SHARES SPOTLIGHT

N4 PHARMA
NETSCIENTIFIC
PLUTUS POWERGEN
POWERHOUSE ENERGY
SERVOCA
VALIRX

Growth & Innovation

INCLUDES COMPANY PROFILES, COMMENT AND ANALYSIS

FEBRUARY 2018

Introduction

Welcome to *Spotlight*, a bonus magazine which is distributed eight times a year alongside your digital copy of *Shares*.

Spotlight provides small caps with a platform to tell their stories in their own words.

The company profiles are written by the businesses themselves rather than by *Shares* journalists.

They pay a fee to get their message across to both existing shareholders and prospective investors.

These profiles are paid-for promotions and are not independent comment. As such, they cannot be considered unbiased. Equally, you are getting the inside track from the people who should best know the company and its strategy.

Some of the firms profiled in *Spotlight* will appear at our investor evenings in London and other cities where you get to hear from management first hand.

Click here for details of upcoming events and how to register for free tickets.

Previous issues of *Spotlight* are available on our website.

State of AIM report

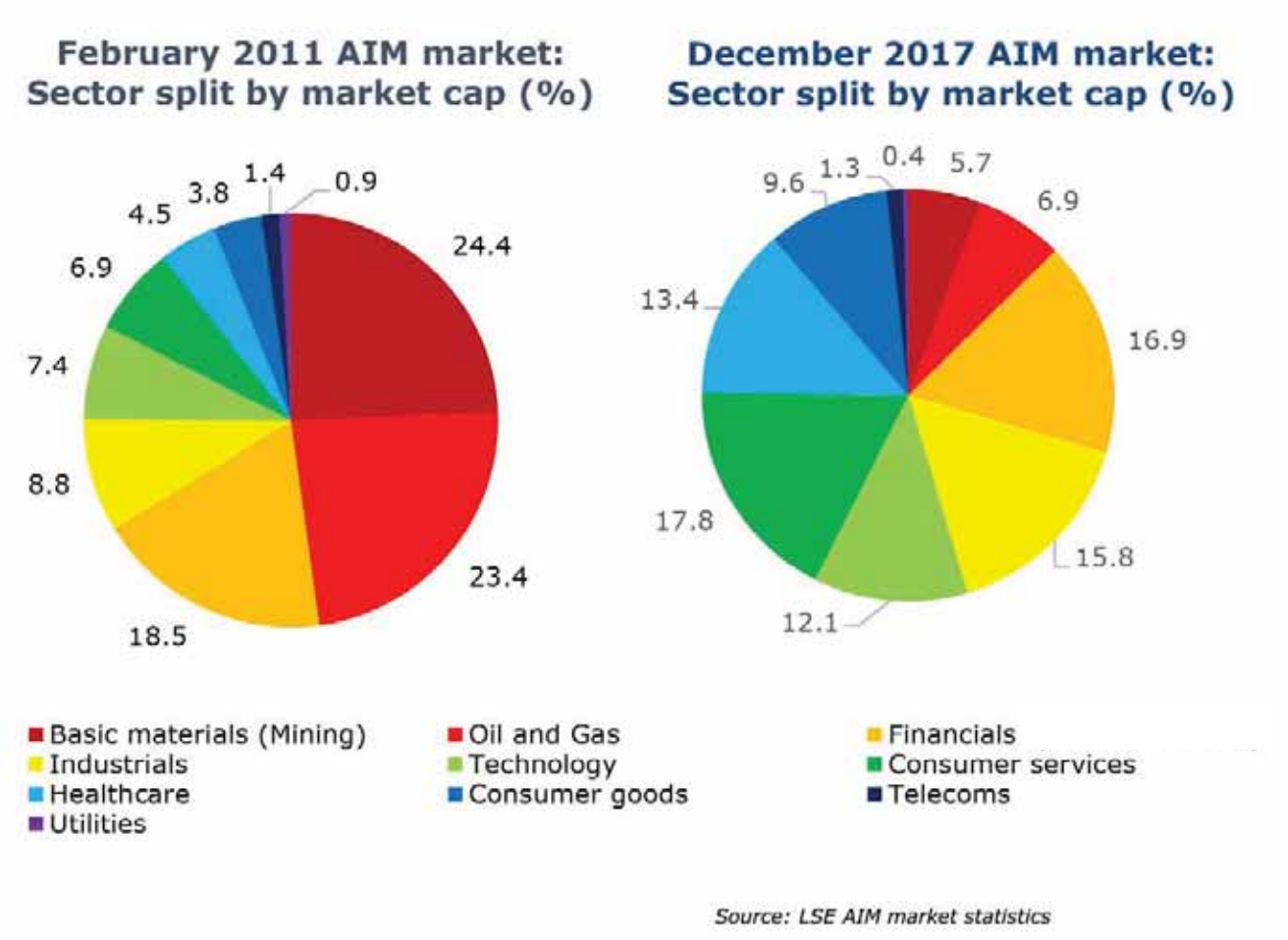
Research shows the outperformance of London's market for growth companies and its changing composition

In our November edition of Spotlight, we looked at the strong performance of AIM shares since they became eligible for inclusion in ISAs back in 2013. Now research house Equity Development has taken an in-depth look at the current state of London's junior market.

In recent years we have written a series of notes on AIM, and its performance relative to the FTSE All-Share Index. We published the first of these notes on 5 August 2013, the very date that AIM listed shares were (finally) permitted to be included in ISA accounts.

