

Mercia Asset Management

FY20 results

Scaling, sustainable and evergreen by FY22

Mercia's FY20 results reflect continued progress, delivering on management's three-year strategy. AUM climbed 58% to £0.8bn, while FUM rose 73% to £658m. Following the acquisition of the NVM VCT fund management business, the company is operationally profitable on a monthly basis, with annual revenues exceeding operating costs for the first time in FY20. Net assets rose 12% to £141.5m, with the direct investment portfolio stalled at £87.5m reflecting the impact of COVID-19 fair value adjustments and a £15.7m net investment. The group remains well-placed for a downturn with £30m of unrestricted balance sheet cash and £320m of group cash. Post period end the group exited The Native Antigen Company, with £5.2m in cash (8.4x return, 65% IRR) expected. Despite the group's progress, Mercia's shares continue to trade at a material discount to NAV (0.60x), even before considering the embedded value of the third-party fund management business (> 4.5p at 3% of AUM).

Period end	Net cash* (£m)	Direct investments (£m)	FUM (£m)	NAV (£m)	NAV per share (p)	P/NAV (x)
03/17	59.6	52.0	336.5	121.4	40.4	0.48
03/18	49.4	66.1	400.0	123.5	40.7	0.47
03/19	29.8	87.7	381.0	126.1	41.6	0.46
03/20	30.2	87.5	658.0	141.5	32.1	0.60

Note: *Includes liquid securities but not funds held on behalf of EIS investors.

Positive net revenues following 73% rise in FUM

Mercia achieved its first positive net revenues in FY20, delivering revenues of £12.75m (FY19: £10.68m) against admin expenses of £12.66m (FY19: £12.12m), to deliver net revenues of £0.1m (FY19: loss of £1.4m). Mercia reported FY20 net assets of £141.5m (FY19: £126.1m), despite the direct investment portfolio falling marginally to £87.5m (FY19: £87.7m); the impact on valuations from COVID-19 more than offset the net £15.7m invested in 18 portfolio companies. Accordingly, hard NAV (portfolio fair value + net cash) was broadly flat, up 0.2% to £117.7m (£117.4m). FUM rose by 73% to £658m (FY19: £381m).

AUM scales to £0.8bn with help from NVM and BBB

The acquisition of the NVM VCT fund management business (NVM) in December 2019, together with £38.2m of new capital raised by NVM in April, supplemented by a further £54.3m from the BBB and £10m of EIS capital, means that FUM rose to c £658m and AUM to c £800m. The NVM acquisition was transformative in that the additional revenue (from fund management-related fees of c 2%) means that Mercia is now profitable on an ongoing operational basis, starting to deliver on management's three-year strategic plan to put Mercia on a sustainable footing.

Valuation: 0.60x NAV + £20m for MFM

Mercia's shares continue to trade at a discount to NAV (0.60x), even before considering the embedded value of Mercia Fund Managers (MFM), which we estimate could be worth an additional 4.5p per share or more on top of NAV. Catalysts for a re-rating include further scaling of the business, commercialisation of the direct investment portfolio and/or successful exits.

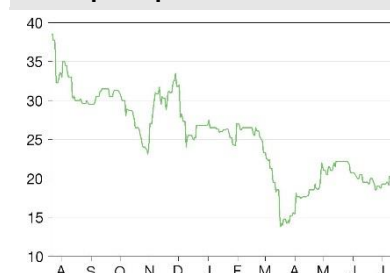
Investment companies

20 July 2020

Price 19.25p
Market cap £85m

Net cash (£m) at 31 March 2020	30.2
Shares in issue	440.1m
Free float	69.1%
Code	MERC
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.0	4.1	(45.5)
Rel (local)	(0.2)	(4.4)	(35.5)
52-week high/low	38.5p	13.8p	

Business description

Mercia Asset Management is a regionally focused specialist asset manager. Its stated intent is to become the leading regional provider of supportive balance sheet, venture, private equity and debt capital in transaction sizes typically below £10m.

Next event

AGM	September 2020
Half year results	December 2020

Analysts

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FY20 results review

Transitioning to a new paradigm: Positive net revenues

Mercia reported a material 73% rise in funds under management (FUM) to £658m (FY19: £381m), with the acquisition of the NVM VCT fund management business delivering a c £250m uplift, supplemented by a further £38.2m of new capital raised by NVM for its own funds in March 2020, as well as a further allocation of £54.3m from the British Business Bank (BBB), split between Mercia's PE and Debt funds. The group also raised £10m of additional EIS funds. The additional scale that these funds deliver, together with the boost to fee revenue, is a major step on the way to Mercia achieving management's strategic goal of an evergreen funding model.

