

**NetScientific plc**

(“NetScientific” or the “Company” or the “Group”)

**Interim Results for the six months ended 30 June 2021**

**London, UK - 29 September 2021:** NetScientific Plc (AIM: NSCI), the international life sciences and sustainability, technology investment and commercialisation group, today announces its interim results for the six months ended 30 June 2021.

**2021 reinforced the excellent progress made to date, which is reflected in the good half year results. The turnaround started in 2020 is largely complete, with positive developments across the portfolio. EMV Capital is now integrated and actively contributing to the group’s operations. NetScientific has established a clear strategy for the continued growth and success of the company, through a well-balanced portfolio, proactive management and structured investment programme. The emphasis now is on consolidating the business growth and, with the benefit of the additional funds, exploiting the potential from existing and new opportunities in line with the strategy.**

This strong performance is highlighted in the KPIs, including 50% increase in Fair Value to £31.9m, Net Assets increase to £23m from £6.89m, Capital Under Advisory increase by 25% to £18.2m, and in the investments and development of portfolio companies. The Group is now secure and well positioned for future success. We have established a robust growth trajectory, exemplified below, with a pipeline of opportunities expected to materialise through the rest of 2021 and beyond.

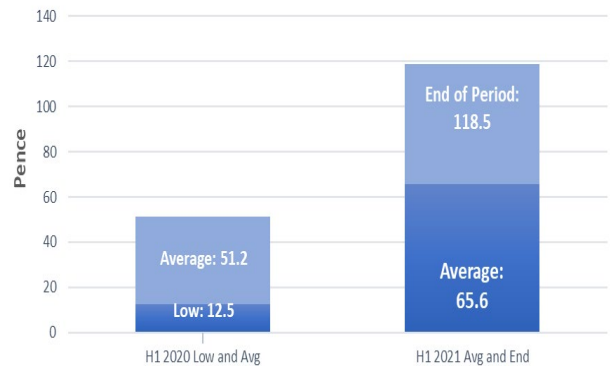
The Board would like to thank current and new shareholders for their overwhelming vote of confidence in the new team and strategy with the transformational £7.7m placement (net of costs £7.3m) in June 2021.

## Highlights and KPIs for the Period

During the period, the Group has continued to perform successfully against its stated objectives and milestones, as outlined below:

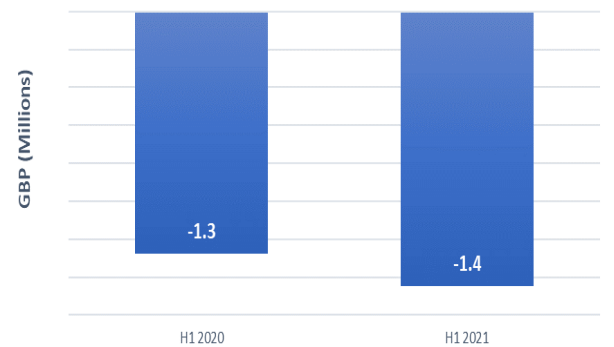
### NSCI Share Price:

The average share for the period was **65.6p (H1 2020: 51.2p, H2 2020 £59.8p)**, reaching at the end of period **118.5p**. While this represents significant progress since the low point of 12.5p in early 2020, the Board remains of the view that the market significantly undervalues the group, with current price below Fair Value, but without taking into account growth opportunities.



### Operating loss:

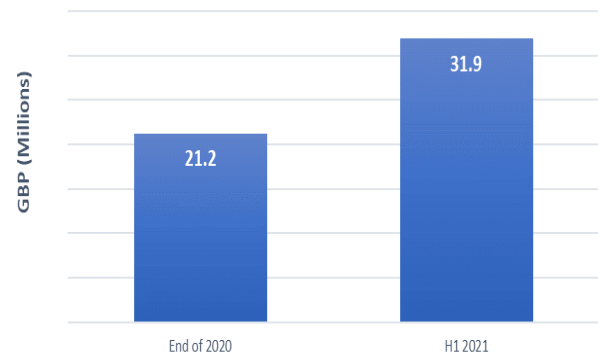
In line with expectations, a trading loss of £1,448k (H1 2020: 1,277k), reflecting the investments in team and infrastructure to increase capacity and drive growth.



### Fair Value and NAV:

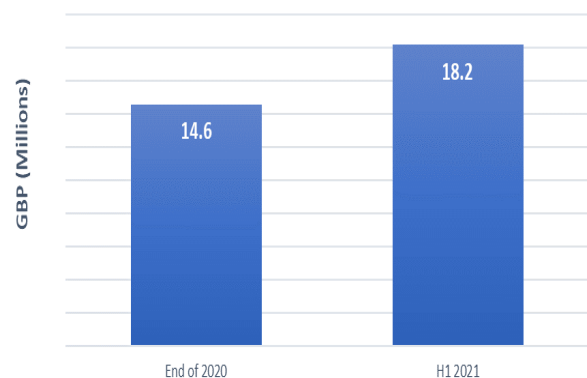
Increase in “fair value” of c. 50% from £21.2m to £31.9m, with continued growth anticipated. ‘Fair Value’ is unaudited Directors’ estimated value of the directly owned stakes, based on the BVCA valuation method.

Net asset value increased to £23m, up from £6,9m at the end of 2020 with turnaround and integration now largely complete.



### Capital Under Advisory:

The Capital Under Advisory increased by c. 25% from £14.6m at the end of 2000 to £18.2m, driven by continued deal syndication by EMV Capital, in line with the capital light investment model.



## Subsidiaries and listed investments

- **ProAxis Ltd (100% owned subsidiary):** Our Belfast-based subsidiary specialises in respiratory and other diagnostics. The company has had a transformative period making significant advancements in its product range, targeting accelerated growth, notwithstanding COVID-related delays in clinical trials restart. This included the commercialisation of 5 novel/improved products due for launch progressively from late 2021 and into 2022; signed global in-licensing agreement with Astra Zeneca for COVID antibody test; and good progress with grants and building of sales pipeline.
- **Glycotest (64% holding):** Focused on the development of liver cancer diagnostics. Enrolment and progress in the clinical trial continued, building up valuable samples, data and productive sites. The HCC Panel clinical validation study and algorithm training set was delayed by technical issues, which are being progressively worked through.
- **PDS Biotechnology (NASDAQ Listed, 4.7% holding):** The Immunotherapy biopharma company is developing novel T-cell activating cancer treatment, and infectious disease vaccine candidates. The company has three phase 2 oncology clinical trials in progress with multiple near-term readouts, and clinical partnerships with Merck, MD Anderson Cancer Center and National Cancer Institute. Interim data presented in June 2021 from the NCI-led PDS0101 Phase 2 trial showed tumor reduction in ~70% of patients who had failed prior treatment. Further announcements are expected in Q4 2021 and beyond. The infectious disease vaccine programmes had further progress, including a COVID-vaccine development programme backed by the Brazilian government.

In June 2021, NetScientific made a further investment of \$500k at \$8.50 as part of a \$52m placement, enabling maintenance of a significant interest (currently at 4.7%). Market performance remains strong, with the share price increasing from \$2.14 to \$12.55, reaching a market cap of \$356m (H1 2020: \$31m). Fair value of the NetScientific stake was £12.2m at the end of period.

- **EMV Capital (100% subsidiary, corporate finance arm):**  
EMV Capital (EMVC) was acquired as a 100% subsidiary by NetScientific PLC in August 2020. It is now operating as the Venture Capital/Corporate Finance arm of NetScientific, enabling the execution of the capital light investment model of the group. NetScientific's status and balance sheet enables the anchoring and syndication of investments by EMVC. Investment syndication through its growing EIS investment practice, a family office network, wealth managers and institutional and corporate venture capital funds. It also provides a specialised due diligence, investment syndication and investment management capability to the Group. EMVC has a carried interest arrangement with investors it has introduced into its portfolio companies, thus providing additional investment return and fees to the Group.

