



Combining good science, proactive management and smart investment to deliver returns for shareholders

Mello Healthcare – “Invest in Good Health” Presentation

25 May 2021

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Presentation

- Introduction to NetScientific (NSCI)
- New Team 2020
- History & Strategy
- Portfolio
- Key Achievements and KPIs
- Way Forward
- Summary

Followed by Questions & Answers

Annual Report and Accounts

For the year ended 31 December 2020



Combining good science, proactive management and smart investment to deliver returns for shareholders

NetScientific Plc is an active holding company.

It invests in, develops, commercialises and realises returns from life sciences/healthcare, sustainability and technology companies

The Group leverages trans-Atlantic relationships and global opportunities to deliver shareholder value.



New Team in 2020

Effective Corporate Governance



John Clarkson, Executive Chairman

- ex-PWC Legacy Partner in Charge, Developing Services Division (incl. strategy & performance improvement)
- CEO of US start up and successful exit
- *Vice-Chairman at Laura Ashley Inc.* Restructuring & Turnaround;
- Chairman of Technology Co., with Multiplier Growth
- *Qualified accountant and MBA*



Dr. Ilian Iliev, CEO

- Founder and MD of EMV Capital, a VC in technology and healthcare
- Experienced investor, negotiator, strategist & hands-on manager
- NeD at portfolio companies in UK, US, Israel
- IP commercialisation at CambridgeIP
- Previous work in energy, industrials, healthcare
- PhD Cambridge University Judge Business School



Prof. Stephen Smith, Non-Executive Director, Chair of Remuneration and Nomination Committees and Advisory Group

- Senior academic roles in University of Cambridge, Imperial College London and internationally e.g. Australia, Singapore and Saudi Arabia
- Recent Chairman of NHS Trust
- Founded GNI Group, Tokyo-listed Cambridge Univ. spin-out



Clive Sparrow, Non-Executive Director, Chair of Audit Committee

- Fellow of ACCA, a Chartered Public Finance Accountant
- NeD & Audit Chair London Community Healthcare NHS Trust
- Director at HM Treasury, Change Programme
- Director at Grant Thornton and senior role PwC



