Intuitive Investments Group

IIG yesterday released its final results for the period from 11 June 2020 (its date of incorporation) to 30 September 2021. This inaugural report reflects a period of substantial progress during which it successfully executed on the plan outlined at flotation, generating substantial growth across a portfolio of fast growing and high potential life sciences investee companies. Investment in both quoted and unquoted companies commenced with the Group's AIM Admission on 14 December 2020, following which it delivered a 10% increase in the Group's Net Asset Value ('NAV') during its first 9.5 months of activity. The opening weeks of the new financial year saw the successful AIM flotation of Light Science Technologies Holdings plc (AIM:LST), which subsequently delivered an unrealised 2.9x return-on-investment ('ROI'), contributing to a 19% increase in NAV over the first c.11.5 months of activity to 30 November 2021. In line with the Group's target net returns of 20% per annum for shareholders, this performance could be considered commendable for a successful venture-type portfolio. Indeed, the Board generally anticipates 'J-curve', initially low or even negative, returns for the first couple of years (due to timing factors/early failures etc.), which positively accelerate sharply thereafter. TPI considers the portfolio IIG has constructed offers potential to provide further excellent investor returns going forward.

Reflecting on the challenges the next stage of IIG's growth is expected to present, the Board is now seeking shareholder approval at its forthcoming 30 December 2021 Annual General Meeting to effect a material amendment to its Investing Policy allowing, amongst other things, IIG to take larger positions in investee companies.

Financial highlights

Following the Group's AIM Admission of 14 December 2020, the Board has acquired a diversified portfolio of high growth life sciences companies, with investments valued at £6.74m as at 30 September 2021. Highlights for the period to 30 September 2021 and opening weeks of the new financial year as follows:

- £7.58 million - Net assets at launch after the costs of AIM Admission
- £8.14 million - Net assets as at 30 September 2021
- £8.99 million - Net assets as at 30 November 2021
- £2.57 million - Cash/cash equivalents held as at 30 September 2021
- £2.69 million - Cash/cash equivalents held as at 30 November 2021
- £0.56 million - Total attributable income for period to 30 September 2021
- 2.2p – Earnings per share for period to 30 September 2021
- 10% - Increase in NAV since Admission to 30 September 2021
- 19% - Increase in NAV since Admission to 30 November 2021

Operational highlights

Since Admission the Board has reviewed over 145 potential investee companies, as a result of which it invested in 16 different enterprises, with actions as follows:

- Investment in eight publicly traded companies at a cost of £1.77 million (including it exiting from one publicly traded company)
- Investment in two later stage/pre-IPO companies at a cost of £1.73 million
- Investment in six private companies (being principally in main series A and B) at a cost of £1.55 million.

Stock Data	
Share Price:	19.80p
Market Cap:	£8.01m
Shares in issue:	40.44m
52-week high/low:	17.50p/28.00p

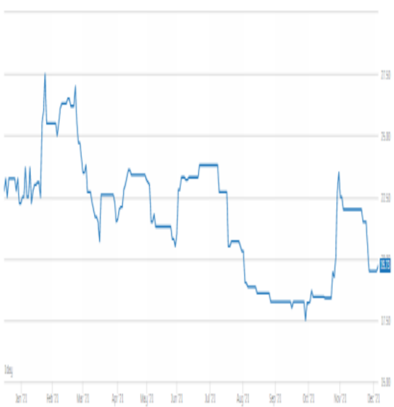
Company Profile	
Sector:	Financial Services
Ticker:	IIG
Exchange:	AIM

Activities

Intuitive Investments Group plc ('Intuitive', 'IIG', 'the Group') is a recently established closed-end investing company that seeks to provide investors with exposure to a portfolio concentrating on fast growing and/or high potential Life Sciences businesses operating predominantly in the UK, continental Europe and the US, in order to generate capital growth over the long term for shareholders.

www.iigplc.com

Share price performance since Admission*



AIM Admission took place on 14 December 2020
Source: LSE

Past performance is not an indication of future performance.

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An important post-period event was the successful AIM Admission of Light Science Technologies Holdings plc (AIM: LST) ('LST') on 15 October 2021. Following initial investment of £1 million plus reinvestment of interest and non-executive directors' fees of £78,000, IIG's holding in LST was valued at £2.91 million as at 30 November 2021, representing an unrealised 2.9x ROI.