During the period, EMVC increased Capital Under Advisory by 25% to £18.2m (2000: £14.6m), on the back of several transactions (SageTech, Sofant, Pointgrab), and continued funding of portfolio companies under existing investor arrangements (Vortex, Wanda). The company also performed paid-for incubation and management support services for several of the portfolio companies. Post-balance sheet, EMVC used a £1m investment to co-lead a £12m investment round in Cambridge-based Martlet Capital alongside Saranac Partners and others, and announced plans to establish the follow-on investment vehicle Marquity with expected 40% holding, enabling selective investment in deals emerging from Martlet Capital and the Cambridge High-tech cluster

- **Other portfolio company updates:**  
In line with our selective investment approach and following a detailed review of the portfolio of 16 companies, we have focused on several portfolio companies where we have, or may, take greater direct and syndicated investment stake and influence, provide access to follow-on funding, and add value-added through management support and supporting internationalisation. Consequently, The Group has invested £722k and

syndicated over £3.6m in total for portfolio companies over the last six months as we continue to grow and add value across the enhanced portfolio.

Several direct investments were made by NetScientific in the portfolio companies as part of the capital light investment model, and to enable the syndication of further funds by EMVC:

- **Pointgrab (23% stake):** Israel-based Pointgrab is a leader in AI-based solutions for occupancy management in Smart Buildings, with backing by global corporates ABB Ventures and Signify. In May 2021 NetScientific participated in a £3.4m funding round advised by EMV, with a £70k investment by NetScientific, enabling the attraction of a further £1.1m to Capital Under Advisory. This round followed EMVC's work with the Pointgrab management to help evolve the commercial and investment strategy in response to the major changes in working practices unleashed by COVID.
- **SageTech (23.8% stake):** the Devon-based anaesthetic gas recycling technology firm has developed a flexible, low-capex, modular system allows hospitals to capture waste anaesthetic gas exhaled by patients in reusable canisters, for recycling. EMVC advised on a £2.9m funding round for SageTech Medical to accelerate pilots and commercialisation. The investment arrangements included a £200k stake by NetScientific, enabling £1.9m addition to Capital Under Advisory.
- **Sofant (25.7% stake):** The Edinburgh University spin-out is developing an RF MEMS-based antenna for Satcoms and 5G applications, both rapidly growing markets in the semi-conductors space. After leading investment rounds in 2019 and 2020, EMVC led a Convertible Loan of c.£900k. NetScientific participated with £0.1m, with the balance from British Business Bank and EMVC investors.

We are working actively with several other promising companies, exploring how best to progress their ambitious growth paths, which will be announced in due course.

**Analyst Presentation: 09:30 today**

Management will be hosting a presentation via web conference today at 09:30. Analysts wishing to join should register their interest by emailing [netscientific@walbrookpr.com](mailto:netscientific@walbrookpr.com) or by telephoning 020 7933 8780.

***Ilian Iliev, CEO of NetScientific, said:***

“The half-year results show the transformation in NetScientific’s operational and portfolio performance. The Group is well positioned to grow and deliver shareholder value through its proactive and hands-on management approach and capital light investment model. We are continuing to identify, selectively invest in, and help to build game-changing companies and have demonstrated the ability to deliver significant added value. We are seeking to address the continued disconnect between the Fair Value and growth opportunities of the Group, and current market cap.”

***John Clarkson, Executive Chairman of NetScientific, said:***

“Having presented a new strategy to shareholders in the summer of 2020, the excellent progress against that plan is clearly demonstrated in the results to date. Now the turnaround is largely complete and the growth trajectory established, with the benefit of additional funds, we are exploiting the potential from existing and new opportunities. Using our detailed knowledge, we are selectively identifying portfolio companies for deeper ownership and greater involvement to secure the best results. We expect continuation of the good performance to deliver the requisite increased shareholder value and realise return.”

*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.*

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**About NetScientific**

NetScientific plc (AIM: NSCI) is an active holding company, that invests in, develops, commercialises and realises shareholder value in life sciences/healthcare, sustainability and technology companies, which offer significant growth potential predominately in the UK and USA, as well as globally.

NetScientific delivers shareholder returns through a proactive and hands-on management approach to their portfolio companies; identifying, investing in, and helping to build game-changing companies. The Group targets value inflection points and the release of value through partial or full exits from trade sales, public listings, or equity sales. The Company has a strong transatlantic and growing international presence, providing attractive expansion prospects.

NSCI uses a capital-light investment structure, utilising the power of the PLC Brand, and the Group's balance sheet to anchor future investments and achieve a multiplier effect by attracting 3rd party investment for the portfolio companies.

NetScientific is headquartered in London, United Kingdom, and was admitted to trading on AIM, a market operated by the London Stock Exchange, in 2013 (website: [netscientific.net](http://netscientific.net)).

**JOINT CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REVIEW**

NetScientific Plc is an active holding company, that invests in, develops, commercialises and realises shareholder value in life sciences/healthcare, sustainability and technology companies, which offer significant growth and investment return potential. It leverages trans-Atlantic relationships and global opportunities to deliver shareholder value.

2021 continues the excellent progress made since the start of the turnaround in mid-2020, now reflected in the good half year results. The turnaround is largely complete. We are now focused on the next stage of our growth. With the benefit of additional funds, we are exploiting the potential from existing and new opportunities. Based on our detailed knowledge of the portfolio and individual businesses, we are now selectively identifying portfolio companies to build deeper ownership, influence and involvement, and drive investment returns and realisations. The strong half-year's performance is highlighted in the KPIs, and in the investments and development of portfolio companies. The Group is now secure and well positioned for future success. We have established a robust growth trajectory, exemplified by:

- 4 further investments in portfolio companies (PDS, SageTech, Sofant, Pointgrab) to enhance and protect investment positions totalling £722k at cost, fair value £1,012k, an increase in fair value of £290k already during period.
- Fair value of direct holdings up c. 50% from £21.2m to £31.9m, mainly driven by PDS Biotechnology with further growth expected.
- Capital under advisory up c. 25% from £14.6m to £18.2m on 3 portfolio fundraises during the period.
- Loss after tax of £1,448k (H1 2020: loss £1,277k) in line with expectations, and reflecting investments, proactive management, building infrastructure to increase capacity and drive revenue.
- NetScientific and several of its portfolio companies are seeing new sustainable opportunities.
- Post-balance sheet £1m investment in Martlet Capital, increasing Capital Under Advisory and extending footprint in Cambridge high-tech cluster

Shareholders have enjoyed a multiplier increase in the share price, going from a low point in the first half of 2020 of 12.5p to 118.5p by the end of H1 2021. However, the Board believes that the current market capitalisation is still below the underlying asset value and does not take into account expected growth. This has also been the consistent view in several external analysts' reports. The company will continue to work to address this gap and demonstrate the further added value prospects for shareholders.

The Board would like to thank current and new shareholders for their overwhelming vote of confidence in the new team and strategy with the transformational £7.7m placement in June 2021.

Over the last six months the Company has continued its action programme to deliver on its strategy and drive shareholder value, with:

- pro-active, commercial management of the portfolio and individual companies;
- judicious investment to protect/enhance NetScientific's position in existing portfolio companies;
- clear and detailed evaluation of the Group's portfolio, including business plans, timelines, milestones, associated funding needs, value inflection points, the balance of risk and reward, and the priorities and potential for each portfolio company; and
- alignment of EMV Capital's operations to act synergistically with NetScientific's investment and portfolio objectives
- applying the company's "capital light" approach; utilising the power of the PLC Brand, and the NetScientific balance sheet to anchor future investments and achieve a multiplier effect with 3rd party investment adding to Capital Under Advisory
- Selective investments in our portfolio companies and target areas, taking deeper stakes, having greater involvement and focusing on realising enhanced returns.

- Extending the platform and deal flow, as exemplified by the investment in Martlet Capital and Marquity, opening additional routes to identify and invest in highly promising companies from the world-leading Cambridge high-tech cluster, alongside experienced and credible investment partners.

Following the above approach, the Group has invested £722k and raised over £3.6m in total for portfolio companies over the last six months as we continue to grow and add value across the enhanced portfolio.

**Trans-Atlantic Bridges and internationalisation:**

The operational reality of our combined US and UK investment portfolio has led to the identification of many synergies and opportunities for cross-over on both sides of the Atlantic and exploit the Group's international potential. This has enabled several portfolio companies to access investments and capital, product markets, corporate and research relationships on either side of the 'pond' and beyond. We plan to consolidate on the positive progress with specific 'on the ground' initiatives to help our existing portfolio companies and future additions to accelerate internationalisation and higher growth.

