



26 November 2024
Interim Results



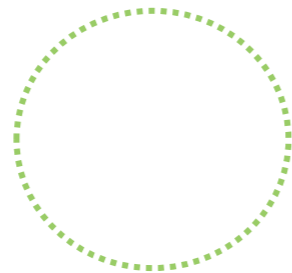
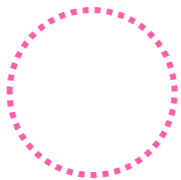


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Agenda

1. Performance overview, our model and ‘Mercia 27’
2. Financial results
3. Progress and value drivers
4. Outlook
5. Q&A



Dr Mark Payton
Chief Executive Officer

Co-founder of Mercia, with a PhD in Life Sciences and over 25 years’ experience in tech, commercialisation and investing.



Martin Glanfield
Chief Financial Officer

KPMG trained chartered accountant with over 25 years’ CFO experience of multiple listed and PE-backed technology-led businesses. Chairs the Group’s lending activities.



FY25 interim highlights

£17.9m +19.1%
Revenue
(H1 2024: £15.0m)

£3.7m +34.0%
EBITDA
(H1 2024: £2.8m)

0.37p +5.7%
Interim dividend
(H1 2024: 0.35p)

c.£57m
Organic funds under
management inflows
(H1 2024: c.£45m)

£46.2m
Cash on hand* – no debt
(31 March 2024: £46.9m)

£120.9m
Direct investments fair value
(31 March 2024: £116.9m)

£1.8bn
Assets under management
(31 March 2024: £1.8bn)

c.£663m
Managed funds and balance
sheet liquidity
(31 March 2024: c.£713m)

Mercia today - specialist alternative asset manager with 11 offices - H1 FY25 deployment

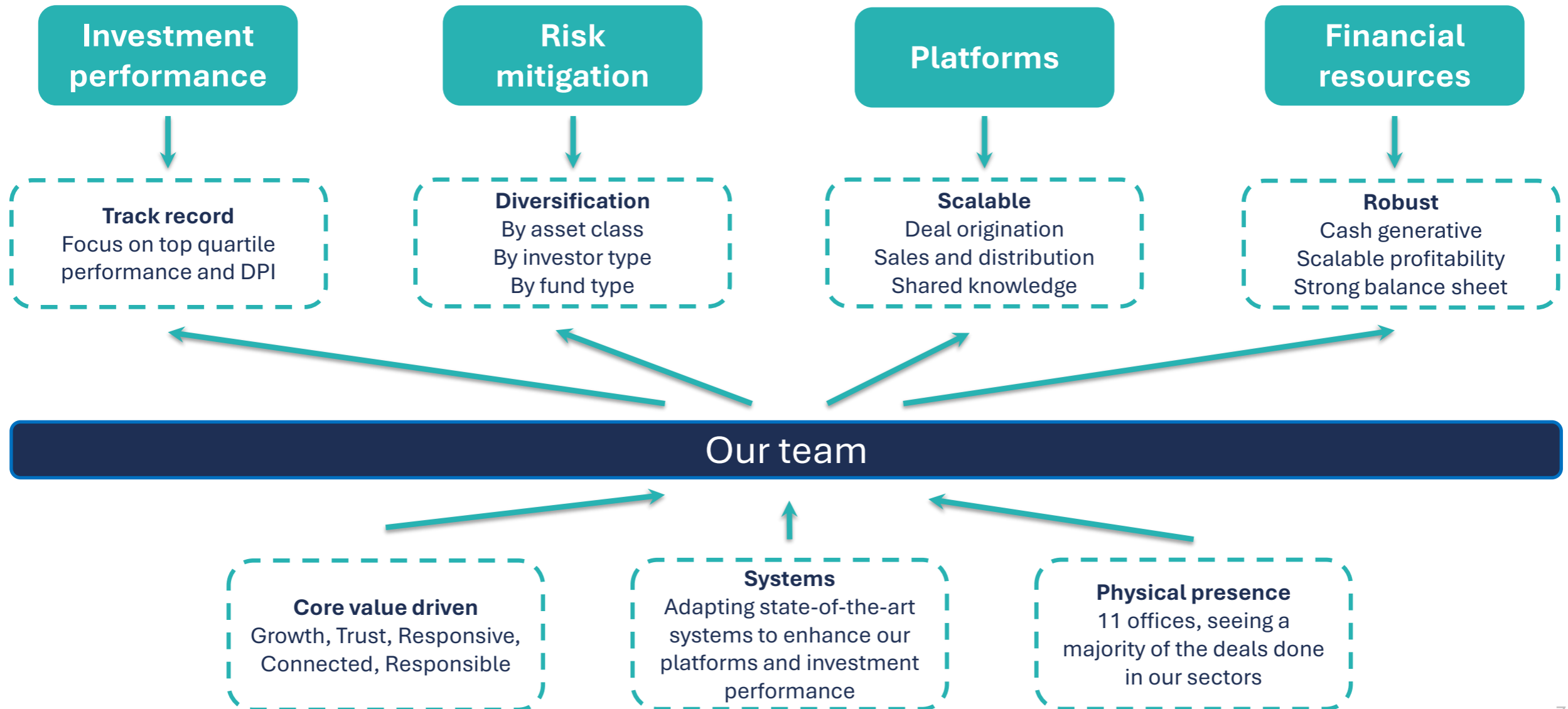


Mercia's differentiated business model

- Private markets only
 - 100% of funds are evergreen or long dated
- Business model
 - No fund redemptions
 - c.2% blended fee margin
 - c.81% recurring revenue (FY24: c.76%)
- Differentiated business
 - A leading domestic only specialist alternative asset manager
 - Diversified asset classes under management, moving towards real assets
 - Expanding deal origination and sales and distribution platforms



