



THALESNano

If the UK would be the gate to the world markets, would you be hesitating to enter it?

Gergely Darvas, Co-Founder and Board Member, ThalesNano Inc.
Founder, Vice President, Spinoff and Startup Association

Business Opportunities for Hungarian Companies in the UK,
UKTI Inward Investment Seminar
Budapest, 16th October 2013

An R&D oriented innovation holding

- A number of corporations in Hungary, USA, UK,
- Ca. 130 employees , 90% M.Sc, 5% Ph.D, 90 % of the R&D capabilities are in Hungary
- Export to more than >50 countries, ca. 1,500 clients, >90% of the revenue comes from export

"Good reactions"™

4 R&D and focus centres

- Nano-biotechnology
- Microfluidics/flow chemistry
- Drug discovery
- Natural healthcare products and cosmetics

Our core competency is disruptive innovations with 25 years track record

- Disruptive innovations are providing radically better solutions, therefore eliminating („disrupting”) earlier technologies
- ComGenex’s Matrix Technology, ThalesNano’s H-Cube, Druggability Technology’s Nanoactive technology were valuated by the market as disruptive technologies

Expansion strategy: spinout new start-ups, grow with investors, reinvest exit funds

- Developing new technologies ca. 5 per year
- These technologies have to based on strong intellectual property (IP) position
- Learned to negotiate with investors, acquired private placement and VC so far
- Successful exit money reinvested into new start-ups

- Founded in 2002
- Spinoff Corporation from ComGenex, that time Europe's largest privately owned combinatorial chemistry company
- Pioneer in developing the first safe bench-labscale hydrogenation reactor :
 - We made the reaction 100x faster
 - Safer
- Sales offices in the UK, US East Coast and in the West Coast. Distributors in 60 countries
 - We started our international expansion with the UK – in 2006 it was a large enough market to enter
 - In 2008 we had three sales persons in the UK plus service engineers
 - Then the US and international distribution were followed
- Became market leader in flow chemistry technology and in flow chemistry application development, market share over 60%, cumulative growth with USD1, 3, 9 million revenue
- Number of employees: 30 (used to be 70 in 2008)
- Number of PhD's: 5
- Development, production, sales and service of flow chemistry instruments and consumables from mg scale up to kg scale (in laboratories and in scale-up facilities). Also development of customized instruments of the same category

"Good reactions"™



Agrochemical



Flavors
& Fragrance



Pharmaceutical
Biotech



Petrochemical

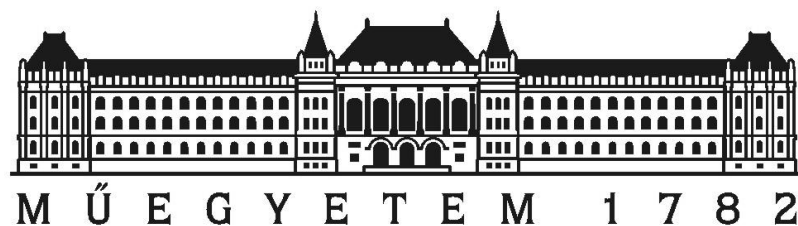


"Food reactions"
Food,
Forensics

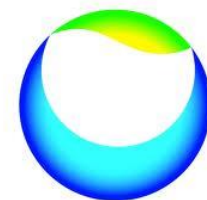


- 2005** Chicago based R&D 100 Innovation's Oscar Award
- 2006** Hungarian Innovation Award
- 2007** The Fastest Developing Venture,
Hungarian Venture Capital Association
- 2008** Deployed in Top 20 Pharma companies
- 2009** NATO Certificate acquisition
- 2010** Millennium Award, Hungarian Patent Office

Who are our customers? (>700 worldwide)



DR. REDDY'S



Daiichi-Sankyo

- 20 out of 20 Top Pharmaceutical
- 5 out of 10 agrochemical companies
- 4 out of Top 5 Fragrance companies
- Petrochemical emerging
- International R&D Top 100 Award Winner!
- Over 150 publications

Everyone can have his own answer to this question, but ours are

"Good reactions"™

1. **Wide range of domestic support to SMEs in the UK**

- Access to pharma sites with infrastructure, research labs, equipments
- Grants and other funding supports
 - 1) **RISK SHARING FUNDING MODEL** Collaborations offered by the NIHR Office for Clinical Research Infrastructure (NOCRI) NOCRI has been set up to help public, charity and **industry research funders** work in partnership with NIHR infrastructure. Equally, it ensures that NIHR-supported Centres, Units, Facilities and Networks can work together to help drive the flow of innovative research for patient benefit. <http://www.nihr.ac.uk/infrastructure/Pages/nocri.aspx>
 - 2) **Biomedical Catalyst Fund** The £180 million Biomedical Catalyst, announced by David Cameron in December 2011, will see the Medical Research Council and the Technology Strategy Board working together to provide responsive and effective support for the best life science opportunities arising in the UK. Support through the Biomedical Catalyst is available to UK businesses (SMEs) and academics looking to develop innovative solutions to healthcare challenges either individually or in collaboration. <http://www.innovateuk.org/content/competition/biomedical-catalyst.ashx>
 - 3) **The Health Tech and Medicines KTN** is dedicated to accelerating innovation & technology exploitation in the broad health industries sector. www.connect.innovateuk.org/web/healthktn
- Various incentives from local authorities to occupy empty research sites
- Highly skilled and experienced research workforce is available – unlike in Hungary – in new scientific areas like nanoisation is crucial
- Patent BOX incentives for bringing IP into the country and grow business based on this („To provide an incentive for companies to retain and commercialise patents in the UK and to develop new innovative patented products here „)
 - 10% corporate tax for the patent relevant cost items
 - On GBP 100, tax authorities adds further GBP100 tax credit (our tax advisor's interpretation)

Why export to and invest into the UK?

Everyone can have his own answer to this question, but ours are

"Good reactions"™

2. Continuous help to enter the local market

Example 1: Our nanocosmetic brand (just introduced to the Hungarian market) received help from UKTI

- local market research, helping establish branding and market positioning
- match-making with distributors

Example 2: ThalesNano Group was introduced to a large pharma site to rent lab facility at eased rate and in case creating jobs, further support and incentives



3. We consider the UK as a gateway to the world market as well

"Good reactions"™

- Considering to establish world commercial centre for the nanocosmetics business
- Still within range for quick meeting – 9 a.m. meeting in London is possible, lots of US East Coast businessmen are happy to meet in London, but won't travel further
- We collected very positive experience on running a small company there
- Close, easy to manage a company / EU regulations apply
- Transparency, minimal bureaucracy, you can register a company within a day

4. Investing is also quick and simple

- Investment environment is safe, lawyers, advisors are prepared to handle small but large scale transactions as well
- Companies who go there can be listed in the AIM (UK's version of NASDAQ), a potential exit for VC investors
- We have completed a transaction within 3 months of first seeing the business plan, into a Cambridge based biotech venture

ALL IN ALL, WE DID NOT HESITATED TO EXPAND WITH THE HELP OF THE UK



THALESNano

Thank you very much for your kind attention!

gdarvas@thalesnano.com