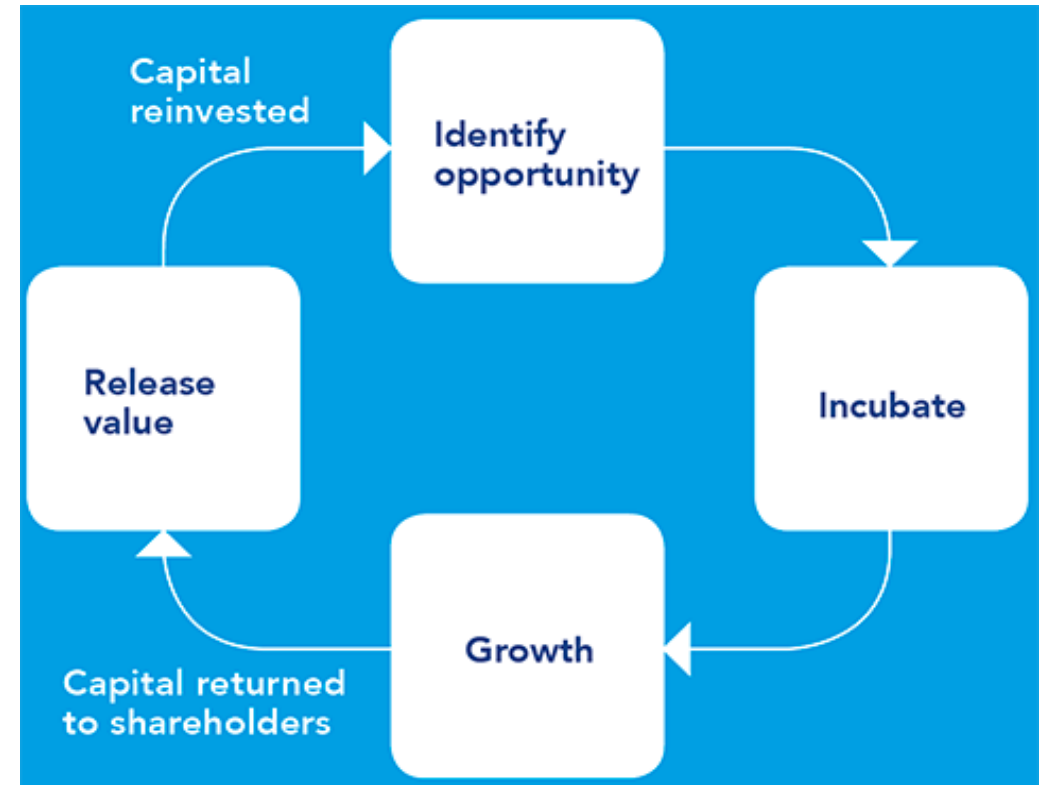
Stephen Crowe, CFO

- Qualified chartered accountant, CAANZ
- Broad based CFO/Director, with 20+ years' experience in financial institutions incl. AXA and Source (sold to Invesco)
- Commercial finance leader with extensive skillset

Supported by Advisory Group and Consultants Panel

- NetScientific Plc admitted to AIM 2013, backed by Woodford
- Trans-Atlantic, Healthcare IP
- Logical initial approach
- Passive, inconsistent and high costs
- Until Q1 2020 was in run-down mode
- New team 2020

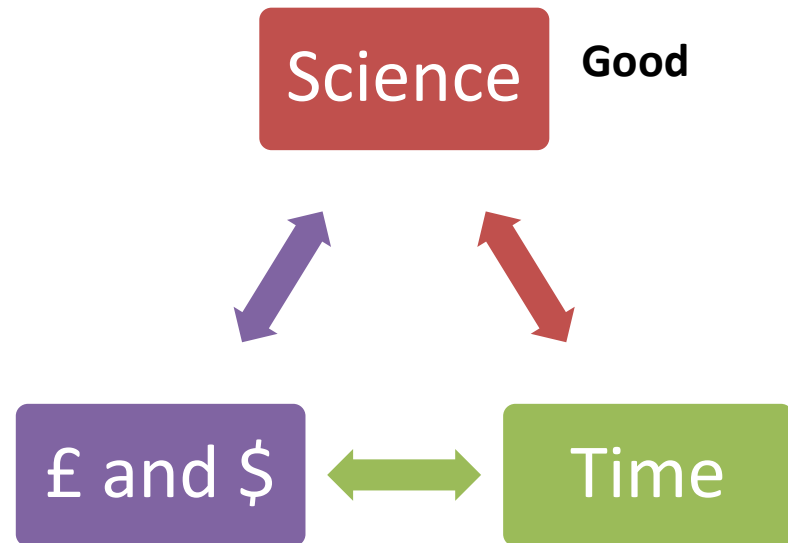
Approach



The Company had underperformed...

The market message was clear — change was essential!

NSCI lessons learned



Previously failed to deliver
Needed commercial discipline

2020 Strategic review and actions

- Fundamental management change
- Commercial development options & risk profile
- IP and target markets
- Impact of COVID pandemic, exploit new demands/markets
- Capital efficiency: Funding needs, leveraging grants, soft finance and 3rd party capital
- Investment returns: value inflection points and exit/liquidity potential

Strong underlying asset value
New strategy for shareholder returns

Transformational transaction

Shareholder Circular detailing:

- New strategic plan
- Capital reorganisation
- Whitewash of concert parties
- All paper acquisition of EMVC
- Positioning for further growth

Approved by shareholders at EGM 24 Aug 20

Oversubscribed £2.3m placement

New & supportive investors


arch **Bloomberg** 


Business

NetScientific PLC acquires specialist investor EMV Capital and places £2.3m

27 August 2020, 19:24 BST

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NetScientific PLC acquires specialist investor EMV Capital and places £2.3m

PR Newswire

LONDON, Aug. 27, 2020

LONDON, Aug. 27, 2020 /PRNewswire/ -- EMV Capital (EMVC), the London-based investment services company with a focus on industrial high-tech, energy and healthcare, announced the completion of its acquisition by healthcare investor NetScientific PLC.