NetScientific can now be summarised as:

- an active holding company with a balanced, enhanced and expanding portfolio of companies;
- a life sciences/healthcare, sustainability and technology investment and commercialisation group;
- pro-active managers, generating returns through growth in the value of its direct balance sheet holdings, and a profit share/carry fee on capital under advisory;
- providing venture capital investment and corporate finance services, earning revenue and adding value through management, incubation, advisory services and fund-raising support;
- an international business, with strengthening trans-Atlantic "bridges" and activities in the UK and North America, with global potential; and
- focused on high growth opportunities, increasing value, and delivering shareholder value and realisations through judicious partial or full exits and liquidity events.

The Group continues to be well positioned in the Environment, Social and Corporate Governance ("ESG") and Impact investment space, having traditionally been an investor in the core areas of healthcare around major chronic diseases for both therapeutics and diagnostics.

The Group is focused on sustainable value creation and from a strong base. We continue to build key processes and infrastructure to enable increased transactional, portfolio management and investment realisation capacity. We expect to finish 2021 with strong momentum and further progress towards the key value inflection points.

**COVID-19**

The Group continues to follow the latest government advice. The primary focus is the health, wellbeing and safety of all its employees and local communities. Whilst there was a general initial negative impact on the Group, the consequences have varied across the portfolio, and the sources of revenue and individual companies have been managed accordingly.

Looking forward, the pandemic has opened up new opportunities, and overall we believe that the healthcare and technology sectors are in a strong position, so it was not seen as necessary to impair the carrying value of any assets.

**JOINT CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



**Portfolio Summary**

Following the capital-light investment model, the portfolio consists of a combination of direct investments and capital under advisory. This enhanced portfolio is well balanced, facilitates risk management and provides synergistic benefits, through consolidated pro-active management across the Group, as summarised below. The combination of direct and capital under advisory investments give the Group a greater influence in the portfolio companies, access to follow-on funding, and enable 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 £18.2m could result in carry returns to EMV Capital of up to £3.64m.

Portfolio companies	Sector and description (further detail set out below)	Shareholding Interest %	Consolidated Statement of Financial Position value	Fair Value of stake		Capital Under Advisory (At Cost to Third Party)	
				31-Dec-20	30-Jun-21	31-Dec-20	30-Jun-21
<b>Subsidiaries</b>							
EMV Capital Ltd	Venture Capital Investment Company	100.0%	£2.2m	£3.5m	£3.5m	-	-
ProAxis Ltd	Respiratory and other diagnostics. Sales	100.00%	£0.3m	£3.5m	£3.5m	-	-
Glycotest, Inc.	Liver cancer diagnostics - Late stage clinical	64.0%	£0.2m	£11.0m	£11.0m	-	-
<b>Sub Total</b>			£2.7m	£18.0m	£18.0m	-	-
<b>Owned Portfolio</b>							
PDS Biotechnology Corporation	Immuuno-oncology (NASDAQ quoted), Phase 2 clinical	4.7%	£12.2m	£2.0m	£12.2m	-	-
CytoVale, Inc	Medical biomarker diagnostics - late stage clinical	1.0%	£0.4m	£0.4m	£0.4m	-	-
Epibone, Inc.	Regenerative medicine - Late stage clinical	0.80%	£0.3m	£0.3m	£0.3m	-	-
G - Tech Medical, Inc.	Waerable medical diagnostics - Early stage clinical	3.80%	£0.3m	£0.4m	£0.4m	-	-
Longevity Biotech, Inc.	Therapeutics - Early stage clinical	\$250k convertible loan note	-	-	-	-	-
QuantalX Neuroscience	Medical diagnostics of the brain - Late stage clinical	0.4%	-	£0.1m	£0.1m	-	-
<b>Sub Total</b>			£13.2m	£3.2m	£13.4m	-	-
<b>Advised Portfolio</b>							
Sofant Technologies Ltd	Semiconductors—Satellite and 5G wireless communications. Development	25.7%	£0.1m	-	£0.1m CLA	£2.3m	£2.8m
Q-Bot Limited	Robotics and automation in the construction industry. Sales	12.3%	-	-	-	£2.3m	£2.3m
SageTech Medical Equipment Limited	Hospital equipment - capture & purification of anaesthetic gases. Pilots	23.8%	£0.3m	-	£0.3m	£1.1m	£2.7m
PointGrab, Inc.	Machine vision for smart building automation. Sales	21.3%	£0.1m	-	£0.1m	£3.6m	£4.1m
Vortex Biosciences, Inc.	Liquid biopsy and oncology. Sales	96.0%	-	-	-	£2.4m	£3.0m
Wanda Health, Inc.	Digital health - Remote Patient Monitoring. Sales	74.7%	-	-	-	£1.3m	£1.7m
Nanotech Industrial Solutions, Inc.	Material science and chemistry. Sales	-	-	-	-	£0.7m	£0.7m
Insight Photonic Solutions, Inc.	Semiconductors—Akinetic Swept Source Laser. Sales	\$1.25m Warrants	-	-	-	£0.9m	£0.9m
<b>Sub Total</b>			£0.5m	-	£0.5m	£14.6m	£18.2m
<b>TOTAL</b>			£16.4m	£21.2m	£31.9m	£14.6m	£18.2m



On the Consolidated Statement of Financial Position, the owned portfolio is shown as Equity investments classified as FVTOCI and Financial assets classified as FVTPL.

## Finance

For the period, the Group made a loss of £1,448k (H1 2020: £1,277k) all from continuing operations. Given the investments, active management, development, growth and infrastructure platform, this is in line with expectations.

### Income Statement:

Revenue for the first half of 2021 of £407k (H1 2020: £136k) was ahead of prior year by 199% for the same period, mainly due to the first-time contribution of EMV Capital of £355k compared to prior year. ProAxis continues to be impacted by the COVID pandemic and the delay in the restarting of respiratory clinical trials at major institutions worldwide. However, operations and developments have continued well, with the benefit of substantial grant funding and more recently the global licence agreement with AstraZeneca.

Other operating income fell to £44k (H1 2020: £568k), primarily as a result of the prior year £485k change (2021: Nil) in fair value of financial assets classified as "fair value through profit and loss" (FVTPL) on conversion of convertible loan notes in Epibone Inc., and G-Tech Medical Inc., writeback of estimated credit losses on trade receivables of debit £Nil (H1 2020: £56k) and ProAxis R&D tax above the line and other income of £53k (H1 2020: £26k).

Research and development costs of £651k (H1 2020: £736k) were lower in the first half as ProAxis capitalised further development costs of £290k during H1 2021 on four projects reflecting the preparation of the new products for market, and Glycotest expenditures on HCC test development.

Selling and administrative costs of £1,205k (H1 2020: £1,044k) were higher, mainly due to the inclusion of EMV Capital business costs for the first time.

Other costs of £51k (H1 2020: £207k) Share option costs of £42k (H1 2020: £9k), accrued estimated credit losses of £9k which was in other operating income H1 2020 and merger and acquisition costs of £Nil (H1 2020: £198k).

### Balance Sheet:

Cash at the period end amounted to £7,440k (2020: £1,628k) following the successful fundraise of £7,309k net of costs during June 2021. Cash used in operations during the period was £1,134k (H1 2020: £1,179k). Cash held within the subsidiary Glycotest, of £0.4m (2020: £0.6m) is not freely available for use within the wider group as it would need the consent of a minority shareholder.

Equity investments held for sale and derivative financial instruments were fair valued and stood at £13,656k on 30 June 2021 (2020: £3,048k). An increase in value of £10,608k, which relates predominately to PDS Biotechnology, quoted on Nasdaq Capital Markets under the ticker "PDSB", a trade investment measured at fair value, see notes 10 and 11 for further information.

All equity investments not quoted on an active market have had fair value established using inputs other than quoted prices that are observable, i.e. the price from the last third party round as publicly disclosed.

Several direct investments were made by NetScientific in the portfolio companies as part of the capital light investment model, and to enable the syndication of further funds by EMVC: at

- **Sofant:** Alongside the British Business Bank and EMV Capital investors, NetScientific made an investment in convertible loan note of £0.1m at an interest rate of 6% p.a., held within derivative financial assets classified as FVTPL. Interest was accrued during the period of £2k (2020: £Nil).
- **SageTech:** Alongside a fund-raise of £2.9m, Netscientific purchased 5,215 ordinary shares or 2.25% in SageTech Medical Equipment Ltd on the secondary market at a 35% discount. The fair value at 30 June 2021 is £308k

## JOINT CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021



based on a £59 price per share, a gain of £107k during the period.

