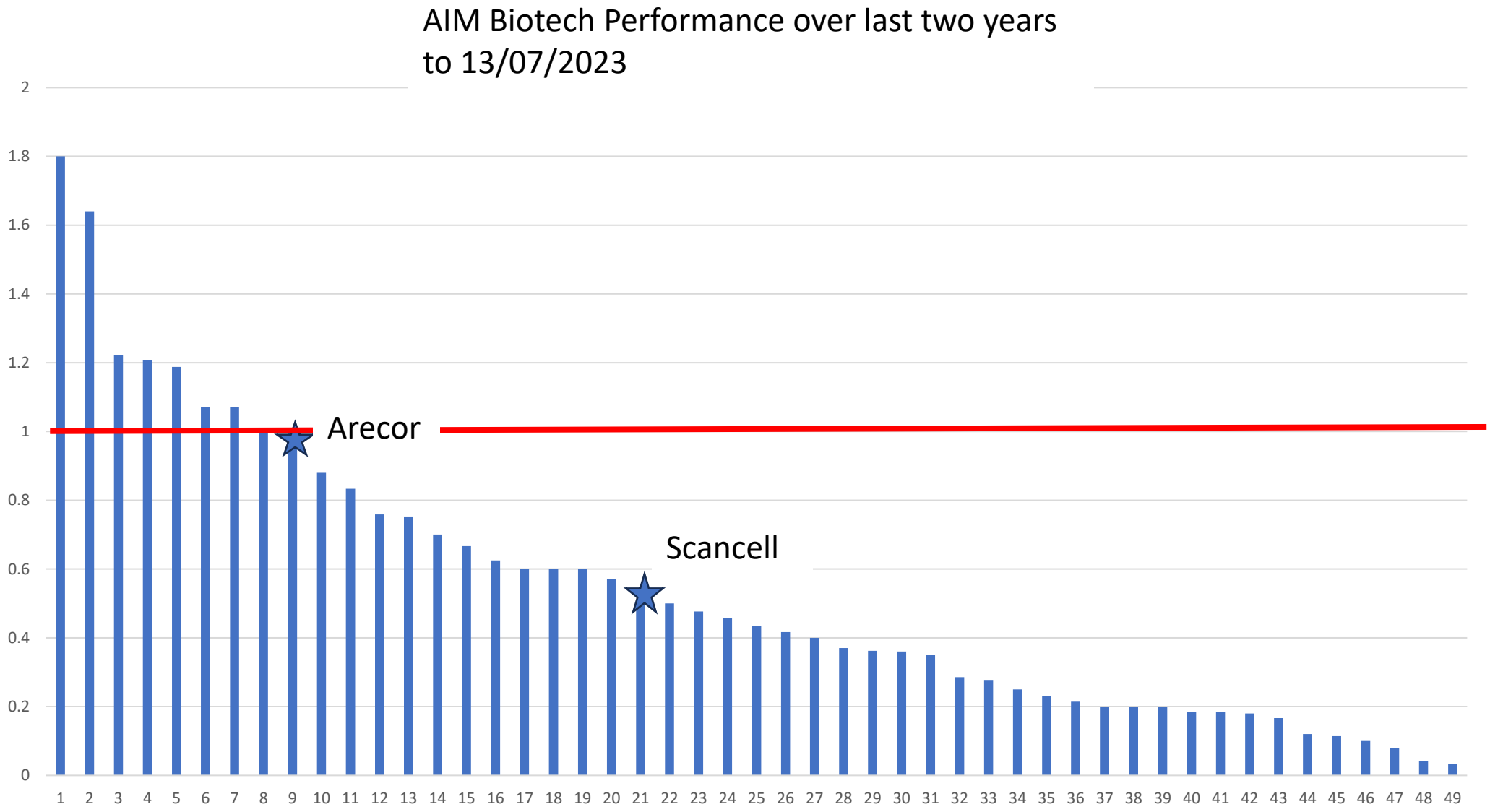
Oxford Technology 2 VCT Plc

NAV

NAV date	OT1 p/share	OT2 p/share	OT3 p/share	OT4 p/share
Feb 2022	42.7	32.0	41.1	39.8
Feb 2023	45.3	25.1	33.7	29.7
Q1 2023	43.6	25.0	32.2	30.8
Q1 23 adjusted for Scancell Arecor 19/07	39.5	23.6	28.6	30.0

