

15 December 2022

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

Interim results for the six months ended 30 September 2022

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 2022.

Overview

The last six months have been extremely challenging for capital markets with political unrest both at home and abroad, the continuing war in Ukraine and rising inflation and interest rates. These factors have impacted the small-cap marketplace in the UK; and Vela and its investment portfolio have not been immune to such pressures.

Against this backdrop investors have taken a cautious approach with the resultant withdrawal of capital from the markets during the period under review.

Despite such negative effects 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.

In the period under review we continued to review a variety of potential investments many of which either fail the process of scrutiny or due diligence.

I am pleased to say that Vela's balance sheet remains strong with no debt and total assets amounting to £7.268 million as at 30 September 2022 (31 March 2022: £7.399 million; 30 September 2021: £8.063 million). Cash and cash equivalents as at 30 September 2022 were £0.646 million - £0.534 million was held in Vela's bank and the remaining £0.112 million was held in trust with the Company's retail stockbroker and custodian following the disposal of investments towards the period-end (31 March 2022: £0.958 million; 30 September 2021: £2.518 million). Since 30 September 2021 the decrease in Vela's cash reserves can be attributed to further investments in line with the Company's investing policy (being Skillcast Group plc, EnSilica plc, Igraine plc and TruSpine Technologies plc), as well as the ongoing administrative costs associated with the Company.

The investment portfolio comprises a total of 13 investee companies. 12 of these are held as investments and had a fair value of £3.546 million as at 30 September 2022 (31 March 2022 £2.603 million; 30 September 2021: £2.412 million). The remaining and largest investment, St George Street Capital ("SGS"), is held as a financial asset and remains on Vela's balance sheet at its cost of £2.350 million. 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 2022, and, in line with this, investments have been revalued to reflect the fair value at 30 September 2022.

Investment purchases and sales

During the period the following transactions were undertaken:

Investment in EnSilica plc

During May EnSilica listed on AIM. Vela's investment of £750,000 in convertible loan notes, together with the relevant interest, were converted into 1,764,788 shares representing 2.3% of the issued share capital.

Between May 2022 and the end of September 2022 the Company disposed of 138,653 shares in EnSilica at an average price of 49p per share, generating gross proceeds of £68,219 for the Company. Following the disposals Vela remained interested in 1,626,135 ordinary shares representing 2.2% of the issued share capital at the period end.

Further sales were undertaken post the period end resulting in the Company selling a total of 568,653 shares in EnSilica since the IPO in May at an average price of 61p per share and generating aggregate net proceeds of £349,469 for the Company. The sales post period-end are expected to generate a realised gain of £90,984 for Vela in the current financial year to 31 March 2023. Vela retains 1,196,135 shares in EnSilica representing 1.6% of the issued share capital.

Investment in TruSpine Technologies Plc

In June 2022 the Company completed the subscription for 6,000,000 ordinary shares in TruSpine Technologies plc for a cost of £300,000, representing 5.07% of TruSpine's issued share capital. TruSpine continues to be in a pre-revenue

development phase and remains loss-making at the current stage of its development. TruSpine announced on 31 October 2022 that its financial position remained weak and that it is seeking alternative sources of additional finance.

Partial disposal of investment in Cornerstone FS PLC

In July 2022 the Company disposed of 50,000 shares in Cornerstone at a price of 14.2p per share, generating gross proceeds of £7,115. Following the disposal Vela remains interested in 595,902 shares representing 1.2% of the current issued share capital.

Partial disposal of investment in Northcoders Group plc

In September the Company disposed of 25,000 shares in Northcoders at a price of £3.50 per share, generating gross proceeds of £87,500. Following the disposal Vela remained interested in 316,666 shares representing 4.6% of the issued share capital.

Post period end, in November 2022, the Company invested an additional £99,999 in Northcoders at a price of £3 per share, satisfied from the Company's existing cash resources. The investment was part of a secondary placing in Northcoders which followed an oversubscribed placing that raised £2.1 million for Northcoders. Following this investment, Vela holds 349,999 ordinary shares in Northcoders representing 4.6% of the issued share capital of Northcoders.