At the time we suggested that this one change would be the catalyst to AIM starting to outperform the FTSE All-Share, after many years of relative underperformance. Our 'bullish call' has proved to be absolutely spot on.

Two subsequent events, both in the spring of 2014, in the form of the abolition of stamp duty on AIM share purchases, and George Osborne's 'death of annuities' budget, which made the inheritance tax planning advantages of holding AIM shares much more



Source: LSE AIM market statistics

relevant, further significantly strengthened AIM's 'hand'.

AIM has consistently outperformed since then and has enjoyed a buoyant 12 months: in 2017 the AIM All-Share Index rose 24%, while the more concentrated AIM 100 Index rose a very impressive 33%. In sharp contrast the FTSE All-Share Index rose a modest 9%, and the FTSE100 just 8%.

AIM an important market for private investors

The Office for National Statistics released a paper on 29 November 2017 entitled 'Ownership of UK quoted shares' (which related to data at the end of 2016). It stated that 29.7% of all AIM shares are held by individuals, and a further 11.3% by Unit Trusts, where 'individuals' are presumably in most cases the ultimate owners.

These high numbers confirm the increasing all-round attractions of AIM to private investors, swollen by a combination of more AIM companies paying dividends and the £20,000 per annum ISA allowance encouraging greater individual ownership.

We are now in a new, post MiFID II world, with the number of brokers' analysts continuing to decline at a pretty alarming rate (with institutional equity commission effectively now a thing of the past). Going forward, the key for AIM companies wishing to continue to perform is to ensure that their broad investor base has free & widely available access to research & forecasts.

This should no longer be the sole preserve of the select group of institutions which are now being obliged to pay hard cash to brokers for their research.

Changing composition of AIM

As recently as February 2011, Basic Materials (Mining shares make up approx. 70% of the Basic Materials sector) plus Oil & Gas dominated AIM at 47.8% of AIM's entire market cap.

At the time of our last update, using March 2017 stats, Basic Materials (inc. Mining) and Oil & Gas represented just 15.7% of AIM, and by the end of 2017 this combined number had dropped to an all-time low 12.6%, and this despite the oil price currently being at a three-year high!

In sharp contrast, the Consumer Goods & Consumer Services sectors have risen from a combined 10.7% in February 2011 to 27.4% now. Other sectors moving strongly in the 'right' direction in recent years include Healthcare and Technology.

This text is taken from Equity Development's *AIM's spectacular 3 year run* research report published on 16 January 2018

2017: ANOTHER EXCELLENT YEAR FOR AIM

There is absolutely no doubt that AIM ended last year in fine fettle. As at 31 December 2017, AIM could claim:

- Record average AIM company market capitalisation of £109.4m
- Record 14 companies over £1bn market cap plus a further 217 over £100m
- Record proportion of AIM constituents paying a dividend
- 184 AIM companies have made the move onto the LSE full list
- Much more evenly balanced sector split, with Mining and Oil & Gas no longer dominating AIM (and arguably hindering its performance) as they did for most of its early years
- £105.4bn of new money has now been raised (for companies) in AIM's 22 year history: new money raised at IPO £43.2bn, follow on (secondary) company raises £62.2bn
- Decent performance by the vast majority of 2017's AIM IPOs, with a healthy pipeline going into 2018

N4 Pharma is focused on delivery

Website: www.n4pharma.com

Founded in 2014, **N4 Pharma (N4P:AIM)** is a specialist pharmaceutical company with two separate divisions. The first division is focused on reformulation of generic drugs, the second division is a novel delivery system for cancer vaccines and therapeutics.

Developing a new drug is very expensive and risky, it can often take over ten years and cost upwards of £1bn with less than 5% chance of the drug successfully coming to market. Reformulation is quicker, cheaper and far less risky taking approximately two to three years and less than £5m to bring each reformulated drug to market.

REFORMULATED RETURNS

N4's business model is to get their reformulated products to a point where they can be commercially licensed to larger pharmaceutical companies, in return for up front milestone payments and ongoing future royalties from product sales. The regulatory pathway for such products is already well established. N4 is reformulating a range of products backed by patent applications, each of which is targeting annual sales of over £300m thereby providing a portfolio of reformulation opportunities.

Each one of these opportunities has the potential for high returns from relatively low levels of expenditure when compared to traditional drug or biotech product development. Their lead product in this division is the reformulation of sildenafil, more commonly known as Viagra.

Viagra was originally developed as a cardiac drug, but it was repositioned to treat erectile dysfunction. As a consequence, it does not have the perfect product profile for the treatment of ED.

It takes approximately one hour to take effect, lasts for roughly six hours and should not be taken with food. Other companies developed their own products looking to improve on one of these three disadvantages, but no drug has been developed to tackle all three problems at once.

N4's reformulation is designed to do just that by improving the onset of the drug in the body, making it last longer and allowing it to still work when taken with food. N4's product is entering initial proof of concept clinical trials in Q1 2018 with results expected in Q2 2018.

The company will then look to present the findings along with a plan for a further pivotal trial to the FDA to seek guidance on its route to marketing authorisation. At this point N4 will either look to license its product to a partner to perform the final trial or seek to raise funds to do the trial itself resulting in higher royalties once marketing approval is granted.

WHO IS N4 PHARMA?

A SPECIALIST COMPANY WHICH BOTH REFORMULATES GENERIC DRUGS AND PROVIDES A NOVEL DELIVERY SYSTEM FOR CANCER THERAPEUTICS AND VACCINES.