Group revenues increased by 19.4% to £12.7m (FY19: £10.7m), reflecting an approximately three-month contribution from NVM. Revenues comprised £8.9m from fund management fees, £1.3m from initial management fees and £2.4m from portfolio director fees.

Importantly, operating costs only rose 4.5% to £12.7m (FY19: £12.1m), with staff costs also increasing 4.5% to £8.8m (FY19: £8.4m), despite a 9% increase in headcount (from 85 to 93 over the course of the year). With revenue growth outstripping growth in staff costs, Mercia has been able to declare its first positive annual net revenues, transitioning from annual net expenses of £1.44m in FY19 to net revenues of £0.09m, a year ahead of plan.

With NVM making a full-year contribution in FY21, we fully expect the transition to be sustainable, with revenues covering expenses before realised gains and fair value movements, reversing the historical operational NAV erosion. If average fees are maintained at c 2% of assets under management (AUM) and at current fund levels, this would suggest FY21 revenues of £15m+, making allowance for a c £2m reduction in fees due to recent COVID-19-related falls in fund values.

Mercia announced net assets of £141.5m (FY19: £126.1m) or 32.1p per share (FY19: 41.6p), a fall of 23% over the year, largely as a result of the £30m equity placing (at 25p per share) in December 2019 to fund the acquisition of the NVM VCT fund management business. Direct investments of £17.5m gross (£15.7m net) were made into 18 portfolio companies (FY19: £19.4m, 17 companies) during the year, including one new direct investment, One Touch Apps (trading as Clear Review). The company ended the year with £30.2m of unrestricted cash and short-term liquidity investments (FY19: £29.8m) as well as total liquidity of £320m across all asset classes.

Mercia's full FY20 results presentation can be reviewed in Exhibit 1.

Exhibit 1: Mercia FY20 results presentation



Source: Mercia Asset Management

Portfolio review: Affected by COVID-19

The value of Mercia's direct investment portfolio at year-end at £87.5m was relatively unchanged versus FY19 (£87.7m), despite gross portfolio investment of £17.5m (FY19: £17.7m). On a net basis, investment of £15.7m was more than offset by a COVID-19-related decrease in fair value of £15.8m (FY18: £3.9m increase), representing an 18% fall in portfolio fair value. As has been seen by other investment companies, although valuations of private investments tend to lag the public markets, they ultimately follow similar trends. In this downturn, investors favour profitable businesses (or those at least close to break-even), with strong recurring revenues, particularly those in sectors seen to benefit from lockdown, such as software, digital entertainment, medtech, digital healthcare, diagnostics and biotech.

In line with previous reporting periods, Mercia's top 20 direct investments represented 98.7% of total portfolio value as at 31 March 2020, with the top 10 representing over 77% of total portfolio value. Mercia weights its efforts accordingly.

Exhibit 2: Direct investment portfolio

£000s	Sector	Net value 1/4/19	Net cash invested FY20	Fair value change FY20	Net value 31/3/20	Fair value change FY20	Mercia's holding at 31/3/20
		£000	£000	£000	£000	%	%
nDreams	Digital/digital entertainment	15,120	1,000	-	16,120	-	36.4
Oxford Genetics (OXGENE)	Life sciences/biosciences	10,161	-	1,582	11,743	15.6	30.2
Intechnica	Software and the internet	6,677	500	-	7,177	-	27.5
Medherant	Life sciences/biosciences	5,205	1,500	-	6,705	-	30.1
Voxpopme	Software and the internet	3,026	2,000	1,004	6,030	33.2	17.1
Ton UK (Intelligent Positioning)	Software and the internet	5,473	400	(1,519)	4,354	(27.8)	28.2
Impression Technologies	EMME	5,381	2,000	(3,087)	4,294	(57.4)	25.9
Faradion	EMME	3,525	500	-	4,025	-	15.6
Warwick Acoustics	EMME	7,904	1,065	(5,313)	3,656	(67.2)	52.9
<i>The Native Antigen Company*</i>	<i>Life sciences/biosciences</i>	<i>2,863</i>	<i>-</i>	<i>630</i>	<i>3,493</i>	<i>22.0</i>	<i>29.4</i>
Soccer Manager	Digital/digital entertainment	2,099	300	135	2,534	6.4	34.8
Edge Case Games	Digital/digital entertainment	2,300	-	-	2,300	-	21.2
Locate Bio	Life sciences/biosciences	500	1,750	-	2,250	-	17.4
VirtTrade (Avid Games)	Digital/digital entertainment	3,938	550	(2,288)	2,200	(58.1)	25.8
PsiOxus Therapeutics	Life Sciences/biosciences	2,377	160	(344)	2,193	(14.5)	1.4
sureCore	EMME	1,834	333	-	2,167	-	22.0
W2 Global Data Solutions	Software and the internet	2,000	-	-	2,000	-	15.2
Eyoto Group	Life sciences/biosciences	1,755	875	(878)	1,752	(50.0)	15.7
One Touch Apps t/a Clear Review	Software and the internet	-	500	-	500	-	3.9
Concepta	Life sciences/biosciences	1,133	750	(1,408)	475	(124.3)	22.4
Other direct investments		4,388	1,473	(4,358)	1,503		
Totals		87,659	15,656	(15,844)	87,471		