Building Mercia as the first-choice domestic specialist alternative asset manager





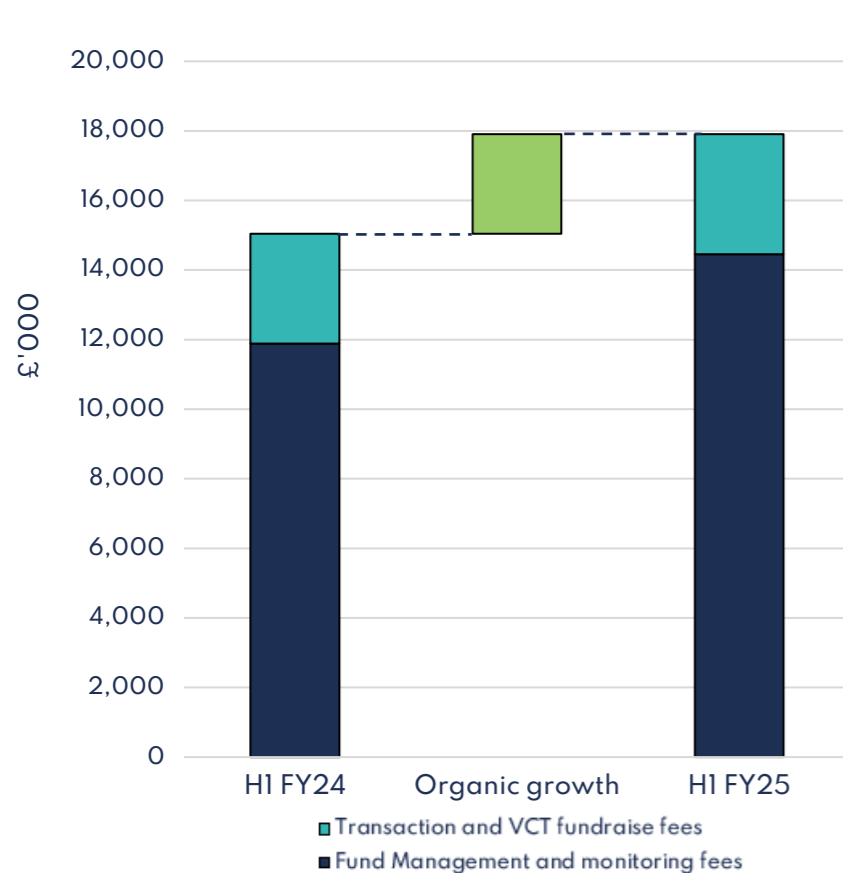
Financial review

Martin Glanfield



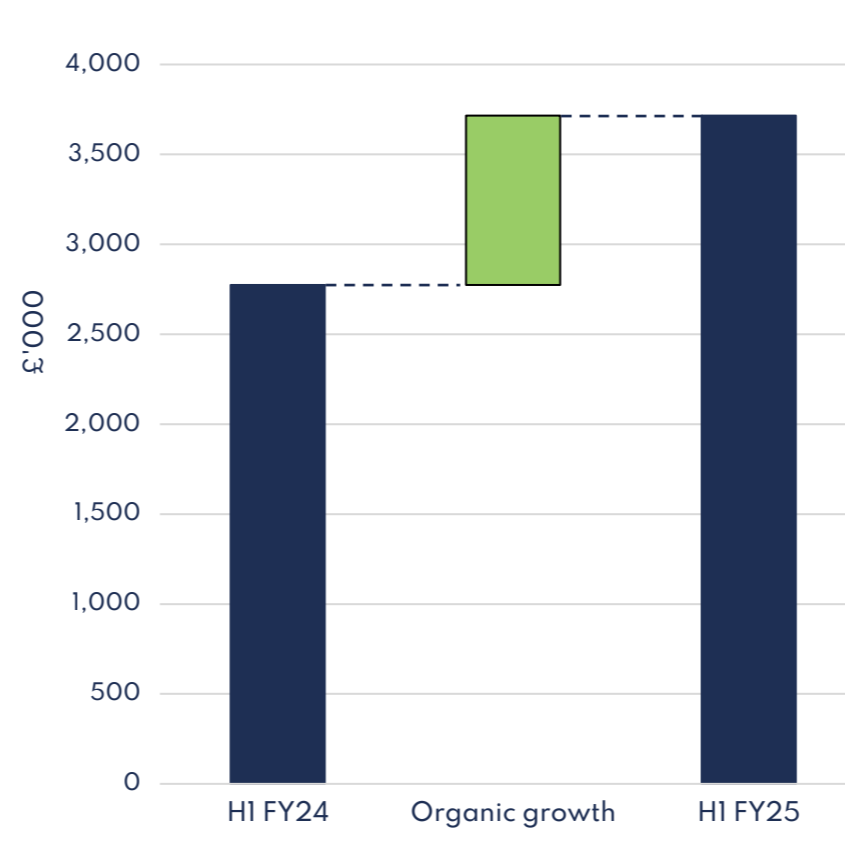
Sustained organic growth in revenue, EBITDA and cash generation

