NetScientific plc

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

Interim Results for the six months ended 30 June 2022

London, UK – 30 September 2022: NetScientific Plc (AIM: NSCI), the active international holding company, which invests in, develops and commercialises life sciences/healthcare, sustainability and technology companies, today announces its interim results for the six months ended 30 June 2022.

The first half of the year has been a challenging period, against a backdrop of declining markets across life sciences and technology sectors, and a worsening macro-economic environment. While there has been some inevitable slow-down on a few of the portfolio companies, others are likely to benefit from an environment of high-energy prices and weak Sterling. Overall, although delayed in certain areas, the portfolio remains robust, with plans in place for further growth, adapting to the changing environment, through value inflection points and routes to exit.

Highlights

Key operational and financial highlights include:

- *Fair Value* of £29.2 million (2021: 31.0 million), slight decrease as a result of recent market turmoil and the PDS Biotechnology share price fall, mitigated by an increase in Fair Value in other portfolio companies[1]
- *Capital light investment model* has delivered over £2.5 million of syndicated new investment with *Capital under advisory* up 11% at £24.6 million (2021: 22.1 million)
- Proactive management of well-balanced portfolio of 22 companies, with further development and additional direct balance sheet investment of £1.3 million
- *Deeper involvement in selected companies*
    - Focused on delivering significant returns
    - Modest balance sheet investments in portfolio companies alongside EMV Capital syndicated third party investments to secure portfolio company funding needs
    - Key value inflection points identified for many companies for profitable liquidity events and exits
    - Acquisition of 30% in Vortex Biotech Holdings for a non-cash consideration
    - Progressed turnaround of Q-Bot
- *Raised £1.5 million in June 2022 PLC placing*
    - Strengthening the Company's balance sheet
    - Limited dilution for existing shareholders
    - Strong participation from the investor network of subsidiary, EMV Capital
    - Facilitating the continuation of the Company's capital light investment strategy
- *Progress in "Trans-Atlantic bridges" phased programme, and international expansion*
- Loss for the period of £1.7 million (H1 2021: loss £1.4 million) reflecting further R&D investment in ProAxsis and Glycotest (in the form of shareholder loans), a small increase in headcount and considered building of the NetScientific platform (including systems and people) to drive growth and deliver added shareholder value
- *Secondary sale: Post-balance sheet, executed a secondary sale of 5.8% of the Group's Q-Bot stake, realising a £110k profit*

[1] 'Fair Value' is unaudited Directors' estimated value of the directly owned stakes, based on the BVCA valuation method. Decrease is predominately in PDS Biotechnology (Nasdaq listed) where underlying clinical trials outlook remains positive.

Commenting on Outlook and Future Prospects, Ilian Iliev, CEO of NetScientific, said:

"We are pleased with progress in the first six months of the year, following on from a successful 2021. Our portfolio of high-growth companies is well funded, with our capital light model and network of investors securing their finance needs without the requirement to deploy significant amounts of NetScientific cash. Our portfolio fundraising transactions generate returns through increased value of direct company holdings and a carry fee on "capital under advisory". We will build on this established business model and operating template, to drive continued growth, and realise shareholder value.

"We have a well-balanced portfolio across sectors and geographies, with businesses at different stages of their development, and adaptable for a changing sectoral and macro-economic dynamics. Within several of our companies, we are working on substantial liquidity events or routes to exit. ."

John Clarkson, Executive Chairman of NetScientific PLC added*:*

"It is reassuring that NSCI's strategy and actions have proven resilient and appropriate, even in difficult market conditions and a challenging economic climate. Indeed, despite these factors and some consequential delays, the fundamentals remain strong and the company is well placed to take advantage of the opportunities, in the current operating environment.