Source: Mercia. Note: EMME is electronics, materials, manufacturing and engineering. Excludes post year-end investments. *The sale of The Native Antigen Company was announced at the start of July 2020 for up to £18m in cash, a c 50% uplift on fair value.

Within the direct investment portfolio, Warwick Acoustics, Impression Technologies (both serving the automotive sector), Crowd Reactive (events management) and LM Technologies (Chinese supply chain) suffered notable falls in valuation. Together, these four businesses represented 79% of the £15.8m downward adjustment in fair value. Fair value uplifts included: OXGENE (£1.6m); The Native Antigen Company (£0.6m); Voxpopme (£1.0m) and Soccer Manager (£0.1m).

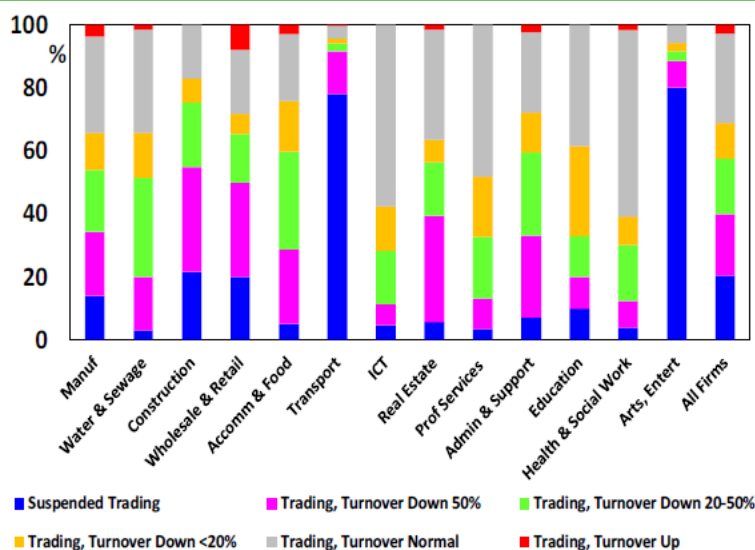
Post year-end developments include:

- In early April, two of Mercia's direct portfolio companies, The Native Antigen Company and Oxford Genetics (OXGENE), announced the formation of a new strategic partnership to scale up COVID-19 antigen production. This was followed in early May by the announcement of a £3m funding round into OXGENE, with Mercia investing a further £1m alongside Canaccord Genuity Wealth Management. OXGENE's technology accelerates the design, discovery and manufacture of new biologics.