Revenue



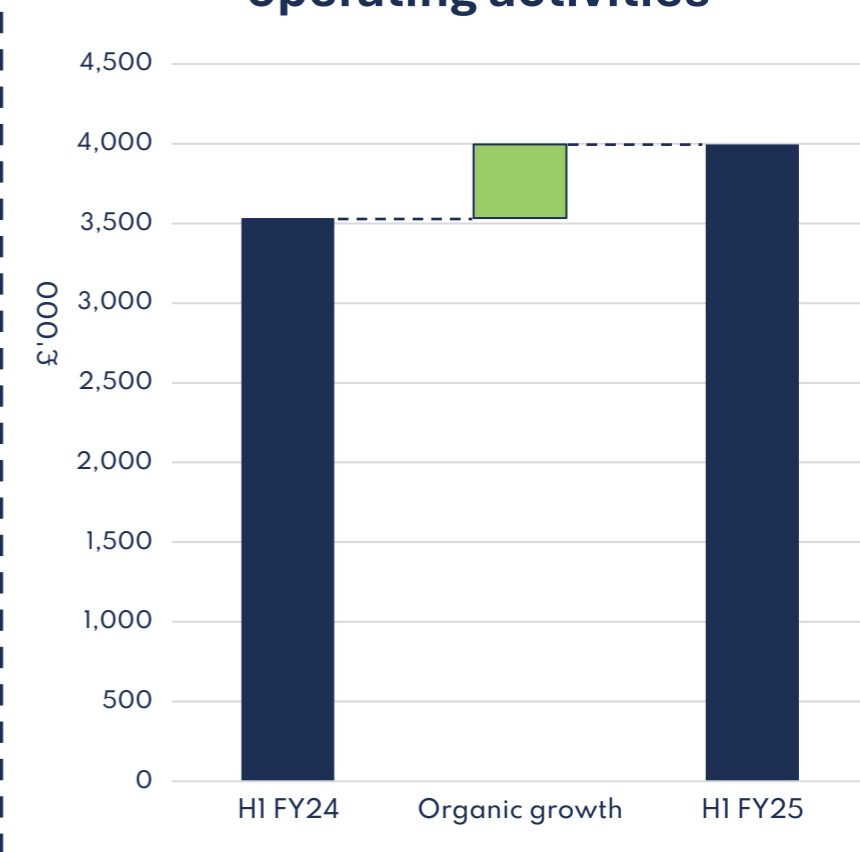
- Revenue £17.9million, up c.19%
- c.2% blended fee margin

EBITDA



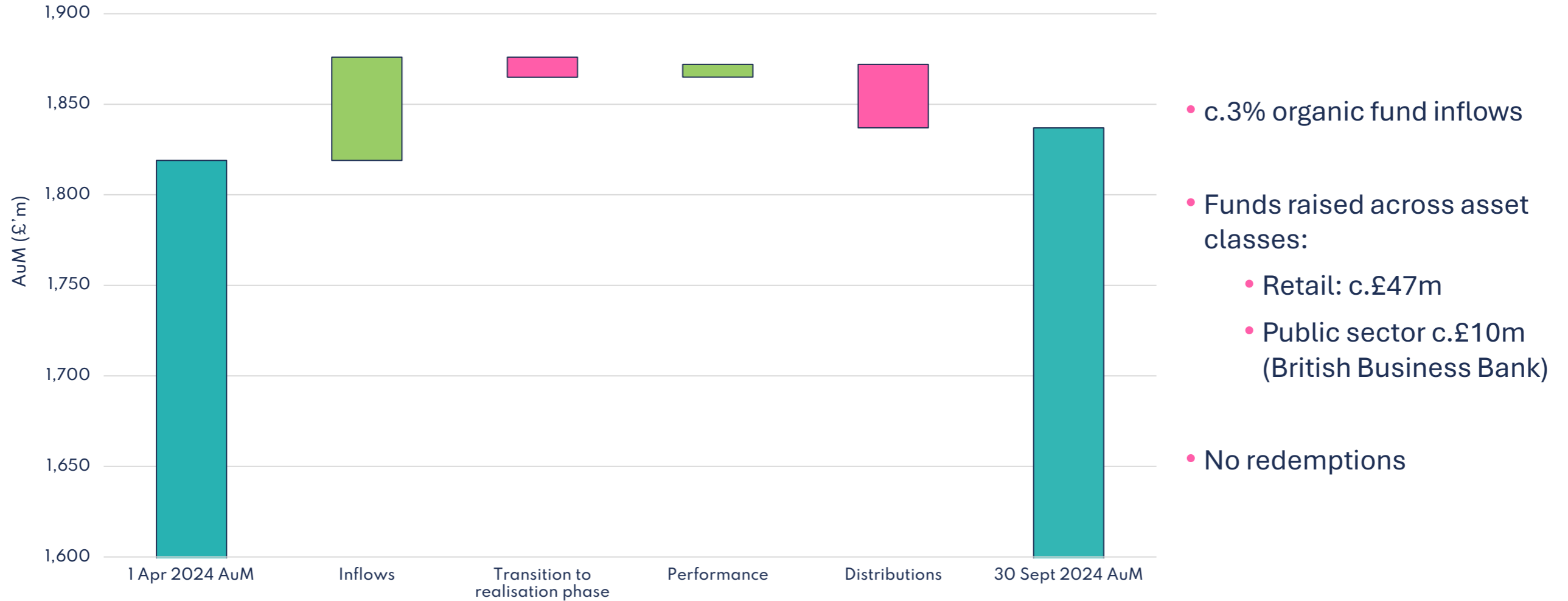
- EBITDA £3.7million, up c.34%
- EBITDA margin c.21% (H1 FY24: c.18%)