Vela continues to hold an economic interest in the commercialisation of a particular application of AZD1656 via St George Street Capital. AZD1656 is one of the assets of Conduit Pharmaceuticals Limited ("Conduit"). Conduit announced on 9 November 2022 that it intends to become a publicly traded company on NASDAQ in the US via a merger with Murphy Cannon Acquisition Corp. ("Murphy"), a NASDAQ-listed special purpose acquisition company. The Board understands that SGS continues its discussions with third parties with a view to commercialise AZD1656.

Outlook

The Board looks forward to the remainder of the financial year with caution but ever-mindful of potential new and follow-on investments in line with the strategic update announced on 2 September 2022.

Brent Fitzpatrick
Chairman

14 December 2022

Unaudited Statement of Comprehensive Income

for the six months ended 30 September 2022

| | (Unaudited) 6 months ended 30 September 2022 £'000 | (Unaudited) 6 months ended 30 September 2021 £'000 | (Audited) Year Ended 31 March 2022 £'000 |
|---|---|--|---|
| Notes | | | |
| Revenue | - | - | - |
| Gross profit | - | - | - |
| Administrative expenses | | | |
| share-based payments | - | - | - |
| other administrative expenses | (171) | (119) | (347) |
| fair value movements on derivatives | (26) | - | (75) |
| fair value movements on investments | 55 | (377) | (685) |
| Total administrative expenses and loss from operations | (142) | (496) | (1,107) |
| Finance income | 15 | - | 29 |
| Loss before tax | (127) | (496) | (1,078) |
| Income tax | - | - | - |
| Loss after tax | (127) | (496) | (1,078) |
| Other comprehensive income for the year | - | - | - |
| Total comprehensive loss | (127) | (496) | (1,078) |
| Attributable to: | | | |
| Equity holders of the company | (127) | (496) | (1,078) |
| Loss per share | | | |
| Basic and diluted loss per share (pence) | 5 | (0.0007) | (0.0035) |
| | | (0.0071) | |

Unaudited Balance Sheet

as at 30 September 2022

| | | (Unaudited) 30 September 2022 £'000 | (Unaudited) 30 September 2021 £'000 | (Audited) 31 March 2022 £'000 |
|-------------------------------------|-------|---|---|--|
| | Notes | | | |
| Assets | | | | |
| Investments | 6 | 3,546 | 2,412 | 2,603 |
| Non-current assets | 7 | 3,039 | 2,995 | 3,024 |
| Total non-current assets | | 6,585 | 5,407 | 5,627 |
| Current assets | | | | |
| Trade and other receivables | | - | - | 751 |
| Derivative financial instruments | 8 | 37 | 138 | 63 |
| Cash and cash equivalents | | 646 | 2,518 | 958 |
| Total current assets | | 683 | 2,656 | 1,772 |
| Total assets | | 7,268 | 8,063 | 7,399 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Called-up share capital | 9 | 3,291 | 3,291 | 3,291 |
| Share premium reserve | | 7,594 | 7,690 | 7,594 |
| Share-based payment reserve | | 65 | 151 | 65 |
| Retained earnings | | (3,699) | (3,096) | (3,572) |
| Total equity | | 7,251 | 8,036 | 7,378 |
| Current liabilities | | | | |
| Trade and other payables | | 17 | 27 | 21 |
| Total current liabilities | | 17 | 27 | 21 |
| Total equity and liabilities | | 7,268 | 8,063 | 7,399 |

Unaudited Cashflow Statement

for the six months ended 30 September 2022

| | (Unaudited) 6 months ended 30 September 2022 £'000 | (Unaudited) 6 months ended 30 September 2021 £'000 | (Audited) Year ended 31 March 2022 £'000 |
|--|---|--|--|
| Operating activities | | | |
| Loss before tax | (127) | (496) | (1,078) |
| Share based payment | - | - | 20 |
| Fair value movements on investments | (55) | 377 | 685 |
| Fair value movements on derivative instruments | 26 | - | 75 |
| Finance income | (15) | - | (29) |
| Decrease in receivables | - | 1 | - |
| Decrease in payables | (4) | (21) | (27) |
| Total cash flow from operating activities | (175) | (139) | (354) |
| Investing activities | | | |
| Acquisition of loan notes | - | - | (750) |
| Acquisition of investments | (300) | (900) | (1,581) |
| Proceeds from disposal of investments | 163 | 80 | 262 |
| Total cash flow from investing activities | (137) | (820) | (2,069) |
| Financing activities | | | |
| Proceeds from exercise of warrants | - | 1,330 | - |
| Proceeds from the issue of ordinary shares | - | - | 1,234 |
| Total cash flow from financing activities | - | 1,330 | 1,234 |
| Net (decrease)/increase in cash and cash equivalents | (312) | 317 | (1,189) |
| Cash and cash equivalents at start of year/period | 958 | 2,147 | 2,147 |
| Cash and cash equivalents at the end of the year/period | 646 | 2,518 | 958 |
| Cash and cash equivalents comprise: | | | |
| Cash at bank | 534 | 2,518 | 958 |
| Cash held in trust | 112 | - | - |
| Cash and cash equivalents at end of year/period | 646 | 2,518 | 958 |