- 3 April 2020 – The three Northern VCTs managed by Mercia following the acquisition of the NVM VCT fund management contracts in December 2019, announced that they had raised new capital of £38.2m.
- 21 April 2020 – The British Business Bank (BBB) announced a further £54.3m investment in the Northern Powerhouse Investment Fund (NPIF) managed by Mercia, with £23.7m allocated to the NPIF equity fund and £30.6m to the NPIF debt fund. Later in May, the BBB accredited Mercia to deliver its NPIF debt mandate under the new Coronavirus Business Interruption Loan Scheme (CBILS). In total, BBB has allocated £186.3m to Mercia managed funds.
- 14 May 2020 – Medherant, a transdermal drug delivery company, announced a partnership agreement with Cycle Pharmaceuticals to develop new products using Medherant's proprietary TEPI Patch technology. Under the agreement, Medherant will receive upfront payments for each candidate drug targeted as well as royalty payments on future product sales.
- 25 June 2020 – nDreams released its latest VR title, [Phantom: Covert Ops](#). Its initial Metacritic score was over 80 (very positive), with management reporting 28,000 units sold in the first fortnight after its release on Oculus Rift and Oculus Quest headsets, generating over £0.6m of revenues.
- 1 July 2020 – MIP Diagnostics completed a £5.1m funding round to scale production of its polymer antibodies, with Mercia committing £0.5m alongside the Business Growth Fund, Downing Ventures, Calculus Capital and MIP management.
- 9 July 2020 – Mercia announced the sale of The Native Antigen Company (NAC) for up to £18m in cash, with management expecting to realise £5.2m (1.2p per share) for the group's 29.4% direct investment. NAC was held at £3.3m on the balance sheet as at 31 March 2020, with the sale representing a fair value gain of up to £1.9m – an 8.4x return on Mercia's initial December 2014 direct investment and an IRR of 65%. The exit delivers another significant milestone in management's strategy to achieve an evergreen funding model.

COVID-19: Strangely, an opportunity for Mercia

Exhibit 3: UK – Change in turnover due to COVID-19 outbreak (% of firms in each sector)



Source: Bank of England, Covid-19 and monetary policy, 28 May 2020

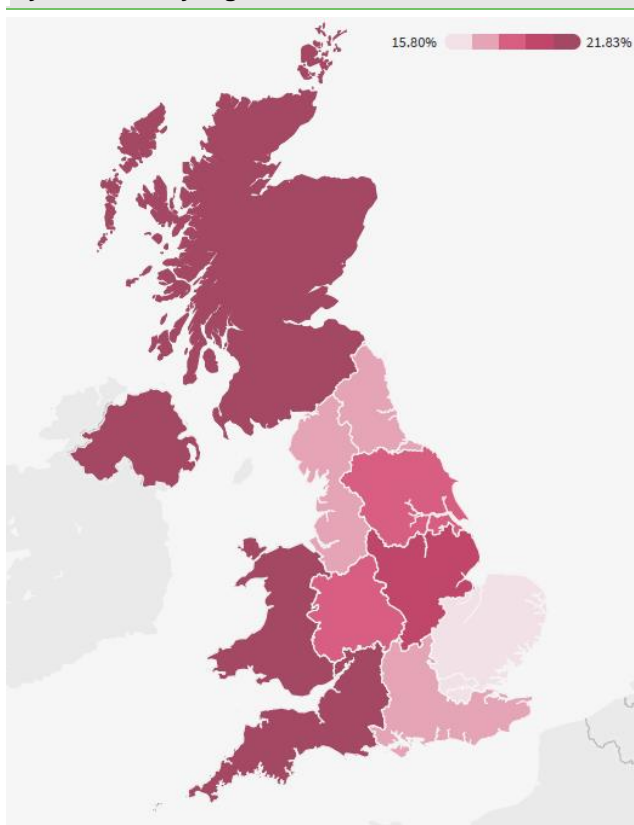
As summarised in a speech by the Bank of England (Covid-19 and monetary policy, 28 May 2020), the sectors that have proven most resilient to the COVID-19 pandemic to date have been the ICT and healthcare sectors. With a portfolio focused on life sciences, software and the internet and

digital entertainment, as well as electronics, materials, manufacturing and engineering, we fully expect Mercia's direct portfolio to remain resilient, although as we have noted above, there are already clear winners and losers.

As outlined in its recent update (COVID-19 Business Impact), Beahurst highlights that the UK's scaleup companies are vulnerable to COVID-19, with almost a quarter (22%) at severe or critical risk of disruption to their operations and a further 43% at moderate risk. The regions furthest from London, notably the South West and Scotland, have the highest proportion of critically affected businesses of all UK regions (Exhibit 4), whilst London has the highest proportion of positively impacted businesses (Exhibit 5), with a weighting towards technology businesses in the capital. Beahurst also concludes that seed stage companies are the least likely to be negatively affected by coronavirus, whilst later stage businesses most at risk.

