	-	-	2,250	0.0
Forensic Analytics Ltd	2021	1,750	-	344	2,094	7.4
Akamis Bio Ltd	2015	1,780	-	-	1,780	1.3
Pimberly Ltd	2021	1,375	-	332	1,707	5.7
MIP Discovery Ltd	2020	1,449	-	-	1,449	10.2
MyHealthChecked PLC	2016	969	-	(153)	816	13.1
Uniphy Ltd	2022	550	40	137	727	4.5
Other direct investments	n/a	2,146	121	190	2,457	n/a
<b>Total</b>		<b>136,550</b>	<b>7,523</b>	<b>(1,619)</b>	<b>142,454</b>	<b>n/a</b>

# Top 10 holdings, by value (1-5)

	 nDreams	 Voxpopme*	NETACEA	 CARDS THE UNIVERSE AND EVERYTHING	 MEDHERANT
Investment value	£30.2m	£15.8m	£13.2m	£11.6m	£10.9m
% direct holding (excludes FuM)	33.2%	20.4%	24.1%	62.6%	38.4%
Initial year of investment	2014	2018	2022	2015	2016
Description	VR developer	Video analytics	Bot management	Mobile digital trading cards	Patch delivery
Board representation	Yes	Yes	Yes	No	Yes
Key metrics	Revenue, partnerships	Revenue, ARR	Revenue, ARR	User numbers	Regulatory, clinical, partnerships
H1 FY24 highlights	Ghostbusters VR, third-party titles	Sales growth	Sales and channel progress	Continued revenue growth	Tech and commercial progress
Valuation change	↑	↑	=	=	=

# Top 10 holdings, by value (6-10)

					
Investment value	£9.7m	£8.6m	£7.5m	£6.6m	£4.9m
% direct holding (excludes FuM)	40.3%	35.5%	65.1%	40.4%	18.1%
Initial year of investment	2014	2015	2015	2015	2018
Description	Flat speaker tech	Mobile soccer management game	Aluminum pressing	Business intelligence	Orthobiologics
Board representation	Yes	Yes	Yes	Yes	Yes
Key metrics	Licences, partnerships	Revenue, partnerships	Licences, partnerships	Revenue	Revenue, partnerships
H1 FY24 highlights	First OEM nomination	SM24 launched	Aerospace license	UI improvements	Positive first trial readout
Valuation change	=	↓	↓	↑	=



# Investment case



# Strong organic growth prospects

Investor type	Current	Potential	Total market
Retail (EIS, VCT)	c. £434m c.5% market share	c. £90m	Estimated at c. £10bn
Public sector (e.g. British Business Bank) regional debt and equity funds	c. £315m c.22% market share	c. £360m	c. £1.6bn
Institutional Private Equity	North of England <5%	c. £80m	Data not available
Institutional private debt and property	Midlands <10%	c. £100m	Data not available



**The first choice for investees,  
investors and employees**

- **Strong liquidity:**
  - £36.5m, debt-free, balance sheet cash position
    - c.£60m post period end
  - Additional c.£346m unrestricted FuM cash
- Up to £5.0m share buyback
- Progressive dividend - interim dividend up 6%
- >85% of AuM is third-party FuM, 100% are closed-end
- Blended c.2% fee margin
- Solid progress with c.£45m of H1 fund inflows
- Well placed for FuM expansion (organic and corporate)
- Identified adjacent platforms for future potential growth
- Alignment: employees and Board own 17%
- Mercia has never been financially stronger