



the**side**by**side**
PARTNERSHIP

**THE SBS
LATER STAGE
EIS FUND**

Presentation

DISCLAIMER

IMPORTANT NOTICE

Reliance on this promotion for the purpose of engaging in any investment activity may expose an individual to a significant risk of losing all of the property or other assets invested. Any individual who is in doubt about the investment to which this document relates should consult an authorised person specialising in advising on investments of the kind in question.

Please note that an investment in the Fund can only be made after an investor has received and read the Key Information Document, the full Information Memorandum and completed an original application form. This document does not constitute an offer for shares or an offer or inducement to engage in any investment activity.

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(a) Article 19: Investment Professionals. This includes authorised persons; persons whose ordinary activities involve him in carrying on the controlled activity to which the communication relates for the purpose of the business carried on by him; persons who it is reasonable to expect will carry on such activity for the purposes of a business carried on by him.

(b) Article 48: Certified High Net Worth Individuals. Such an individual must have signed the requisite statement relating to his net worth within the last 12 months; to be a certified high net worth individual an individual must meet one of the following criteria:

- (i) had annual income in the preceding financial year of at least 100,000£;
- (ii) had net assets throughout the preceding financial year of at least 250,000£ (excluding primary residence and certain other assets).

(c) Article 49: High Net Worth Companies. This includes body corporates with a called up share capital or net assets of not less than 500,000£ where it or its parent undertaking has more than 20 members, otherwise 5£ million; any unincorporated association or partnership which has net assets of not less than 5£ million.

(d) Article 50: Sophisticated Investors. Such an investor must have a requisite certificate signed by an authorised person to the effect that he is sufficiently knowledgeable to understand the risks associated with this type of investment and must have signed a requisite statement within the last 12 months declaring that they qualify under this exemption.

(e) Article 50A: Self-certified Sophisticated Investors. Such an individual must have signed the requisite statement within the last 12 months. To be self-certified an individual must meet one of the following criteria:

- (i) be a member of a network or syndicate of business angels for at least six months;
- (ii) have made more than one investment in an unlisted company in the prior two years;
- (iii) be working or have worked in the prior two years in a professional capacity in the private equity sector or the provisions of finance for small and medium enterprises;
- (iv) are or have been in the two years prior a director of a company with an annual turnover of at least 1£ million.

If you are in any doubt about whether the investment described is suitable for you, you should seek a personal recommendation from an authorised person specialising in advising on investments of this kind.

The price, value or income of or from securities may fall and you may lose all of the capital that you invest in the Fund. Investments in unquoted companies are not readily realisable or transferable and you may not be able to realise your investment when you want to do so. This document may contain projections and information on past performance. Neither past performance nor projections are a reliable indicator of future results.

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WHAT WE DO

The **SBS Later Stage EIS Fund** supports up to **eight promising companies** in the transition from scale-up to larger scale commercialisation.

The companies we select to invest and assist in this challenge have applied technology to change existing or grow new markets. They will normally have **several years of revenue and 15-40 employees** when we invest.

Our name is our practice. We work Side by Side with investors and founders to achieve outstanding returns.

THE SBS LATER STAGE EIS FUND INVESTS IN COMPANIES WITH:



Strong customer endorsement.



Companies that are reasonably valued, and where the founders already have significant personal investments in the company (not just sweat equity).