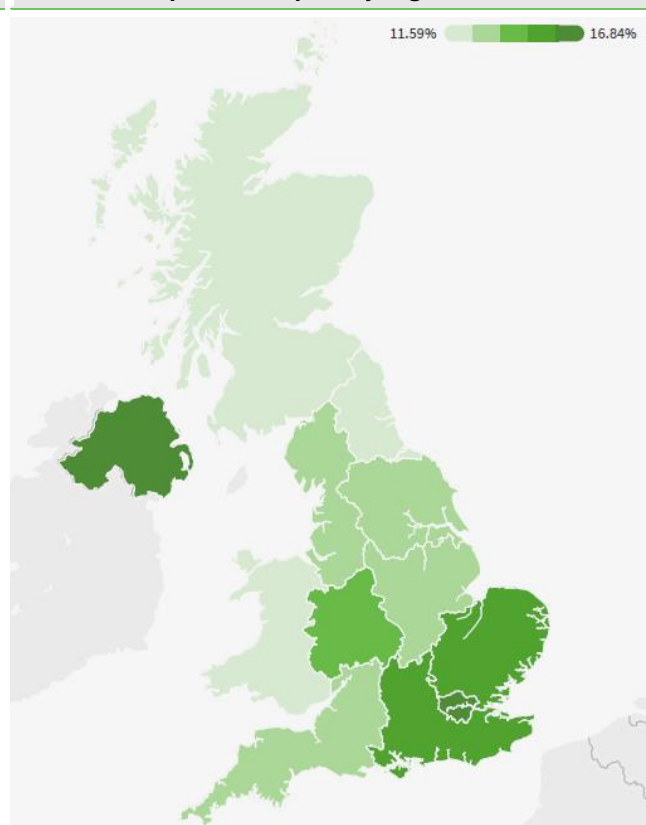
Sectors that rely on customer footfall such as leisure and entertainment and retail are the most significantly affected, whilst technology-driven sectors that enable remote working, such as VoIP, EdTech, eHealth and Digital security, have the highest numbers of positively impacted businesses.

Exhibit 4: Percentage of companies critically affected by COVID-19 by region



Source: Beahurst, COVID-19 Business Impact

Exhibit 5: Percentage of companies for which COVID-19 has had a positive impact by region



Source: Beahurst, COVID-19 Business Impact

From Mercia's perspective, the group operates in many attractive sectors (that potentially benefit from lockdown) and is well-funded, with £30m of unrestricted balance sheet cash and c £320m of uninvested cash across the group. Its position is further strengthened by the fact that 15 of its top 20 investments are funded through FY21 and beyond. This means that Mercia has the resources, patiently but selectively, to support its direct investments, while the broader fund management business can focus on identifying quality investments that require additional capital at attractive valuations.

With Mercia committed to its regional investment strategy and looking to grow its market share from c 18% today to over 20%, as one of its key strategic targets, a more difficult trading environment

presents a real opportunity for a patient and well-resourced investor to consolidate its market position, while other funds retrench to London.

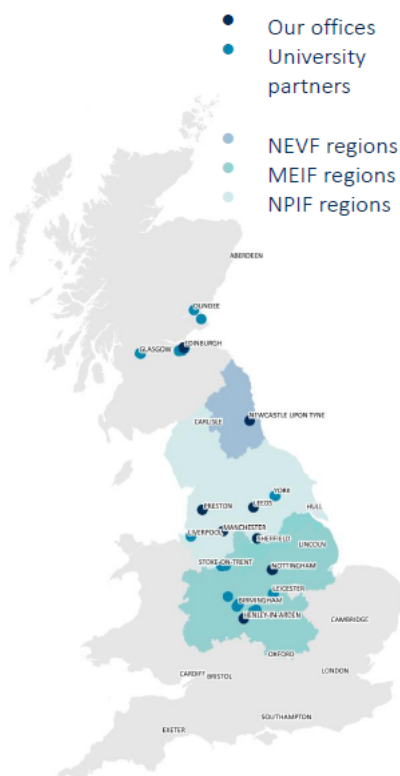
Group overview

Mercia Asset Management: Specialist asset manager

Mercia is a specialist asset manager with a stated intent to become the leading regional provider of supportive balance sheet, venture, private equity and debt capital in transaction sizes typically below £10m. To achieve this, management expects to take a market share of 20%+ of its targeted regional markets (in England, the North, Northeast, Northwest, Midlands and Scotland), with market share calculated based on data from Beauhurst, the British Business Bank and the British Venture Capital Association. Latest research from Beauhurst has shown Mercia to be the fourth most active investor nationally and the second most active in the North of England (by number of deals).