Intuitive Investments Group - Publicly Traded Investments as at 30 November 2021

	Cost £	Valuation £	Unrealised Gain/(loss) £
Evgen Pharma plc	175,110	123,234	(51,876)
Microsaic Systems plc	214,500	321,750	107,250
Midatech Pharma plc	99,848	74,025	(25,823)
Light Science Technologies Holdings plc[1,2]	1,078,060	2,914,960	1,836,900
Polarean Imaging plc	250,000	230,000	(20,000)
Shield Theapeutics plc	250,060	278,400	28,340
Trellus Health plc	190,038	248,425	58,387
Yourgene Health plc	248,765	197,798	(50,967)
Closing fair value	2,506,381	4,388,592	1,882,211

1. Post period end, Light Science Technologies Holdings plc floated on AIM on 15 October 2021.
2. Robert Naylor was appointed to the Board of Light Science Technologies Holdings Limited on 11 January 2021. Fees received for non-executive director services were retained for benefit of the company and are included within management fees. Post flotation the non-executive fees are paid directly to Robert Naylor and there has been a commensurate reduction, by waiver, in his salary

Source: Intuitive Investments Group, Annual Report to 30 September 2021

Intuitive Investments Group – Pre-IPO & Unquoted Investments as at 30 November 2021

Pre-IPO and later stage investments			
	Investment	Holding as at 30/11/2021	Website
BioQ Pharma Incorporated	US$1m in CLNs & warrants	8.85% of NAV	bioqpharma.com/
Series A and B investments			
Axol Bioscience Ltd	£249,091 in 'A' ordinary shares	2.77% of NAV	axolbio.com/
CardiNor AS	£125,002 in ordinary shares	1.39% of NAV	cardinor.com/
The Electrospinning Company Ltd	£500,000 in ordinary shares	5.56% of NAV	electrospinning.co.uk/
Micrima Ltd	£200,000 by way of CLNs	2.34% of NAV	www.micrima.com/
Momentum Bioscience Ltd	£125,000 in preferred A ord. shares	1.39% of NAV	momentumbio.co.uk/
PneumoWave Ltd	£350,000 in new ordinary shares	3.89% of NAV	pneumowave.com/

Source: Intuitive Investments Group, Annual Report to 30 September 2021

Seeking to modify strategic focus

Included in IIG's inaugural annual report and accounts for the period to 30 September 2021, are proposed changes to the Group's Investing Policy. These include allowing investment into a larger number of portfolio companies, permitting the Group to be appointed as an investment adviser or manager to third party funds and amending the investment restriction in relation to investment in a single company. Overall, the Board believes these changes will allow it greater flexibility in generating shareholder returns and goes on to note that it recognises the challenges of being a micro-cap company at present and that it believes it possesses the skills necessary to exploit this niche for the benefit of shareholders.

Proposed Changes to the Group's Investing Policy

At the time of flotation, IIG's strategy was to invest in unquoted companies, while also being able to invest in companies whose shares are publicly traded. As detailed in different proposals contained in its Annual Report 2021, however, the Board is seeking shareholder permission for changes to the Group's Investing Policy through its AGM scheduled for 30 December 2021. A summary of the principal changes is offered below, although interested parties seeking a complete description of the proposals should refer directly to IIG's Annual Report 2021 that is lodged on its website.

These changes proposed include permission for investment into a larger number of portfolio companies with no distinction between unquoted and publicly traded companies. The reasons given for this are firstly, that its publicly traded companies portfolio has delivered a good performance to date, that it provides risk diversification and has enabled the Group to invest quickly and avoid holding too much cash and secondly, that unquoted companies within its portfolio may become publicly traded companies, as was the case with Light Science Technologies Holdings plc. As such, the current investment limits would preclude investment in further publicly traded companies.

IIG notes also that it may raise additional capital and the Board may wish to invest in a larger number of companies. Therefore, the Board also proposes further wording changes to the Group's Investing Policy, with "approximately 10-12" investee companies, to be increased to "approximately 20, but this may vary significantly" investee companies. Within this, it is also proposing an amendment to existing investment restrictions with the objective of spreading risk such that "no investment or group of investments in the same company or group of companies will represent more than 45% of NAV" rather than "no investment or group of investments in the same company or group of companies will represent more than 15% of NAV". Similarly, previous investment restrictions that required "at least 50% of NAV will be invested in unquoted businesses" and "up to 50% of NAV may be invested in publicly traded companies", are proposed for removal and replacement by "up to 30% of NAV may be invested in seed investment" and "at least 70% of NAV will be invested in businesses which are headquartered in or have their main centre of business in the UK or wider Europe".

Compelling opportunities in both public and private markets remain

Reflecting IIG's strong investment performance since its 2020 market Admission, the Group's Investment Team has reiterated points originally detailed in its interim report, noting that it continues to perceive compelling and exploitable opportunities in both public and private markets. These include:

1. **Lack of continuity of funding:** Many life science companies find it harder to attract substantial ongoing capital. This can be for several reasons, but possibly includes the fact that specific milestones may have been missed, particularly those in relation to partnering with larger life science companies, overambitious valuations at a previous round and scarcity of providers of larger tranches of investment, particularly series B and beyond. This is an area which the Investment Team perceives there is potential for the attractive risk adjusted returns by providing investee companies the capital to allow them to succeed.
2. **Crossover funding:** Whereby there are attractive risk adjusted returns is later stage and pre-IPO investment, where the wider team has a proven track record of taking companies to public markets. In this respect, there is the possibility of exploiting the difference in valuation between private and public markets.

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