NetScientific plc

("NetScientific" or "NSCI" or the "Company" or the "Group")

Interim Results for the six months ended 30 June 2023

NetScientific plc (AIM: NSCI), the deeptech and life sciences VC investment group, is pleased to announce its interim results for the six months ended 30 June 2023.

Commenting on the results Dr. Ilian Iliev, CEO of NetScientific, said:

"*During the first half of 2023* we *have made significant progress and achieved important milestones as we continue to successfully execute on our 'evergreen' strategy, covering core operating costs through a combination of corporate finance fees and value creation services fees via our wholly owned subsidiary, EMV Capital. We have also demonstrated our ability to generate profitable partial exits from our portfolio, even in the absence of a strong M&A or IPO market. Despite challenging capital markets, third-party syndicated investments have played a pivotal role, with EMV Capital syndicating funding of £5.6 million to support ten of our portfolio companies.*

"This essential funding for our portfolio companies has helped to facilitate the execution of their growth strategies and preparations for forthcoming scale-up investment rounds as well as supporting the appreciating fair value of NetScientific's direct holdings. In such a challenging venture capital landscape, characterised by macroeconomic volatility and industry fluctuations, our in-house fundraising capacity distinguishes us from many of our peers."

Operational and Financial Highlights

- Total Income: £1.15m, an increase of c.64% (H1 2022: £0.7m), of which the majority is from the 'core' services provided by NetScientific and EMV Capital.
- Group losses: from operations decreased slightly to £1.6m (H1 2022: £1.7m).
  - Core Company and EMV Capital losses £0.4m (H1 2022: £0.7m).
  - Losses at both subsidiary portfolio companies, Glycotest and ProAxsis, have increased, reflecting further investments made by them in their growth strategies.
- Fair Value and Net Assets: Portfolio valuation of £35.5m (2022: £41.8m) and net assets of £18.1m (2022: £25.2m), with the decreases mainly due to the decline of the PDS Biotechnology share price to $5.03 (at 30 June 2023) from $13.20 (at 31 December 2022). These declines were offset by a £3.1m (11%) improvement in fair value in the non-listed portfolio, including the following significant changes:
  - Vortex Biotech Holdings up from £0.7m to £2.8m (a 300% increase of £2.1m).
  - DName-iT up from £0.1m to £1m (a 900% increase of £0.9m).
  - Q-Bot up from £3.8 to £4.1m (an 8% increase of £0.3m).
- Capital Under Advisory (CUA): Increased c.11% to £26.1m (2022: £23.5m), providing significant and growing potential future profit for the Group from future realisations through performance fee arrangements.
- Profitable Partial Exits: A total of £117,000 profitable partial exits of the Group's position in certain portfolio holdings, with further profitable sales post-balance sheet leading to total proceeds of £895,000 in the year to date. As well as providing non-dilutive funding to the Group, this demonstrates our strategy and underpins valuations.
- Value Creation Services: Ongoing programs to accelerate several of our portfolio companies through to value inflection points that offer strong prospects for further fair value increases in the next 12-18 months, and the potential for exits.

Summary and Outlook

Our strategic focus includes the advancement of our sustainable business model and boosting the Net Asset Value and fair value of our portfolio companies. This creates the potential for substantial investment returns from our maturing portfolio through targeted growth and profitable exits. In particular, our objectives include:

- **Value Creation**: We are actively progressing a few of our portfolio companies through value creation stages, ensuring they achieve their full potential.
- **External Funding of Portfolio**: We are facilitating and syndicating external funding for our portfolio companies, to accelerate growth and development. This also generates advisory, commission and performance fee opportunities.
- **Proactive Portfolio Management**: We maintain a proactive approach to portfolio management, protecting our positions while supporting management in their business plan execution.
- **Increased Fee Generation**: We are actively working to enhance our fee generation capabilities, ensuring a sustainable revenue stream to support our growth objectives.
- **Selective Group Divestments**: We are strategically evaluating our portfolio to identify opportunities for selective divestments, allowing us to optimise our holdings and obtain investment returns.
- **Funds Practice**: We are exploring new fund opportunities in line with our growth strategy.

In the first half of this year, we have made significant strides toward our strategic objectives, positioning ourselves for further revenue and balance sheet growth in 2024. We remain confident about the prospects of our Group, driven by a robust investment model, and a strategic vision that positions us at the forefront of the deeptech and life sciences VC industry.

Investor Meet Company Presentation

The Company will provide a live presentation relating to the Interim Results via Investor Meet Company on 3 October 2023 at 11:00 a.m.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9:00 a.m. on the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet NETSCIENTIFIC PLC via:

https://www.investormeetcompany.com/netscientific-plc/register-investor

Investors who already follow NETSCIENTIFIC PLC on the Investor Meet Company platform will automatically be invited.

The person responsible for arranging the release of this announcement on behalf of the Company is Ilian Iliev, Chief Executive Officer of the Company.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE UK VERSION OF REGULATION (EU) NO 596/2014 WHICH IS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

-ends-

For more information, please contact:

NetScientific

Dr. Ilian Iliev, CEO	Via Belvedere Communications

WH Ireland (NOMAD, Financial Adviser and Broker)

Chris Fielding / Darshan Patel	+44 (0)20 7220 1666

Belvedere Communications

John West / Llew Angus +44 (0) 203 008 6867

Email: nsci@belvederepr.com

About NetScientific

NetScientific plc (AIM: NSCI) is a deeptech and life sciences VC investment group with an international portfolio of innovative companies.

NetScientific identifies, invests in, and builds high growth companies in the UK and internationally. The Company adds value through the proactive management of its portfolio, progressing to key value inflection points, and delivering investment returns through partial or full liquidity events.

NetScientific differentiates itself by employing a capital-efficient investment approach, making judicial use of its balance sheet and syndicating investments through its wholly owned VC subsidiary, EMV Capital. The group secures a mixture of direct equity stakes and carried interest stakes in its portfolio of companies, creating a lean structure that can support a large portfolio.

NetScientific is headquartered in London, United Kingdom, and is admitted to trading on AIM, a market operated by the London Stock Exchange.

www.netscientific.net

CHIEF EXECUTIVE OFFICER'S STATEMENT

Overview

I am delighted to present an update on NetScientific's progress during the first half of 2023. Our commitment to becoming a prominent deeptech venture capital investor in the life sciences, sustainability, and industrials sectors, both in the UK and internationally, continues to drive strong results across our business and portfolio companies.

Operational Highlights

Within our own business we have made significant progress and achieved a number of key milestones, including:

- Successfully executing our 'evergreen' sustainable strategy, covering core operating costs through a combination of corporate finance fees, value creation fees, and profits from partial exits of portfolio holdings.
- NetScientific has shown a reduction in losses during this period, attributed to our capital-efficient model, while EMV Capital has remained profitable. As a result, we have no immediate need to raise capital through Company share placements.
- Substantial operational progress including expanding our team, improving our 'playbooks', and continuing to enhance our fund management practice.