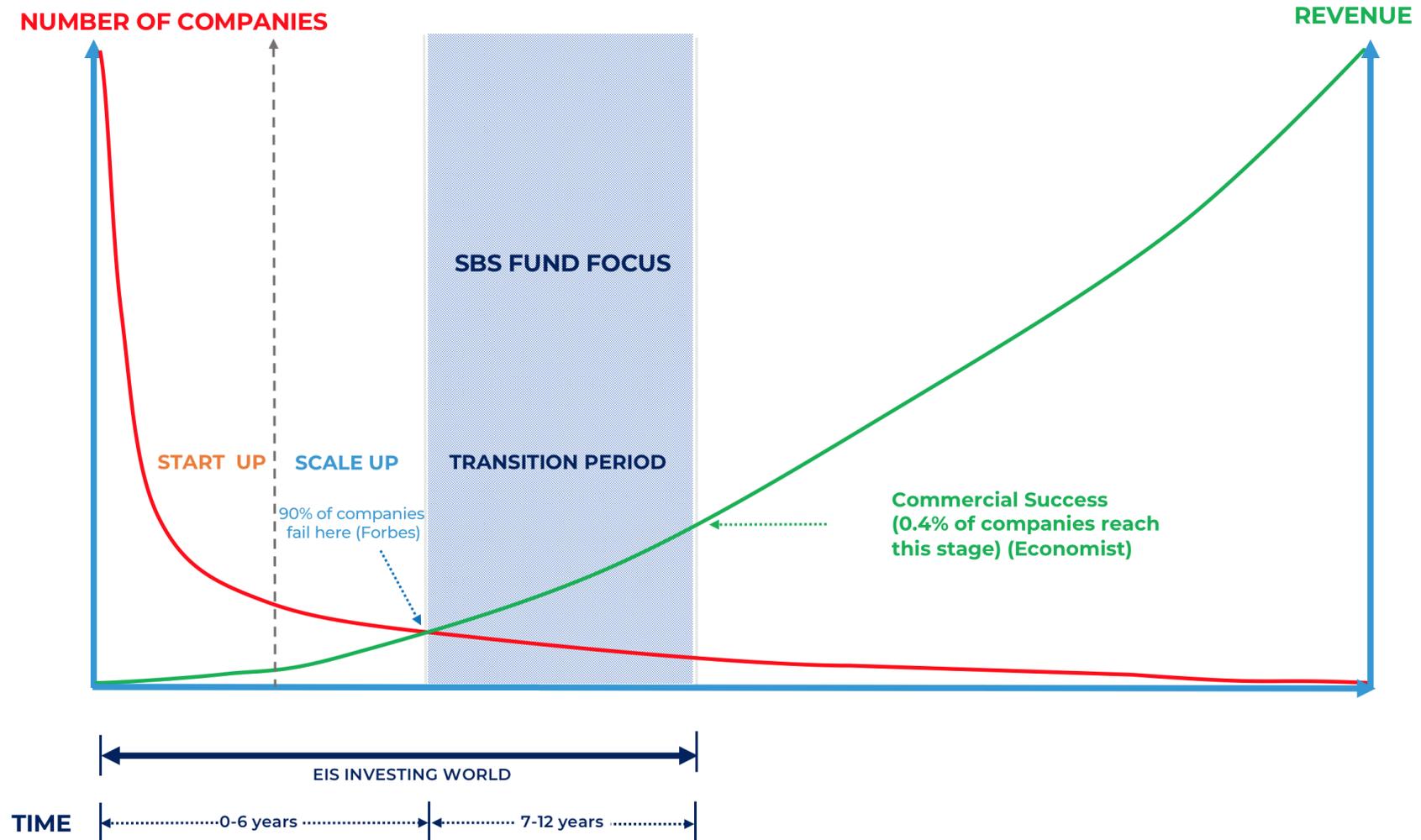


Fast growing companies that are typically making £1 million to £5 million in revenue.