The combined group has investments in 15 portfolio companies in the US, UK, and Israel in industrial high-tech, energy and healthcare. The multi-disciplinary team of investment and sectoral professionals is led by Dr. Ilhan Iliev, now NetScientific's CEO. The combined business will have a stronger financial base with new and recurring income streams. It will leverage NetScientific's PLC standing, brand and balance sheet, and EMVC's capital-light model for investing. Their trans-Atlantic and global relationships open up opportunities for increased international growth for the group's UK and non-UK based portfolio companies.

EMVC is a fast-growing profitable venture investor, co-investing with some of the leading global corporations, and syndicating investments through its growing EIS and private investment practice.

John Clarkson, Chairman of NetScientific, said: "The Directors of NetScientific believe that the acquisition of EMV Capital will accelerate the NetScientific's commercial and investment strategy with increased potential for shareholder returns. Additional benefits include a combined portfolio with a broader balance across more sectors and stages of development, and an

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Healthcare Portfolio 1



Princeton

Location

Company
Background

NASDAQ listed market cap ~\$195m
(24-05-21)
Phase 2 HPV cancer trials
COVID-19 and influenza vaccine
applications



New York City

Late Stage Clinical

2019: Fosun Pharma invested \$10m
at \$25m valuation
Early Liver Cancer diagnostics

51.5%

£11.0m

- Clinical trials good progress
- Management controls, time/cost savings of c.\$1m
- Fosun relationship stabilised



Belfast

Commercialisation

Respiratory diagnostics
Pharma sales of biomarkers
COVID-19 opportunities

54.0%

£3.5m

- Took control of company and IP
- New revenue, production scale-up
- £1m grant funded projects.
- New licence Univ. of Geneva
- US distributor

- See case study

Early Stage Clinical

5.8%

£7.9m (24 May 21)

Shareholding

Fair Value

Healthcare Portfolio 2

Cytovale

EPIBONE
grow your own bone

G-Tech Medical

LONGEVITY
BIOTECH™

Location



San Francisco



New York City



San Francisco



Philadelphia

**Company
Background**

Medtech

Bench-top Medical
diagnostic biomarker

\$15m Series B round Dec
2019

Medtech

Regenerative bespoke bone
graft

\$8m Series seed round Jan
2020

Medtech

External wearable
Gastrointestinal diagnostic

\$6.7m Series A round May
2020

Biotech

Neurological Therapeutic
e.g. Parkinson's and
Alzheimer's

MJ Fox Foundation & DoD
funding

Stage

Late Stage Clinical

Late Stage Clinical

Early Stage Clinical

Early Stage Clinical

Shareholding

1.0%

0.8%

3.8%

N/A

Fair Value

£366k

£286k

£390k

£202k Convertible Loan

Healthcare Portfolio 3



Location



Company Background

Medtech

Automated liquid biopsy platform for CTCs

Sold to universities & biotech in US/EU

Repeat revenues through leasing and cartridge use

Telehealth

Remote patient monitoring

Chronical diseases, incl. heart conditions

COVID-19 module

SaaS model

Medtech

Anesthetic gas capture and management

NHS Hospital Pilots

Environmental benefits

UK and international pipeline

Development Stage

In Sales

In Sales

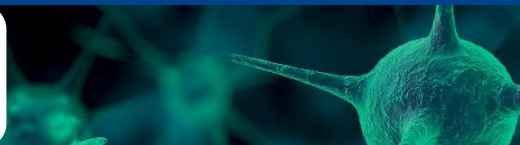
Pilots

Capital under advisory

£2.5m

£1.4m

£2.7m



NASDAQ-listed clinical-stage immunotherapy company developing novel cancer therapies and infectious disease vaccines based on the Company's proprietary Versamune® T-cell activating technology

Feb 20: change of NSCI strategy from passive to active

- Analysis showed quality science, good partners, big market
- Protect and enhance NSCI position
- Scope for exit/liquidity

Capital light model in action: c.£1m balance sheet investment to

- a) Anchor PDS deal Feb 20 and syndicate a further ~\$2m, supporting \$13.5m raise at \$1.30
- b) Further participation in Aug 20 round in \$19m raise at \$2.75

Key developments since Feb 20:

- Launched 3 Phase 2 cancer therapeutics studies
- Launched COVID-19 vaccine programme



Invested at \$1.30 (11 Feb 20)
Current PPS: \$8.75 (24 May 21)
6x+ increase since Feb 20 investment