A CONSISTENT MODEL

Vaccine development is a much longer and more expensive process compared to generic reformulation, however N4 has adopted a very similar business model in this space to its reformulation division.

It has licensed a novel silica nanoparticle from the University of Queensland in

Australia for the exclusive development of vaccines and therapeutics using nucleic acids, initially focusing on DNA and RNA.

Just as with the generic division, the silica nanoparticle system (named nuvec) provides multiple opportunities to license it to large pharmaceutical and biotech companies developing cancer vaccines and therapeutics using their own nucleic acid compounds.

N4's strategy is to develop its nuvec system to the point where it can be licensed to other pharmaceutical companies to take their own products into clinical trials, spending a similar amount required for reformulating a generic drug. N4 is not intending to spend exorbitant sums of money developing a novel vaccine, this responsibility falls on the partner. N4 will provide the delivery platform to help its partners develop more effective vaccines.

In order to achieve this N4 has in place a research program for nuvec to provide proof of concept information that it can use to enter commercial collaboration agreements with companies and ensure that nuvec is ready to enter human clinical trials by the end of 2020. This model allows N4 to receive early up front and milestone payments when nuvec is licensed and is not solely reliant on future royalties as many partner products could possibly fail in development.

MULTIPLE OPPORTUNITIES

N4 is operating a multi opportunity model with high rewards for low initial expenditure. The Global nanotech drug delivery market

is forecast to reach $11.9bn by 2023; dominated by cancer applications*, providing a vast number of licensing opportunities for nuvec. In early February 2018, N4 announced a collaboration with MedImmune UK, a key player in DNA vaccine delivery and is looking to develop further collaborations in 2018 as its research program evolves.

Nuvec has a unique spiky design developed to allow DNA or RNA to attach to these spikes in sufficient amounts to deliver the required treatment dose. These spikes help protect the nucleic acid from degradation due to exposure to nuclease and experiments have already shown the ability for nuvec to achieve excellent cellular transfection and evidence of a good potential immune response.

Most companies developing new vaccines using nucleic acids use some form of lipid nanoparticle system, but these systems have disadvantages in terms of dose, protection and toxicity. Nuvec is designed to improve vaccine delivery and is being positioned as the best alternative to lipid nanoparticles for nucleic acid vaccine delivery.

N4 completed a successful placing to raise £1.7m which will enable them to produce initial human clinical data to establish the pharmacokinetic profile of their sildenafil reformulation and help to determine how they will position the Nuvec vaccine delivery system for the best approach to engage with vaccine companies. The Company believes that they will have enough funds to see them through 2018.

IN A NUTSHELL

In summary N4 Pharma is a multi-opportunity pharmaceutical company operating a potentially low risk, high reward business model for successful product development across both generic reformulation and vaccine delivery.

* Source: Technology market research 2017

NetScientific pursues a game-changing approach

Website: www.netscientific.net

NetScientific (NSCI:AIM) is a transatlantic healthcare IP commercialisation group focused on sourcing, funding and commercialising technologies and companies that have the potential to treat chronic disease and significantly improve the health and well-being of patients.

STRATEGY:

Netscientific's business strategy is based on funding and building game-changing healthcare technology companies towards value inflection points and eventual exit including through a trade sale or public listing.

The group sources opportunities from global institutions, leading technology incubators and its deep healthcare network. In the early stages of the company's development the group provides extensive management support including technical guidance, administrative support, legal, IP and commercial expertise. As companies mature through key milestones the group will recruit experienced industry leading CEOs to drive the next phase of growth, attract additional external capital and secure favourable exits.

MANAGEMENT:

NetScientific is differentiated by its executive management team and board, who bring substantial operational and industry experience.

Sir Richard Sykes, non-executive chairman of the group, joined NetScientific in 2008. Sir Richard spent thirty years working in the biotechnology and pharmaceutical industries, including at Glaxo plc (subsequently Glaxo Wellcome plc), where he served as chairman and CEO from 1995 to 2000, and then **GlaxoSmithKline (GSK)**, where he served as chairman until 2002.

Francois Martelet, CEO, brings over 20 years of biopharma experience and a proven track record of shaping and developing businesses to deliver returns. He was previously CEO at Topotarget A/S, a publicly traded European biotech company specialized in oncology therapeutics and CEO of Avax Technologies Inc., a US biotech company specialized in therapeutic oncology vaccines.

Ian Postlethwaite, CFO, brings over 14 years of biopharma experience and a proven track record of driving revenue growth and funding development programs. He has broad experience in both private and public companies; from start-ups to multi-nationals. He was previously an executive director on the board of **Allergy Therapeutics (AGY:AIM)**.

WHO IS NETSCIENTIFIC?

NetScientific is a transatlantic healthcare IP commercialisation Group focused on sourcing, funding and commercialising technologies and companies that have the potential to treat chronic disease and significantly improve the health and well-being of patients.

PORTFOLIO:

Our portfolio is split across three primary areas of focus: Digital Health, Diagnostics and Therapeutics.

- **Digital Health**

Using data to provide clinical grade actionable insight.

- **Diagnostics**

Novel highly specific tests to provide earlier diagnosis, accurate monitoring of disease progression and the ability to personalize therapy based on an understanding of individual ability to respond to treatment.

- **Therapeutics**

Novel mechanisms of actions, new targeted delivery methods and safe but highly personalized therapeutic options to significantly improve or cure the disease.

All of the companies NetScientific invests in are next generation healthcare technologies offering solutions that can make a real difference to healthcare payors facing increasing pressure from social burden.