In our portfolio companies:

- Syndicated investments have played a pivotal role, with EMV Capital syndicated investors contributing £5.6m in third-party syndicated investments to support ten portfolio companies, of which £2.6m was added to CUA.
- EMV Capital's fundraising support has secured essential funding for our portfolio companies and facilitated the execution of their growth strategies and preparations for forthcoming scale-up investment rounds. It has also substantially contributed to the appreciating fair value of NetScientific's direct holdings.
- Despite a 15% decrease in fair value, primarily attributed to the decline in the share price of NASDAQ-listed PDS Biotechnology, we have seen strong gains in the valuations of several other portfolio companies where we have been proactively engaged. This validates our investment strategy of portfolio diversification and active management.

- Value creation programs are ongoing to support and accelerate a cohort of our portfolio companies as they progress towards key value inflection points. This provides strong prospects for further fair value increases in the next 12-18 months and increases the prospects for profitable exits.

Financial Highlights

Reflecting our venture capital model, we report on both the 'core' operations of our Group (composed of NetScientific and EMV Capital), and our 'portfolio subsidiaries' (Glycotest and ProAxsis). We treat the latter as separately managed portfolio companies, each now supported by external investors.

- Total income was £1.15m, an increase of c.64% (H1 2022: £0.7m)
    - Income from the 'core' of NetScientific and EMV Capital increased by c.100% to £1.0m (H1 2022: £0.5m), primarily from the near doubling of EMV Capital revenues.
    - A total of £117,000 profitable partial exits of the Group's position in certain portfolio holdings, and further such exits post-balance sheet period leading to total proceeds of £895,000 in the year to date. As well as providing non-dilutive funding to the Group, this demonstrates our strategy and underpins valuations.
- Group losses from operations decreased slightly to £1.6m (H1 2022: £1.7m).
    - Losses from operations at the 'core' decreased by c.43% to £394,000 (H1 2022: £695,000), with EMV Capital achieving a modest profit.
    - Losses at both subsidiary portfolio companies, Glycotest and ProAxsis, have increased, reflecting further investments made by them in their growth strategies. While these losses are consolidated at Group level, the companies are funded by third party sources and therefore do not require further funding from the 'core'.
- The Directors' valuation of the Company's portfolio (fair value) has decreased by 15% to £35.5m (2022: £41.8m) and net assets reduced to £18.1m (2022: £25.2m).
    - These decreases are mainly due to the decline of the PDS Biotechnology share price to $5.03 (at 30 June 2023) from $13.20 (at 31 December 2022).
    - These declines were offset by a £3.1m (11%) improvement in fair value in the non-listed portfolio, including the following significant changes:
        - Vortex Biotech Holdings up from £0.7m to £2.8m (a 300% increase of £2.1m)
        - DName-iT up from £0.1m to £1m (a 900% increase of £0.9m)
        - Q-Bot up from £3.8 to £4.1m (an 8% increase of £0.3m)
- CUA increased c.11% to £26.1m (2022: £23.5m), providing growing potential future profit for the Group from future realisations.
- Working capital management remains prudent. The Group ended the period within an existing £200,000 bank overdraft facility, with a negative net cash balance of £93,000. The net cash position is £296,000 as of 26 September 2023. The Group has a further c.£5.2m held as readily realisable quoted securities as at 26 September 2023.

Portfolio Review

Summary

Despite continued headwinds in the venture and capital markets, our portfolio has seen some strong fundraising results, continued progress through value inflection points, and fundraising support by EMV Capital. Following our capital-efficient investment model, the portfolio consists of a combination of direct investments and CUA, as summarised in the table below.

Portfolio Company	Country	Sector	Stage	Group Stake (%)	CUA (%)	Fair Value (m)		CUA (m)	
						Jun 2023	Dec 2022	Jun 2023	Dec 2022

EMV Capital	UK	Venture capital	Sales	100%	-	£3.5	£3.5	-	-
Glycotest	US	Liver cancer diagnostics	Late clinical	62.5%	3.0%	£11.0	£11.0	£0.3	-
PDS Biotechnology -Nasdaq Listed	US	Immuno-oncology	Late clinical	4.3%	-	£5.3	£14.7	-	-
Q-Bot	UK	Robotics	Sales	18.6%	33.9%	£4.1	£3.8	£4.5	£4.4
ProAxsis	UK	Respiratory diagnostics	Sales	100%	-	£3.5	£3.5	-	-
Vortex Biotech Holdings Ltd	UK/US	Liquid biopsy oncology	Sales	25.0%	13.9%	£2.8	£0.7	£1.6	£0.7
EpiBone	US	Regenerative medicine	Early clinical	1.5%	0.4%	£1.1	£1.2	£0.2	£0.2
DName-iT	BEL	Lab technology	Pre sales	36.9%	14.8%	£1.0	£0.1	£0.4	£0.1
SageTech Medical Equipment	UK	Waste anaesthetic	Sales	5.4%	25.9%	£0.9	£0.9	£3.9	£3.8
Sofant Technologies	UK	Semiconductors satellite coms	Early sales	1.7%	30.5%	£0.5	£0.4	£5.3	£4.3
FOx Biosystems	BEL	Research equipment	Sales	3.2%	-	£0.4	£0.6	-	-
CytoVale	US	Medical biomarker	Late clinical	1.0%	-	£0.4	£0.4	-	-
G – Tech Medical	US	Wearable gut monitor	Early clinical	3.8%	-	£0.4	£0.4	-	-
Martlet Capital	UK	Venture capital	Investing	1.3%	7.7%	£0.3	£0.3	£1.3	£1.3
PointGrab	IL	Smart building automation	Sales	0.5%	21.0%	£0.1	£0.1	£4.1	£4.1
QuantalX Neuroscience	IL	Medical diagnostics	Late clinical	0.4%	-	£0.1	£0.1	-	-
Ventive	UK	Heat pumps and passive ventilation	Sales	18.4%	35.3%	£0.1	£0.1	£0.1	£0.1
DeepTech Recycling Limited	UK	Recycling	Pre sales	30.0%	-	-	-	-	£0.5
Oncocidia	BEL	Cancer therapeutics	Early clinical	31.3%	-	-	-	-	-
Wanda Health	UK/US	Digital health monitoring	Sales	-	90.4%	-	-	£3.6	£3.2
Nanotech Industrial Solutions	US	Material science	Sales	-	-	-	-	£0.8	£0.8
TOTAL	-	-	-	-	-	**£35.5**	**£41.8**	**£26.1**	**£23.5**

Note: The 'Group stake %' amounts show direct holdings of the Group in the issued share capital of each relevant company at 30 June 2023. These percentages are likely to be diluted by future events, such as future dilutive investment rounds, exercise of management options, and the conversion of convertible securities.

The combination of direct and capital under advisory investments gives the Group a greater influence in the portfolio companies, access to follow-on funding through other investors, and enables greater financial and value-added support for the portfolio companies.

The amounts under capital under advisory are associated with carried interest or profit share agreements, typically between 10% and 20%. While it is difficult to value or estimate the current value of these stakes, for demonstration purposes an average 2x portfolio return on the capital under advisory of £26.1m would result in carry returns to EMV Capital of over £4.5m.