Portfolio doubled

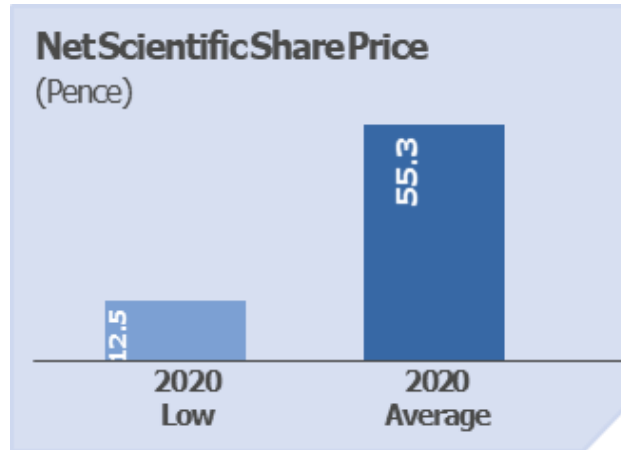


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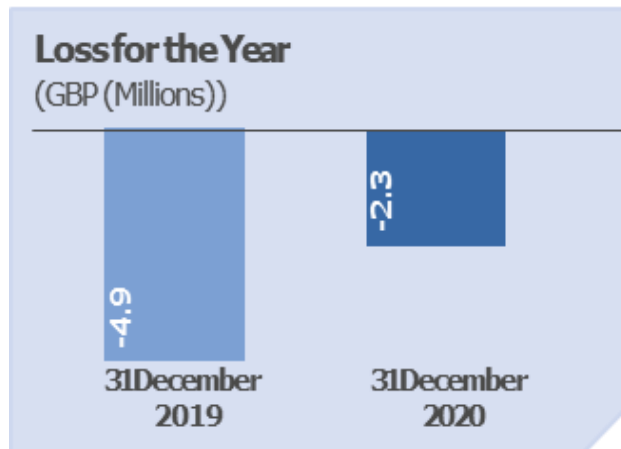
A robust balanced portfolio with a consistent focus, logical growth paths and risk mitigation

**Disclaimer: Portfolio comprises of equity investments and exposure to companies through carried interest, realisable on exit*

Highlights and KPIs of 2020



Share price has increased from the relative low point of 12.5p in early 2020 to a year average of c. 55p



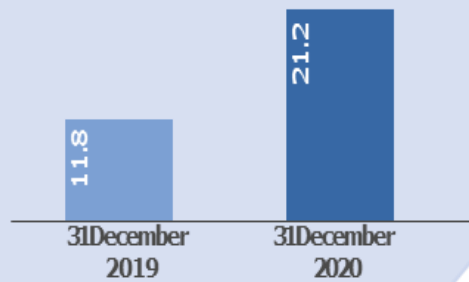
As part of turnaround, halving of previous year's losses of £4.9m down to £2.3m in 2020

Highlights and KPIs



NetScientific now has subsidiaries, directly owned stakes and interest through Capital Under Advisory (benefitting from carried interest/shared profit)

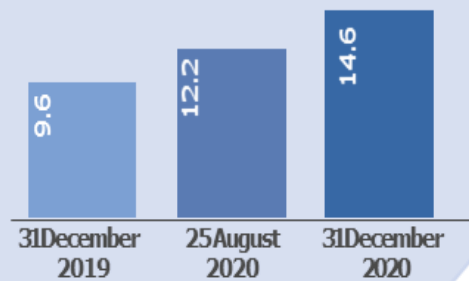
Fair Value
(GBP (Millions))



Increase in fair value of direct owned stake by c. 80% from £11.8m to £21.2m with further growth anticipated

Anticipated increase by driving value in existing assets and appropriate investments

Capital Under Advisory (At Cost)
(GBP (Millions))



Acquisition of EMV Capital leading to increased Capital Under Advisory from *Nil* to £14.6m

Expected growth in Capital Under Advisory through further funding in portfolio and new projects

* Note: NetScientific acquired EMVC Capital Under Advisory on 25 August 2020

Pipeline of further deals/transactions for rest of 2021 and beyond

- Stronger financial base with new/recurring income streams
- Capital-light model, with judicious direct and syndicated investments, and utilise soft funding (grants, JDAs) to produce enhanced returns
- Multiple options and capital gains sources
- Trans-Atlantic Bridges – exploit relationships and global opportunities:
 - UK company expansion to US/international markets
 - US company expansions into UK/Europe & international
 - Access to capital, relationships and enhanced exit potential

Combine good science, commercial management and smart investment to deliver returns for shareholders

Significant progress achieved over last 12 months...

