

22 December 2023

Vela Technologies plc
("Vela" or "the Company")

Interim results for the six months ended 30 September 2023

Vela Technologies plc (AIM: VELA), an AIM-quoted investing company focused on early stage and pre-IPO disruptive technology investments, is pleased to announce its interim results for the six months ended 30 September 2023.

Overview

The last six months have continued to be challenging for capital markets with political unrest continuing both at home and abroad, the continuing war in Ukraine and rising inflation and interest rates continue to be factors impacting the small-cap marketplace in the UK. We remain cautiously optimistic regarding the long-term future of the Company's overall investment portfolio and we remain committed to the Company's stated investing strategy.

Despite these negatives, post period end we were pleased to be able to exercise the put option in the economic interest that the Company holds in AZD 1656 into shares in Conduit Pharmaceuticals Inc. ("**Conduit**"). As previously reported Vela entered into a put option at a cost of £400,000. Following the exercise Vela received 1,015,760 new shares in Conduit, valued at the date of exercise at £3.75 million (the "**Consideration Shares**"). It is the intention of the Board to sell these shares in due course to augment its cash reserves. On 15 December 2023, Conduit issued a prospectus in connection with various share issuances, including the issue of the Consideration Shares to Vela. Following the publication of the prospectus Vela became able to trade its Consideration Shares on NASDAQ.

Vela made one new investment during the period, investing £250,000 into Tribe Technologies PLC as part of an IPO funding round. During the period we have continued to monitor the investments and have made some small sales when the prices were favourable.

Turning to the financials, I am pleased to say that Vela's balance sheet remains strong with no debt and total assets amounting to £7.542 million as at 30 September 2023 (30 September 2022: £7.268 million; 31 March 2023: £7.043 million). Cash and cash equivalents as at 30 September 2023 were £31,000 (31 March 2023: £724,000; 30 September 2022: £646,000). Since 31 March 2023 the decrease in Vela's cash reserves can be attributed to further investments in line with the Company's investing policy (being Tribe Technology Plc and the put option for Conduit), as well as the ongoing administrative costs associated with the Company.

As at 30 September 2023, the investment portfolio comprises a total of 15 investee companies. 14 of these are held as investments and had a fair value of £2.789 million as at 30 September 2023 (31 March 2023 £3.193 million; 30 September 2022: £3.546 million). The remaining and largest investment, St George Street Capital, is held as a financial asset and is held on Vela's balance sheet at a fair value of £4.0 million (30 September 2022: £2.35 million; 31 March 2023: £2.35 million) with a cost of £2.750 million, including the previously acquired, and now exercised, put option. Investments are held at fair value through profit and loss using a three-level hierarchy for estimating fair value, as detailed in the audited financial statements for the year ended 31 March 2023, and, in line with this, investments have been revalued to reflect the fair value at 30 September 2023.

Vela has made no new investments since the period end, as we continue to monitor cash reserves and company expenses, but the Board continues to have meaningful dialogue with engaging parties as a potential to enhancing the Vela offering.

The Board looks forward to the remainder of the financial year ending 31 March 2024 with caution but ever mindful of potential new and follow-on investments in line with its investing policy and the strategic update announced on 2 September 2022. The Board will continue to update shareholders, in line with regulatory guidelines, via its quarterly investment updates and regulatory announcements. The directors would like to thank shareholders for their continued support.

Brent Fitzpatrick
Chairman

21 December 2023

Unaudited Statement of Comprehensive Income for the six months ended 30 September 2023

	(Unaudited) 6 months ended 30 September 2023 £'000	(Unaudited) 6 months ended 30 September 2022 £'000	(Audited) Year Ended 31 March 2023 £'000	
Revenue	-	-	-	
Fair value movements				
- on derivatives	(55)	(26)	9	
- on financial asset	1,250	-	-	
- on investments	(518)	55	(26)	
Net surplus (deficit) arising from fair value movements	677	29	(17)	
Administrative expenses	(181)	(171)	(401)	
Operating profit (loss)	496	(142)	(418)	
Finance income	6	15	40	
Profit (loss) before tax	502	(127)	(378)	
Income tax	-	-	-	
Profit (loss) after tax	502	(127)	(378)	
Other comprehensive income for the year	-	-	-	
Total comprehensive profit (loss)	502	(127)	(378)	
Attributable to:				
Equity holders of the company	502	(127)	(378)	
Profit (loss) per share				
Basic and diluted profit (loss) per share (pence)	4	0.0031	(0.0008)	(0.0023)