Cash generated from operating activities



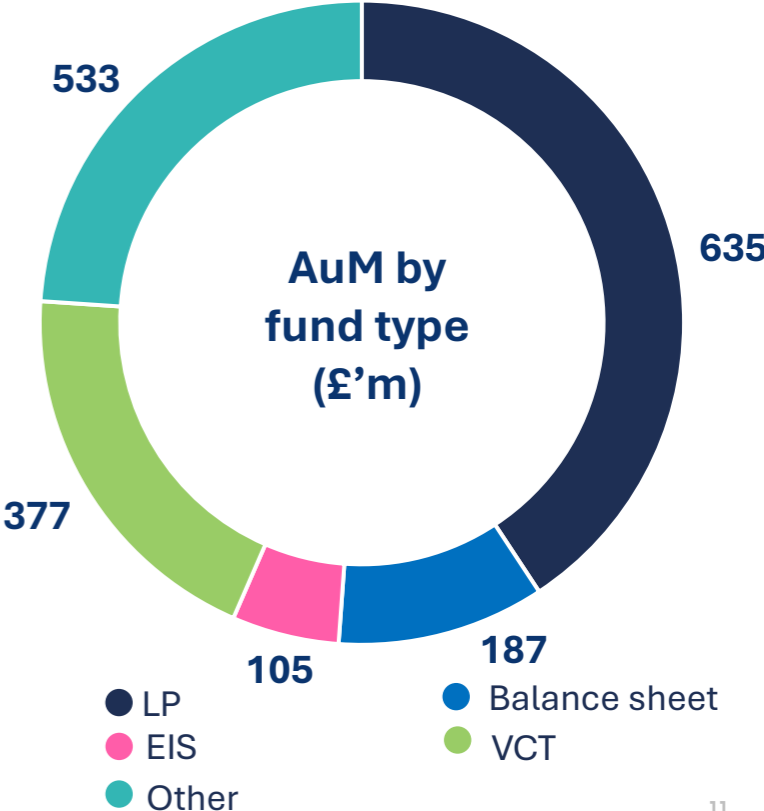
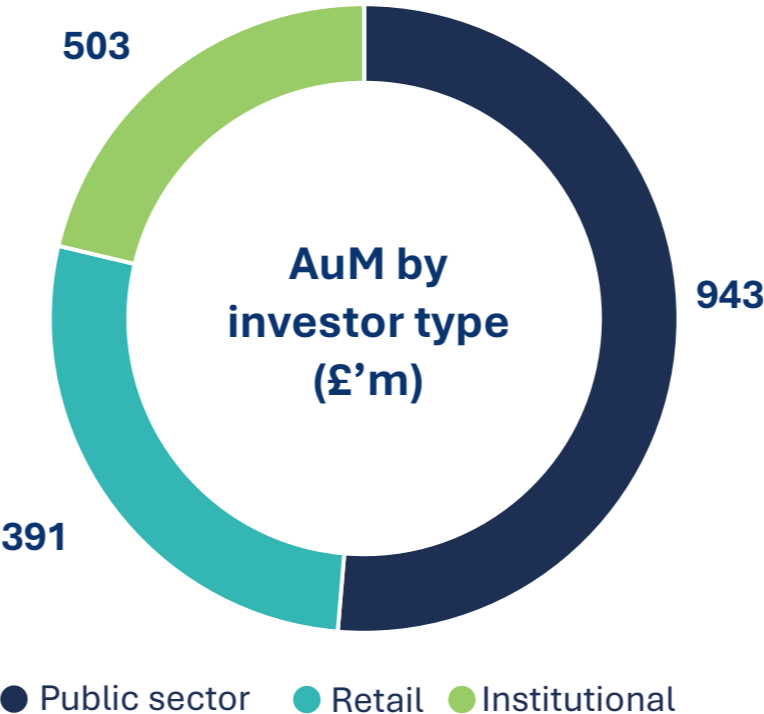
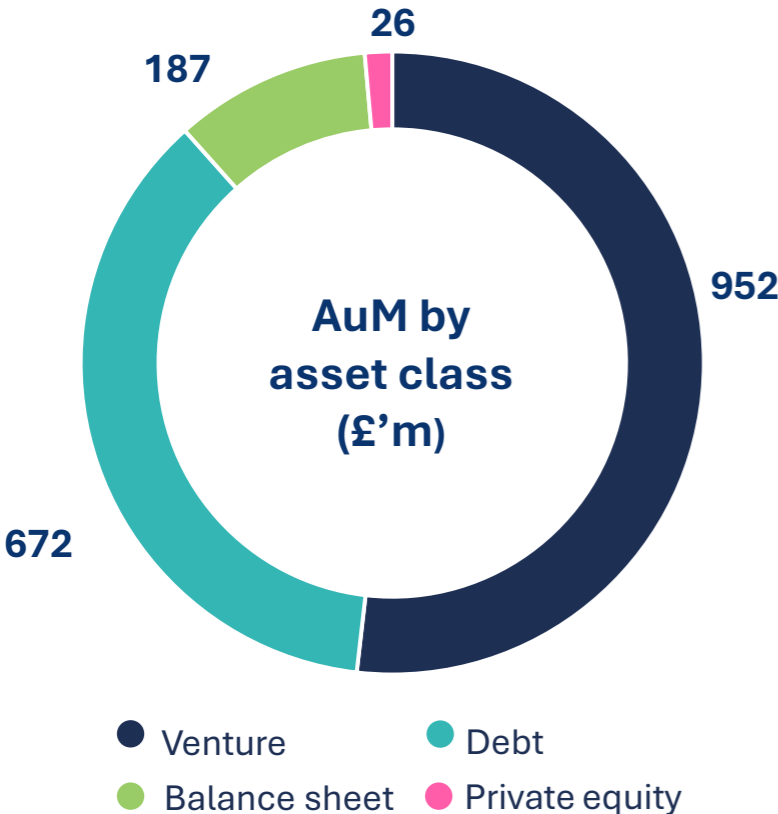
- Cash generated from operating activities c.£4million
- >100% EBITDA cash conversion