Exhibit 6: Mercia's regional commitment

Our regional coverage



- We seek businesses typically requiring <£20m investment with exit expectations of £20m - £200m
- Target market c.£1bn
- Levelling up agenda
- During previous recessions, capital re-trenches to London
- Robust venture market
- Start-up numbers trend upwards following economic downswings

Source: Mercia Asset Management

Historically, Mercia has been closely associated with IP commercialisation. However, this categorisation no longer reflects the growth of the business, the diversity of its deal sourcing or the breadth of its investment portfolio, both debt and equity. Through its 19 university partnerships, IP commercialisation will remain an important element of Mercia's overall investment proposition, but today represents one of five principal sources of deal flow (the others being direct sourcing from Mercia's own network, client referrals, advisor referrals and cross-referrals).

Funds overview

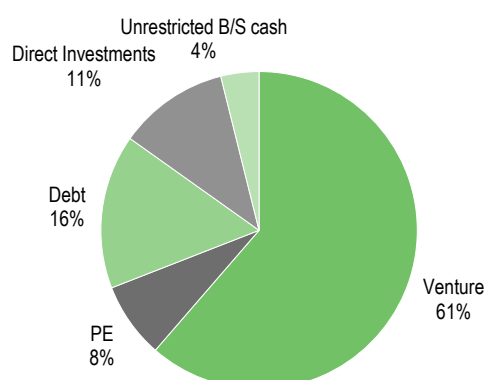
Mercia invests in both growing its pipeline and its existing portfolio companies through four pools of capital under management:

- Balance sheet (£87.5m portfolio fair value, £30.2m unrestricted cash)
- Venture (including NVM) (FUM £475.6m)
- Private equity (£59.8m)
- Debt (£121.8m).

In aggregate, the company manages AUM of c £800m, of which third-party funds under management account for over 80%, approximately £658m.

Venture, including the NVM VCT fund management business, EIS and IP commercialisation, represents the majority (FY20: 72% of FUM) of the group's FUM, but private equity (9%) and debt (19%) together represent a substantial proportion of overall funds. Including the direct investment portfolio and balance sheet cash (hard NAV), the proportion of Venture funds falls to 61%, as set out in Exhibit 7 below.

Exhibit 7: Balance of Mercia's business (FUM + Hard NAV)



Source: Mercia Asset Management, Edison Investment Research

Strategic goals

- **In the regions, from the regions, to the regions**

Management has stated its intent to become the leading regional provider of supportive balance sheet, venture, private equity and debt capital in transaction sizes typically below £10m. To achieve this, management expects to take a market share of 20%+ of its targeted regional markets (in England, the North, Northeast, Northwest, Midlands, and Scotland). Management estimates that the group currently has a market share of c 18% of these markets.

- **Sustainability (positive net revenues)**

The acquisition of the NVM VCT fund management business has been transformative in that the additional revenue from ongoing management-related fees means that Mercia no longer burns cash on an operational basis. This delivers the first part of management's three-year strategic plan, to put Mercia on a sustainable footing, and also starts to deliver the scale that management believes will allow it to operate an evergreen model by FY22.

- **Assets under management > £1bn**

The acquisition of the NVM VCT fund management contracts in December 2019, together with the new capital they raised of £38.2m prior to the 2020 tax year end, increased Mercia's total AUM to c £740m. Together with the BBB allocating a further £54.3m to funds managed by Mercia and an additional £10m of EIS funds, this means that AUM has now risen to c £800m. The AUM target

delivers the scale that management believes is necessary to deliver a fully sustainable, evergreen business model.

■ **An evergreen balance sheet by FY22**

An evergreen model is where annual portfolio realisations are greater than net investment, with management fees covering other operational costs. Despite the downturn in valuations from the COVID-19 pandemic, management believes that the current cash headroom (£30.2m as at 31 March 2020), together with organic growth and anticipated portfolio realisations, should be sufficient to achieve the goal of an evergreen balance sheet by FY22 without the need for further recourse to the markets.

■ **Fund equity investments target 15% IRR**

To remain an attractive proposition for future institutional fund allocations and to be able to scale its business, Mercia needs to continue to deliver market-beating returns. Although not immediately relevant to public market investors, the company is targeting a 15% equity IRR benchmark at its underlying equity funds. Although the current downturn has affected valuations in the short term, management is confident that it will achieve this benchmark in the medium to long term.