Unaudited Balance Sheet

as at 30 September 2023

	(Unaudited)	(Unaudited)	(Audited)	
	30	30	31	
	September	September	March	
	2023	2022	2023	
Notes	£'000	£'000	£'000	
Non-current assets				
Investments	5	2,789	3,546	3,193
Trade and other receivables	6	4,704	3,039	3,054
Total non-current assets		7,493	6,585	6,247
Current assets				
Derivative financial instruments	7	18	37	72
Cash and cash equivalents		31	646	724
Total current assets		49	683	796
Total assets		7,542	7,268	7,043
Equity and liabilities				
Equity				
Called-up share capital	8	3,291	3,291	3,291
Share premium reserve		7,594	7,594	7,594
Share-based payment reserve		46	65	46
Retained earnings		(3,424)	(3,699)	(3,926)
Total equity		7,507	7,251	7,005
Current liabilities				
Trade and other payables		35	17	38
Total current liabilities		35	17	38
Total equity and liabilities		7,542	7,268	7,043

Unaudited Cashflow Statement

for the six months ended 30 September 2023

	(Unaudited) 6 months ended 30 September 2023 £'000	(Unaudited) 6 months ended 30 September 2022 £'000	(Audited) year ended 31 March 2023 £'000
Operating activities			
Profit (loss) before tax	502	(127)	(378)
Share based payment	-	-	5
Fair value movements on investments	(732)	(55)	26
Fair value movements on derivative instruments	55	26	(9)
Finance income	(6)	(15)	(40)
Decrease in receivables	-	-	1
Increase (decrease) in payables	2	(4)	(17)
Total cash flow from operating activities	(179)	(175)	(378)
Investing activities			
Interest received	-	-	10
Proceeds from sale of investments	136	163	709
Payment for put option	(400)	-	-
Purchase of investments	(250)	(300)	(575)
Total cash flow from investing activities	(514)	(137)	144
Financing activities			
Proceeds from exercise of warrants	-	-	-
Proceeds from the issue of ordinary shares	-	-	-
Total cash flow from financing activities	-	-	-
Net decrease in cash and cash equivalents	(693)	(312)	(234)
Cash and cash equivalents at start of year/period	724	958	958
Cash and cash equivalents at the end of the year/period	31	646	724
Cash and cash equivalents comprise:			
Cash at bank	31	534	724
Cash held in trust	-	112	-
Cash and cash equivalents at end of year/period	31	646	724

Unaudited Statement of Changes in Equity

for the six months ended 30 September 2023

	Share capital	Share Premium	Share Option Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	3,291	7,594	46	(3,926)	7,005
Profit and total comprehensive income for the period	-	-	-	502	502
Balance at 30 September 2023	3,291	7,594	46	(3,424)	7,507
Balance at 1 April 2022	3,291	7,594	65	(3,572)	7,378
Loss and total comprehensive income for the period	-	-	-	(127)	(127)
Balance at 30 September 2022	3,291	7,594	65	(3,699)	7,251
Balance at 1 April 2022	3,291	7,594	65	(3,572)	7,378
Share-based payment	-	-	5	-	5
Lapse of options in the period	-	-	(24)	24	-
Loss and total comprehensive income for the period	-	-	-	(378)	(378)
Balance at 31 March 2023	3,291	7,594	46	(3,926)	7,005

Notes to the Interim Accounts

for the six months ended 30 September 2023

1. General information

Vela Technologies plc is a company incorporated in the United Kingdom.

These unaudited condensed interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 "Interim Financial Reporting" as adopted by the European Union and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. This condensed set of financial statements has been prepared applying the accounting policies that were applied in the preparation of the Company's published financial statements for the year ended 31 March 2023 and are presented in pounds sterling.

The comparative figures for the financial year ended 31 March 2023 have been extracted from the Company's statutory accounts which have been delivered to the Registrar of Companies and reported on by the Company's Auditors. Their report was unqualified and contained no statement under section 298 (2) or (3) of the Companies Act 2006.

2. Changes in accounting policy

The assessment of new standards, amendments and interpretations issued but not effective are not anticipated to have a material impact on the interim financial statements.

3. Going concern

The Directors have considered the Company's activities, together with the factors likely to affect its future development and performance, the financial position of the Company, and its cash flows and liquidity position, taking account of the current market conditions. This review has demonstrated that the Company shall continue to operate within its own resources.

The Directors believe that the Company is well placed to manage its business risks successfully and that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it appropriate to adopt the going concern basis in preparing these condensed financial statements.

4. Profit (loss) per share

Profit / (Loss) per share has been calculated on a profit of £502,000 (six months to 30 September 2022: £127,000 loss; year to 31 March 2023: £378,000 loss) and the weighted number of average shares in issue for the period of 16,252,335,184 (30 September 2022: 16,252,335,184; 31 March 2023: 16,252,335,184).