Sustained growth in assets under management



Long-dated, diversified AuM

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



Consolidated statement of comprehensive income

For the six months ended 30 September 2024



	Unaudited Six months ended 30 September 2024 £'000	Unaudited Six months ended 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
APM basis			
Revenue	17,908	15,040	30,434
Administrative expenses	(14,192)	(12,266)	(24,897)
EBITDA	3,716	2,774	5,537
Net finance income	1,102	2,690	4,160
Adjusted operating profit	4,818	5,464	9,697
Depreciation	(302)	(236)	(489)
Net finance income	(1,102)	(2,690)	(4,160)
Realised fair value gain on sale of a direct investment	–	–	4,450
Unrealised fair value movement in direct investments	185	(1,619)	(17,338)
Share-based payments charge	(478)	(509)	(1,002)
Amortisation of intangible assets	(1,495)	(1,495)	(2,989)
Movement in fair value of deferred consideration	(295)	(218)	(540)
Operating profit/(loss)	1,331	(1,303)	(12,371)
Finance income	1,128	2,720	4,216
Finance expense	(26)	(30)	(56)
Profit/(loss) before taxation	2,433	1,387	(8,211)
Taxation	(657)	(38)	626
Profit/(loss) and total comprehensive income/(expense) for the period	1,776	1,349	(7,585)
Basic earnings/(loss) per Ordinary share (pence)	0.41	0.30	(1.71)
Diluted earnings/(loss) per Ordinary share (pence)	0.40	0.30	(1.71)

- Revenue up c.19%

- EBITDA up c.34%

- Basic EPS up c.37%

Consolidated statement of financial position

As at 30 September 2024



	Unaudited as at 30 September 2024 £'000	Unaudited as at 30 September 2023 £'000	Audited as at 31 March 2024 £'000
Goodwill and intangible assets	34,801	37,556	36,296
Property, plant, equipment and right-of use assets	1,054	927	839
Investments	120,932	142,454	116,861
Total non-current assets	156,787	180,937	153,996
Trade and other receivables	3,231	2,570	3,971
Cash, cash equivalents and short-term liquidity investments	46,214	36,482	46,940
Total current assets	49,445	39,052	50,911
Total assets	206,232	219,989	204,907
Trade, other payables and lease liabilities	(12,438)	(9,716)	(9,269)
Deferred consideration	(2,575)	(1,316)	(2,279)
Total current liabilities	(15,013)	(11,032)	(11,548)
Lease liabilities	(445)	(449)	(326)
Deferred consideration	-	(1,907)	-
Deferred taxation	(3,419)	(4,168)	(3,792)
Total non-current liabilities	(3,864)	(6,524)	(4,118)
Total liabilities	(18,877)	(17,556)	(15,666)
Net assets	187,355	202,433	189,241
Equity			
Issued share capital	4	4	4
Share premium	83,775	83,775	83,775
Treasury reserve	(4,925)	-	(3,188)
Other distributable reserve	56,966	60,899	59,338
Retained earnings	45,532	52,690	43,756
Share-based payments reserve	6,003	5,065	5,556
Total equity	187,355	202,433	189,241