Selected portfolio company highlights

Glycotest, Inc. ("Glycotest") (https://www.glycotest.com/) – 62.5% direct stake / 3% CUA

- Glycotest is a liver disease diagnostics company commercialising new and unique blood tests for life threatening liver cancers and fibrosis-cirrhosis. The Philadelphia-based company has exclusive, world-wide rights to over 50 patent-protected serum protein biomarkers, assay technology, and biomarker panels and algorithms that exploit novel sugar-based disease signals. Fosun Pharma, a leading global pharmaceutical company, is a co-investor in the business, and has a licence for the distribution of the product in China.
- In August 2023 Glycotest completed subject enrolment and sample collection in its HCC Panel clinical validation study.
- With one of the world's largest databanks in the liver cancer study space, Glycotest is now positioned to complete sample assays and data analysis when validated assays are available with the objective of establishing the effectiveness of the HCC Panel test for the identification of patients with curable early-stage liver cancer.
- Troubleshooting of the HCC Panel assays by an expert contract lab was completed earlier in 2023 and a way forward to revised assays has been identified. Delivery of effective assays for the HCC Panel is a priority for 2024.
- The Company continues to explore avenues for commercialisation, having established important relationships with multiple key clinical opinion leader sites through the HCC Panel clinical validation study.
- Glycotest continues to work closely with Fosun Pharma for the successful development and realisation of returns from the business, including through commercialisation of licensed products in China.
- In line with NetScientific's capital-efficient approach, in May 2023 EMV Capital launched a third party fundraising program to raise up to $1m to complement funding provided by Fosun Pharma. To date $495,000 has been raised for such fundraising program, though a secured convertible loan agreement.

PDS Biotechnology Corporation ("PDS") (https://www.pdsbiotech.com/) (PDSB: NASDAQ) – 4.3% direct stake

- PDS Biotech is a clinical-stage immunotherapy company focusing on cancer and infectious diseases. Using its Versamune® technology, it develops therapies and vaccines that activate T-cells and enhance immune responses. Its primary focus is on HPV-related head and neck cancers. PDS Biotech has four Phase 2 trials with partners such as Merck, the National Cancer Institute, MD Anderson, and Mayo Clinic, and an infectious disease vaccine program. The company also plans to launch a Phase 3 clinical trial for one of its programs.
- NetScientific backed PDS Biotechnology in 2014 prior to its NASDAQ listing.
- PDS has continued to make progress in 2023 in its ambitious clinical development program, including:
  - Conclusion of an exclusive global license agreement for Investigational IL-12 Tumor-Targeted Cytokine from Merck KGaA, Darmstadt, Germany (January 2023).
  - Successful meeting with FDA for triple combination of PDS0101, PDS0301 and a commercial immune checkpoint inhibitor (February 2023) and announcement of plan to initiate a Phase 3 study evaluating PDS0101 in combination with KEYTRUDA® in head and neck cancer (March 2023).
  - Presentation of interim data at the leading 2023 American Society of Clinical Oncology (ASCO) annual meeting, demonstrating a 12-month overall survival rate of 87% (June 2023).
  - Addition of PDS Biotech to Russell 2000® and Russell 3000® Indexes (June 2023).
- The period has been characterised by continued weakness in the US biotech public markets, and respectively PDS' share price has remained at relatively low levels.

ProAxsis Ltd ("ProAxsis") (https://proaxsis.com/) – 100% direct stake

- ProAxsis is a commercial medtech company, with a focus on respiratory diagnostics, a growing global health burden. ProAxsis uses its proprietary ProteaseTag® technology to develop laboratory-based assays and rapid point-of-care tests for the measurement of inflammatory biomarkers associated with chronic respiratory diseases such as Chronic Obstructive Pulmonary Disease (COPD), cystic fibrosis and bronchiectasis. The company is a spin-out of Queens University Belfast.

- ProAxsis continues to benefit from ongoing sales of its Neatstik product, and several potential contracts for lab services with global pharma in the pipeline.
- Following a strategic review at the start of the year, the ProAxsis board determined to refocus the company on its core respiratory capabilities, cutting out non-core activities, pausing its US laboratory initiative, and implementing various related team and cost reduction measures resulting in c.50% decreased cost base.
- The company has recently appointed Alan Markey as its new Chair. Alan brings 25 years' executive experience in the international pharmaceutical and medical devices sectors, and specific experience in taking diagnostic products to market.
- ProAxsis is now developing a highly novel, digitally-enabled version of the company's point-of-care test (NEATstik®) for ongoing monitoring of patients with chronic respiratory disease. To accelerate this, it is exploring a partnership with telehealth specialist Wanda Health, another portfolio company.
- To support this development program, the company is partnering with clinical experts at Imperial College, London, one of the largest COPD expert centres in the world.
- The £500,000 loan facility provided by AB Group in February 2023 remains in place.
- In line with NetScientific's capital-efficient approach, in July 2023 EMV Capital launched a third party fundraising program to raise up to £500,000. To date c.£200,000 has been raised under such fundraising program, though a convertible loan agreement, including £35,000 from ProAxsis directors.
- The company also won grants of £100,000 and £30,000 from the Regional Economic Development Agency for NI and Association of British HealthTech Industries to develop advanced respiratory products and to develop regulatory strategies.
- The company is now focused on implementing its commercial strategy, through a combination of sales of existing products, and progressing a route to launch the digitally-enabled Neatstik.

Q-Bot Ltd ("Q-Bot) (https://q-bot.co) – direct stake 18.6% / CUA 33.9%

- Q-Bot is an award-winning robotics developer for construction retrofit. Its AI-powered robotic tools are used to inspect, monitor, and retrofit insulation for residential buildings. Specifically, Q-Bot is focused on the unmet market need for underfloor insulation, helping to reduce fuel poverty in social housing, improve energy efficiency, and align with new regulations around decarbonisation. As a market leader, Q-Bot is now scaling and seeking to capture a significant share of this market in the UK and internationally.
- In July 2023, EMV Capital led a successful closing of a £3.5m investment round to fund the next stage of growth, from a mixture of existing and new investors.
- The company continues to make progress in its international expansion strategy, with specific initiatives for growth into the EU and US.
- The company's revenues increased 56% in its most recent financial year to March 2023, and are expected to continue growing.

Vortex Biotech Holdings Ltd ("Vortex") (https://vortexbiosciences.com/) – direct stake 25.0% / CUA 13.9%

- Vortex's core technology allows for the capture and isolation of high-quality Circulating Tumour Cells ("CTCs") from blood samples. Its mission is to be the innovation leader in liquid biopsy CTC capture technology that improves therapeutic decisions and saves lives. This is expected to contribute to a shift in how cancer can be treated and monitored in the growing liquid biopsy market. Vortex was founded upon research at UCLA, and is now dually based in London and San Francisco.
- In June 2023 EMV Capital led a £3.2m EIS investment round into Vortex, which has allowed further acceleration of the roadmap.