A brief overview our main portfolio companies is provided below:

DIAGNOSTICS (GLYCOTEST, PROAXSIS AND VORTEX):

Glycotest

Glycotest is a US based liver diagnostics company seeking to commercialise new and unique blood tests for life threatening liver cancers and fibrosis-cirrhosis with exclusive world-wide rights to over 50 patent-protected serum protein biomarkers.

Glycotest's lead product is its HCC panel, a biomarker panel driven by a proprietary algorithm for curable early-stage hepatocellular carcinoma (HCC), the most common form of primary liver cancer. The market for HCC testing is large and growing with currently three million patients and in excess of US$800m in the US alone.

ProAxsis

ProAxsis is a medical diagnostics company based in Northern Ireland, developing a range of products for the capture, detection and measurement of active protease biomarkers of diseases.

The rapid and easy-to-use tests ProAxsis has developed incorporate patented ProteaseTags; smart molecules which trap an active protease within a complex biological sample and enable a visual readout of its presence.

The initial applications for the technology are focused on managing the chronic respiratory diseases, Cystic Fibrosis (CF) and Chronic Obstructive Pulmonary Disease (COPD), where exacerbations have a major impact on the long-term prognosis of patients. There are 70,000 patients diagnosed with CF worldwide and 35.7m patients with COPD in the US and EU alone.

Vortex Biosciences

Vortex Biosciences is a US based cancer diagnostic company, developing a novel liquid biopsy automated instrument (VTX-1) and microfluidic cartridge for the isolation of circulating tumour cells from whole blood without the need for any pre-treatment.

The label-free technology enables high purity and collection efficiency of intact circulating tumour cells in less than an hour. The technology enables researchers and clinicians to non-invasively capture, identify, analyse and enumerate tumour cells for use in downstream clinical applications such as cancer diagnosis and monitoring, personalised medicine, drug development, and cancer research in the estimated $22bn liquid biopsy market (JP Morgan Liquid Biopsy Report – 27 May, 2015).

DIGITAL HEALTH (WANDA):

Wanda is a San Francisco based digital health company commercialising advanced clinical decision support software. Wanda aims to significantly reduce hospitalisation risk, and improve the quality of life for people with chronic conditions, initially focused on congestive heart failure (CHF).

In the US chronic disease accounts for 80% of the total health care bill and represents a $1.4tn expenditure, a significant proportion of which is avoidable through better management and appropriate clinical interventions.

THERAPEUTICS (PDS BIOTECHNOLOGY):

PDS is a clinical stage immunotherapy company developing a next-generation of simpler, safer and more effective immunotherapies for cancer and infectious diseases. Versamune–its novel synthetic nanoparticle platform technology–activates multiple immunological mechanisms which direct the targeting of cancer and infectious disease by the immune system.

Plutus PowerGen is tackling UK energy deficit

Website: www.plutuspowergen.com

The energy environment in the UK is tightening rapidly and **Plutus Powergen (PPG:AIM)** is focused on mitigating the current and forecast risk of an energy deficit by developing a portfolio of 20MW (megawatt) power sites, which can be switched on at a moment's notice at times of peak demand.

THE NEED FOR FLEXIBLE ENERGY

Flexible energy is becoming increasingly necessary and prominent in the UK as its energy mix changes to include renewables, which by their very nature provide power intermittently. Combined with this intermittency, nuclear and larger carbon intensive sources of generation are being retired, meaning that the supply-demand margin is becoming increasingly constrained.

Plutus' team of industry and financial experts recognised the imbalance in energy supply and, from a standing start in 2015, have rapidly grown the company; it already has six 20MW projects in operation, 160MW under development, 200MW in planning for 2018 and is targeting the construction of a further 200MW in 2019. The first nine 20MW projects are being funded via EIS/Rockpool Investments straight through to newly created SPV (single purpose vehicle) with Plutus retaining a 45% interest as well as earning management fees.

These sites take circa 12 months to develop and hold capacity mechanism (CM) contracts for 15 years. It is envisaged that going forward the company will look to retain 70% - 80% of future projects utilising strong relationships with key partners.

To this end, the company continues to build its strong partnership network: it has an agreement with a UK 'Big Six' energy company, which will fund 20% of any 20MW FlexGen and storage project going forward; and an MOU with JCB for the provision of 60% asset funding of its new majority owned portfolio.

The company is in advanced dialogue with a variety of potential partners to bridge

WHO IS PLUTUS POWERGEN?

AIM LISTED PLUTUS POWERGEN IS AN ENERGY COMPANY FOCUSED ON THE DEVELOPMENT, CONSTRUCTION AND OPERATION OF FLEXIBLE ENERGY GENERATION (FLEXGEN) PROJECTS IN THE UK.

the 20% balance of funding required. A decision is likely to be made in the near future.

The company also has an agreement with land and property developer, London & Devonshire Trust Ltd (LDT), to identify and develop energy storage projects in the UK. This is in line with its strategy to widen its exposure within the UK energy sector and diversify its offering through the development of hybrid sites that, in addition to generation, incorporate energy storage technologies.

WHAT IS THE FINANCIAL POSITION OF THE COMPANY?

Plutus' current revenue model is based on multiple streams including Short Term Operating Reserve (STOR) and Firm Frequency Response (FFR) – on both of which the counterparty is **National Grid (NG.)**. Additionally, the company is in receipt of the prevailing power price at the time of generation when energy market prices warrant. This is in the form of a Power Purchase Agreement (PPA) with an energy company.