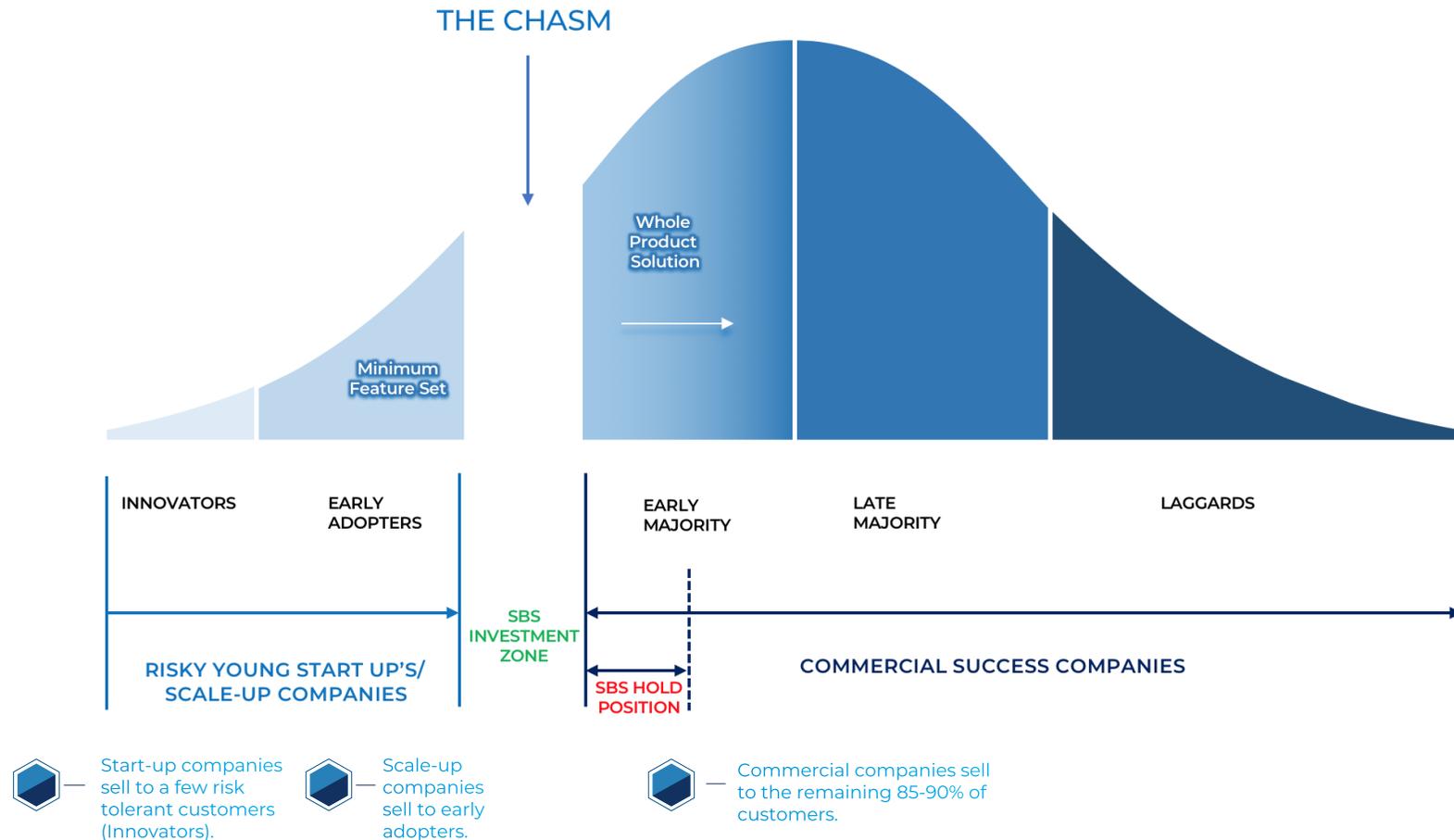
Companies which have a significant commercial market opportunity.

OUR FOCUS - RELATIVE TO THE COMPANY LIFE CYCLE



OUR INVESTEE COMPANY MARKET FOCUS

Differing types and volumes of customers adopt products/services at different stages of a company's maturity.



THE SIDEBYSIDE UNIQUE VALUE

We help the companies we invest in to 'Cross the chasm' and reach commercial success by meeting with the management teams of our companies up to two days a month each to ensure they receive the regular access to the relevant advice they need to meet operational, financial, management, strategy, personal and governance challenges.

