

31 December 2021

Vela Technologies plc

("Vela" or the "Company")

Interim Results for the six months ended 30 September 2021

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 2021.

Overview

Vela has a strong balance sheet with no debt and total assets amounting to £8.06 million as at 30 September 2021 (31 March 2021: £7.25 million; 30 September 2020: £3.08 million). Cash and cash equivalents as at 30 September 2021 were £2.52 million (31 March 2021: £2.15 million; 30 September 2020: £1.63 million). The investment portfolio had a fair value of £2.41 million as at 30 September 2021 (31 March 2021: £1.97 million; 30 September 2020: £0.86 million). This excludes the investment in St George Street Capital ("SGSC") which is held in the balance sheet as a non-current asset at a value of £2.35 million, the consideration payable by Vela for their interest in SGSC in October 2020.

Whilst the six months have been a quieter period for Vela the Board spent a good deal of time reviewing a variety of potential investments, many of which were turned down following due diligence. The Company made two investments in the period under review, being a £150,000 follow-on investment in Cornerstone FS plc in April 2021 at the time of its admission to trading on AIM and a significant new investment in Northcoders Group plc, as detailed below. The Company now has a portfolio of 11 investments inclusive of its interest in SGSC.

In April 2021 the Company completed the sale of 310,000 shares in North Peak Resources resulting in a cash consideration of approximately £130,112.

The Company made a new and significant investment in Northcoders Group PLC at the time of its admission to trading on AIM and as part of an overall £3.5 million fundraising. The investment has enabled Vela to gain exposure to online and in person training in software coding. Vela invested £750,000 in cash from its existing resources for a 6.01% shareholding.

During September 2021 the Company was pleased to appoint Emma Wilson to the Board as an Executive Director. Emma qualified as a chartered accountant in 2001 and since qualification has been employed in senior finance positions in large and small practices and commerce. Emma is taking principal responsibility for Vela's finance and company secretarial functions as well as playing a full part in other board responsibilities including investment appraisal and monitoring.

Events since the end of the period

As at 30 September 2021 it was not possible to impute a value for Vela's holding in WeShop Limited, a long standing investee company, and so no amendment has been made in the half-year financial statements to the value attributed to them in the 31 March 2021 financial statements. In November 2021, however, WeShop sold its name, business and assets to Boanerges Limited. The consideration for the sale was Boanerges shares, which are traded on JP Jenkins' matched-bargain exchange. The last traded price at which Boanerges shares changed hands would give Vela's WeShop shares a value in excess of the value which they are reflected in the last published annual balance sheet and as at 30 September 2021. Any change in value will be reflected in the financial statements for the year ended 31 March 2022.

At the beginning of December 2021, Vela subscribed £250,000 of a £4.5 million initial public offering of shares in Skillcast Group plc as part of its admission to the AIM market of the London Stock Exchange. Skillcast provides software and content subscriptions and related professional services to enable companies to implement and maintain their staff compliance and training obligations.

On 14 December 2021, SGSC, the charitable body responsible for the Arcadia covid-19 drug trial, announced that, having successfully completed the phase II clinical trial, it was now embarking on commercial discussions with potential licensees and partners and examining options for the next stage of the development and approval process.

Financial Results

The operating loss for the six months to 30 September 2021 was £496,000 (30 September 2020: £63,000) which includes impairments of £377,000 (30 September 2020: £289,000 positive).

The net movement in the fair value of investments reflects the market value of those investee companies that are listed on the stock exchange. The most disappointing of these is Vela's investment in Cornerstone FS plc, shares in which were listed on AIM in April 2021 at a price of 61p which at 30 September 2021 were trading at 27p. The Board of Vela has been in discussion with Cornerstone's management and has received explanations for the delays in Cornerstone achieving the plans set out in its admission document. Vela has been encouraged by these discussions and by a research note recently issued by Hardman & Co.

Outlook

The Board remains confident that significant investment opportunities exist for the Company going forward and looks forward to the remainder of the financial year being a period in which Vela can utilise the funds at its disposal towards further investments, both new and follow-on investments.

Brent Fitzpatrick

Chairman

30 December 2021

Unaudited Statement of Comprehensive Income

for the six months ended 30 September 2021

	(Unaudited) 6 months ended 30 September 2021	(Unaudited) 6 months ended 30 September 2020	(Audited) Year Ended 31 March 2021
Notes	£'000	£'000	£'000
Revenue	-	-	-
Gross profit	-	-	-
Administrative expenses			
share based payments	-	(57)	(21)
other administrative expenses	(119)	(295)	(400)
fair value movements on derivatives	-	-	138
fair value movements on investments	(377)	289	666
Total administrative expenses and (loss) from operations	(496)	(63)	383
Finance income	-	-	16
Finance expense	-	-	(19)
(Loss)/Profit before tax	(496)	(63)	380
Income tax	-	-	-
(Loss)/Profit after tax	(496)	(63)	380
Other comprehensive income for the year	-	-	-
Total comprehensive (loss)/income	(496)	(63)	380
Attributable to:			
Equity holders of the company	(496)	(63)	380
Earnings / (loss) per share			
Basic and diluted (loss) per share (pence)	5	(0.00)	(0.00)
			0.05