- The company is progressing its service offering for biopharma to support the development of biomarker-driven personalised medicines.
- It has launched a CTC Centre of Excellence at The London Cancer Hub's Innovation Gateway, on the same site as the Institute of Cancer Research and the Royal Marsden NHS Foundation Trust.
- Vortex also announced in September 2023 the launch of a Technical Feasibility Study to characterise a fully integrated "sample-to-result" workflow combining Vortex's VTX-1 platform, and that of their partner **AxonDx** to isolate, count, and characterise CTCs in cancer patient samples.
- A recent study by the Nice University Hospital compared several CTC liquid biopsy platforms. This peer-reviewed evaluation concluded that Vortex' VTX-1 platform is superior across a range of parameters critical for future commercial adoption.[1]

[1] Martel *et al* (2023) [Assessment of Different Circulating Tumor Cell Platforms for Uveal Melanoma: Potential Impact for Future Routine Clinical Practice - PubMed (nih.gov)]

DName-iT (https://dnameit.com) – 36.9% direct stake / 14.8% CUA

- A University of Leuven spin-out, DName-iT has developed a platform to avoid sample authentication errors and to correct for sample contamination in genetic sequencing laboratory tests. DName-iT operates at the cross-roads of major, growing markets of liquid biopsy, laboratory services, clinical trials, and NGS. DName-iT estimates that up to 2% of specimens are mis-identified through laboratories' workflows, leading to potentially fatal consequences for patients.
- Following the CetroMed acquisition by NetScientific, EMV Capital's value creation team took over the development of the business, refreshed its business plan, and has worked alongside the founder and other experts.
- EMV Capital advised on the reorganisation of the company, and on its recent £500,000 EIS investment round, with the participation of EMV Capital investors and Belgium's Gamma Frisius Fund. NSCI has an effective ownership of 46.1% through CetroMed's ownership of 61.5% in DName-iT. University of Leuven is a co-investor in the project.
- Kevin Dean, an EMV Capital Venture Partner, joined the company as Interim CEO, driving the company through its pilots program and towards the next investment round.
- DName-iT also setup a collaboration partnership with ProAxsis as manufacturing partner, helping to scale the company in a capital-efficient way.
- There is an EU Laboratory pilot underway to validate the technology, with regulatory planning, and a go-to-market strategy for 2024.

Sofant Technologies (https://sofant.com) – 1.7% direct stake / 30.5% CUA

- An Edinburgh University spin-out, the company is developing phased array antennas for satellite for the rapidly growing low-orbit satellite telecommunications market. Leveraging its innovative technology, Sofant asserts a substantial up to 70% energy efficiency advantage and significant cost savings compared to its competitors, due to its modular design. The company is executing a €7.3m contract with the UK Space Agency and the European Space Agency.
- In May 2023, Sofant unveiled a substantial partnership with Inmarsat, a global leader in satellite communications, which involves non-dilutive funds in Non-Recurring Engineering and a substantial pre-purchase commitment by Inmarsat (recently acquired by Viasat).
- EMV Capital provided further support by leading a follow-on EIS investment of £2.3m, including £1.3m from EMVC investors.

Ventive (https://ventive.co.uk) – 18.4% direct stake / 35.3% CUA

- Ventive specialises in passive and energy-efficient ventilation systems for schools and a unique modular heat pump for newbuild residential applications. Once in production, its innovative design for heat pumps, which utilise phase change material for heat transfer, is expected to position it well in the growing market for heat pumps. The company is focused on growth in two markets segments of high-priority for the sustainability agenda: air quality and sustainable heating.
- Notable developments post-investment include an accelerated development program with Clear Blue Energy and QM Systems, a pre-purchase agreement with a leading non-UK heat pump distributor, and increased sales in the Natural Ventilation range.
- Following the September 2022 restructure and investment round led by EMV Capital, the company has focused on execution of the heatpump project and revenue growth from its passive air ventilation project.
- Ventive's passive air ventilation system has now been delivered to over 30 schools and five leisure centres, achieving excellent air quality results. Market demand has continued to increase with minimal marketing spend by the company.
- The heatpump project has progressed well, with prototypes now being tested and the company building a book for potential buyers.
- Ian Cooke, a Venture Partner at EMV Capital, joined as Chair in August 2023, as part of the company's preparation for further investment and growth.

DeepTech Recycling Technologies – 30% direct stake

- In December 2022, Deeptech Recycling Technologies acquired the majority of assets from the administrator of Recycling Technologies Limited, which company had aborted an AIM IPO that had been targeted for admission in early 2022. Recycling Technologies had developed advanced and environmentally sound technologies for recycling mixed plastic waste, generating valuable naptha, lubricants, and feedstock for the plastics industry. During 2023, Deeptech Recycling Technologies, with support from EMV Capital's value creation team, has focused on consolidating assets and intellectual property, further R&D, assessing market opportunities, and starting the company's commercial roadmap.
- Commercial progress includes:
  - Successful commercial discussions with a company in the plastic waste space, with approval to start a proof-of-concept project to demonstrate the technology.
  - Discussions with various private and public funding sources for funding support for future plants in the UK.
  - Discussions with UK and EU parties for potential proof-of-concept and technical feasibility projects to demonstrate management and recycling of different waste streams.

Board and management

As we embark on the next phase of our development, significant changes have been made to our Board and management team. These changes demonstrate our commitment to strengthening our leadership and enhancing our capabilities and corporate governance.

- **Dr. Charles Spicer** has joined our Board as the Non-Executive Chair, bringing a wealth of experience from the City, complementing the Board's skillset.
- **Dr. Jonathan Robinson**, who previously served as Interim Non-Executive Chair, has transitioned into the role of Senior Independent Director.
- **Prof. Stephen Smith**, after a seven-year tenure with NetScientific, stepped down on 30 June 2023 from his position as a Non-Executive Director. We thank him for his service and contributions to the Company.

In line with our commitment to growth and excellence, we are actively refreshing our panel of advisers and venture partners. This initiative is geared towards bolstering the Group's capacity to provide comprehensive support to our portfolio companies.

We have also made planned additions to our management team. These new members bring valuable expertise in project management, human capital management, and other crucial infrastructure skills. Their contributions will be instrumental in driving our organisation forward as we continue to pursue our goals.

Summary and Outlook

Our strategic focus includes the advancement of our sustainable business model and boosting the Net Asset Value and Fair Value of our portfolio companies. This creates the potential for substantial investment returns from our maturing portfolio through targeted growth and profitable exits. In particular, our objectives include:

- **Value Creation**: We are actively progressing a cohort of our portfolio companies through value creation stages, ensuring they achieve their full potential.
- **External Funding of Portfolio**: We are facilitating and syndicating external funding for our portfolio companies, to accelerate growth and development. This also generates advisory, commission and performance fee opportunities.
- **Proactive Portfolio Management**: We maintain a proactive approach to portfolio management, protecting our positions while supporting management in their business plan execution.
- **Increased Fee Generation**: We are actively working to enhance our fee generation capabilities, ensuring a sustainable revenue stream to support our growth objectives.
- **Selective Group Divestments**: We are strategically evaluating our portfolio to identify opportunities for selective divestments, allowing us to optimise our holdings and obtain investment returns.
- **Funds Practice**: We are exploring new fund opportunities in line with our growth strategy.