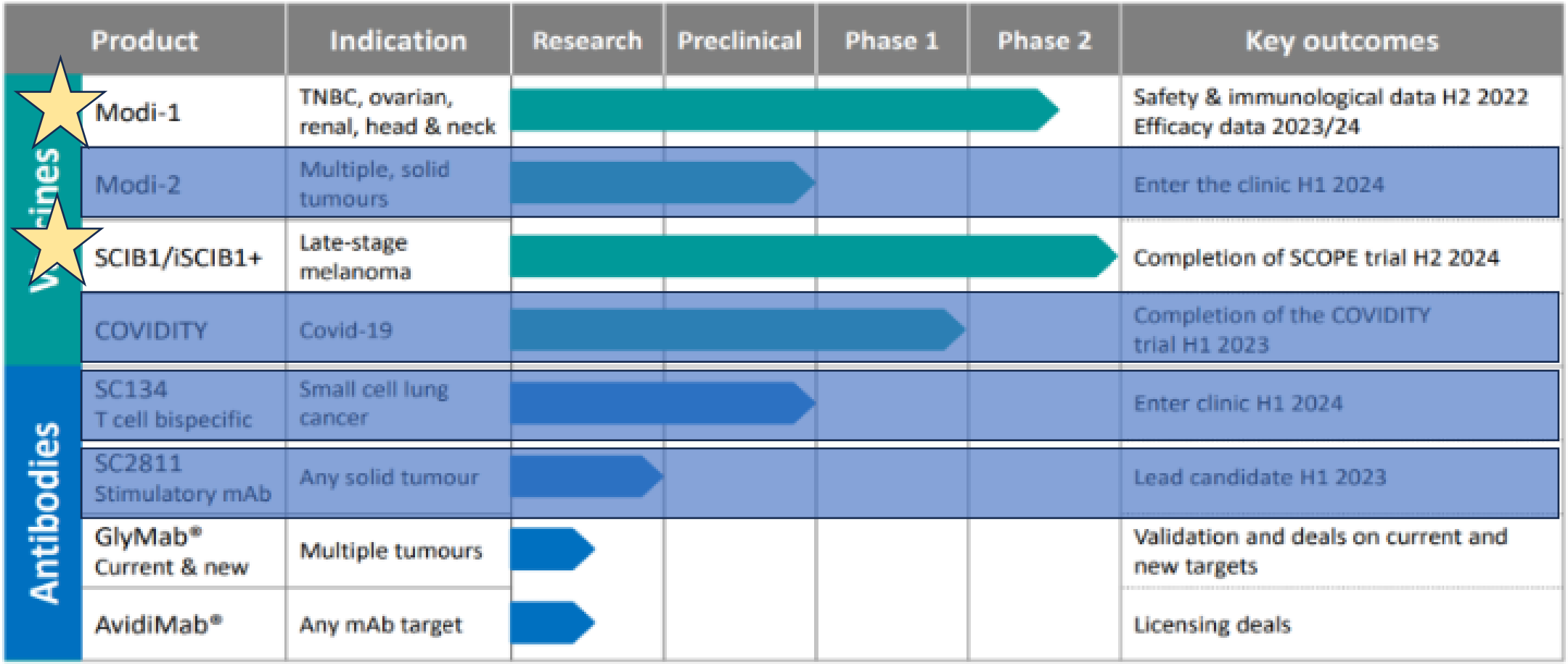

AIM Biotech Performance over last two years
to 13/07/2023
2
1.8
1.6
1.4
1.2
1
0.8
0.6
0.4
0.2
0
Arecor
Scancell
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49

Clinical focus on two programs

- Share price graph shows fluctuations in price to July 19 2023
- Scancell has announced it will focus finances on two programs:
- SCIB1 (and iSCIB1+) – anti-melanoma with double checkpoint (and Avidimab)
- Modi-1 monotherapy 44% stable disease of Ovarian cancer

- Also Glymab has led to 6 month partnership with cell therapy company

Narrowed Focus



Source:Trinity Delta

NPV – Trinity Delta Calculation Feb 2023

	Peak Sales Royalties Launch Year	Likelihood of success	rNPV/ p/Share diluted
Moditope	£3.5bn 17.5% 2029	10%	12.4
GlyMab	£5bn 17.5% 2030	3.5%	5.1
ImmunoBody	£1.75bn 17.5% 2029	7.5%	4.3
AvidiMab	£8.5bn 8% 2030	2.0%	2.9
Total	£18.75bn		24.7