The project financials of a typical site within its 70% - 80% owned 25 site portfolio are compelling. Each site, running for about 2,000 hours per annum, cost circa £12.5m to build and will generate EBITDA (earnings before interest, tax, depreciation and amortisation) in excess of £3m per year when CM payments commence, giving a potential IRR (internal rate of return) of over 20%.

It is important to emphasise management's determination that Plutus funds its business through non- dilutive means. Consequently, and in tandem with the management contracts it receives from the likes of Rockpool that currently provide circa £1.35m annually, the Company has not needed any equity raises since shortly after admission to AIM three and a half years ago and does not contemplate any going forward.

A STRONG TEAM

The team has a proven track record of value creation and extensive sector experience. CEO, Phil Stephens, and COO, Paul Lazarevic, both previously held senior roles in the energy industry. Phil worked with a power generator and has held board positions on several international energy utilities, whilst Paul was previously CEO of a grid balancing technology company and also held positions at RWEnpower and ExxonMobil. On the corporate side, chairman Charles Tatnall, has a background in funding and building SMEs and has held several directorships with both private and listed companies in the US, Canada and the UK and CFO, James Longley is a chartered accountant with considerable experience in growing private and public companies.

WHAT IS THE OUTLOOK?

Plutus continues to make rapid progress on many fronts as it focuses on delivering near and longer term returns for shareholders.

It has a good track record having brought six projects to fruition in a short time-frame and developed a meaningful pipeline of new sites, some of which are currently being commissioned and others are at an advanced stage of receiving planning permissions.

Plutus is an evolving story. Its diversification into different power generation and energy storage types highlight its adaptability. Furthermore, its strong relationships with LDT, one of the big six utilities and JCB, which between them bring land, finance and funded generation equipment, should enable Plutus to execute its aggressive growth strategy and deliver on its strong pipeline.

PowerHouse Energy to turn waste into hydrogen

Website: www.powerhouseenergy.net


Keith Allaun, CEO of PowerHouse Energy

PowerHouse Energy's (PHE:AIM) vision is to propel the UK's burgeoning hydrogen economy whilst ridding the country of the scourge of waste plastic. Within 10 years, PowerHouse intends to develop a network of up to 200 waste-to-hydrogen plants around the UK. The plants are compact, so they can be built close to the source of waste, and do not produce harmful by-products or require a smokestack. Each unit is designed to consume about 25 tonnes a day of waste plastic or used tyres.

The UK currently exports 500,000 tonnes of waste plastic each year for recycling overseas but much of this plastic isn't recycled. Instead it finds its way via streams and rivers into our oceans. The Chinese government recently announced it would no longer accept waste plastic from the UK; instead this plastic is being exported to other countries such as Turkey, Malaysia and Vietnam.

Small footprint: computer graphic of a distributed hydrogen station

DEALING WITH THE WASTE PROBLEM

Keith Allaun, the CEO of PowerHouse Energy, says: "It's an absolute scandal that the UK exports waste plastic. Much of it won't be recycled, there's a carbon footprint to shipping it and the plastic recycling industry in the third world is one of human misery.

'Around 300m tonnes of new plastic is manufactured each year so waste plastic is a problem that's not going to go away: we need sustainable technologies to recycle, transform or destroy it.'

PowerHouse Energy has developed just such a technology. Called Distributed Modular Gasification, DMG, a proprietary technology designed to transform waste plastic as well as used car tyres, into hydrogen and electricity in an environmentally benign way. In fact, the DMG system can be used to generate electricity from almost any waste stream.

WHO IS POWERHOUSE ENERGY?

AN AIM-QUOTED COMPANY WHICH HAS DEVELOPED A PROPRIETARY TECHNOLOGY TO CREATE ENERGY FROM WASTE.

Keith Allaun says: 'The hydrogen economy has been held back by the cost of producing and transporting hydrogen and also by the fact that current hydrogen production produces significant quantities of the greenhouse gas carbon dioxide. Our system produces hydrogen much more cheaply, at about the same cost as diesel, and produces one sixteenth of the CO2 produced by standard processes.'

The DMG system is based on gasification, a method in which ultra-high temperatures are used to decarbonise waste such as plastic and turn it into synthesis gas, or 'syngas'. PowerHouse's technology modulates this syngas to produce hydrogen of a very high purity, which has been independently confirmed as road fuel quality.

Demonstration unit: the DMG process in action at Thornton Science Park

TARGET MARKETS

'Hydrogen-powered fuel cell vehicles are our first target market. There are already fleets of hydrogen buses in London and other UK cities, there are diesel lorries being converted with hydrogen as a dual fuel and, in California, the use of hydrogen cars is growing rapidly. Hydrogen vehicles are environmentally the most friendly form of transport, as all they produce as exhaust is water vapour. To power this form of transport by destroying waste plastic is a perfect environmental solution.'

PowerHouse began work on its proprietary DMG system about three years ago. The company made major progress during 2017, including commissioning the prototype DMG unit at the University of Chester's Thornton Science Park and the signing of an agreement with Peel Environmental Ltd for the first commercial site, in Cheshire, for a DMG unit. Developing this site, and building and commissioning the first commercial unit, is one of the company's key objectives for 2018.