In the first half of this year, we have made significant strides towards our strategic objectives, positioning ourselves for further revenue and balance sheet growth in 2024. We remain confident about the prospects of our Group, driven by a robust investment model, and a strategic vision that positions us at the forefront of the deeptech and life sciences VC industry.

Dr. Ilian Iliev
Chief Executive Officer

28 September 2023

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

NetScientific plc

Continuing Operations	Notes	**Unaudited Six months ended 30 June 2023 £000s**	Unaudited Six months ended 30 June 2022 £000s
Total Income		**1,154**	656
Revenue	4	**770**	391
Cost of sales		**(53)**	(30)
Gross profit		**717**	361
Other operating income	5	**384**	265
Research and development costs		**(808)**	(814)
Selling, general and administrative costs		**(1,840)**	(1,427)
Other costs		**(67)**	(103)
Loss from operations		**(1,614)**	(1,718)
Finance income		**22**	51
Finance expense		**(45)**	(20)
Loss before taxation		**(1,637)**	(1,687)
Income Tax		**17**	29
Total loss for the period from continuing operations		**(1,620)**	(1,658)
Loss attributable to:			
Owners of the parent	6	**(1,364)**	(1,394)
Non-controlling interests		**(256)**	(264)
		(1,620)	(1,658)
Basic and diluted loss per share attributable to owners of the parent during the period:	6		
Total loss for the period from continuing operations		**(5.8p)**	(6.6p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	**Unaudited Six months ended 30 June 2023 £000s**	Unaudited Six months ended 30 June 2022 £000s
Loss for the period		**(1,620)**	(1,658)
Items that may be subsequently reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(272)**	352
Change in fair value of investments classified as fair value through other comprehensive income		**(5,698)**	(2,873)
Total comprehensive profit/(loss) for the period		**(7,590)**	(4,179)
Attributable to:			
Owners of the parent		**(7,376)**	(3,887)
Non-controlling interests		**(214)**	(292)
		(7,590)	(4,179)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	**Unaudited 30 June 2023 £000s**	Audited 31 December 2022 £000s
Assets			
Non-current assets			
Property, plant and equipment		**160**	144
Right-of-use assets		**338**	420
Intangible assets	7	**3,423**	3,367
Equity investments classified as FVTOCI*	8	**17,622**	22,743
Derivative financial assets classified as FVTPL**	9	**355**	693
Total non-current assets		**21,898**	27,367
Current assets			
Inventories		**82**	76
Trade and other receivables	10	**1,002**	658
Cash and cash equivalents	11	**61**	852
Total current assets		**1,145**	1,586
Total assets		**23,043**	28,953
Liabilities			
Current liabilities			
Bank overdraft	11	**(154)**	-
Trade and other payables	12	**(2,980)**	(2,457)
Lease liabilities		**(150)**	(168)
Loans and borrowings	13	**(464)**	(99)
Total current liabilities		**(3,748)**	(2,724)
Non-current liabilities			
Lease liabilities		**(207)**	(268)
Loans and borrowings	13	**(993)**	(719)
Total non-current liabilities		**(1,200)**	(987)
Total liabilities		**(4,948)**	(3,711)
Net assets		**18,095**	25,242
Issued capital and reserves			
Attributable to the parent			
Called up share capital	14	**1,174**	1,174
Warrants		**42**	42
Share premium account		**74,175**	74,175
Capital reserve account		**237**	237
Equity investment reserve		**7,579**	13,277
Foreign exchange and capital reserve		**1,107**	1,421
Retained earnings		**(65,787)**	(64,486)
Equity attributable to the owners of the parent		**18,527**	25,840

Non-controlling interests	**(432)**	(598)
Total equity	**18,095**	25,242

** Fair value through other comprehensive income*
*** Fair value through profit and loss*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Shareholders' equity									
	Share capital £000s	Warrants £000s	Share premium £000s	Capital reserve £000s	Equity investment reserve £000s	Retained earnings £000s	Foreign exchange and capital reserve £000s	Total £000s	Non-controlling interests £000s	Total equity £000s
1 January 2022	**1,056**	**42**	**72,792**	**237**	**4,504**	**(61,499**	**1,368**	**18,500**	**9**	**18,509**
Loss for the period	-	-	-	-	-	(1,394)	-	(1,394)	(264)	(1,658)
Other comprehensive income -										
Foreign exchange differences	-	-	-	-	-	-	380	380	(28)	352
Change in fair value during the period	-	-	-	-	(2,873)	-	-	(2,873)	-	(2,873)
Total comprehensive income	-	-	-	-	(2,873)	(1,394)	380	(3,887)	(292)	(4,179)
Issue of share capital	112	-	1,388	-	-	-	-	1,500	-	1,500
Cost of share issue	-	-	(56)	-	-	-	-	(56)	-	(56)
Share-based payments	-	-	-	-	-	62	-	62	-	62
30 June 2022	1,168	**-**	**74,124**	**237**	**1,631**	**(62,831)**	**1,748**	**16,119**	**(283)**	**15,836**
Loss for the period	-	-	-	-	-	(1,700)	-	(1,700)	(316)	(2,016)
Other comprehensive income -										
Foreign exchange differences	-	-	-	-	-	-	(327)	(327)	1	(326)
Change in fair value during the period	-	-	-	-	11,646	-	-	11,646	-	11,646
Total comprehensive income	-	-	-	-	11,646	(1,700)	(327)	9,619	(315)	9,304
Issue of share capital	6	-	51	-	-	-	-	57	-	57
Share-based payments	-	-	-	-	-	45	-	45	-	45
31 December 2022	1,174	**42**	**74,175**	**237**	**13,277**	**(64,486)**	**1,421**	**25,840**	**(598)**	**25,242**
Loss for the period	-	-	-	-	-	(1,364)	-	(1,364)	(256)	(1,620)
Other comprehensive income -										
Foreign exchange differences	-	-	-	-	-	-	(314)	(314)	42	(272)
Change in fair value during the period	-	-	-	-	(5,698)	-	-	(5,698)	-	(5,698)
Total comprehensive income	-	-	-	-	(5,698)	(1,364)	(314)	(7,376)	(214)	(7,590)
Decrease in subsidiary shareholding	-	-	-	-	-	26	-	26	380	406
Share-based payments	-	-	-	-	-	37	-	37	-	37
30 June 2023	1,174	**42**	**74,175**	**237**	**7,579**	**(65,787)**	**1,107**	**18,527**	**(432)**	**18,095**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	**Unaudited Six months ended 30 June 2023 £000s**	Unaudited Six months ended 30 June 2022 £000s
Cash flows from operating activities			
Loss after income tax		**(1,620)**	(1,658)
Adjustments for:			
Depreciation of property, plant and equipment		**25**	20
Depreciation of right to use assets		**82**	16
Amortisation of intangibles		**124**	105
Estimated credit losses on trade receivables		**18**	18
Change in fair value of financial assets classified as FVTPL		**(342)**	(179)
Capitalisation of development costs		**(180)**	(280)
Share-based payments		**37**	62
R&D tax credit		**-**	(21)
Foreign exchange gain/(loss)		**(205)**	233
Share of associate loss		**8**	-
Finance income		**(22)**	(61)
Finance costs		**38**	4
Income Tax		**(17)**	(29)
		(2,054)	(1,770)
Changes in working capital			
(Increase) in inventories		**(6)**	(4)
Decrease/(Increase) in trade and other receivables		**(177)**	473
Increase in trade and other payables		**629**	169
Cash used in operations		**(1,608)**	(1,132)
Income tax received		**-**	-
Net cash used in operating activities		**(1,608)**	(1,132)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(41)**	(24)
Purchase of equity investments classified as FVTOCI		**(4)**	-
Purchase of derivative financial assets classified as FVTPL		**(43)**	(593)
Disposal of subsidiary stake, net of cash disposed of		**123**	-
Disposal of equity investments classified as FVTOCI		**117**	-
Net cash from/(used in) investing activities		**152**	(617)
Cash flows from financing activities			
Lease payments		**(94)**	(19)
Repayment of borrowings		**(44)**	(35)
Proceeds of loan		**659**	-
Proceeds from share issue		**-**	1,500
Share issue cost		**-**	(56)
Net cash from financing activities		**521**	1,390
(Decrease)/Increase in cash and cash equivalents		**(935)**	(359)
Cash and cash equivalents at beginning of the period		**852**	2,710