- **Pointgrab:** As part of a £3.4m investment round, and alongside EMVC investors, Netscientific also purchased 198,500 ordinary shares or 0.43% in PointGrab Ltd during the last funding round at \$0.40 per share. The fair value at 30 June 2021 based using the price of the last investment round is £57k.

The Group ended the period with net assets of £23,076 (2020: 6,896). An increase of £16,180k. The movement is shown in the consolidated statement of changes in equity and is mainly the loss in the period of £1,448k, offset by the positive movement in equity investments held for sale and derivative financial instruments of £10,608k and the successful fundraise during June 2021 of £7,309k net of costs.

As a result of a non-controlling interest acquiring additional interests in Glycotest, Inc., the Group's ownership of Glycotest, Inc. decreased from 65.65% to 64.02% a movement of 1.63%. The carrying value of Glycotest, Inc. net assets in the Group's consolidated financial statements on the date of the acquisitions was £141k. Proceeds received from non-controlling interests amounted to \$500k or £345k.

### Board

There were no Board changes during the period (H1 2020: 2), and the board continues to work effectively providing the requisite corporate governance, challenge and strategic drive for the company.

The Board is currently setting up an Advisory Group to give access to broader experience and expertise.

### Summary and Outlook

The Board believes that the extended portfolio holds great potential; with the right asset-base, in the right space and at the right time, Management is committed to delivering the agreed strategy, which the Board is confident will unlock and realise the requisite returns.

The Company's strategy remains to maximise shareholder value from the group by:

- Realigning the market capitalisation, with both the underlying asset value and clear potential.
- Proactive management, with commercial discipline and appropriate risk management, focused on delivering results, increased revenue and added value, in the portfolio companies.
- Continuing to establish the necessary resources and infrastructure to drive the strategic and business plans.
- Building the NetScientific platform for robust evaluation, quantified decisions and managed expansion to capitalise on the multiple prospects and potential for large returns.
- Exploiting the transatlantic and global opportunities and harnessing the Group synergies.
- Progressively developing and implementing performance driven plans, with clearly defined milestones and KPIs to scale the business, maximise the profitable growth of the portfolio.
- Judicious direct and syndicated investments, to produce enhanced returns.
- Structured evaluation and projections of value inflection points, plus exit opportunities and liquidity events to deliver shareholder returns.

John Clarkson  
Non-Executive Director and Chairman

Ilian Iliev  
Chief Executive Officer

29 September 2021

29 September 2021

**CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



	Notes	Unaudited Six months ended 30 June 2021 £000s	Unaudited Six months ended 30 June 2020 £000s
Revenue	4	407	136
Cost of sales		(35)	(4)
<b>Gross profit</b>		<b>372</b>	<b>132</b>
Other operating income		53	568
Research and development costs		(651)	(736)
Selling, general and administrative costs		(1,205)	(1,044)
Other costs		(51)	(207)
<b>Loss from operations</b>		<b>(1,482)</b>	<b>(1,287)</b>
Finance income		2	1
Finance expense		(8)	(21)
<b>Loss before taxation</b>		<b>(1,488)</b>	<b>(1,307)</b>
Income Tax		40	30
<b>Total loss for the period from continuing operations</b>		<b>(1,448)</b>	<b>(1,277)</b>
<b>Loss attributable to:</b>			
Owners of the parent	5	(1,195)	(864)
Non-controlling interests		(253)	(413)
		<b>(1,448)</b>	<b>(1,277)</b>
<b>Basic and diluted loss per share attributable to owners of the parent during the period:</b>	5		
Total loss for the period from continuing operations		<b>(7.9p)</b>	<b>(1.1p)</b>

The notes form part of these financial information

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



	Notes	<b>Unaudited Six months ended 30 June 2021 £000s</b>	Unaudited Six months ended 30 June 2020 £000s
<b>Loss for the period</b>		<b>(1,448)</b>	(1,277)
<b>Items that may be subsequently reclassified to profit or loss in subsequent periods:</b>			
Exchange differences on translation of foreign operations		<b>(10)</b>	143
Change in fair value of investments classified as fair value through other comprehensive income		<b>9,892</b>	130
<b>Total comprehensive profit/(loss) for the period</b>		<b>8,434</b>	(1,004)
<b>Attributable to:</b>			
Owners of the parent		<b>8,689</b>	(633)
Non-controlling interests		<b>(255)</b>	(371)
		<b>8,434</b>	(1,004)

The notes form part of these financial information

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**



	Notes	Unaudited 30 June 2021 £000s	Audited 31 December 2020 £000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	145	128
Right-of-use assets	8	173	189
Intangible assets	9	2,816	2,623
Equity investments classified as FVTOCI*	10	13,477	2,970
Derivative financial assets classified as FVTPL**	11	179	78
<b>Total non-current assets</b>		<b>16,790</b>	<b>5,988</b>
<b>Current assets</b>			
Inventories	12	89	74
Trade and other receivables	13	614	376
Cash and cash equivalents	14	7,440	1,628
<b>Total current assets</b>		<b>8,143</b>	<b>2,078</b>
<b>Total assets</b>		<b>24,933</b>	<b>8,066</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(1,172)	(661)
Lease liabilities	16	(32)	(31)
Loans and borrowings	17	(49)	(28)
<b>Total current liabilities</b>		<b>(1,253)</b>	<b>(720)</b>
<b>Non-current liabilities</b>			
Lease liabilities	16	(148)	(163)
Loans and borrowings	17	(456)	(287)
<b>Total non-current liabilities</b>		<b>(604)</b>	<b>(450)</b>
<b>Total liabilities</b>		<b>(1,857)</b>	<b>(1,170)</b>
<b>Net assets</b>		<b>23,076</b>	<b>6,896</b>
<b>Issued capital and reserves</b>			
<b>Attributable to the parent</b>			
Called up share capital	18	1,049	746
Share premium account		72,650	65,594
Capital reserve account		237	237
Equity investment reserve		8,387	(1,505)
Foreign exchange and capital reserve		1,362	1,368
Retained earnings		(60,640)	(59,702)
Equity attributable to the owners of the parent		<b>23,045</b>	<b>6,738</b>
Non-controlling interests	6	31	158
<b>Total equity</b>		<b>23,076</b>	<b>6,896</b>

\* Fair value through other comprehensive income

\*\* Fair value through profit and loss

The notes form part of these financial information

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



	Shareholders' equity							Non-controlling interests £000s	Total equity £000s
	Share capital £000s	Share premium £000s	Capital reserve £000s	Equity investment reserve £000s	Retained earnings £000s	Foreign exchange and capital reserve £000s	Total £000s		
<b>1 January 2020</b>	<b>3,928</b>	<b>58,006</b>	<b>237</b>	<b>(1,408)</b>	<b>(56,681)</b>	<b>1,384</b>	<b>5,466</b>	<b>(361)</b>	<b>5,105</b>
Loss for the period	-	-	-	-	(864)	-	(864)	(413)	(1,277)
Other comprehensive income -									
Foreign exchange differences	-	-	-	-	-	101	101	42	143
Change in fair value during the period	-	-	-	130	-	-	130	-	130
Total comprehensive income	-	-	-	130	(864)	101	(633)	(371)	(1,004)
Share-based payments	-	-	-	-	9	-	9	-	9
<b>30 June 2020</b>	<b>3,928</b>	<b>58,006</b>	<b>237</b>	<b>(1,278)</b>	<b>(57,536)</b>	<b>1,485</b>	<b>4,842</b>	<b>(732)</b>	<b>4,110</b>
Loss for the period	-	-	-	-	(747)	-	(747)	(314)	(1,061)
Other comprehensive income -									
Foreign exchange differences	-	-	-	-	-	(117)	(117)	(29)	(146)
Change in fair value during the period	-	-	-	(227)	-	-	(227)	-	(227)
Total comprehensive income	-	-	-	(227)	(747)	(117)	(1,091)	(343)	(1,434)
Share re-organisation	(3,535)	3,535	-	-	-	-	-	-	-
Issue of share capital	353	4,236	-	-	-	-	4,589	-	4,589
Cost of share issue	-	(183)	-	-	-	-	(183)	-	(183)
Increase/decrease in subsidiary shareholding	-	-	-	-	(1,463)	-	(1,463)	1,233	(230)
Share-based payments	-	-	-	-	44	-	44	-	44
<b>31 December 2020</b>	<b>746</b>	<b>65,594</b>	<b>237</b>	<b>(1,505)</b>	<b>(59,702)</b>	<b>1,368</b>	<b>6,738</b>	<b>158</b>	<b>6,896</b>
Loss for the period	-	-	-	-	(1,195)	-	(1,195)	(253)	(1,448)
Other comprehensive income -									
Foreign exchange differences	-	-	-	-	-	(8)	(8)	(2)	(10)
Change in fair value during the period	-	-	-	9,892	-	-	9,892	-	9,892
Total comprehensive income	-	-	-	9,892	(1,195)	(8)	8,689	(255)	8,434
Issue of share capital	303	7,492	-	-	-	-	7,795	-	7,795
Cost of share issue	-	(436)	-	-	-	-	(436)	-	(436)
Decrease in subsidiary shareholding	-	-	-	-	215	2	217	128	345
Share-based payments	-	-	-	-	42	-	42	-	42
<b>30 June 2021</b>	<b>1,049</b>	<b>72,650</b>	<b>237</b>	<b>8,387</b>	<b>(60,640)</b>	<b>1,362</b>	<b>23,045</b>	<b>31</b>	<b>23,076</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