Discount rate 12.5%

Since then new Moditope results >increase likelihood of success

Narrowing of focus > Reduce dilution

Arecor

Price down from 325p to 200p over the last year despite:

- IPO – June 2021 226p/share
- Aug 2022 Top up 300p/share
- First product expected on the market this year
- New partnership with top 5 pharma
- Tetris Pharma launch
- AT 278 Phase 1 in type 1 and Type 2 diabetes

- Ultraconcentrated even faster than expected
- Agreement with top 5 pharma company
- Specialty drug company partnership with very large chemical company
- £12.6m cash end of 2022
- Transfer of drug to Hikma, activation of license

Source: Trinity Delta

NPV Arecor – Trinity Delta data

Product	Probability of Success	rNPV p/share	Peak Sales Launch year
AT247 278	60%	374.1	$1074m 2025+
Research	30%	54.0	$350m 2025+
Hikma	75%	68.2	$100m 2025
Biosimilar	90%	31.4	$500m 2023
Inhibrix	50%	29.6	$515m 2026
Tetris	100%	25.8	$10m 2021
Total		**574.7**	

- New Biosimilar deal concluded
- High % of success
- No value for pipeline deals
- Low visibility on details

Latest price p/share: 200

Why Hold Scancell and Arecor?

Scancell

Increase in likelihood of success

Many opportunities

Time to success reducing

Arecor

Increase in number of opportunities

Increasing value of deals over time

Low risk for formulation

Both

Undervalued Biotech

Notable others

- BioCote - OT1

	Sales	Profit
Oct 21	3.8m	£753k
Oct 22	2.76m	£525k

- Ongoing dividends
- Potential for exit above current valuation

- ImmBio - OT2, OT3, OT4

- Funding from Wellcome for phase 2 trial
- Applying for additional funding
- Running out of runway but very big potential.

Portfolio Update

- Alex Starling sits on the board of two portfolio companies:
  - OT1 Share Class: **Getmapping**
    - OT1 holds **3.8%** of the company, c. **£66k** as at 28 Feb 2023
      - Carrying value < 13% x cost of investment (i.e. a substantial loss)
  - All Share Classes: **Select Technology**
    - OT1 holds 30%
    - OT2 holds 7.4%
    - OT3 holds 2.8%
    - OT4 holds 18.4%
    - Total: **58.6%**, c. **£2.3m** as at 28 Feb 2023
      - Carrying value = c. 2.5 x cost of investment (different for each share class)
      - Also dividends received on a relatively regular basis in recent years
    - Various rights (including voting and capital return) now limited to 50% due to VCT Rules

Getmapping

- Lucius retired after over 20 years as a director
- Alex appointed 1 November 2022
- Quotes from prior year OT1 Annual Reports:
  - 2017: “Getmapping increased turnover despite challenging market conditions…”
  - 2018: “Getmapping is exposed to challenging commercial and political conditions in South Africa…”
  - 2019: “Getmapping… performed well”
  - 2020: “Getmapping has had a mixed year, and we are cautious about the future…”
  - 2021: “Getmapping is currently trading adequately after a lacklustre year”
  - 2021: “Getmapping has had a largely positive year”.
- First impressions on appointment
  - Cash very tight – and substantial debt burden
  - A lack of dynamism / inertia, with 2020-2021 restrictions possibly (partly) to blame?
  - Plc status had negatively impacted on shareholder communications

Getmapping (cont’d)

- No active listing since Britdaq ceased trading, but still a Plc
- Deregulation was completed in early 2023
  - Now **Getmapping Limited** as of 1 February 2023
- New CFO, Mark Pilkington, Part Time appointment (via CFO Centre)
- Stepped fundraising to shore up balance sheet while protecting shareholder value
  - Small ASA (convertible equity) of c. £150k raised in June 2023
  - Now in discussions vis-à-vis larger funding round, may include a small secondary to allow shareholder exit
  - Good summer progress on flying programme, as of early July 8 large cities captured at 5cm image granularity, including Birmingham, Nottingham, Newcastle, Sheffield and Rotherham