THE BUSINESS MODEL

PowerHouse's business model is to build, own and operate DMG facilities in the UK. At each of these facilities, the company would receive a gate fee for receiving waste and then convert the waste into hydrogen and green electricity for onward sale. The production cost of DMG hydrogen would be about £3 per kilo, compared with a current hydrogen price of about £12 a kilo. In addition to owning its own DMG units, PowerHouse intends to seek partnering deals with local authorities, transport and industrial businesses and fuel cell vehicle manufacturers.

In continental Europe, PowerHouse estimates it could open 500 sites in the next 10 years and is also exploring the potential for the technology to be licensed worldwide. The company has taken the first steps in the export of the DMG system by signing a memorandum of understanding in Qatar to explore the possibility of establishing a Qatari DMG network to convert waste to hydrogen.

Keith Allaun says: '2018 will be a tremendously exciting year with the development of our first commercial DMG system on a site in Chester. We are on the threshold of delivering on our vision of kick-starting the hydrogen economy through a profitable business based on the eradication of waste plastic.

'Over €10bn has been committed to the rollout of hydrogen-fuelled transport by the likes of Mercedes, BMW, Toyota, Hyundai, and Honda over the next five years. Our ability to play a part in generating the cleanest fuel on Earth, in an economically advantageous and environmentally responsible manner, is unparalleled.'

Servoca – staffing essential services

Website: www.servoca.com

Servoca's (SVCA:AIM) end markets include healthcare, education, criminal justice, domiciliary care and security. The majority of the revenue and gross profit generated (circa 80%) come from the group's recruitment activities which supplies temporary nurses, care workers, teachers, teaching assistants, investigators and probation staff. The group's outsourcing activities (around 20% of revenue and gross profit) include domiciliary care, which aims to meet the growing demand for care from an ageing and growing population.

EXPERIENCED MANAGEMENT TEAM

The business is headed by CEO Andy Church, who has substantially and successfully restructured the group since joining in December 2008. He has overseen consistent year-on-year growth for the last six years and previously, as CEO of Lorien Resourcing, Church led a substantial turnaround of performance which led to revenues doubling from £100m to £200m over a three-year period.

Chris Hinton was appointed as CFO in November 2017 and

WHO IS SERVOCA?

AN ESTABLISHED RECRUITMENT AND OUTSOURCING SPECIALIST WHOSE BUSINESS IS FOCUSED IN THE SUPPLY OF PEOPLE AND SERVICES THAT ARE ESSENTIAL AND NOT DISCRETIONARY.

5 Year financials

Servoca	2013 (A)	2014 (A)	2015 (A)	2016 (A)	2017 (A)
Year End September	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Group revenue	**43.1**	**49.0**	**58.8**	**69.2**	**80.2**
% growth	1%	14%	20%	18%	16%
Gross profit	**12.3**	**14.2**	**16.9**	**18.6**	**19.7**
% growth	2%	16%	19%	11%	6%
% margin	28%	29%	29%	27%	25%
Adj. EBITA	**0.9**	**1.8**	**3.1**	**3.6**	**4.0**
% growth	223%	102%	73%	17%	10%
% margin	2.0%	3.6%	5.2%	5.2%	5.0%
% conversion rate	7%	13%	18%	19%	20%
Adj. PBT	**0.8**	**1.7**	**3.0**	**3.5**	**3.9**
% growth	289%	111%	77%	17%	11%
% margin	2%	3%	5%	5%	5%
Adj. EPS (fully diluted)	**0.56p**	**1.07p**	**1.88p**	**2.21p**	**2.53p**
% growth	532%	90%	75%	18%	14%
Net cash/(debt)	**-3.1**	**-2.6**	**-2.0**	**-2.4**	**-2.3**
Dividend	**0.00p**	**0.00p**	**0.30p**	**0.35p**	**0.40p**

Sources: Company data

brings with him extensive public company and recruitment experience, most notably from Lorien where he worked with Andy Church and John Foley (chairman) as CFO.

TRACK RECORD OF GROWTH

Servoca has a strong track record of growth, with revenue, gross profit and adjusted pre-tax profit growing consistently year on year since 2012. Over the past two years, the group achieved a compound annual growth rate (CAGR) in adjusted pre-tax profit of 14%. Growth has been primarily driven by Servoca's two largest end markets of education and healthcare.

STRUCTURAL GROWTH IN END MARKETS WITH NON-DISCRETIONARY SPEND

The focus of the group is rooted in the supply of people and services that are essential and not discretionary. Servoca's end markets are underpinned by long term structural growth trends. Demand in education is supported by a growing pupil population and a shortage of teachers. The nursery and primary school pupil population has been rising since 2009 and this is now starting to impact secondary school pupil numbers which are projected to continue increasing year on year until at least 2025. The growing and ageing population underpins growth in the healthcare recruitment and domiciliary care markets.

DIVERSIFIED BUSINESS MIX

Servoca supplies to six distinct end markets and the group's diversified business mix has delivered a resilient performance.

The group has delivered substantial growth over the last five years despite parts of its operations facing challenges

(mainly as a result of public sector funding pressures) from time to time. The healthcare operations benefit from exposure to all areas of the care 'life cycle' and operate in both the public and private sector. The group supplies staff into hospitals where demand remains at record levels however, through their domiciliary care business, also benefits from the clinical and economic necessity to free hospital beds and care for people in their own homes.

Remaining supply of staff is into residential care settings in the private sector which accounted for two thirds of operating profits within their healthcare recruitment businesses last year. As well as supplying schools with staff nationally from a network of 15 branches across the UK, the Group is also a major provider of temporary resource to the National Probation Service and the majority of police forces in England and Wales.