Exhibit 8: Mercia's three-year strategic goals (by FY22)

1. Become the most active investor in our target market
2. Achieve operating profitability before balance sheet fair value movements, realised cash gains and all non-cash charges/credits
3. Grow AuM to ≥£1bn - currently £0.8bn (FY19: £0.5bn)
4. Deliver 15% IRR in equity investments
5. Evergreen balance sheet through cash realisations

Source: Mercia

Valuation: Mercia looks undervalued at 0.60x NAV

In line with Mercia's intent to become the leading regional provider of supportive balance sheet, venture, private equity and debt capital in transaction sizes typically below £10m, we have broadened Mercia's valuation peer group to include a broader range of direct private equity and venture capital investors, as well as IP commercialisation companies.

Following the share placing at 25p in December 2019, Mercia has traded at a widened discount to its NAV, due in part to the NAV/share erosion that entailed. Currently, Mercia trades at a 40% discount to the FY20 NAV, below the mean and median of the peer group and, in our view, this is unwarranted given the strength of the business and its underlying operating model.

Exhibit 9: Peer comparison

	Price (p)	Market cap (£m)	Latest NAV (£m)	Cash/ (debt) (£m)	NAV multiple (x)	NAV per share (p)
Mercia Asset Management	19.25	85	141	30	0.60	32.1
Specialist asset managers						
Gresham House	630.0	193.8	90	19	1.90	324.3
Intermediate Capital Group	1,365.0	3,964.6	1,311	(999)	3.10	463.0
Direct technology investors						
Augmentum FinTech	107.0	125.0	131	29	0.95	112.2
Draper Esprit	500.0	594.6	672	89	0.88	565.1
HgCapital	243.0	992.5	963	100	1.03	236.0
IP Group	65.1	695.6	1,172	71	0.59	110.6
Oakley Capital	215.0	417.7	686	160	0.61	345.0
Mean					0.81	
Median					0.88	

Source: Refinitiv data, Edison Investment Research. Note: Priced as at 17 July 2020.

Funds business: Additional £20m (at 3% of FUM) on top of NAV

The additional revenue bought via the acquisition of NVM (£6.3m of annual recurring revenue) means the group is now profitable before fair value adjustments, realisation gains, amortisation and share-based payment charges. The removal of the monthly cash burn is a significant step towards Mercia developing a fully sustainable model, with management targeting an evergreen funding model by FY22. This progress helps to underline that the NAV-based valuation does not properly reflect the embedded value of Mercia Fund Managers.

From research covering 50 listed US and European asset management firms (The Valuation of Asset Management Firms, 2019), Marco Bigelli and Fabio Manuzzi calculated average EBIT margins of 28% for the companies reviewed and earnings margins of 17%. Average yearly fees were equal to 1.0% of AUM, with an average firm value of 3.0% of AUM. They found that higher valuations were significantly positively correlated with higher earnings margins and higher fees as a percentage of AUM.

Management confirmed on the FY20 results call that the group continues to sustain average fund management-related fees of c 2% of AUM, implying fees >2% of FUM. Using the above analysis as a benchmark, we propose to reflect the value of Mercia's embedded fee-earning funds business at 3% of FUM (although a higher percentage would be justified by Mercia's fee margins) on top of the NAV-based valuation of its direct investment business. With FUM of £658m, this implies a valuation for the funds business of £20m, or 4.5p per share, on top of the FY20 NAV of 32.1p per share.