	Notes	<b>Unaudited Six months ended 30 June 2021 £000s</b>	Unaudited Six months ended 30 June 2020 £000s
<b>Cash flows from operating activities</b>			
Loss after income tax		<b>(1,448)</b>	(1,277)
Adjustments for:			
Depreciation of property, plant and equipment		<b>25</b>	21
Depreciation of right to use assets		<b>16</b>	16
Amortisation of intangibles		<b>61</b>	-
Estimated credit losses on trade receivables		<b>(9)</b>	(56)
Change in fair value of financial assets classified as FVTPL		-	(485)
Fair value movement during the period on convertible debt		-	-
Release of loan provision		-	-
Capitalisation of development costs		<b>(255)</b>	-
Share-based payments		<b>42</b>	9
Foreign exchange gain/(loss)		<b>5</b>	(6)
Finance income		<b>(2)</b>	(1)
Finance costs		<b>8</b>	13
Income Tax		<b>(86)</b>	(30)
		<b>(1,643)</b>	(1,796)
<b>Changes in working capital</b>			
(Increase)/decrease in inventories		<b>(15)</b>	(21)
(Increase)/decrease in trade and other receivables		<b>(117)</b>	427
Increase / (decrease) in trade and other payables		<b>563</b>	(211)
Cash used in operations		<b>(1,212)</b>	(1,179)
Income tax received		<b>78</b>	-
<b>Net cash used in operating activities</b>		<b>(1,134)</b>	(1,179)
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net cash acquired		-	-
Purchase of property, plant and equipment		<b>(41)</b>	(21)
Purchase of equity investments classified as FVTOCI		<b>(622)</b>	(503)
Purchase of derivative financial assets classified as FVTPL		<b>(100)</b>	-
Purchase of intangibles		-	-
Interest received		-	1
<b>Net cash (used in) investing activities</b>		<b>(763)</b>	(523)
<b>Cash flows from financing activities</b>			
Proceeds paid on change in stake in subsidiary		-	-
Proceeds received on change in stake in subsidiary		<b>345</b>	-
Lease payments		<b>(19)</b>	(10)
Repayment of borrowings		<b>(360)</b>	-
Interest paid		<b>(3)</b>	-
Proceeds of loan		<b>550</b>	50
Proceeds from share issue		<b>7,641</b>	-
Share issue cost		<b>(436)</b>	-
<b>Net cash from financing activities</b>		<b>7,718</b>	40
Increase / (decrease) in cash and cash equivalents		<b>5,821</b>	(1,662)
Cash and cash equivalents at beginning of the period		<b>1,628</b>	3,453
Exchange differences on cash and cash equivalents		<b>(9)</b>	142
<b>Cash and cash equivalents at end of the period</b>	14	<b>7,440</b>	1,933

## **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 2021 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 2021 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 31 December 2020 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 2020 was unqualified and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

The 2020 Annual Report audit report did draw 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. In the event that the group is unable to meet its forecasts, it will need to raise further finance. As stated in note 2, these events or conditions, along with other matters set out in the note, indicate that a material uncertainty exists that may cast significant doubt on the group and the 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.

We considered the ability of the Group and the Parent Company to continue as a going concern to be a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in relation to the key audit matter included:

- Reviewing the latest cash flow forecasts prepared by management to assess whether the group has adequate financial resources to continue as a going concern for at least 12 months from the date of this report. Our work included agreeing February 2021 cash balances to third party evidence, testing that the assumptions adopted in the cashflows were in line with our knowledge of the business, and incorporated management's cash saving initiatives as well as the progress of their funding options and future plans. We also considered the accuracy of management's forecasting by comparing previous results to related forecasts and current forecasts to latest management accounts.
- Reviewing the reverse stress testing performed by the management on the cash flow forecasts by assessing the likelihood of occurrence based on our understanding of the group, strategy, future plans and trading results to date.
- Performing sensitivity testing on the cashflow projections prepared by management, by adopting different assumptions from managements.
- Considering the going concern status throughout the normal course of the audit through testing of recoverability of investments, impairment of assets, and existence of cash balances.
- Obtaining and reviewing the latest board minutes available for any potential events that might indicate a going concern issue.
- Reviewing publicly available information for any negative publicity or potential issues that may identify a post balance sheet event.
- Reviewing the adequacy of going concern disclosures in the annual report.



**1. ACCOUNTING POLICIES (continued)**

**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.

**Going Concern**

The Group is subject to a number of risks that are characteristic of IP commercialisation and early-stage life sciences and technology companies due to the nature of the industry. These risks include, amongst others, uncertainties inherent to R&D, trials, and regulatory approvals of pipeline assets.

The group made a loss in the financial period of £1,448k (H1 2020: £1,277k).

During June 2021 the Group raise net £7,309k to strengthen the balance sheet and drive growth. At 30 June 2021, the Group had total equity of £23,076k (2020: £6,896k). An increase of £16,180k. The movement is shown in the consolidated statement of changes in equity and is mainly the loss in the period of £1,448k, offset by the positive movement in equity investments held for sale and derivative financial instruments of £10,608k and the successful fundraise during June 2021 of £7,309k net of costs. The Group had cash and cash equivalents of £7,440k (2020: £1,628k). Cash held within the subsidiary Glycotest, of £441k (2020: £594k) is not freely available for use within the wider group as it would need the consent of a minority shareholder.

The Directors have prepared and reviewed budget cashflows which were approved by the Board of Directors in the Board meeting of 20 January 2021. The Group has reviewed the major budgeted assumptions and sensitivities in light of Covid-19 and drawn up cash preservation plans in case revenue does not continue as planned, or it faces delays in planned payments from third parties. It has initiated further cost saving plans across the Group and delayed expenditure where possible, until there is more clarity on the financial impact of the pandemic.

As a result, The Directors no longer believe going concern is an issue and not for the next 12 months from the date of this report.

The financial statements do not include any adjustments that would be necessary if the group or company was unable to continue as a going concern.

**1. ACCOUNTING POLICIES (continued)**

**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 2020 annual financial statements, except for amendments to IFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021, which were adopted on 1 January 2021. Details of the impact this amendment has had are given below. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not 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.

*Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021*

In March 2021, the IASB amended IFRS 16 Leases, extending the practical expedient in order to permit lessees to apply it to rent concessions for which reductions in lease payments affect payments originally due on or before 30 June 2022. This amendment is applicable for annual reporting periods beginning on or after 1 April 2021, with early application permitted, including in financial statements not authorised for issue at 31 March 2021.

The Group has early adopted this amendment for its annual reporting period beginning on 1 January 2021. During the year ended 31 December 2020, the Company had elected to apply the practical expedient provided by the amendment to IFRS 16 issued in June 2020. In accordance with this practical expedient, the rent concessions received affecting payments originally due on or before 30 June 2021 were not accounted as lease modifications. However, the Company had also negotiated several rent concessions with lessors that affected payments originally due after 30 June 2021 but before 30 June 2022. In the financial statements for the year ended 31 December 2020, these ineligible rent concessions were accounted for as lease modifications, as they were not eligible for the application of the practical expedient.

The ineligible rent concessions now qualify for application of the practical expedient due to the amendment issued in March 2021.

The transitional requirements of the extension to the practical expedient require retrospective application, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the entity first applies the amendment. Accordingly, A Layout has reversed the lease modification accounting applied to the previously ineligible rent concessions reflected in the financial statements for the year ended 31 December 2020, with the effect being recognised as an adjustment to the opening balance of retained earnings as at 1 January 2021.