THE EXPERIENCE THAT FORGED OUR MODEL



Dendrite (Nasdaq: DRTE):

- Founder and grew to over \$420million in revenue by 2006 (sold \$780million)



EKR:

- Turnaround CEO of a hospital pharmaceutical company (sold \$125million)

INVESTMENT EXPERIENCE:

- 30+ corporate acquisitions
- 14 private investments in the US
- 5 private investments in the UK

FUND EXPERIENCE:

- Co-founded the New Jersey Tech Council start-up fund (Sold 3.9x)
- Investment adviser and Company Director for:
 - Edison IV and V (Sold 2.5x)
 - Updata 2 and 3 (Sold 2x)
 - Blackbird 1 (Part Sold 5x)

SOME NOTABLE EXAMPLES AND LEARNINGS:

• THE GOOD:

InstaMed – hospital payments (sold for \$500million),

Systech – secure packaging (sold for \$156million)

• THE BAD:

Enclothed – clothes for men (sold out early 1.5x),

Untethered – security for hospital computers (zombie)

• THE UGLY:

Fuss Free Technologies – phones for the elderly (zero return – CEO failure),

Bluum – box subscription service (closed/ recovered investment – company did not change with the market)



THE SBS LATER STAGE EIS FUND - UNIQUELY FOCUSED ON A WELL KNOWN PROBLEM

Focused on addressing the challenges to UK companies as they grow (as identified by the UK Government)

“Many of our innovative businesses...do not grow to be substantial”

HM Government: Industrial Strategy White Paper, Pg 62 (November 2017)

“Fewer than one in 10 firms that obtain seed funding in the UK go on to receive later stage fourth round investment”

The Guardian referring to the HM Treasury Consultation (2017), Pg 22 (August 2017)

“Although we score third globally in an OECD ranking of the number of startups created, we don't make it into the top ten when it comes to businesses that grow into established, medium-sized companies that have a lasting impact on our economy”

The Independent, referring to the OECD Global Rankings, 2017

EIS INVESTING IN THE TRANSITION PHASE - SIX FEATURES OF THIS DIFFERENT ANIMAL

1

High Touch: Company management need **support** in the form of daily **operational** and **strategy** advice.

2

New Challenges:

Companies reaching this stage have previously focused on **developing** their product or service. This phase is about **commercialising** and becoming customer centric.

3

Exits: The big risk at this stage is a **premature** exits when the founder loses confidence. They must be supported to reduce this risk of a poorly planned exit.

4

Progressive Funding:

Funding is usually on a immediate business and financial plan (<18months). Reaching planned targets releases new funds.

5

Diligence:

Real diligence includes financial, legal, governance, organisation, manufacturing, customers and key employees. The end result should be a plan of action of what to improve immediately and over the next three years.

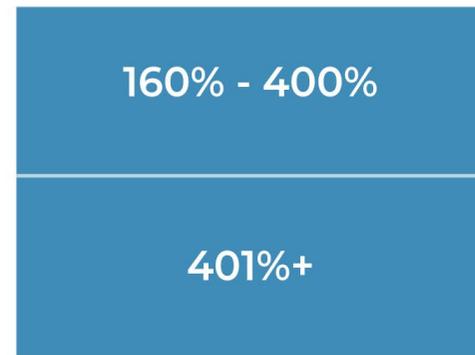
6

Value: Buy on a **revenue** multiple. Not dreams.

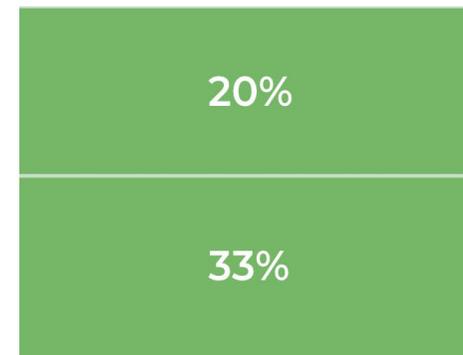
OUR SUCCESS FEES REWARD US ONLY AFTER DELIVERING OUTSTANDING RETURNS TO INVESTORS

We don't sell early. We try to just say 'No'.