Unaudited Balance Sheet

as at 30 September 2021

	(Unaudited)	(Unaudited)	(Audited)	
	30	30	31	
	September	September	March	
	2021	2020	2021	
Notes	£'000	£'000	£'000	
Assets				
Investments	6	2,412	586	1,969
Non-current assets	7	2,995	855	2,995
Total non-current assets		5,407	1,441	4,964
Current assets				
Trade and other receivables		-	13	1
Derivative financial instruments	8	138	-	138
Cash and cash equivalents		2,518	1,628	2,147
Total current assets		2,656	1,641	2,286
Total assets		8,063	3,082	7,250
Equity and liabilities				
Equity				
Called up share capital	9	3,291	2,445	3,048
Share premium reserve		7,690	3,459	6,603
Share-based payment reserve		151	130	151
Retained earnings		(3,096)	(3,043)	(2,600)
Total equity		8,036	2,991	7,202
Current liabilities				
Trade and other payables		27	91	48
Total current liabilities		27	91	48
Total equity and liabilities		8,063	3,082	7,250

Unaudited Cashflow Statement

for the six months ended 30 September 2021

	(Unaudited) 6 months ended 30 September 2021 £'000	(Unaudited) 6 months ended 30 September 2020 £'000	(Audited) year ended 31 March 2021 £'000
Operating activities			
(Loss)/Profit before tax	(496)	(63)	380
Share based payment	-	(289)	21
Fair value movements on investments	377	-	(666)
Fair value movements on derivative instruments	-	-	(138)
Finance expenses	-	-	19
Finance income	-	-	(16)
Issue of shares in lieu of services	-	57	-
Decrease/(Increase) in receivables	1	(855)	12
(Decrease)/Increase in payables	(21)	37	(6)
Total cash flow from operating activities	(139)	(1,113)	(394)
Investing activities			
Consideration for disposal of investment	80	898	512
Consideration for purchase of financial asset	-	-	(1,250)
Consideration for purchase of investment	(900)	-	(1,248)
Total cash flow from investing activities	(820)	898	(1,986)
Financing activities			
Interest paid	-	-	(19)
Proceeds from exercise of warrants	1,330	926	-
Proceeds from the issue of ordinary share	-	917	4,537
Total cash flow from financing activities	1,330	1,843	4,518
Net increase in cash and cash equivalents	371	1,619	2,138
Cash and cash equivalents at start of year/period	2,147	9	9
Cash and cash equivalents at the end of the year/period	2,518	1,628	2,147
Cash and cash equivalents comprise:			
Cash and cash in bank	2,518	1,628	2,147
Cash and cash equivalents at end of year/period	2,518	1,628	2,147

Unaudited Statement of Changes in Equity

for the six months ended 30 September 2021

	Share capital	Share Premium	Share Option Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2021	3,048	6,603	151	(2,600)	7,202
Loss for the period and total comprehensive income for the period	-	-	-	(496)	(496)
Exercise of warrants	243	1,087	-	-	1,330
Balance at 30 September 2021	3,291	7,690	151	3,096	8,036
Balance at 1 April 2020	1,749	1,715	130	(2,980)	614
Issue of share capital	696	1,744	-	-	2,440
Loss for the period and total comprehensive income for the period	-	-	-	(63)	(63)
Balance at 30 September 2020	2,445	3,459	130	(2,917)	2,991
Balance at 1 April 2020	1,749	1,715	130	(2,980)	614
Share based payment	-	-	21	-	21
Issue of share capital	1,299	4,888	-	-	6,187
Loss for the period and total comprehensive income for the period	-	-	-	380	380
Balance at 31 March 2021	3,048	6,603	151	(2,600)	7,202

Notes to the Interim Accounts

for the six months ended 30 September 2021

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 2021 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 2021 and are presented in pounds sterling.

The comparative figures for the financial year ended 31 March 2021 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. Investments

Fixed asset investments are stated at fair value.

5. Earnings / (loss) per share

Earnings per share have been calculated on a loss of £496,000 (six months to 30 September 2020: £63,000 loss; year to 31 March 2021: £380,000 profit) and the weighted number of average shares in issue for the period of 14,300,353,559 (30 September 2020: 6,268,041,075; 31 March 2021: 7,383,146,119).