During the six months ended 30 June 2021, A Layout has entered into additional rent concessions that satisfy the criteria for the application of the extended practical expedient. A Layout has applied the practical expedient to these rent concessions.

Accounting for the rent concessions as lease modifications would have resulted in A Layout remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, A Layout is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in note 16.

**ACCOUNTING POLICIES (continued)**

**Use of estimates and judgements**

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods, except those necessitated by the changing circumstances of the COVID-19 pandemic. The worsening effect of the COVID-19 pandemic in some locations at the beginning of the year 2021 has required certain reassessments of the significant judgements and estimates; including:

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

**Impact of accounting standards to be applied in future periods**

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2021, that the Group has decided not to adopt early. The Group does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

**2. SIGNIFICANT EVENTS AND TRANSACTIONS**

During the year ended 31 December 2020, the Group experienced significant disruption to its operations due to the COVID-19 pandemic. Lockdowns and movement restrictions were imposed for a significant part of the year 2020 in all jurisdictions where the Group operates. By end of December 2020, the restrictions were lifted in many jurisdictions and the Group was able to open in those jurisdictions.

The significant events and transactions that have occurred since 31 December 2020 relate to the effects of the global pandemic on the Groups interim consolidated financial statements for the six months ended 30 June 2021 and are summarised as follows.

- (a) Decrease in sales and cash flows in the United Kingdom.

The recoverable amount exceeded the carrying amounts for all of the Group's cash generating units and would require a material and long running deterioration in prospects for there to be an impairment in the carrying amounts of goodwill and investment values. The recoverable amount was determined based on values in use, which utilises current budgets/reforecasts and cash flow projections.

The carrying value of the Group assets have been assessed in light of the COVID-19 pandemic and the long-term impacts that this will have on the investments of the Group. Overall, we believe that the Healthcare sector is in a strong position and it was not seen as necessary to impair the carrying value of any assets further. 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 pandemic, NetScientific and several of its portfolio companies are seeing new sustainable opportunities, offering significant 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 by the Chief Operating Decision Maker to assess performance and determine the allocation of resources. The Chief Operating Decision Maker has been identified as the 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 2021	Delivered Goods £000s	Service Fees £000s	Total £000s
EMV Capital	-	325	325
ProAxis	80	2	82
	<b>80</b>	<b>327</b>	<b>407</b>

30 June 2020	Delivered Goods £000s	Service Fees £000s	Total £000s
ProAxis	114	22	136
	<b>114</b>	<b>22</b>	<b>136</b>

Total Loss for the period by segment

	Unaudited Six months ended 30 June 2021 £000s	Unaudited Six months ended 30 June 2020 £000s
EMV Capital	18	-
ProAxis	(88)	(169)
Glycotest	(606)	(820)
NetScientific	(772)	(288)
	<b>(1,448)</b>	<b>(1,277)</b>

#### 4. REVENUE

Revenue from contracts with customers

30 June 2021	Delivered Goods £000s	Service Fee's £000s	Total £000s
United Kingdom	80	327	407
	<b>80</b>	<b>327</b>	<b>407</b>

30 June 2020	Delivered Goods £000s	Service Fee's £000s	Total £000s
United Kingdom	114	22	136
	<b>114</b>	<b>22</b>	<b>136</b>

#### 5. 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 2021 of 620,729 (30 June 2020: 3,605,984; 31 December 2020: 656,729) are not treated as dilutive as the group is loss making.

	Unaudited Six months ended 30 June 2021 £000s	Unaudited Six months ended 30 June 2020 £000s
<b>Loss attributable to equity holders of the Company</b>		
Continuing operations	(1,195)	(864)
Discontinued operations	-	-
Total Loss attributable to equity holders of the Company	<b>(1,195)</b>	<b>(864)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue	<b>15,067,947</b>	78,561,866

On 29 June 2021 the Company issued 5,958,123 of 5p ordinary shares at 130p per share, raising gross funds of £7,746k and net funds of £7,309k.

On 25 January 2021 the Company issued 101,066 of 5p ordinary shares at 49.47p per share to Chairman John Clarkson, who has taken the payment in shares, rather than cash for fees owed to Development Financial and Management Services Ltd.

On 24 August 2020, a share capital re-organisation took place. This had the effect of consolidating each ten existing ordinary shares into one new ordinary share. 4 additional shares were issued so the share capital was exactly divisible by 10.

On 25 August 2020, the Company issued 3,521,480 of 5p ordinary shares at 65p per share to acquire 100% of the share capital in EMV Capital at a cost of £2,289k from Futura Messis Group Limited a related party

**NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



owned by Dr. Ilian Iliev. On the same date the Company issued a further 3,538,455 of 5p ordinary shares via a placement at 65p per share respectively, raising net funds of £2,117k.

The total number of voting rights in the Company at 30 June 2021 is 20,975,311 5p ordinary shares (30 June 2020: 78,561,866, 31 December 2020: 14,916,122).

**6. CHANGES IN NON-CONTROLLING INTEREST "NCI"**

In March 2021, a non-controlling interest acquired additional interests in Glycotest, Inc. Overall the Groups ownership of Glycotest, Inc. decreased from 65.65% to 64.02% a movement of 1.63%. The carrying value of Glycotest, Inc. net assets in the Group's consolidated financial statements on the date of the acquisitions was £141k. Proceeds received from non-controlling interests amounted to £345k.

In the period to 30 June 2021 this resulted in an increase in equity attributable to owners of the Company of £217k and a change in non-controlling interest of £128k.

**7. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold Improvement £000s	Furniture, fittings and equipment £000s	Plant and machinery £000s	Totals £000s
<b>Cost</b>				
At 1 January 2020	100	22	139	261
Additions	-	1	20	21
<b>At 30 June 2020</b>	<b>100</b>	<b>23</b>	<b>159</b>	<b>282</b>
Additions	-	7	11	18
Acquired	-	6	-	6
Disposals	-	(1)	-	(1)
<b>At 31 December 2020</b>	<b>100</b>	<b>35</b>	<b>170</b>	<b>305</b>
Additions	-	5	36	41
<b>At 30 June 2021</b>	<b>100</b>	<b>40</b>	<b>206</b>	<b>346</b>
<b>Depreciation</b>				
At 1 January 2020	32	15	86	133
Charge for the period	5	1	15	21
<b>At 30 June 2020</b>	<b>37</b>	<b>16</b>	<b>101</b>	<b>154</b>
Acquired	-	1	-	1
Charge for the period	5	2	16	23
Disposals	-	(1)	-	(1)
<b>At 31 December 2020</b>	<b>42</b>	<b>18</b>	<b>117</b>	<b>177</b>
Charge for the period	6	2	17	25
<b>At 30 June 2021</b>	<b>48</b>	<b>20</b>	<b>134</b>	<b>202</b>
<b>Net book value</b>				
<b>At 30 June 2021</b>	<b>52</b>	<b>20</b>	<b>72</b>	<b>144</b>
At 31 December 2020	58	17	53	128
At 30 June 2020	63	7	58	128

Leasehold improvements of £100k are funded by a loan to a UK subsidiary.

8. RIGHT-OF-USE-ASSETS

	Unaudited Six months ended 30 June 2021 £000s	Audited Year ended 31 December 2020 £000s
<b>Cost</b>		
Opening balance at start of period	253	253
Closing balance at end of period	253	253
<b>Amortisation</b>		
Opening balance at start of period	(64)	(32)
Add:		
Charge for the period	(16)	(32)
Closing balance at end of period	(80)	(64)
Net Book Value		
As at end of period	173	189

There is one long term lease, the Group has decided it will apply the modified retrospective approach to IFRS 16. In addition, it has decided to measure right-of-use assets by reference to the measurement of the lease liability on that date.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate applied was 3.5%.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset.

Short term leases still expensed as operating amount to £20k (H1 2020: £8k) with a maturity of two months.