	6 months ended 30 September 2023	6 months ended 30 September 2022	Year ended 31 March 2023
Profit (loss) (£'000)	502	(127)	(378)
Earnings (loss) per share (pence)	0.0031	(0.0008)	(0.0023)

5. Investments

	Other Investments £'000s
Fair value at 1 April 2023	3,193
Additions during the period	250
Disposals during the period	(136)
Current period fair value movement charged to profit or loss	(518)
Fair value at 30 September 2023	2,789

Investment in Tribe Technology Group Limited ("Tribe Tech")

In May 2023, Vela invested £250,000 in Tribe Tech via an advance subscription agreement as part of a pre-IPO funding round. The IPO completed on 5 September 2023 and Vela was issued with shares at a price of 8p per share which was

equivalent to 80% of the IPO issue price. Following the investment Vela is interested in 3,125,000 ordinary shares representing 1.41 per cent of Tribe Tech's issued share capital.

Part Disposal in EnSilica Plc

Between May 2023 and September 2023 the Company disposed of a total of 163,000 shares at an average price of 68p per share, generating gross proceeds of £110,537 for the Company. Following the disposals Vela remained interested in 946,707 ordinary shares representing 1.9% of the issued share capital after these disposals.

Part Disposal in Kanabo Group Plc

In May 2023 the Company disposed of a total of 500,000 shares at a price of 3p per share, generating gross proceeds of £15,460 for the Company. Following the disposals Vela remained interested in 657,692 ordinary shares.

Part Disposal in Northcoders Group Plc

In May 2023 the Company disposed of a total of 2,500 shares at a price of £3.00 per share, generating gross proceeds of £7,189 for the Company. Following the disposals Vela remained interested in 347,499 ordinary shares.

6. Trade and other receivables - non-current

	30 September 2023 £'000	30 September 2022 £'000	31 March 2023 £'000
Loan due from Bixx Tech Limited	704	689	704
Other financial asset	4,000	2,350	2,350
	4,704	3,039	3,054

Loan due from Bixx Tech Limited

The loan represents the consideration receivable for the disposal of certain investment assets in August 2020. The total consideration receivable is £855,000 which is receivable after seven years. The consideration has been discounted at a market interest rate of 4.5%.

Under the terms of the loan agreement, the Company has provided an undertaking to distribute a sum equal to any repayment of the loan to the holders of the Special Deferred Shares. This distribution will be by way of a dividend declared on the Special Deferred Shares ("the Special Dividend"). In the event that insufficient distributable reserves exist at the end of the seven-year loan term, the repayment of the loan will be deferred for a further year. This deferral will continue until such a time as the Company has sufficient distributable reserves to be able to pay the Special Dividend.

Other financial asset - Investment in St George Street Capital

On 20 October 2020, the Company entered into a contract with St George Street Capital ("SGSC") for an 8% economic interest in the potential future commercialisation of SGSC's asset to treat individuals with diabetes who are suffering with COVID-19 ("the Asset"). The consideration payable under the terms of the contract was £2.35m which was settled by cash of £1.25m and the issue of 1,100,000,000 consideration shares at a price of 0.1 pence per share. The directors consider that this represented the fair value of the contract at the date of investment.

The contract gives the Company a right to future economic benefits and has been classified as a financial asset measured at fair value through profit and loss. The directors estimate that the contract will not be realised within 12 months of the reporting date and so the asset has been classified as non-current.

SGSC had successfully completed the Phase II trials and had moved on to the process of investigating options for funding Phase III clinical trials (which would involve a significantly larger sample of patients than Phase II) and onward commercialisation of the Asset. The development of the Asset continues to progress along the typical drug development pipeline. However, the need for SGSC to raise further funding in order to commence the Phase III trials, to successfully complete those trials and achieve commercialisation of the drug gives rise to an inherent level of risk in respect of the ultimate realisation of the Asset, which the directors took into consideration when estimating its fair value as at 31 March 2023. The directors considered the position at the balance sheet date and were of the view that there had not been any major developments (either positive or negative) or milestones achieved in the period up to the reporting date which would give rise to a material change in the fair value of the contract during this time. Accordingly, the original consideration payable under the contract represents the directors' best estimate of its fair value, as a standalone contract, as at 31 March 2023.