The security operation supplies services in manned guarding, event security, software and hardware solutions for loss prevention in the retail industry and also delivers corporate investigations work.

ORGANIC AND ACQUISITIVE GROWTH

Over the last five years the majority of growth has been organic but management have experience of acquisitions, having made three since Andy Church became CEO. The two most recent acquisitions (2015 and 2016) bolstered Servoca's market share and geographic presence in the UK education recruitment market. Management has indicated that further M&A is a possibility both in its core markets and in complimentary sectors.

STRONG MARGIN PERFORMANCE

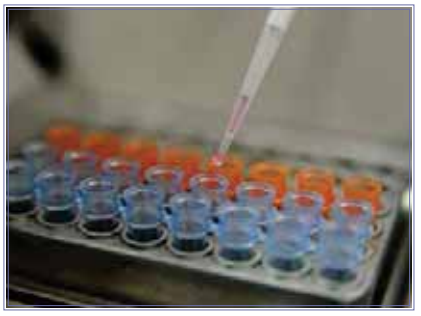
At just under 5% last year, Servoca's operating margin compares favourably to the recruitment peer group (average of 4.1%, 3.4% excluding Page Group). Servoca has maintained a conversion rate (operating profit divided by gross profit) in excess of 18% over the past three years, alongside strong growth in net fee income.

The substantial growth and financial performance of the last six years has strengthened the group's balance sheet and enabled the group to pay a dividend since 2015. The dividend currently reflects a 2% yield, has been increased by 33% since inception but was still covered more than six times by last year's earnings. Management expect to retain a progressive dividend policy.

Based on analyst forecasts, Servoca trades on a 2018 PE multiple of 7.7 times, falling to 6.9 times vs the peer group on 11.7 times, falling to 11.5 times.

ValiRx delivers according to plan

Website: www.valirx.com



Worldwide, cancer is the second leading cause of death after heart disease. New technologies and tools have revolutionised the understanding of cancer and have allowed increasingly more specific approaches to the disease. From a technical point of view, it is reasonable to expect science to be able to one day, turn most cancers into either curable or chronic diseases. Caught early and with the right therapeutic approach, several cancers will be highly treatable.

ValiRx (VAL:AIM) is a clinical stage biotechnology company specialising in developing targeted novel treatments for cancer and associated biomarkers. It aims to make a significant contribution in 'precision' medicine and science, namely in the development of therapeutics, with the aim of breaking through into human health and well-being, through the early detection of cancer and its personalised therapeutic intervention.

Currently, the company has four therapeutic drugs in development, two of which are in clinical trials. Both clinical stage therapeutics and preclinical developments have demonstrated clear potential for addressing huge unmet medical needs. The Company has worldwide exclusive developmental and commercial rights and its compounds have worldwide patent protection. The technologies and science lying behind the development programmes and therapeutics, originate or derive from world-class institutions, such as Cancer Research UK and Imperial College.

Whilst established cancer treatments, such as surgery, radiation and chemotherapy, are still improving, the great excitement in the cancer arena today, lies in the development of novel and targeted therapies, otherwise known as 'Precision Medicine'. This targeted, personalised medicine includes early stage diagnosis of every specific cancer, tailor-made therapeutic intervention and the careful monitoring of progress. With the development of target-based agents, primed to attack only identified cancer cells, higher response rates for treatments, as well as less toxic and more effective outcomes, are now possible. New drugs in this group—such as those in ValiRx's pipeline—promise to greatly improve outcomes for cancer patients.

WHO IS VALIRX?

VALIRX IS A CLINICAL STAGE BIOTECHNOLOGY COMPANY SPECIALISING IN DEVELOPING TARGETED NOVEL TREATMENTS FOR CANCER AND ASSOCIATED BIOMARKERS

RECENT CLINICAL TRIAL PROGRESS AND EXCITING NEW DEVELOPMENTS

VAL201

ValiRx's lead compound, VAL201, has the potential to treat hormone-induced oncological conditions and abnormal growth in cells, including prostate, breast and ovarian cancers, as well as Endometriosis. The compound is currently in Phase I/II clinical trials in patients with hormone-resistant prostate cancer at University College London Hospital. VAL201 is a compound with a unique mechanism of action, which was first discovered by


Dr Satu Vainikka, Chief Executive Officer

academics, partly with support from Cancer Research UK.

VAL201 has performed extremely well in its Clinical Trials and as confirmed to date, the compound is well tolerated and safe and has shown preliminary signs of efficacy.

Based on its excellent safety profile in first clinical trials, ValiRx received approval in December 2017 from the UK Medicines and Healthcare Products Regulatory Agency (MHRA) and the Research Ethics Committee (REC) to escalate the VAL201 study and to see a substantial increase in the dose of VAL201 being administered to patients, thereby allowing treatment to more speedily reach its full therapeutic potential and potential anti-cancer impact on patients.

A major challenge experienced in any cancer treatment is the ability of cancer cells to seek new locations and to spread to other sites in the body. This is called metastasis. The ability of cancer cells to metastasize is, as a rule, very bad news for cancer sufferers, as it offers the cancer cells potential new places in the body for growth. With this issue in mind, scientists at ValiRx have been very excited by what they have seen in a subset of the pre-clinical data obtained with VAL201, as it shows that the compound, when administered in cancer models, decreased metastatic growth by up to 50%. Since all cancers have the potential for metastatic growth, ValiRx believes that this treatment could potentially be used in several oncological indications, together with a specific cancer targeting treatment.