9. INTANGIBLE ASSETS

	Goodwill £000s	Carry Interest Arrangement s £000s	Developmen t costs £000s	Investment Acquisition Costs £000s	Patents £000s	Total £000s
<b>Cost</b>						
At 1 January & July 2020	-	-	-	-	-	-
Additions	-	-	337	-	50	387
Acquired through business combinations	669	1,627	-	17	-	2,313
<b>At 31 December 2020</b>	<b>669</b>	<b>1,627</b>	<b>337</b>	<b>17</b>	<b>50</b>	<b>2,700</b>
Additions	-	-	255	-	-	255
<b>At 30 June 2021</b>	<b>669</b>	<b>1,627</b>	<b>592</b>	<b>17</b>	<b>50</b>	<b>2,955</b>
<b>Accumulated amortisation and impairment</b>						
At 1 January & July 2020	-	-	-	-	-	-
Amortisation charge	-	76	-	-	1	77
<b>At 31 December 2020</b>	<b>-</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>77</b>
Amortisation charge	-	59	-	-	3	77
<b>At 30 June 2021</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>139</b>
<b>Net book value</b>						
<b>At 30 June 2021</b>	<b>669</b>	<b>1,492</b>	<b>592</b>	<b>17</b>	<b>46</b>	<b>2,816</b>
At 30 June 2020 & 31 December 2020	669	1,551	337	17	49	2,623

In the prior year, the Group acquired 100% of the voting equity of EMV Capital Limited from Futura Messis Group Limited, a company owned and managed by Dr Ilian Iliev. The acquisition has the potential to unlock additional value creation opportunities for NetScientific shareholders and reduce the risk of further value erosion. The consideration settled in shares is subject to a number of warranties over a three-year period following the date of acquisition. The Group acquired through business combinations total intangibles of £2,313k.

The main factors leading to the recognition of this intangible are:

- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, EIS fund practice, infrastructure, thought leadership, brand, deal flow and investor network and relationships, which do not qualify for separate recognition;
- Economies of scale which result in the Group being prepared to pay a premium; and
- Carry interest arrangements and profit share that are a material identifiable class of asset that has been recognised separately.

ProAxis 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.



**NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



A further £255k of ProAxis development costs have been capitalised during the period taking the total capitalised to £592k 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.

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

Represents equity securities	<b>Unaudited Six months ended 30 June 2021 £000s</b>	Audited Year ended 31 December 2020 £000s
Opening balance at start of period	<b>2,970</b>	1,468
Additions	<b>622</b>	999
Conversion of derivative financial assets	-	645
Change in fair value during the period	<b>9,885</b>	(142)
Closing balance at end of period	<b>13,477</b>	2,970

Name	Country of incorporation	% of issued share capital	Currency denomination	£000s
PDS Biotechnology Corporation	USA	4.72%	US\$	12,159
CytoVale, Inc.	USA	1.00%	US\$	362
Epibone, Inc.	USA	0.84%	US\$	283
G-Tech Medical, Inc.	USA	3.04%	US\$	308
SageTech Medical Equipment Ltd	UK	2.25%	UK£	308
PointGrab Ltd	Israel	0.43%	US\$	57
				<b>13,477</b>

Equity investments classified as fair value through other comprehensive income are held for sale, fair valued and stand at £13,477k (H1 2019: £2,784k). An increase in value of £10,693k, which relates predominately to the increase in fair value of PDS Biotechnology Corporation.

PDS Biotechnology Corporation, is quoted on Nasdaq Capital Markets under the ticker "PDSB" and fair value has been established by using the last quoted price of \$12.55 on 30 June 2021 (H1 2020: \$2.01). In June 2021 NetScientific made a further investment in PDS of £363k at a share price of \$8.50 per share as part of a successful \$52m public offering. The Group has invested £4,090k in PDS to date (H1 2020: £3,234k). NetScientific now holds approximately 4.72% of PDS's fully diluted share capital post the June placing (H1 2020: 5.76%).

The shares in CytoVale, Inc., Epibone, Inc., and G-Tech Medical, Inc., are not quoted on an active market. The fair value of each has been established using the price of the most recent investment by a third party, this is consistent with past valuations.

On 31 March 2021, Netscientific purchased 5,215 ordinary shares or 2.25% in SageTech Medical Equipment Ltd on the secondary market at a 35% discount. The shares are not quoted on an active market. The fair value has been established using the price of the most recent investment round. The fair value at 30 June 2021 is £308k based on a £59 price per share, a gain of £107k during the period.

On 30 April 2021, Netscientific purchased 198,500 ordinary shares or 0.43% in PointGrab Ltd during the last funding round at \$0.40 per share. The shares are not quoted on an active market. The fair value at 30 June 2021 based using the price of the last investment round is £57k.

The carrying value of all Group assets was assessed in light of the COVID-19 pandemic and the long-term impacts that this will have on the investments of the Group. No impairments or adjustments were deemed necessary.

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

Warrants & convertible loans classified as FVTPL	<b>Unaudited Six months ended 30 June 2021 £000s</b>	Audited Year ended 31 December 2020 £000s
Opening balance at start of period	<b>78</b>	262
Additions	<b>100</b>	-
Additional accrued interest	<b>2</b>	109
Release of provision	-	224
Conversion to Equity Investments classified as FVTOCI	-	(645)
Change in fair value during the period	<b>(1)</b>	128
Closing balance at end of period	<b>179</b>	78

Name	Country of incorporation	% of issued share capital	Currency denomination	£000s
PDS Biotechnology Warrant	USA	-	US\$	-
G-Tech Medical, Inc.	USA	0.76%	US\$	77
Sofant Technologies Ltd	UK	-	UK£	102
				<b>179</b>

The PDS warrant expired on 12 May 2021.

G-Tech Medical, Inc., is not quoted on an active market. The Common form convertibles are held at a fair value of \$106k/£77k the price at the last external round in May 2020. NetScientific holds 0.76% of the fully diluted share capital as financial assets classified as FVTPL and a further 3.04% as equity investments classified as FVTOCI giving a total investment in G-Tech of 3.80% fully diluted.

On 30 April 2021, NetScientific invested £100k in Sofant Technologies Ltd convertible loan note as part of the British Business Bank “BBB” backed funding round of £400k. Interest is earned at a rate of 10% per annum for a term of 36 months. There is a 20% discount on conversion and a 100% redemption premium.

Longevity and Neumitra convertible loan notes are unchanged and remain fully impaired.

12. INVENTORY

	<b>Unaudited Six months ended 30 June 2021 £000s</b>	<b>Audited Year ended 31 December 2020 £000s</b>
Finished products	<b>89</b>	74
Closing balance at end of period	<b>89</b>	74

Inventories are held at net realisable value. Finished products constitute ProteaseTag active neutrophil elastase immunoassay kits.

During the period the impairment charges totalled £Nil (H1 2020: £Nil).

13. TRADE AND OTHER RECEIVABLES

Current	Unaudited Six months ended 30 June 2021 £000s	Audited Year ended 31 December 2020 £000s
Trade receivables	81	28
Taxation	51	43
Other receivables	162	46
Prepayments	104	54
Accrued income	216	205
<b>Closing balance at end of period</b>	<b>614</b>	<b>376</b>

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: 10% if currently outstanding, 33% if 30 to 60 days past due and 100% provided if more than 60 days past due.

	Unaudited Six months ended 30 June 2021 £000s	Audited Year ended 31 December 2020 £000s
Gross carrying amount of trade receivables	109	47
Impairment provision (estimated credit losses)	(28)	(19)
Trade receivables	81	28

14. CASH AND CASH EQUIVALENTS

	Unaudited Six months ended 30 June 2021 £000s	Audited Year ended 31 December 2020 £000s
Short term deposits	6,500	785
Cash and cash equivalents	940	843
<b>Closing balance at end of period</b>	<b>7,440</b>	<b>1,628</b>

The cash held within subsidiary Glycotest, Inc., of £441k (H1 2020: £1,541k) is not freely available for use within the wider group as it would need the consent of a 40% minority shareholder.

15. TRADE AND OTHER PAYABLES

Current	<b>Unaudited Six months ended 30 June 2021 £000s</b>	Audited Year ended 31 December 2020 £000s
Trade payables	<b>335</b>	173
Other payables	<b>114</b>	9
Corporation tax	<b>32</b>	32
Deferred income	<b>287</b>	-
Accruals	<b>404</b>	447
<b>Closing balance at end of period</b>	<b>1,172</b>	661

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

## 16. LEASE LIABILITIES

### Transition Method and Practical Expedients Utilised

On adoption of IFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases of office space, which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019. The incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The rate applied was 3.5%.