PERFORMANCE HURDLE



SUCCESS FEE



Value added tax will be charged where applicable

FULL TRANSPARENCY FOR OUR INVESTEE COMPANIES

Initial Costs:

- Investee Companies will pay an initial capital raise fee of 3%

Annual Charges:

- Investee Companies will pay an annual administration charge of 2%

Other Fees:

- Investee Companies will pay a dealing charge of 0.5% on purchases and sales of shares

Value added tax will be charged where applicable.

AS A LATER STAGE EIS FUND, WE CENTRE OUR OPERATIONS AROUND THESE FEATURES AND WE SHARE EACH COMPANIES PROGRESS WITH INVESTORS

- **Quarterly financial reporting of each company.**
- **Half yearly management reports.**
- **Annual third party external assessments of each company and its progress.**

THE TEAM



John Bailye
Managing Director

An Australian, who moved to the United States in 1987, John co-founded and assembled the team that grew a start-up to a billion-dollars in market cap (formerly on Nasdaq: DRTE) with nearly 3,000 employees. He sponsored and co-founded the New Jersey Technology Council, now with 1,500 entrepreneurs as members, which is aimed at creating an exchange for entrepreneurs' experiences and ideas. John has personally been investing in early stage companies for many years.



Ben Ashworth
Portfolio Manager

Ben joined the SidebySide Partnership in a series of roles that have taken him from the critical assessment of possible investee companies to the breadth and depth of the private capital due diligence process and the management of investee companies. Ben is usually the main contact for all investee companies and is commonly at business functions introducing the SidebySide Partnership to investors and potential investee companies.



Marina Corsini
Head of Investor Relations

Marina has recently joined the SidebySide Partnership as Head of Investor Relations and will be the main contact for all existing and new investors. Marina has more than 10 years of experience across tax efficient schemes coupled with traditional fundamental value and global macro funds.



Sheli Gupta
Portfolio Company Mentor

Sheli is a serial entrepreneur with a passion for taking ideas and bringing them to life, with a focus on software. He began his entrepreneurial journey at the tender age of seven learning the whole lifecycle of door hinge manufacturing in the family business in Nairobi, Kenya, followed by selling school punishment lines at boarding school in the U.K., and ultimately starting, growing, and selling a number of software companies in the USA. Sheli will be working with the Side by Side Partnerships Portfolio Companies and mentoring them as they grow.



Alicia Taylor
Portfolio Development

Alicia is responsible for Portfolio Development at the SidebySide Partnership and is deeply involved in the early analysis and review of prospective companies. Alicia previously worked within the Specialist Finance and UHNW Discretionary Portfolio Management divisions at Barclays Wealth & Investments, as part of the Graduate Scheme. Alicia has completed Level I of the CFA and also holds the Investment Management Certificate (IMC). Alicia is the initial point of contact for all Investee Companies and helps them through the review and investment process at the SidebySide Partnership.



Martin Fox
Marketing Advisor

Martin has had a career in financial services marketing. This has included a range of roles at Legal & General, Marketing Director at Prolific, and General Manager Marketing at Pearl Assurance. He then became Managing Director of the strategic marketing arm of a London agency. Today he is Managing Director of Bulletin Marketing, a specialist financial services marketing consultancy. Clients include banks, investment companies, EIS managers, industry analysts, investment platforms and wealth managers. He is heavily involved in the tax efficient market, working for the EIS Association, which includes chairing their Research, Education and Marketing Committee.

SOME OF OUR VALUED CURRENT EXTERNAL EXPERTS



**Barbara
Spurrier**

Barbara Spurrier and her partners at CFPro will support the investee companies with a wide range of specific skills in accounting, finance and administration/governance, supplied for short or longer terms as demanded by the Fund's growing companies.

This ensures that they have the critical, yet constantly changing repertoire of skills available to step in and guide them over time.

Industry expertise amongst her partners ranges from technology to media, fast-moving consumer goods, healthcare and retail. She will engage with the Investee Companies from the earliest days to prepare them for a public listing if that is the chosen path.