- Direct portfolio:
 - Capital deployed of £3.9m
- Significant liquidity with no debt

- Interim dividend of 0.37p/share (+c.6%)

Consolidated statement of cash flows

For the six months ended 30 September 2024



	Unaudited Six months ended 30 September 2024 £'000	Unaudited Six months ended 30 September 2023 £'000	Audited Year ended 31 March 2024 £'000
Net cash generated from operating activities	4,157	3,533	7,084
Sale of direct investments	-	269	26,696
Purchase of direct investments	(3,886)	(7,523)	(19,926)
Investee company loan repayment	-	-	300
Investee company loan redemption premium and interest received	-	1,942	2,290
Net cash (used in)/generated from direct investment activities	(3,886)	(5,312)	9,360
Interest received from cash deposits	1,135	711	1,813
Purchase of property, plant and equipment	(105)	(65)	(110)
Deferred consideration paid in respect of acquisitions	-	-	(1,500)
Decrease in short-term liquidity investments	-	-	288
Net cash generated from other investing activities	1,030	646	491
Dividends paid	-	-	(3,928)
Purchase of own shares into treasury	(1,834)	-	(3,194)
Proceeds received from the exercise of employee share options	66	-	26
Interest paid	(26)	(30)	(56)
Payment of lease liabilities	(233)	(194)	(398)
Net cash used in financing activities	(2,027)	(224)	(7,550)
Net (decrease)/increase in cash and cash equivalents	(726)	(1,357)	9,385
Cash and cash equivalents at the beginning of the period	46,940	37,555	37,555
Cash and cash equivalents at the end of the period	46,214	36,198	46,940

- Cash generative, profitable fund management operations

- £5.0m share buyback completed in May 2024

Direct investment portfolio as at 30 September 2024



	Year of first direct investment	Net investment value as at 1 April 2024 £'000	Net cash invested Six months to 30 September 2024 £'000	Fair value movement Six months to 30 September 2024 £'000	Net investment value as at 30 September 2024 £'000	Equity percentage held as at 30 September 2024 %
Voxpopme Ltd	2018	15,849	-	25	15,874	20.2
Netacea Group Ltd	2022	14,661	-	-	14,661	34.2
Warwick Acoustics Ltd	2014	11,934	-	-	11,934	35.8
VirtTrade Ltd	2015	10,223	900	93	11,216	61.4
Medherant Ltd	2016	10,934	-	-	10,934	33.3
Invincibles Studio Ltd	2015	8,567	750	-	9,317	35.5
Eyoto Group Ltd	2017	7,142	1,500	-	8,642	24.7
Locate Bio Ltd	2018	7,837	-	-	7,837	19.6
Ton UK Ltd	2015	6,609	-	-	6,609	40.4
Aonic Founder SCS	2023	3,784	-	-	3,784	0.0
Axis Spine Technologies Ltd	2022	3,000	-	-	3,000	11.5
Tozaro Ltd	2020	2,734	-	-	2,734	11.2
Pimberly Ltd	2021	2,612	-	-	2,612	4.9
sureCore Ltd	2016	2,416	-	-	2,416	22.0
Forensic Analytics Ltd	2021	2,264	-	-	2,264	7.4
Nova Pangaea (Holdings) Ltd	2022	2,250	-	-	2,250	0.0
MyHealthChecked PLC	2016	782	-	68	850	13.1
Uniphy Ltd	2022	727	-	-	727	3.9
Artesian Solutions Ltd	2023	539	-	-	539	0.8
Sherlock Biosciences Inc	2023	340	-	(12)	328	0.3
Other direct investments	n/a	1,657	736	11	2,404	n/a
Total		116,861	3,886	185	120,932	n/a

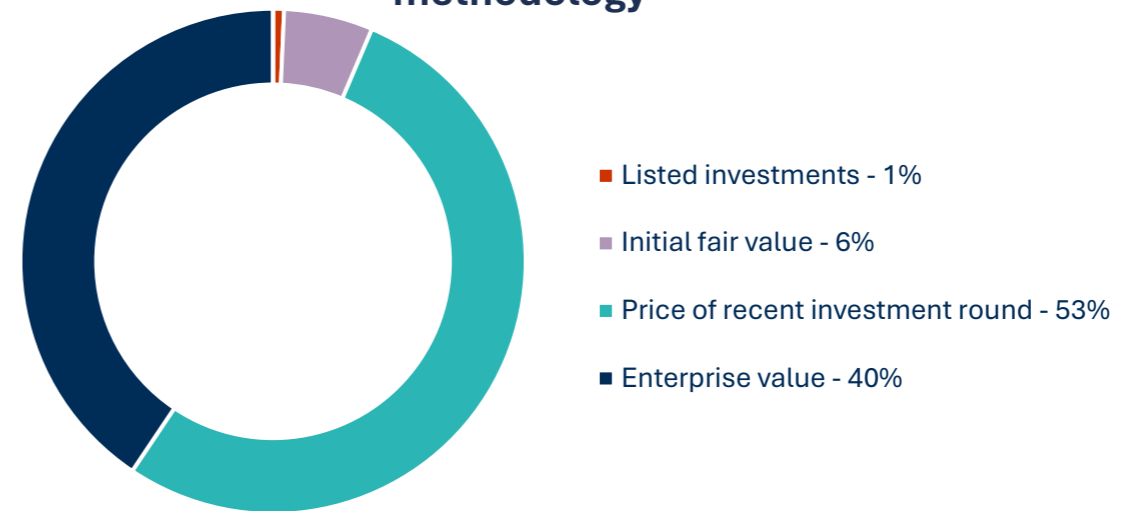
Direct investment portfolio – top 10 assets