VAL401

ValiRx's second drug currently in clinical trials is VAL401, which is a reformulated drug, Risperidone, with an established safety record derived from clinical studies and years of use in other medical areas. ValiRx's subsidiary, ValiSeek, has completed its first trial of VAL401 as an oral treatment of late stage non-small cell lung adenocarcinoma in a Phase II Clinical Study in Tbilisi, Georgia.

Positive VAL401 clinical data from the completed trial in December 2017 shows that the VAL401 treatment had a statistically significant improvement in Overall Survival for patients with non-small cell lung cancer compared to those receiving no treatment. In addition, further positive data from the results of this trial also showed that the VAL401 treatment had a measureable improvement on patient quality of Life. Furthermore, the compound did not trigger any unwanted immune responses

VAL301

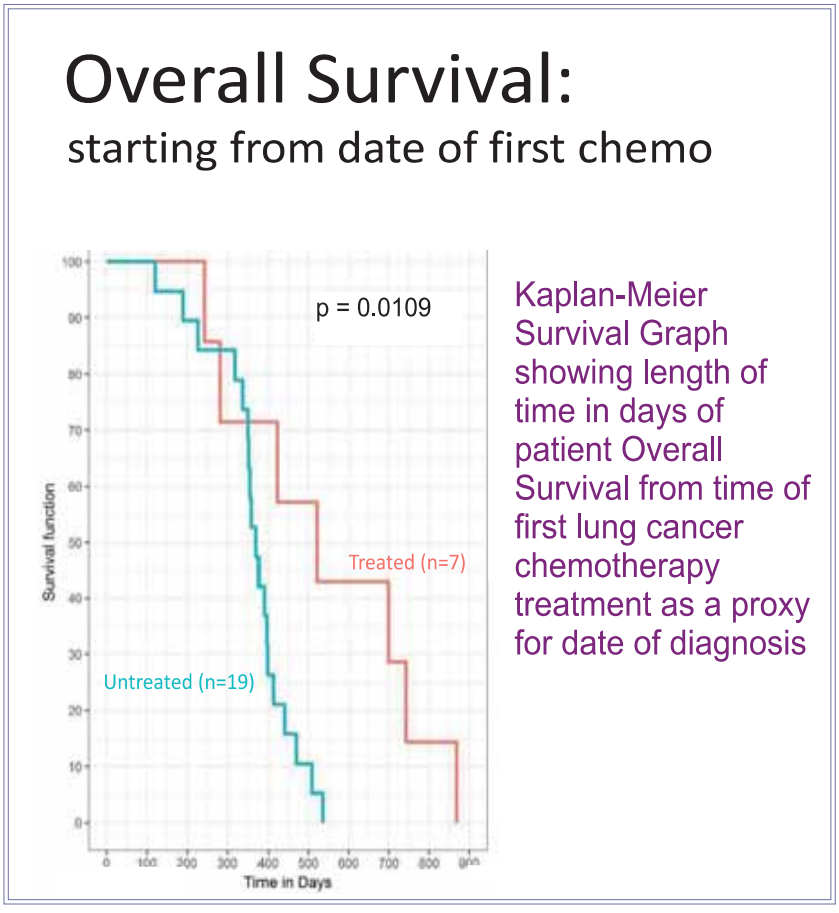
Preclinical studies of VAL201 have also revealed a major

gynaecological indication for the compound, namely Endometriosis. This is a medical condition in which cells from the lining of the uterus appear and flourish outside the uterine cavity. Endometriosis is excessively debilitating, and it represents one of the major causes of female infertility. In preclinical studies, VAL201's reformulation, which has been named VAL301, has been shown to reduce the endometrial lesions by up to 50%. The condition is not adequately served with current medications, as those medications are frequently poorly tolerated. However, due to VAL201's safety profile and lack of any noticeable side effects, the compound is well placed as a potential treatment.

VAL101

The molecule VAL101 is based on a technology, licensed from Imperial College, which is called GeneICE ('Gene Inactivation by Chromatin Engineering'). On the premise that all cells in our bodies contain the same genome and that tissue differentiation requires well maintained, highly-tuned specific gene activity regulation, if this regulation system goes wrong, or genes have unwanted mutations and are "rebellious", problems such as cancerous growth or neurological indications and problems will occur.

The GeneICE technology allows the design of molecules which find and bind these 'rebellious genes', thereby potentially reversing the problem. VAL101 is a molecule based on this technology and it is currently in pre-clinical trials.



BUSINESS MODEL

The Company's business model focuses on in-licensing early stage drugs and technologies from World leading academic institutions, such as Cancer Research UK and Imperial College and maturing them to the point where they can be out-licensed to pharmaceutical partners or co-developed and taken to market. The model for biotechnology companies, like ValiRx, is to act as a specialised and experienced bridge between world-class academic science and big pharma, as pharmaceutical companies are facing an increasing need for novel, more precise and effective therapies across several indications. ValiRx strives to be in continuous discussions with these major players in the oncology field.

THE NEXT STAGE AND INTO THE FUTURE

Given the current industry climate, ValiRx believes that in view of the progress of these trials, the company and its therapeutic approaches are increasingly attractive to pharma partners, as a licensing opportunity or a co-development partner.

As discussed above, the pharmaceutical industry is increasingly looking for novel therapies in the oncology arena and accordingly, in its view, ValiRx is entering a new and very exciting phase, which it believes should result in the crystallisation of substantial value.

Details about the trials can be found on the website: **www.clinicaltrials.gov**