**Rodrigo
Jesus**

Rodrigo Jesus, a partner at One Vision, is an international serial entrepreneur, with experience primarily in technology, ranging from acquisition to capital raising, strategy, operational development, distribution and exits.

He will be a key strategic and operational resource to investee companies and is part of our review and selection team who make the early decisions to proceed with a company through the due diligence process and ultimately to the investment committee.

He will ultimately be a resource to oversee and guide selected teams who assist the investee companies.



**Grant
Allen**

Grant Allen, who is also a partner at One Vision, is a specialist in software design and works with teams to help them sell and deliver software.

As one of the early designers of the product that became Google Maps, Grant has worked for many years as a Google resource to guide and direct promising software companies.

Grant's insight into computer support and IT functional structures are critical capabilities that form part of the due diligence process.

Grant may stay engaged with the investee companies for their early days post-funding, to guide any systems redesign as well as operational and sales structures.

FUND FACTS

The Start-Up phase is about product development. The Scale-Up is not a phase, it is the start of a “long and patient process of getting a new technology to market” (pg 62, Industrial Strategy White Paper).

FUND NAME: The SBS Later Stage EIS Fund

STRUCTURE: An unapproved EIS Fund, which makes investments into companies that qualify for EIS.

MAXIMUM FUND SIZE: No maximum, as the Fund is an evergreen structure (subject to the absolute discretion of the AIF Manager).

INVESTMENT OBJECTIVE: The Fund will seek to invest in up to eight later stage transitional companies with an established customer base and revenue. In addition to the eight transitional companies in the Fund we may also, very occasionally, make small investments in a few earlier stage companies if we believe the management and strategic opportunity might mature to make them future Fund members. All companies will be companies that qualify for EIS that are located primarily in the United Kingdom or will qualify for EIS by having a permanent establishment in the United Kingdom.

INVESTMENTS MANAGER OR SBS: The SideBySide Partnership International Limited: Stag Gates House, 63/64 The Avenue, Southampton, Hampshire, S017 1XS.

AIF MANAGER: Sapphire Capital Partners LLP: 28 Deramore Park, Malone, Belfast, BT9 5JU.

TARGET FUND SIZE: A target of at least eight companies that qualifying for EIS (typically investing from £200,000 to £1,000,000 per company per tranche).

DURATION: The expected life of an investor’s portfolio in the Fund is eight years.

MULTIPLE CLOSING DATE: The Fund can accept investments throughout 2020/2021.

Please note that Investors who invest in the Fund later may not always be invested in the same Investee Companies as earlier Investors. Therefore, Investors may not hold shares in all the Investee Companies in which the Fund invests and earlier Investors will have different portfolios from later Investors.

FOLLOW-ON INVESTMENTS: The Fund has discretion to use moneys raised from Investors as follow-on investments in Investee Companies in this Fund.

WHAT IS AN EIS FUND

This is not a capital structure fund. It is an EIS fund, which holds many benefits for investors who qualify for the EIS. For example:

- 30% income tax relief on amount subscribed (up to £1 million)
- 100% inheritance tax relief after two years
- EIS Capital Gains Tax deferral for life of the investment made
- 100% tax free growth (assuming income tax relief has been given)
- Loss Relief (loss of shares disposed can be set against an Investor's income or capital gain to reduce tax)
- Business Investment Relief (no taxable remittance for foreign income or gains brought into the UK from offshore for qualifying investments for certain UK resident non-domiciled investors)

SUMMARY

This is a Fund formed by our personal experiences and consequential personal investment practices.

- **Our Fund** supports up to **eight promising companies** in the transition from scale-up to larger scale commercialisation.
- **Our model is demanding and only suits the most ambitious companies.**
- Our success fee structure highlights our ambition to make great returns. When we are successful, we, the company, and the investors all prosper.

thesidebyside

PARTNERSHIP



17 Carlton House Terrace, St. James's,
London, SW1Y 5AS



+44 207 993 8686



www.thesidebysidepartnership.com



london@thesidebysidepartnership.com