Lease liability	<b>Unaudited Six months ended 30 June 2021 £000s</b>	Audited Year ended 31 December 2020 £000s
Opening balance at start of period	<b>(194)</b>	(224)
Add:		
Payments	<b>19</b>	38
Less:		
Interest charge during the period	<b>(5)</b>	(8)
Closing balance at end of period	<b>(180)</b>	(194)
Split as follows:		
Current Liability	<b>(32)</b>	(31)
Long Term Liability	<b>(148)</b>	(163)
	<b>(180)</b>	(194)

The judgement that the Group was reasonably certain to extend for the full term of the lease beyond the contractual breaks in the third, fifth and seventh years of the lease have made a material difference to the carrying value of the asset/liability. The impact of this judgement is to increase the initial asset/liability amounts by £216k, £181k and £114k respectively.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to June 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

All rent concessions were repaid during the period.

17. LOANS AND BORROWINGS

Lease liability	Unaudited Six months ended 30 June 2021 £000s	Audited Year ended 31 December 2020 £000s
Total falling due within one year	(49)	(28)
Total falling due more than one year	(456)	(287)
Closing balance at end of period	(505)	(315)

The maturity of the loans are as follows:

Amounts falling due within one year on demand	(49)	(28)
Amounts falling due between one and two years	(94)	(58)
Amounts falling due between two and five years	(282)	(184)
Amounts falling due over five years	(80)	(45)
	(505)	(315)

Loans and borrowings represent:

An unsecured loan note of £100k has been issued by a UK subsidiary, of which £60k is outstanding at 30 June 2021 (H1 2020: £70k). There is no interest charged and is payable in equal instalments of £10k. First instalment upon signing of document and then equally over nine years.

On 9 April 2020 Netscientific entered into an 18-month secured £700,000 line of credit with AB Group a company controlled by Melvin Lawson. The facility, which incurs interest of 10.0% p.a. on drawn amounts and 3.0% p.a. on undrawn amounts and has an arrangement fee of 1%, it can be extended by mutual agreement for an additional six months and is secured on the whole of NetScientific's interest in PDS.

On 16 June 2021 NetScientific drew down £350k under the loan facility agreement with AB Group to fund in the short term the purchase of 60,000 PDS ordinary shares for £363k in the latest \$52m public offering at a price of \$8.50 per share. On 30 June 2021 the £350k loan agreement with AB Group plus £2k of interest and commitment fees was repaid in full.

In the prior year on 12 August 2020 for prudent financial management, the Group made a £400k drawdown on the 18-month secured £700,000 line of credit facility with the AB Group. The line of credit and interest of £402k was repaid in full on the 28 August 2020. The funds were used to fund the purchase of additional PDS shares.

On 12 October 2020 and 11 June 2021, a UK subsidiary entered into a secured HSBC coronavirus business interruption loan agreement "CBIL's" for £245k and then £200k. The subsidiary had taken out a £50k bounce back loan that had to be repaid. The £245k CBIL's funds were drawn down on 18 November 2020 and the £200k on 29 June 2021. The CBIL's facility incurs interest of 3.99% p.a. above the Bank of England base rate. The first twelve months is interest free and the loan is repayable within six years with principal repayments starting after thirteen months. The total outstanding at 30 June 2021 was £445k (H1 2020: £50k).

**18. CALLED UP SHARE CAPITAL**

On 29 June 2021 the Company issued 5,958,123 of 5p ordinary shares at 130p per share, raising gross funds of £7,746k and net funds of £7,309k after deducting costs of £437k (H1 2020: £Nil).

On 25 January 2021 the Company issued 101,066 of 5p ordinary shares at 49.47p per share to Chairman John Clarkson, who has taken the payment in shares, rather than cash for fees owed to Development Financial and Management Services Ltd.

In the prior year on 24 August 2020, a share capital re-organisation took place. This had the effect of consolidating each ten existing ordinary shares into one new ordinary share. This was done to increase the market value of the Company's shares relative to the nominal value of the shares.

The effect of the share capital re-organisation was that:

1. the Existing Ordinary Shares of 5p each sub-divided into:
  - a) one Interim Ordinary Share, being an ordinary share in the capital of the Company with a nominal value of 0.5p; and
  - b) one Deferred Share being a deferred share in the capital of the Company with a nominal value of 4.5p each, and
2. the resulting Interim Ordinary Shares then consolidated into New Ordinary Shares of 5p each (the "New Ordinary Shares") based on one New Ordinary Share for every 10 Interim Ordinary Shares.

Four additional existing 5p ordinary shares were issued to ensure that the ordinary shares were exactly divisible by ten. The nominal value of the new ordinary shares is 5p. The number of new ordinary shares of 5p once the share re-organisation became effective was 7,856,187.

The Deferred Shares are not transferable. The holders of the Deferred Shares shall not, by virtue of or in respect of their holdings of Deferred Shares, have the right to receive notice of any general meeting of the Company or the right to attend, speak or vote at any such general meeting. The rights attaching to the Deferred Shares will be minimal and such shares do not carry any dividend rights and will only be entitled to a payment on a return of capital (whether by winding up or otherwise) after an amount of £10,000,000 has been paid in respect of each New Ordinary Share (an extremely remote possibility).

The Deferred Shares will not be listed or admitted to trading on AIM (nor any other stock market) and will not be transferable without the prior written consent of the Company. The holders of the Deferred Shares shall be deemed to have conferred the irrevocable authority on the Company at any time to: (i) appoint any person, for and on behalf of such holder, to, inter alia, transfer some or all of the Deferred Shares (without making any payment therefor) to such person(s) as the Company may determine (including without limitation the Company itself); and (ii) repurchase or cancel such Deferred Shares without obtaining the consent of the holders thereof. In addition, the Company may repurchase all of the Deferred Shares, at a price not exceeding 1p in aggregate. The Articles have been amended to reflect the creation of the Deferred Shares and to set out the rights attaching to them.

On 25 August 2020, the Company issued 3,521,480 of 5p ordinary shares at 65p per share to acquire 100% of the share capital in EMV Capital at a cost of £2,289k from Futura Messis Group Limited a related party owned by Dr. Ilian Iliev. On the same date the Company issued a further 3,538,455 of 5p ordinary shares via a placement at 65p per share respectively, raising net funds of £2,117k. The General Meeting on the 24 August 2020 duly passed all resolutions authorising the capital re-organisation which had the effect of consolidating ten existing shares into one new ordinary share; the issue of 3,535,455 new ordinary shares to Futura Messis Group Limited; and the adoption by the Company of new Articles of Association.

The total number of voting rights in the Company and issued capital at 30 June 2021 is 20,975,311 5p ordinary shares (30 June 2020: 78,561,866, 31 December 2020: 14,916,122).



**19. RELATED PARTY DISCLOSURES**

On 25 January 2021 the Company issued 101,066 of 5p ordinary shares at 49.47p per share to Chairman John Clarkson, who has taken the payment in shares, rather than cash for fees owed to Development Financial and Management Services Ltd.

On 16 June 2021 NetScientific drew down £350k under the loan facility agreement with AB Group a company controlled by Melvin Lawson to fund in the short term the purchase of 60,000 PDS ordinary shares for £363k in the latest \$52m public offering at a price of \$8.50 per share. The facility, which incurs interest of 10.0% pa on drawn amounts and 3.0% pa on undrawn amounts and has an arrangement fee of 1%, was amended to allow the redrawing of funds once drawn.

On 30 June 2021 the £350k loan agreement with AB Group plus £2k of interest and commitment fees was repaid in full.

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.

**20. EVENTS AFTER THE REPORTING PERIOD**

In line with this strategy, post-balance sheet, EMV Capital announced a £1m investment in Cambridge-based Martlet Capital, as part of a £12m investment alongside Saranac Partners and other investors, providing access to a portfolio of over 50 minority investments in life science, healthcare, cleantech, sustainability, industrials and semi-conductors, many with co-investments by some of the leading Cambridge and UK investment groups. As part of the investment in Martlet Capital, EMV Capital, together with Saranac Partners and Martlet, intends to establish a follow-on funding vehicle Cambridge Marquity Investments Limited, which is expected to be 40% owned by the Group. The Group expects to make future judicious investments through Marquity, targeting the more advanced portfolio companies, which show the requisite strong performance to add shareholder value and realise returns. Finally, the Group intends to provide a line of credit of up to £1m to Marquity, enabling it to operate quickly and decisively, and capitalise on emerging opportunities from Martlet Capital. This investment gives us access to the growth stories of successful technology companies emerging from the world class Cambridge ecosystem.

## COMPANY INFORMATION



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