...momentum and prospects for future success

- Right asset base, right space, right time to transform the business, create and grow shareholder value
- Alignment of underlying (and increasing) asset value with market cap
- Progressive development of portfolio and new growth opportunities
- Multiple opportunities to realise shareholder returns
- Management commitment to deliver

Thank you! Q&A

Further information and contacts



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Appendices

Portfolio Summary – Direct Holdings



Portfolio companies	Sector and description (further detail set out below)	Fully diluted Group Interest %	Consolidated Statement of Financial Position value	Fair Value of stake	
				31 Dec 2020	31 Dec 2019
Subsidiaries					
EMV Capital Ltd	Venture Capital Investment Company	100.0% Equity	£2.2m	£3.5m	£0.0m
ProAxis Ltd	Medical diagnostics - Early stage commercialisation	95.0% Equity	£0.5m	£3.5m	£2.0m
Glycotest, Inc.	Liver cancer diagnostics - Late stage clinical	51.5% Equity	£0.5m	£11.0m	£8.0m
Sub Total			£3.2m	£18.0m	£10.0m
Owned Portfolio					
PDS Biotechnology Corporation	Immuuno-oncology (NASDAQ quoted) - Early stage clinical	5.7% Equity	£2.0m	£2.0m	£1.1m
CytoVale, Inc	Medical biomarker diagnostics - Late stage clinical	1.0% Equity	£0.4m	£0.4m	£0.4m
Epibone, Inc.	Regenerative medicine - Late stage clinical	0.8% Equity	£0.3m	£0.3m	£0.3m
G - Tech Medical, Inc.	Waerable medical diagnostics - Early stage clinical	3.8% Equity	£0.3m	£0.4m	-
Longevity Biotech, Inc.	Therapeutics - Early stage clinical	\$250k convertible loan note	-	-	-
QuantalX Neuroscience	Medical diagnostics of the brain - Late stage clinical	0.4% Equity	-	£0.1m	-
Sub Total			£3.0m	£3.2m	£1.8m
TOTAL			£6.2m	£21.2m	£11.8m

The “fair value” (unaudited Directors’ estimated value) of direct stakes is as follows:

- The fair value of NetScientific’s direct owned stake in portfolio companies by NS has increased from £11.8m to £21.2m, a 79.7% increase.
- Valuation framework: The fair value numbers for the NSCI on balance sheet investments are based on:
 - EMV Capital value at acquisition date.
 - PDS (Nasdaq listed) \$2.14 price per share on 31 Dec. Based on the PDS price per share as of 12 February 2021, the fair value would be £5.2m.
 - Price per share of £52.50 for buyout of ProAxis.
 - Most recent investment with 3rd party for other portfolio companies.
- Where relevant, there may be repricing as next investment rounds take place.

Portfolio Summary – Capital Under Advisory



Portfolio companies	Sector and description (further detail set out below)	Capital Under Advisory (At Cost to Third Party)	
		31 Dec 2020	31 Dec 2019
Advised Portfolio			
Sofant Technologies Ltd	Semiconductors—Satellite and 5G wireless communications	£2.3m	£0.7m
Q-Bot Limited	Building automation—Robotics & artificial intelligence (“AI”)	£2.3m	£2.0m
SageTech Medical Equipment Limited	Chemistry & medical technology—Halocarbon capture	£1.1m	£0.1m
PointGrab, Inc.	Building automation—Robotics & AI	£3.6m	£3.2m
Vortex Biosciences, Inc.	Medical technology—Oncology diagnostics	£2.4m	£1.2m
Wanda Health, Inc.	AI & medical technology—Digital health platform	£1.3m	£0.6m
Nanotech Industrial Solutions, Inc.	Material science and chemistry	£0.7m	£0.8m
Insight Photonic Solutions, Inc.	Semiconductors—Akinetic Swept Source Laser	Warrants for £0.9m	Warrants for £1.0m
TOTAL		£14.6m	£9.6m