Exchange differences on cash and cash equivalents		**(10)**	12
Bank overdraft and cash equivalents at end of the period	11	**(93)**	2,363

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. ACCOUNTING POLICIES

Basis of preparation

The interim financial information, which is unaudited, have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 December 2023 and in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. Policies have been consistently applied to all periods presented apart from where new standards have been adopted during the period, see below for changes in accounting policies.

The financial information for the period ended 30 June 2023 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 31 December 2022 have been filed with the Registrar of Companies.

The Independent Auditor's Report on the Report and Financial Statements for the year ended 31 December 2022 was qualified as Directors did not perform year end valuations for some of the hard to value investments worth c.£1 million for the year ended 31 December 2022.

Going Concern

The 2022 Annual Report audit report drew attention to the material uncertainty relating to going concern as follows:

> *"We draw attention to note 2 to the financial statements, which indicates the Directors' considerations over going concern. The going concern of the Group and Parent Company is dependent on additional funding being raised which has not yet been executed. As stated in note 2, these events or conditions, along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.*
>
> *In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate."*

In the 2022 Annual Report we set out the various options underpinning the going concern assumptions.

The Directors are confident that NetScientific remains a going concern, and it is appropriate to prepare the financial statements on this basis. Accordingly, the financial statements do not include any adjustments that would be necessary if the Group and Company were unable to continue as a going concern.

Business Combinations

The Group recognises identifiable assets acquired and liabilities assumed in a business combination, regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: a) fair value of consideration transferred; b) the recognised amount of any non-controlling interest in the acquiree; and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Change in accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2022 annual financial statements, except for the following amendments which apply for the first time in 2023. However, not all are expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following new standards and amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

IFRS 17 Insurance Contracts
IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

The Group carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the interim condensed consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2)
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments had no effect on the interim condensed consolidated financial statements of the Group as they relate to disclosures of accounting policies in complete financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual consolidated financial statements of the Group.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)
The amendment to IAS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the interim condensed consolidated financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)
In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.
These amendments had no effect on the interim condensed consolidated financial statements of the Group.

International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)
In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two Model Rules, in response to stakeholder concerns, on 23 May 2023.
The Amendments introduce a temporary exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

The amendments to IAS 12 were effective immediately, however, the amendments have not yet been endorsed for adoption in the Group's jurisdiction, and therefore, the Group is unable to apply them as at 30 June 2023.
Therefore, for the half year ended 30 June 2023, the Group has developed an accounting policy, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to not account for deferred taxes related to Pillar Two income taxes. The Group believes this policy results in the most relevant and reliable information. The effect of the application of this

accounting policy is expected to be consistent with the effect of the amendments to IAS 12 when they are adopted by the Group.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Use of estimates and judgements

There have been no material revisions to the nature and estimate assumptions as reported in prior periods, including:

(a) Impairment of goodwill;
(b) The valuation of intangibles;
(c) The valuation of equity investments; and
(d) The capitalisation of development costs

2. SIGNIFICANT EVENTS AND TRANSACTIONS

Global Environment

The Group is operating in an increasingly uncertain macroeconomic environment. The after-effects of the pandemic, significant turmoil in the tech and capital sectors, the geopolitical concerns, most notably the conflict in Ukraine, and the more recent economic pressures are causing additional market volatility and uncertainty.

The carrying value of the Group's assets have been assessed in light of current events and the long-term impacts that these may have on the investments of the Group. Overall, we believe that the sectors the Group is active in are in a strong position and it was not seen as necessary to impair the carrying value of any assets further. The recoverable amount was determined based on values in use, which utilises current budgets/reforecasts and cash flow projections. We are closely monitoring and managing the events, and will take further actions if required, as the situation continues to evolve. Cash planning and management is in place for all businesses, which have been stress tested based on a number of scenarios. Importantly as a result of the various factors, NetScientific and several of its portfolio companies are seeing new sustainable opportunities, offering potential for future growth.

3. SEGMENTAL REPORTING

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, for which separate financial information is available and whose operating results are evaluated and as identified by Board of Directors.

The Board of Directors assess the performance of the operating segment using financial information which is measured and presented in a manner consistent with that in the financial statements.

Revenue from contracts with customers by segment

30 June 2023	**Delivered Goods**	**Service Fees**	**Total**
	£000s	**£000s**	**£000s**

EMV Capital	**-**	**699**	**699**
ProAxsis	**30**	**41**	**71**
	30	**740**	**770**

30 June 2022	Delivered Goods £000s	Service Fees £000s	Total £000s
EMV Capital	-	276	276
ProAxsis	67	48	115
	67	324	391

Total Loss for the period by segment

	Unaudited Six months ended 30 June 2023 £000s	Unaudited Six months ended 30 June 2022 £000s
NetScientific	**(403)**	(541)
EMV Capital	**9**	(154)
ProAxsis	**(559)**	(236)
Glycotest	**(712)**	(654)
Cetromed	**45**	(73)
	(1,620)	(1,658)

The above losses reflect investment in R&D by Glycotest and ProAxsis, which add value for the future through new product and clinical trials. ProAxsis has seen further investment through proportional Grant funding. The investment by the Group has been done through shareholder loans, which are expected to be repaid in due course.

4. REVENUE

Geographic breakdown of revenue from contracts with customers:

30 June 2023	**Delivered Goods £000s**	**Service Fees £000s**	**Total £000s**
United Kingdom	**2**	**740**	**742**
Europe	**3**	**-**	**3**
Rest of the World	**25**	**-**	**25**
	30	**740**	**770**

30 June 2022	Delivered Goods £000s	Service Fees £000s	Total £000s

United Kingdom	-	324	324
Europe	4	-	4
Rest of the World	63	-	63
	67	324	391

Total Income is the sum of revenue and other operating income.