 Voxpopme® New UX product	NETACEA C-suite strengthened	WARWICK  ACOUSTICS 2025 OEM launch	 New game launched	 MEDHERANT® Partner progress
 Invincibles Studio SM25 launched	EYOTO Commercial refocus	 locate ^{bio} Trial progress	 Progress to breakeven	 Build progress

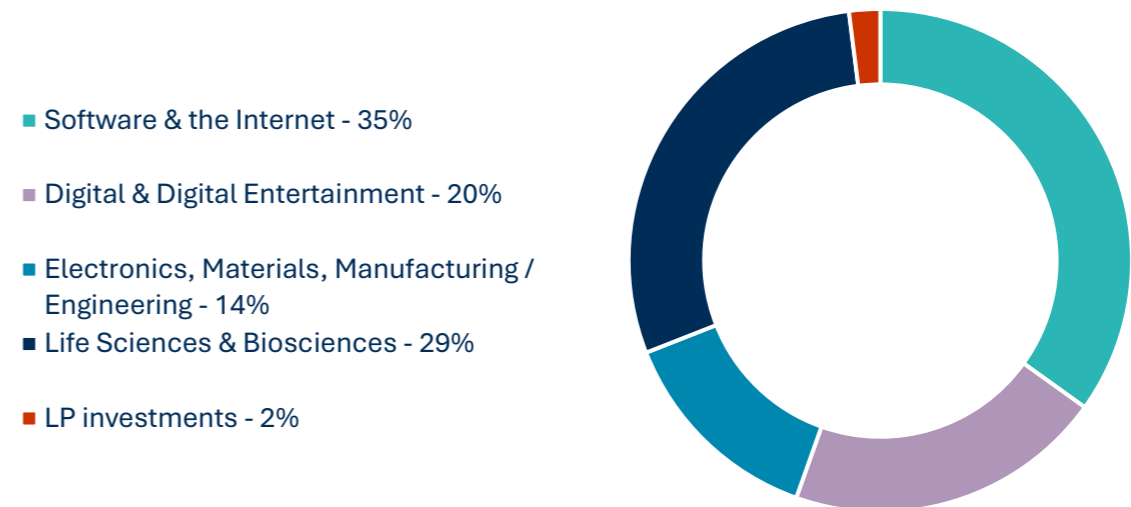
Valuation methodology

- Follow IPEVCV Guidelines
- c.53% of the portfolio value based on price of recent investment round
- c.40% of the portfolio value based on enterprise value
- Calibration of valuation approaches
- Some use of DCF as a calibration mechanism due to valuation guidelines
- Minimal exposure to volatile public market conditions
- Still adopt a ‘hand-on-heart’ final review

Direct investment portfolio by valuation methodology



Direct investment portfolio by sector





Progress and value drivers

Our 10-year growth story

Timeline	Third-party FuM	Total direct investment value	Average investment size	Six month deployment rate	Six month revenue	EBITDA	FTE
At IPO	c.£23m	c.£9m	c.£0.2m	c.£2m	c.£0.4m	£0	7
H1 FY25	c.£1.6bn	c.£121m	c.£1.5m	c.£100m	c.£17.9m	£3.7m	138

Mercia listed on AIM on 18 December 2014, and since then has achieved over £800million of realisations across the balance sheet and managed funds

Differentiated investment strategies and asset classes



	Private venture	Development capital (debt and private equity)	Intermediary real asset finance	Balance sheet (incl. direct investments)	Total
AuM:	£952m	£388m	£310m	£187m	£1.8bn
Asset type:	Equity as sole or syndicated provider in businesses typically seeking <£30m	Direct lending, growth equity, secondaries, leveraged loans. Often sole provider, investing up to £7.5m	Midlands-focused on real estate regeneration. Investing up to £20m as sole investor	Target of up to 70% direct investment divestiture by 1 April 2027 to fund acquisitions and LP positions in new managed funds	
National and regional impact:	<ul style="list-style-type: none"> - Real economy and job creation - Creating resilience - New business creation and expansion 	<ul style="list-style-type: none"> - Real economy and job creation - Creating resilience - Business support and expansion 	<ul style="list-style-type: none"> - Infrastructure investment for growth and job creation - Expansion and sustainability - Brownfield remediation and regeneration - Housing including social/affordable 	<ul style="list-style-type: none"> - Direct investments: £118.5m - Cash on hand: £46.2m - LP positions: £2.4m 	
Unrestricted cash:	£420m	£108m	£89m	£46m	£663m