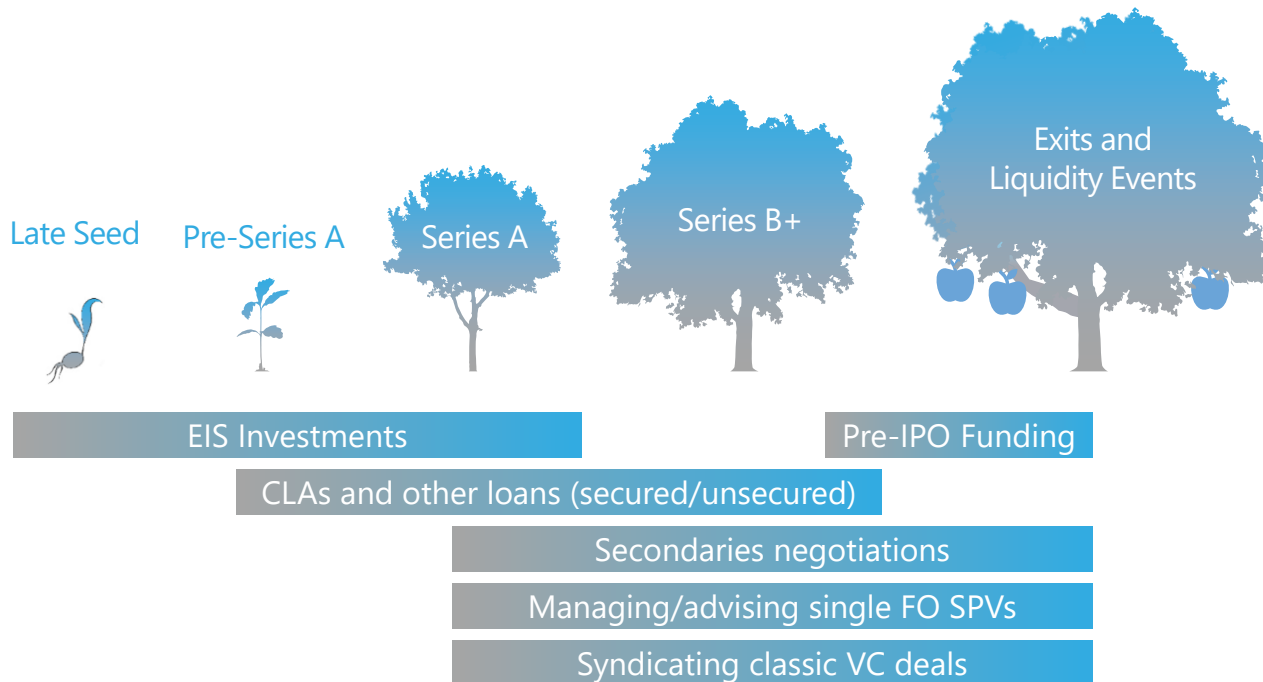
The capital under advisory is as follows:

- EMV Capital’s Capital Under Advisory ‘at cost’ (i.e. measured at the ‘entry point’ valuation) increased from £12.2m at the time of the acquisition by NetScientific to £14.6m at the end of 2020, an increase of 19.7% in 4 months.
- For comparison purposes, for the full year EMV Capital’s Capital Under Advisory grew by 52.1%, from £9.6m at the end of 2019.
- The amounts under Capital Under Advisory are associated with carried interest or profit share agreements, typically between 15% and 20%. While it is difficult to value or estimate the current value of these stakes, for demonstration purposes an average 2x return on the portfolio of £14.6m investments could result in carry returns to EMV Capital £2.19 to £2.92m (depending on the specific carry arrangements).
- Post-year end, capital under advisory has further increased to £15.8m, through recent transactions – representing an increase of 29.5% since the EMVC acquisition.

Expanded investment and support capability



"BACKING AMBITION, INVESTING IN EXECUTION"



NetScientific gained:

- Capability to fund across company's life cycle
- Increased team/deal execution capacity
- Transaction advisory fees & carried interest returns
- Specialism in corporate partnering, incubation and IP
- Investment network – EIS practice, family offices
- Deal flow pipeline and research infrastructure