5. OTHER OPERATING INCOME

	Unaudited Six months ended 30 June 2023 £000s	Unaudited Six months ended 30 June 2022 £000s
Fair value movement during the period on convertible debt	**-**	179
Gain on available for sale investments	**64**	-
Gain on sale of subsidiary stake	**276**	-
R&D tax credit above the line	**-**	21
Miscellaneous income	**44**	65
	384	265

6. LOSS PER SHARE

The basic and diluted loss per share is calculated by dividing the loss for the financial period by the weighted average number of ordinary shares in issue during the period. Potential ordinary shares from outstanding options at 30 June 2023 of 1,669,540 (30 June 2022: 1,120,010; 31 December 2022: 1,431,050) are not treated as dilutive as the group is loss making.

	Unaudited Six months ended 30 June 2023 £000s	Unaudited Six months ended 30 June 2022 £000s
Loss attributable to equity holders of the Company		
Continuing operations	**(1,364)**	(1,394)
Total Loss attributable to equity holders of the Company	**(1,364)**	(1,394)
Number of shares		
Weighted average number of ordinary shares in issue	**23,488,148**	21,146,591

In the prior year on 29 June 2022 the Company issued 2,238,807 of 5p ordinary shares at 67p per share, raising gross funds of £1,500k and net funds of £1,444k.

The total number of voting rights in the Company at 30 June 2023 is 23,488,148 5p ordinary shares (30 June 2022: 23,360,660, 31 December 2022: 23,488,148.

7. INTANGIBLE ASSETS

	Goodwill £000s	Carry Interest Arrangements £000s	Development costs £000s	Investment Acquisition Costs £000s	Patents £000s	Total £000s
Cost						
At 1 January 2022	**669**	**1,627**	**922**	**17**	**50**	**3,285**
Additions	-	-	280	-	-	280
At 30 June 2022	**669**	**1,627**	**1,202**	**17**	**50**	**3,565**
Additions	-	-	268	-	-	268
At 31 December 2022	**669**	**1,627**	**1,470**	**17**	**50**	**3,833**
Additions	-	-	180	-	-	180
At 30 June 2023	**669**	**1,627**	**1,650**	**17**	**50**	**4,013**
Accumulated amortisation and impairment						
At 1 January 2022	**-**	**216**	**18**	**-**	**6**	**240**
Amortisation charge	-	81	19	-	4	105
At 30 June 2022	**-**	**297**	**37**	**-**	**10**	**344**
Amortisation charge	-	82	37	-	3	122
At 31 December 2022	**-**	**379**	**74**	**-**	**13**	**466**
Amortisation charge	-	81	40	-	3	124
At 30 June 2023	**-**	**460**	**114**	**-**	**16**	**590**
Net book value						
At 30 June 2023	**669**	**1,167**	**1,536**	**17**	**34**	**3,423**
At 31 December 2022	669	1,248	1,396	17	37	3,367
At 30 June 2022	669	1,330	1,165	17	40	3,221

The main factors leading to the recognition of these intangibles are resulting from the acquisition by NetScientific of EMV Capital, ProAxsis and Cetromed.

ProAxsis acquired a key patent as part of the buyout of the founders and Queens University for £50k which will be amortised over the economic life of the patent. A further £180k of ProAxsis development costs have been capitalised during the period taking the total capitalised to £1,650k in line with the accounting policy as certain projects now meet all the criteria for development costs to be recognised as an asset as it is probable that future economic value will flow to the Group.

8. EQUITY INVESTMENTS CLASSIFIED AS FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

NetScientific makes direct investments into portfolio companies through a mixture of equity and loans. The tables below outline the Group's positions.

Represents equity securities

	Unaudited Six months ended 30 June 2023 £000s	Audited Year ended 31 December 2022 £000s
Opening balance at start of period	**22,743**	11,516
Additions	**4**	555
Disposals	**(117)**	(451)
Conversion of financial assets classified as FVTPL	**400**	2,004
Change in fair value during the period	**(5,408)**	9,119
Closing balance at end of period	**17,622**	22,743

Name	Country of incorporation	% of issued share capital	Currency denomination	**Unaudited Six months ended 30 June 2023 £000s**	Audited Year ended 31 December 2022 £000s
PDS Biotechnology Corp	USA	4.4%	US$	**5,297**	14,680
Q-Bot	UK	18.6%	UK£	**4,112**	3,728
Vortex Biotech Holdings	UK	30.0%	UK	**2,800**	300
Epibone, Inc.	USA	1.5%	US$	**1,116**	1,179
DName-iT Holdings	UK	49.2%	UK	**1,372**	-
SageTech Medical Equipment	UK	5.5%	UK£	**887**	887
Sofant Technologies	UK	1.5%	UK	**453**	402
Fox Biosystems NV	BEL	4.3%	EUR€	**479**	495
CytoVale, Inc.	USA	1.0%	US$	**393**	415
G-Tech Medical, Inc.	USA	3.8%	US$	**335**	354
Martlet Capital	UK	1.3%	UK	**192**	175
PointGrab	Israel	0.5%	US$	**72**	76
QuantalX	Israel		US$	**58**	-

Ventive	UK	18.4%	UK	**56**	52
DeepTech Recycling	UK	30.0%	UK	**-**	-
				17,622	22,743

Equity investments classified as fair value through other comprehensive income are held for sale, fair valued and stand at £17,622k (2022: £22,743k). A decrease in value of £5,121k, which relates predominately to the decrease in fair value of PDS Biotechnology Corporation offset by increases in fair value on Vortex Biotech Holdings, DName-iT Holdings, Q-Bot Ltd and Sofant Technologies.

9. DERIVATIVE FINANCIAL ASSETS CLASSIFIED AS FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

Warrants, convertible loans and loans classified as FVTPL	**Unaudited Six months ended 30 June 2023 £000s**	Audited Year ended 31 December 2022 £000s
Opening balance at start of period	**693**	1,462
Additions	**43**	710
Repayment	**-**	(48)
Additional accrued interest	**22**	93
Conversion to Equity Investments classified as FVTOCI	**(400)**	(2,004)
Change in fair value during the period	**(3)**	480
Closing balance at end of period	**355**	693

Name	Country of incorporation	Currency denomination	30 June 2023 £000s	2022 £000s
Q-Bot Ltd	UK	UK£	190	140
Vortex Biotech Holdings Ltd	UK	UK£	-	385
G-Tech Medical, Inc.	USA	US$	83	88
Martlet Capital Ltd	UK	UK£	82	80
			355	693

Derivative financial assets classified as fair value through profit and loss are £355k (2022: £693k). An decrease in fair value of £338k, which mainly relates to the conversion of Vortex Biotech Holdings to equity investments classified as FVTOCI for £400k.

10. TRADE AND OTHER RECEIVABLES

Current	Unaudited Six months ended 30 June 2023 £000s	Audited Year ended 31 December 2022 £000s
Trade receivables	**359**	218
Taxation	**92**	75
Other receivables	**268**	52
Prepayments	**136**	108
Accrued income	**147**	205
Closing balance at end of period	**1,002**	658

The carrying value of trade and other receivables classified at amortised cost approximates fair value. The Group does not hold any collateral as security against any trade and other receivables.