Reconciliation of the loss and weighted average number of shares used in the calculations are set out below:

	6 months ended 30 September 2021	6 months ended 30 September 2020	Year ended 31 March 2021
(Loss)/Profit (£'000)	(496)	(63)	380
Earnings per share (pence)	(0.00)	(0.00)	0.05

6. Investments

	Other Investments
Fair value at 1 April 2021	1,969
Additions during the period	900
Disposals during the period	(80)
Current period fair value movement charged to profit or loss	(376)
Fair value at 30 September 2021	2,413

Disposal of North Peak Resources Ltd

In April 2021 the Company disposed of its remaining shares in North Peak Resources Ltd. The carrying value of the shares held as at 31 March 2021 was £74,858 and the sales proceeds amounted to approximately CAD\$138,942 (approximately £80,000).

Investment in Cornerstone FS Plc

In April 2021, the Company completed the subscription for 245,902 new ordinary shares in Cornerstone for a cost of £150,000 as part of Cornerstone's admission to AIM. Following this transaction, Vela's aggregate shareholding in Cornerstone represented approximately 3.2% of its then issued share capital.

Investment in Northcoders Group PLC

In July 2021 the Company invested £750,000 in Northcoders Group PLC. The Company acquired 416,666 new ordinary shares of 1p each at a price of 180p per share which represented an investment of 6% of its then issued share capital.

7. Non-current assets

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Loan due from Bixx Tech Limited	645	855	645
Other financial asset	2,350	-	2,350
	2,995	855	2,995

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.

8. Derivative financial instruments

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Warrants	138	-	138
	138	-	138

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.

9. Share capital

Authorised capital

9,999,520,000 ordinary shares of 0.1 pence each

Allotted, called up and fully paid capital

New Ordinary shares of 0.01 pence each

Deferred shares of 0.08 pence each

Special deferred shares of 0.01p

	30 September 2021	30 September 2020	31 March 2021
	10,000	10,000	10,000
	10,000	10,000	10,000
	1,625	871	1,382
	1,399	1,399	1,399
	267	175	267
	3,291	2,445	3,048

Allotments during the period

The Company allotted the following ordinary shares during the period:

Shares in issue at 1 April 2021

Shares issued during the period

Shares in issue at 30 September 2021

6 months ended 30 September 2021
13,818,450,084
2,433,885,100
16,252,335,184

Shares in issue at 1 April 2020

Shares issued during the period

Shares in issue at 30 September 2020

6 months ended 30 September 2020
1,718,943,717
6,995,384,109
8,714,327,826

Shares in issue at 1 April 2020

Shares issued during the year

Shares in issue at 31 March 2021

Year ended 31 March 2021
1,718,943,717
12,099,506,367
13,818,450,084

Exercise of warrants and issue of equity

On 30 March 2021, the Company announced an application to issue 24,751,750 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share. The share allotment was completed on 7 April 2021, generating proceeds of £14,851.

On 6 July 2021, the Company issued 35,000,000 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £21,000.

On 7 July 2021, the Company issued 44,079,000 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £26,447.

On 19 July 2021, the Company issued 117,083,332 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £70,250.

On 27 August 2021, the Company issued 1,391,421,209 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £834,853.

On 7 September 2021, the Company issued 821,549,809 new ordinary shares of 0.01p pursuant to the exercise of warrants to subscribe for new Ordinary Shares at a price of 0.06p per Ordinary Share, generating proceeds of £362,530.

10. 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 six (31 March 2021: six) investments classified in this category. The aggregate historic cost of the six investments is £1,597,058 (31 March 2021: £1,270,672) and the fair value as at 30 September 2021 was £1,635,310 (31 March 2021: £1,192,164)

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 (31 March 2021: two) unquoted investment classified in this category. The historic cost of this investment is £450,000 (31 March 2021: £450,000) and the fair value as at 30 September 2021 was £777,144 (31 March 2021: £777,144).

Valued using models with significant unobservable market parameters – “Level 3”

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. None of the Company's investments are valued using this technique.

The Company has two (31 March 2021: two) investments that are held at cost less impairment because a reliable estimate of fair value cannot be determined. As at 30 September 2021 the historical cost of these investments amounted to £300,000 (31 March 2021: £300,000) and the aggregate carrying value was £nil (31 March 2021: £nil).

11. 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

Nigel 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 2020: £21,000; year ended 31 March 2021: £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 2020 £nil; 31 March 2021: £nil).

12. Principal risks and uncertainties

Principal risks and uncertainties are set out in the annual financial statements within the directors' report and also in note 14 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 2021 Annual Report and Accounts.

13. Post balance sheet events

Investment in Skillcast Group plc

The Company announced on 1 December 2021 that it had invested £250,000 in Skillcast Group plc as part of an IPO funding round by Skillcast which raised an aggregate £3,500,000 for the company.

14. Board approval

These interim results were approved by the Board of Vela Technologies PLC on 30 December 2021.