Exhibit 10: Financial summary

	£'000	2015	2016	2017	2018	2019	2020
Year end 31 March		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue		508	1,755	6,660	10,197	10,675	12,747
Cost of Sales		(10)	(79)	(92)	0	0	0
Gross Profit		498	1,676	6,568	10,197	10,675	12,747
Operating costs		(1,495)	(4,011)	(9,051)	(10,633)	(12,115)	(12,661)
Fair value changes		3,934	896	4,268	2,823	3,916	(15,844)
Realised gains		0	0	839	871	0	0
Normalised operating profit		2,937	(1,439)	2,624	3,258	2,476	(15,758)
Amortisation of acquired intangibles		0	(17)	(301)	(301)	(301)	(852)
Exceptionals		(1,018)	(372)	(1,125)	(1,125)	0	(695)
Share-based payments		(44)	(230)	(395)	(497)	(171)	(528)
Reported operating profit		1,875	(2,058)	803	1,335	2,004	(17,833)
Net Interest		93	361	186	274	562	220
Joint ventures & associates (post tax)		0	0	0	0	0	0
Profit Before Tax (norm)		3,030	(1,078)	2,810	3,532	3,038	(15,538)
Profit Before Tax (reported)		1,968	(1,697)	989	1,609	2,566	(17,613)
Reported tax		0	0	54	54	54	159
Profit After Tax (norm)		3,030	(1,078)	2,810	3,532	3,038	(15,538)
Profit After Tax (reported)		1,968	(1,697)	1,043	1,663	2,620	(17,454)
Minority interests		0	0	0	0	0	0
Discontinued operations		0	0	0	0	0	0
Net income (normalised)		3,030	(1,078)	2,810	3,532	3,038	(15,538)
Net income (reported)		1,968	(1,697)	1,043	1,663	2,620	(17,454)
Basic average number of shares outstanding (m)		212	212	224	302	303	341
EPS – basic normalised (p)		1.43	(0.51)	1.26	1.17	1.00	(4.55)
EPS – diluted normalised (p)		1.43	(0.51)	1.21	1.13	1.00	(4.55)
EPS – basic reported (p)		0.93	(0.80)	0.47	0.55	0.86	(5.11)
Dividend (p)		0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)		(29.7)	245.5	279.5	53.1	4.7	19.4
Gross Margin (%)		98.0	95.5	98.6	100.0	100.0	100.0
Normalised Operating Margin		578.1	-82.0	39.4	32.0	23.2	-123.6
BALANCE SHEET							
Fixed Assets		27,121	50,103	63,693	77,428	98,724	124,899
Intangible Assets		2,455	11,815	11,514	11,213	10,912	36,705
Tangible Assets		49	145	151	145	153	125
Right of use assets		0	0	0	0	0	598
Investments & other		24,617	38,143	52,028	66,070	87,659	87,471
Current Assets		54,349	31,730	64,576	53,965	31,180	31,951
Stocks		0	0	0	0	0	0
Debtors		716	798	747	1,057	782	1,298
Cash & cash equivalents		23,633	20,932	28,829	42,908	25,210	24,438
Short term liquidity investments		30,000	10,000	35,000	10,000	5,188	6,215
Current Liabilities		(631)	(1,521)	(6,698)	(7,760)	(3,730)	(6,659)
Creditors		(631)	(1,521)	(6,698)	(7,760)	(3,730)	(4,805)
Tax and social security		0	0	0	0	0	0
Lease liabilities		0	0	0	0	0	(118)
Short term borrowings		0	0	0	0	0	0
Other (incl deferred consideration)		0	0	0	0	0	(1,736)
Long Term Liabilities		0	(271)	(217)	(163)	(109)	(8,731)
Long term borrowings		0	0	0	0	0	0
Lease liabilities		0	0	0	0	0	(473)
Other long term liabilities		0	(271)	(217)	(163)	(109)	(8,258)
Net Assets		80,839	80,041	121,354	123,470	126,065	141,460
Minority interests		0	0	0	0	0	0
Shareholders' equity		80,839	80,041	121,354	123,470	126,065	141,460
CASH FLOW							
Op Cash Flow before WC and tax		2,943	(1,406)	2,700	3,339	2,560	(15,685)
Working capital		(20)	650	5,250	(87)	(3,724)	533
Exceptional & other		(4,952)	(1,268)	(5,107)	(3,694)	(3,916)	15,149
Depreciation of right-of-use assets		0	0	0	0	0	139
Tax		0	0	0	0	0	0
Net operating cash flow		(2,029)	(2,024)	2,843	(442)	(5,080)	136
Capex		(27)	(113)	(82)	(75)	(92)	(45)
Acquisitions/disposals		(11,563)	(20,939)	(8,779)	(10,664)	(17,673)	(28,056)
Net interest		22	397	165	260	531	245
Equity financing		67,230	(22)	38,750	0	(196)	30,000
Dividends		0	0	0	0	0	0
Other		(30,000)	20,000	(25,000)	25,000	4,812	(3,052)
Net Cash Flow		23,633	(2,701)	7,897	14,079	(17,698)	(772)
Opening net debt/(cash)		(39)	(23,633)	(20,932)	(28,829)	(42,908)	(25,210)
FX		0	0	0	0	0	0
Other non-cash movements		(39)	0	0	0	0	0
Closing net debt/(cash)		(23,633)	(20,932)	(28,829)	(42,908)	(25,210)	(24,438)
Closing net debt/ (cash) inc short-term liquidity investments (not EIS)		(53,633)	(30,932)	(59,601)	(49,435)	(29,769)	(30,186)

Source: Mercia Asset Management accounts

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