Unaudited Statement of Changes in Equity

for the six months ended 30 September 2022

| | Share capital | Share Premium | Share Option Reserve | Retained Earnings | Total Equity |
|--|------------------|------------------|----------------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2022 | 3,291 | 7,594 | 65 | (3,572) | 7,378 |
| Loss for the period 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 2021 | 3,048 | 6,603 | 151 | (2,600) | 7,202 |
| Issue of share capital | - | - | - | (496) | (496) |
| Loss for the period and total comprehensive income for the period | 243 | 1,087 | - | - | 1,330 |
| Balance at 30 September 2021 | 3,291 | 7,690 | 151 | 3,096 | 8,036 |
| Balance at 1 April 2021 | 3,048 | 6,603 | 151 | (2,600) | 7,202 |
| Share-based payment | - | - | 20 | - | 20 |
| Lapse of options in the period | - | - | (106) | 106 | - |
| Issue of share capital | 243 | 991 | - | - | 1,234 |
| Loss for the period and total comprehensive income for the period | - | - | - | (1,078) | (1,078) |
| Balance at 31 March 2022 | 3,291 | 7,594 | 65 | (3,572) | 7,378 |

Notes to the Interim Accounts

for the six months ended 30 September 2022

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 2022 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 2022 and are presented in pounds sterling.

The comparative figures for the financial year ended 31 March 2022 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. Loss per share

Loss per share has been calculated on a loss of £127,000 (six months to 30 September 2021: £496,000 loss; year to 31 March 2022: £1,078,000 loss) and the weighted number of average shares in issue for the period of 16,252,335,184 (30 September 2021: 14,300,353,559; 31 March 2022: 15,091,929,620).

| | 6 months ended 30 September 2022 | 6 months ended 30 September 2021 | Year ended 31 March 2022 |
|----------------------------|---|---|--------------------------------|
| Loss (£'000) | (127) | (496) | (1,078) |
| Earnings per share (pence) | (0.0007) | (0.0035) | (0.0071) |

6. Investments

| | Other Investments £'000s |
|--|---|
| Fair value at 1 April 2022 | 2,603 |
| Additions during the period | 300 |
| Conversion of convertible loan stock | 750 |
| Disposals during the period | (162) |
| Current period fair value movement charged to profit or loss | 55 |
| Fair value at 30 September 2022 | 3,546 |

Investment in EnSilica plc

In May 2022, EnSilica successfully completed its admission onto the AIM market. On admission Vela's investment of £750,000 in convertible loan notes and accrued interest were converted into 1,764,788 ordinary shares representing 2.3 per cent of the issued share capital.

Between 24 May 2022 and 16 September 2022, the Company disposed of 138,653 shares in EnSilica at an average price of 49p per shares generating total proceeds of £68,219. Following these disposals Vela was interested in 1,626,135 ordinary shares representing 2.16 per cent of the issued share capital. Post period end Vela has made subsequent disposals of shares in EnSilica as announced by the Company on 6 December 2022.

Investment in TruSpine Technologies Plc

In June 2022, the Company completed the subscription for 6,000,000 ordinary shares in TruSpine for a cost of £300,000, representing 5.07 per cent of TruSpine's issued share capital.

Disposal of investment in Cornerstone FS PLC

In July 2022, the Company disposed of 50,000 shares in Cornerstone at a price of 14.2p, generating gross proceeds of £7,115. Following the disposal Vela was interested in 595,902 shares representing 1.2 per cent of the issued share capital.