Select Technology

- Advisory work on exit possibilities back in 2013
  - Alex joined board of OT1 in 2014
- Select Technology profitable in 2014-2015 – high yield ‘hold’ for OT VCTs
  - PaperCut Licencing Arrangement ‘too successful’ and was restructured
- Select Technology has been refining its business model in a fast-changing world
  - Company was founded in 1981 and has reinvented itself several times since then!
- Select Technology is very good at managing channels to market for a combination of its own and 3rd party software products

Select Technology (cont'd)

- Lots of traditional companies struggling (collapse in office printing volumes) and a lot of consolidation
  - Ricoh and Toshiba announced merger
- But Select Technology is growing strongly
- Key products include Foldr, Captur and MaSH (**Ma**king **S**tuff **H**appen)
- Select Technology is 'nimble of foot' and has two key USPs:
  - Deep understanding of how to sell 3rd party software products (being a "super-reseller")
  - Own workflow / software scripting 'glue' to ensure that Select Technology's sales are sticky and differentiated

Summary Thoughts

- Despite being very different companies, both Getmapping and Select Technology have similar EBITDA profitability
- But very different capital structure vis-à-vis net debt
- Both on a reasonable growth trajectory due to internal and external factors
- Successful growth to delivery EBITDA of c. £2m+ opens the door to discussions with various counterparties for strategic discussions…
  - … and shareholder value crystallisation
- Select Technology
  - Continues to contribute a useful yield for all OT VCT share classes and
  - Continued growth should lead to a positive outcome for shareholders

Merger

- 2022/23 was a year of substantial change for the 4 Oxford Technology VCTs, with the merger of the four separate VCTs into Oxford Technology 2 VCT PLC.
- We now have a single VCT with 4 separate share classes. Individual shareholders still have the same economic interests as they had prior to the merger.
- With the ever-increasing regulatory burden and inflationary pressures, the pay back period for the merger is now expected to be less than the 3 years originally envisaged.
- The combined Company now has larger critical mass, greatly assisting the ability to meet the VCT qualifying tests. The merger has also provided additional time for the investments to reach their value inflection points such that the risk of ‘fire sale’ exits (due to the individual portfolios become sub-scale) is substantially reduced.

Fund raising

- We were disappointed the fund raising with Edition did not proceed: they failed to get the necessary traction in the market in sufficient time to issue new Leisure Shares.
- The OT VCTs incurred no costs in relation to the fund raise.
- Over the years, the Board has discussed the opportunity for a new manager to enter the VCT market by issuing shares in a new share class within an existing OT VCT with many prospective potential partners.
- The Board still believes that a future offer (i.e. raising new VCT funds in a new share class) with either Edition or another manager remains the way forward, and have restarted discussions (both with partners who have approached us historically and more recently). This could allow the previously outlined further cost savings for existing shareholders whilst the portfolios continue to mature before ultimate asset realisations and distribution to shareholders. It also could assist shareholders who still have sheltered capital gains on their original subscriptions in the OT1/2/3 Share Classes.
- Any potential future offer would require the advance approval of the Company's shareholders, and it is remains far from certain that such a partner can be found.

Distributable reserves

- During the year, the Company (with court approval) cancelled certain reserves which substantially increased distributable reserves (from which dividends can be paid or buybacks funded in the future), as approved by shareholders at the general meeting in June 2022.
- This will ensure that the combined VCT has sufficient reserves to be able to pay dividends as realisations are made.
- In the event that a significant level of cash was realised by a disposal from one of the share classes, the Board currently would expect to declare a dividend to shareholders of that share class, but also offer those shareholders the chance of some form of exit, either via a tender offer or share buy back, as various of the OT funds have offered over the last few years. However, please note no forecast of any kind is implied.

Rationale to approve the continuation vote

- We continue to believe your VCT is an appropriate structure to hold your Company's investments and the actions of the Board to create a larger asset base will substantially reduce running costs whilst portfolios are realised.
- The Board also believes that the portfolio has valuable upside, but time is still needed for the investments to reach those significant value inflection points which will allow realisation at what the Board considers more reasonable valuations, whilst major investee company programmes reach maturity. Seeking accelerated exits is not considered in shareholders' best interests. And distributions in specie are not tax efficient to shareholders, and themselves are likely to have certain holding costs.
- The VCT also needs to continue in existence to protect any deferred gains held by shareholders. A fund raise with a new manager is the best way to secure this but it will require time.
- The Board unanimously recommends that you vote in favour for the continuation of the VCT - as well as all the other AGM resolutions.