'Mercia 27' levers and value drivers

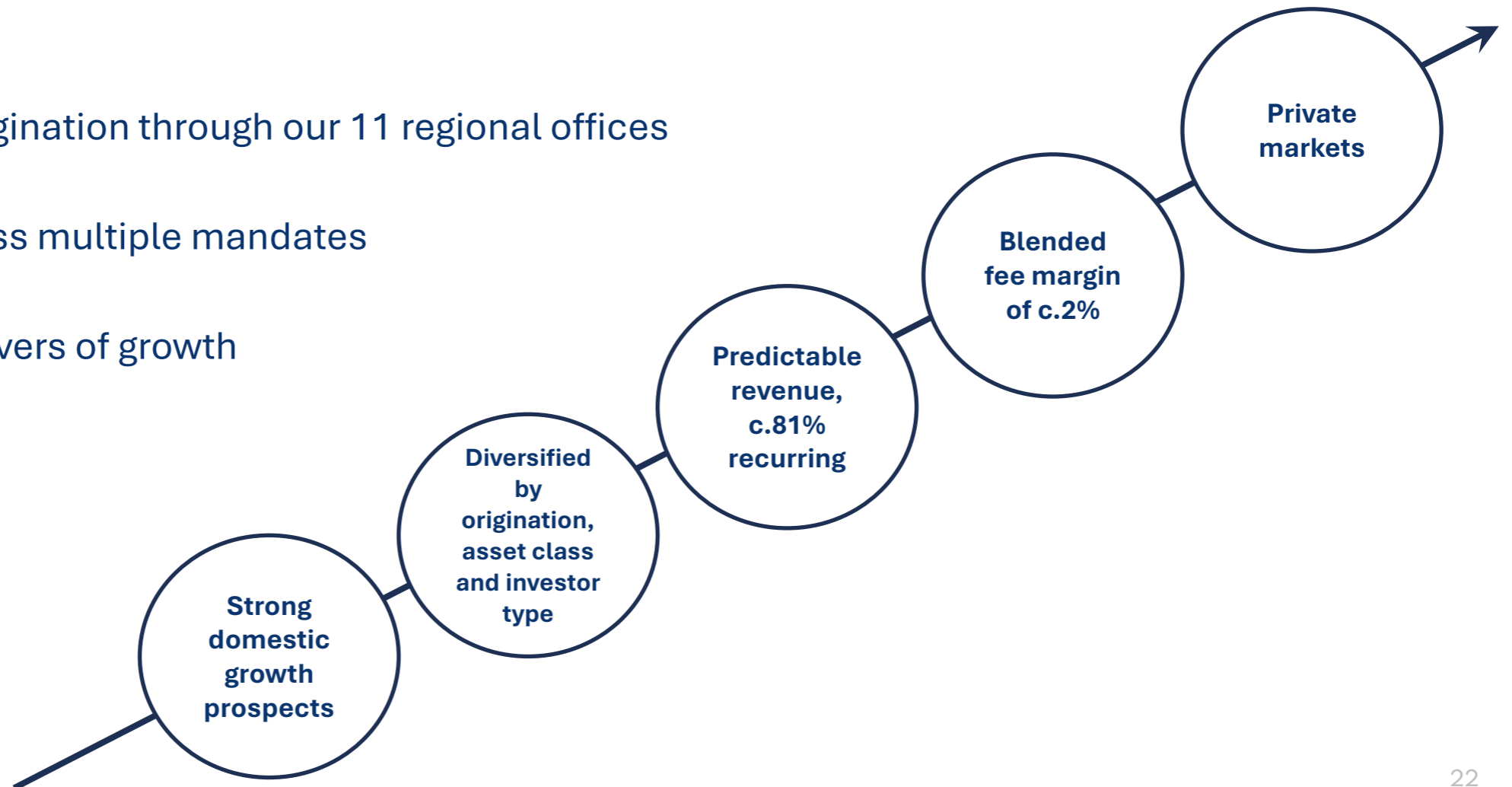
THE LEVERS



Multiple drivers of growth

Making a positive difference for fund investors and the domestic economy

- Track record of deal origination through our 11 regional offices
- Long-term capital across multiple mandates
- Structural domestic drivers of growth
- Highly diversified
- Built to scale



Mercia is a responsible impact investor

- **Environmental responsibility**
 - Active reduction in carbon footprint through resource conservation, use of public transport and company EV scheme
 - Proactive engagement with investment portfolio
 - Growing venture portfolio focused on sustainability
- **Social impact**
 - Our managed funds invested c.£129million; 100% in the UK and c.89% outside of London
 - We supported 82 companies, attracting c.£46million of co-investment
 - We financed 11 regeneration projects including the Bilston Urban Village development, the Gracechurch Centre scheme and Hortonwood 45
- **Excellence in governance and diversity**
 - Appointed a dedicated ESG manager
 - Member of the QCA
 - Part of the Executive Team's remuneration is based on ESG and culture
 - 50% of NEDs, 46% of ExCo, 25% of Executive Team and 41% of Mercia are women


In summary



**Growth in
revenue and
EBITDA**



**Progressive
dividend**



**Strong
balance sheet**



**Tailwinds for
third-party
FuM growth**