Disposal of investment in Northcoders Group plc

In September 2022, the Company disposed of 25,000 shares in Northcoders at a price of £3.50, generating gross proceeds of £87,500. Following the disposal Vela was interested in 316,666 shares representing 4.6 per cent of the issued share capital. Post period end Vela made a follow-on investment of £99,999 in Northcoders as announced by the Company on 28 November 2022.

7. Trade and other receivables - non-current

| | 30 September 2022 £'000 | 30 September 2021 £'000 | 31 March 2022 £'000 |
|---------------------------------|--|----------------------------------|---------------------------|
| Loan due from Bixx Tech Limited | 689 | 645 | 674 |
| Other financial asset | 2,350 | 2,350 | 2,350 |
| | 3,039 | 2,995 | 3,024 |

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 2022 | 30 September 2021 | 31 March 2022 |
|----------|----------------------------------|-------------------------|---------------------|
| | £'000 | £'000 | £'000 |
| Warrants | 39 | 138 | 63 |

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

| | 30 September 2022 | 30 September 2021 | 31 March 2022 |
|---|----------------------------------|-------------------------|---------------------|
| Authorised capital | | | |
| 9,999,520,000 ordinary shares of 0.1 pence each | 10,000 | 10,000 | 10,000 |
| | 10,000 | 10,000 | 10,000 |
| Allotted, called up and fully paid capital | | | |
| New Ordinary shares of 0.01 pence each | 1,625 | 1,625 | 1,625 |
| Deferred shares of 0.08 pence each | 1,399 | 1,399 | 1,399 |
| Special deferred shares of 0.01p | 267 | 267 | 267 |
| | 3,291 | 3,291 | 3,291 |

Allotments during the period

The Company allotted the following ordinary shares during the period:

| | |
|---|---|
| | 6 months ended 30 September 2022 |
| Shares in issue at 1 April 2022 | 16,252,335,184 |
| Shares issued during the period | - |
| Shares in issue at 30 September 2022 | 16,252,335,184 |
| | 6 months ended 30 September 2021 |
| Shares in issue at 1 April 2021 | 13,818,450,084 |
| Shares issued during the period | 2,433,885,100 |
| Shares in issue at 30 September 2021 | 16,252,335,184 |
| | Year ended 31 March 2022 |
| Shares in issue at 1 April 2021 | 13,818,450,084 |
| Shares issued during the year | 2,433,885,100 |
| Shares in issue at 31 March 2022 | 16,252,335,184 |

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 ten (30 September 2021: six; 31 March 2022: eight) investments classified in this category. The aggregate historic cost of the six investments is £3,393,803 (30 September 2021: £1,597,058; 31 March 2022: £2,343,803) and the fair value as at 30 September 2022 was £2,681,046 (30 September 2021: £1,635,210; 31 March 2022: £1,738,769)

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 2021: two; 31 March 2022: two) unquoted investments classified in this category. The historic cost of these investments is £450,000 (30 September 2021: £450,000; 31 March 2022: £450,000) and the fair value as at 30 September 2022 was £864,644 (30 September 2021: £777,144; 31 March 2022: £864,644).

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

The Company has two (30 September 2021: two; 31 March 2022: two) investments that are held at cost less impairment because a reliable estimate of fair value cannot be determined. As at 30 September 2022 the historical cost of these investments amounted to £300,000 (30 September 2021: £300,000; 31 March 2022: £300,000) and the aggregate carrying value was £nil (30 September 2021: £nil; 31 March 2022: £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 2021: £24,000; year ended 31 March 2022: £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 2021 £nil; 31 March 2022: £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 2022 Annual Report and Accounts.

13. Post balance sheet events

Disposals of EnSilica plc

Between 17 October 2022 and 2 December 2022, the Company disposed of 430,000 shares in EnSilica at an average price of 65p per share, generating total proceeds of £281,250. Following the disposals Vela was interested in 1,196,135 ordinary shares representing 1.6 per cent of the issued share capital.

Further investment in Northcoders Group plc

In November 2022, the Company purchased a further 33,333 ordinary 1p shares in Northcoders for £99,999. Following the acquisition Vela was interested in 349,999 shares representing 4.55 per cent of the issued share capital.

14. Board approval

These interim results were approved by the Board of Vela Technologies plc on 14 December 2022.