In April 2023, the Company entered into a put option agreement (the "Option") to give the Company the right, but not the obligation, to sell its economic interest in the commercialisation of the Covid-19 application of AZD1656 for a total consideration of £4.0 million. The Option was granted by Conduit Pharmaceuticals Limited ("Conduit") and its prospective parent company, Murphy Canyon Acquisition Corp ("Murphy"), a Company listed on NASDAQ at that time. On exercise of the Option by Vela, the consideration that would be payable to Vela will be satisfied through the issuance of new shares

of authorised common stock of par value \$0.001 of Murphy. The Option is exercisable solely at the discretion of Vela and Vela paid Conduit £400,000 in cash as the premium for the Option, with the consideration settled from Vela's existing cash resources.

On 21 September 2023 Conduit completed its merger with Murphy and its shares were listed on NASDAQ. Following the listing on NASDAQ the put option became exercisable. As a result, at 30 September 2023 Vela was in a position to exchange its £2.75 million economic interest in AZD1656 for £4 million worth of Conduit shares. This is reflected in the valuation of the 'other financial asset' at the half-year end.

Subsequent to the half-year period end (on 1 December 2023) Vela exercised the put option to sell its economic interest for shares in Conduit. Under the terms of the put option Vela received 1,015,760 new shares of authorised common stock of par value \$0.001 in Conduit.

7. Derivative financial instruments

	30 September 2023 £'000	30 September 2022 £'000	31 March 2023 £'000
Warrants	18	39	72
	18	39	72

The Company holds warrants providing it with the right to acquire additional shares in certain of its investee companies at a fixed price in the future, should the directors decide to exercise them. The warrants have been recognised as an asset at fair value, which has been calculated using an appropriate option pricing model.

8. Share capital

Allotted, called up and fully paid capital	30 September 2023	30 September 2022	31 March 2023
16,252,335,184 Ordinary Shares of 0.01 pence each	1,625	1,625	1,625
1,748,943,717 Deferred Shares of 0.08 pence each	1,399	1,399	1,399
2,665,610,370 Special Deferred Shares of 0.01 pence each	267	267	267
	3,291	3,291	3,291

9. Financial instruments

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of its inputs, using a three-level hierarchy. There have been no transfers between Levels in the fair value hierarchy.

Quoted market prices in active markets – "Level 1"

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company has twelve (30 September 2022: ten; 31 March 2022: eleven) investments classified in this category. The aggregate historic cost of these investments is £3,393,803 (30 September 2022: £3,393,803; 31 March 2022: £3,145,110) and the fair value as at 30 September 2023 was £1,961,310 (30 September 2022: £2,681,046; 31 March 2022: £2,364,534)

Valued using models with significant observable market parameters – "Level 2"

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has two (30 September 2022: two; 31 March 2023: two) unquoted investments classified in this category. The historic cost of these investments is £450,000 (30 September 2022: £450,000; 31 March 2023: £450,000) and the fair value as at 30 September 2022 was £828,186 (30 September 2022: £764,644; 31 March 2023: £828,186).

Valued using models with significant unobservable market parameters – "Level 3"

The Company has two (30 September 2022: two; 31 March 2023: two) investments that are held at cost less impairment because a reliable estimate of fair value cannot be determined. As at 30 September 2023 the historical cost of these

investments amounted to £300,000 (30 September 2022: £300,000; 31 March 2023: £300,000) and the aggregate carrying value was £nil (30 September 2022: £nil; 31 March 2023: £nil).

The Company also holds a non-current financial asset described in note 9 to the financial statements at a fair value of £4,000,000 (30 September 2022: £2,350,000; 31 March 2023: £2,350,000). The historic cost of the asset is £2,750,000 (30 September 2022: £2,350,000; 31 March 2023: £2,350,000).

10. Related party transactions

During the period the Company entered into the following related party transactions. All transactions were made on an arm's length basis:

Ocean Park Developments Limited

Brent Fitzpatrick, non-executive chairman, is also a director of Ocean Park Developments Limited. During the period the Company paid £24,000 (six months ended 30 September 2022: £24,000; year ended 31 March 2023: £62,000) in respect of his director's fees to the Company. The balance due to Ocean Park Developments at the period end was £nil (30 September 2022 £nil; 31 March 2023: £nil).

11. Principal risks and uncertainties

Principal risks and uncertainties are set out in the annual financial statements within the directors' report and also in note 15 to those financial statements and are reviewed on an on-going basis.

The Board provides leadership within a framework of appropriate and effective controls. The Board has set up, operates and monitors the corporate governance values of the Company, and has overall responsibility for setting the Company's strategic aims, defining the business objective, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the Company's business both prior to and following an acquisition.

There have been no significant changes in the first six months of the financial year to the principal risks and uncertainties as set out in the 31 March 2023 Annual Report and Accounts.

12. Board approval

These interim results were approved by the Board of Vela Technologies plc on 21 December 2023.