Estimated credit losses have been calculated as follows:

	Unaudited Six months ended 30 June 2023 £000s	Audited Year ended 31 December 2022 £000s
Gross carrying amount of trade receivables	**451**	276
Impairment provision (estimated credit losses)	**(92)**	(58)
Trade receivables	**359**	218

11. CASH AND CASH EQUIVALENTS

	Unaudited Six months ended 30 June 2023 £000s	Audited Year ended 31 December 2022 £000s
Short term deposits	**1**	12
Cash and cash equivalents	**60**	840
Bank overdraft	**(154)**	-
Closing balance at end of period	**(93)**	852

A subsidiary has a £200k overdraft facility with HSBC UK Bank Plc that is guaranteed by

12. TRADE AND OTHER PAYABLES

Current	**Unaudited Six months ended 30 June 2023 £000s**	Audited Year ended 31 December 2022 £000s
Trade payables	**938**	497
Other payables	**361**	421
Deferred income	**553**	478
Accruals	**1,128**	1,061
Closing balance at end of period	**2,980**	2,457

The carrying value of trade and other payables classified as financial liabilities are measured at amortised cost which approximates fair value.

13. LOANS AND BORROWINGS

	Unaudited Six months ended 30 June 2023 £000s	Audited Year ended 31 December 2022 £000s
Total falling due within one year	**(464)**	(99)
Total falling due more than one year	**(993)**	(719)
Closing balance at end of period	**(1,457)**	(818)
The maturity of the loans are as follows:		
Amounts falling due within one year on demand	**(464)**	(99)
Amounts falling due between one and two years	**(99)**	(99)
Amounts falling due between two and five years	**(894)**	(620)
Amounts falling due over five years	**-**	-
	(1,457)	(818)

Loans and borrowings represent:

An original unsecured loan note by a third party to ProAxsis of £100k. £20k is outstanding at 30 June 2023 (H1 2022: £50k). There is no interest charged and is payable in equal instalments of £10k p.a. First instalment upon signing of document and then equally over nine years.

ProAxsis has entered into two secured HSBC coronavirus business interruption loan agreements "CBIL's" for £245k and then £200k. The CBIL's facility incurs interest of 3.99% p.a. above the Bank of England base rate. The first twelve months was interest free and the loan is repayable within six years with principal repayments starting after thirteen months. The total outstanding at 30 June 2023 was £327k (H1 2022: £406k).

AB Group Limited an entity associated with Melvin Lawson has advanced £365k to ProAxsis Limited during the period of a £500k facility. The rate of interest applicable to the loan is 10 per cent. per annum, payable on repayment of the loan. In addition, ProAxsis has granted to AB Group warrants over shares in ProAxsis equal to the value of £150,000 at an exercise price determined by reference to a future third-party fundraising of at least £500,000, such price to be discounted by 30 per cent. The warrants have an exercise period commencing on the date of any such third-party fundraising and ending on the five year anniversary of the date of the Loan Agreement. The balance outstanding on the loan at 30 June 2023 is £374k (H1 2022: £Nil). The terms of the loan are currently being renegotiated.

Glycotest Inc., has raised a further £316k/$402k under the terms of a secured convertible loan agreement, with third party investors, syndicated by EMV Capital Limited (EMV Capital, the Company's wholly owned VC firm). Interest is charged at 12 per cent. per annum. Conversion will be at a 40% discount at the discretion of the lender. The 2022 CLA shall be subordinated to the 2023 CLA for the purposes of repayment and security. The balance outstanding on convertible loan agreements at 30 June 2023 is £735k (H1 2022: £Nil).

14. CALLED UP SHARE CAPITAL

The total number of voting rights in the Company and issued capital at 30 June 2023 is 23,488,148 5p ordinary shares (30 June 2022: 23,360,660, 31 December 2022: 23,488,148).

In the prior year on 29 June 2022 the Company issued 2,238,807 of 5p ordinary shares at 67p per share, raising gross funds of £1,500k and net funds of £1,444k after deducting costs of £56k.

15. RELATED PARTY DISCLOSURES

Beckman Group and Melvin Lawson, who is interested in 16.68% (2022: 16.77%) of the issued share capital of NetScientific, is also considered and presumed to be acting in concert with Dr Ilian Iliev, as defined by The City Code on Takeovers and Mergers.

AB Group Limited an entity associated with Melvin Lawson has advanced £365k to ProAxsis limited during the period of a £500k facility. The rate of interest applicable to the loan is 10 per cent. per annum, payable on repayment of the loan. In addition, ProAxsis has granted to AB Group warrants over shares in ProAxsis equal to the value of £150,000 at an exercise price determined by reference to a future third party fundraising of at least £500,000, such price to be discounted by 30 per cent. The warrants have an exercise period commencing on the date of any such third party fundraising and ending on the five year anniversary of the date of the Loan Agreement. The balance outstanding on the loan at 30 June 2023 is £374k.

EMV Capital provides corporate finance, consulting and management services to Vortex Biotech Holdings Limited, Vortex Liquid Biopsy Solutions Limited and Vortex Biosciences Inc. related parties by common substantial shareholders. During the period revenue was booked totalling £50k (H1 2022: £52k). The balance outstanding at 30 June 2023 is £8k (31 December 2022: £9k).

EMV Capital also provided corporate finance, consulting and management services to Wanda Health Holdings Limited, Wanda Connected Health Systems Limited and Wanda Inc. related parties by common substantial shareholders. During the period revenue was booked totalling £55k (H1 2022: £44k), with a value of further work in progress to be agreed. The balance outstanding at 30 June 2023 is £77k (31 December 2022: £60k).

Except as noted above, there are no additional related party transactions that could have a material effect on the financial position or performance of the Group and of the Company during this financial period under review.

16. EVENTS AFTER THE REPORTING PERIOD

Options: NetScientific announced that it had granted a total of 579,703 new options to subscribe for ordinary shares in the capital of the Company to certain of its Directors. Ed Hooper chose to receive payment in the form of 40,000 new Ordinary Shares, rather than cash, in respect of c.77.5 per cent. of the annual bonus awarded to him (on a projected net of tax basis) for the year ended 31 December 2022. The new Ordinary Shares were issued at a price of £0.63 per share. It also reported that Dr. Charles Spicer (Chair), purchased 16,286 ordinary shares and Ed Hooper purchased 20,000 ordinary shares in the Company through their self-invested personal pensions.

Portfolio partial exits: Further profitable partial exits post-balance sheet have been made of £778,000 taking the total proceeds year to date amount to £895,000.

PDS commercial developments: PDS announced the submission to the U.S. Food and Drug Administration (FDA) of an updated Chemistry, Manufacturing and Controls (CMC) package and a Phase 3 multicenter registrational protocol to the company's Investigational New Drug (IND) submission to evaluate the combination of PDS0101 and KEYTRUDA® (pembrolizumab), Merck's anti-PD-1 therapy, for the treatment of recurrent or metastatic human papillomavirus (HPV) 16-positive head and neck squamous cell carcinoma (HNSCC).