"With the benefits of a well-balanced portfolio, strong proactive management and the capital light business model, we look forward positively to continued progress, generating revenue, adding value, then realising returns for shareholders"

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

For more information, please contact:

NetScientific	
Ilian Iliev, CEO	Via Walbrook PR
WH Ireland (NOMAD, Financial Adviser and Broker)	
Chris Fielding / Darshan Patel	+44 (0)20 7220 1666
Walbrook PR	+44 (0)20 7933 8780 or netscientific@walbrookpr.com
Nick Rome / Joe Walker / Paul McManus	07748 325 236

About NetScientific

NetScientific Plc ("NSCI") is an active holding Company that proactively invests in a global portfolio of companies across the healthcare, life science, ESG, and deep technology sectors.

NetScientific delivers shareholder returns through a proactive and hands-on management approach to its 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 Trans-Atlantic and growing international presence, providing attractive expansion prospects.

The Company differentiates itself by employing a capital-light investment approach, making use of its wholly owned subsidiary, EMV Capital's network of private, corporate, and institutional investors. By syndicating investment and making minimal use of its balance sheet, the Company is able to secure direct stakes, as well as carried interest stakes, in its portfolio. This ultimately creates a structure that can support a large portfolio with a limited balance sheet.

NetScientific is headquartered in London, United Kingdom, and was admitted to trading on AIM, a market operated by the London Stock Exchange, in 2013.

www.netscientific.net

BUSINESS AND OPERATING OVERVIEW

Introduction

We are pleased to report our financial results and summary of operations for the six months ended 30 June 2022. The first half of 2022 continued the progress made since the start of the Company's turnaround in the past couple of years, in what have been extremely tough market conditions.

We are focused on our next stage of growth, adding value and delivering results for shareholders. Using our now established business model, and with the benefit of additional funds, we are exploiting the potential of existing and new opportunities. Based on our detailed knowledge of the portfolio and individual businesses, we have been selectively identifying portfolio companies to build deeper ownership, influence and involvement, and drive investment returns and realisations.

Our team has been busy providing operational as well as financial support to help portfolio companies grow, offering venture capital and corporate finance advice, strategic guidance, and access to an established network of corporate and industry partners in the UK and internationally.

A Differentiated Business Model

We can now be characterised as a truly active holding company with a balanced, enhanced and expanded portfolio of companies across several sectors. As well as being a pro-active manager, generating returns through growth in the value of our direct balance sheet holdings, we differentiate ourselves by employing a capital-light investment approach, making use of our wholly owned subsidiary, EMV Capital's network of private, corporate and institutional investors, to provide venture capital investments, corporate finance services, and management services to our portfolio. By syndicating investment and making minimal use of our balance sheet, we can secure direct stakes, and/or carried interests in our portfolio. This not only earns revenues, but also can deliver profit share and carry fees as a result of capital under advisory. This ultimately creates a structure that can support a larger portfolio with a limited balance sheet, offset by ongoing fees.

Advantages of our model

Flexibility: As an active investment Company, the permanent capital funding model means that NSCI is not driven by the usual fund lifecycles on deployment and exit and can support investee companies through their growth journey. We are therefore able to take a longer and more strategic investment view, whilst still remaining live to shorter-term opportunities including in the secondary markets.

Capital efficient investment strategies for portfolio companies: Through our proactive approach, we help portfolio companies identify capital efficient investment strategies, using different corporate finance tools and making particular use of non-dilutive financing such as grants and corporate joint development agreements.

Pro-active investment approach: Our team can open up value opportunities which are not available in typical passive investment approaches, such as identifying secondaries to participate in and having early visibility on investment rounds.

Working with strategic investors and multinational corporations: Using our established network, we can broker and monetise introductions between portfolio companies and appropriate investors/multinational corporations, with a focus on both corporate VC investment and collaboration opportunities.

Access to capital: As demonstrated in its own two previous fundraisings, NSCI is able to introduce funding from its investor network, supplementing its broker's activities.

Fee-generating activities: Our tailored approach provides a range of fee sources, including corporate finance, consultancy, board monitoring, and reimbursement fees help to offset the costs of infrastructure.

Early liquidity/secondaries: We are able to broker and participate in partial liquidity events, such as through the secondary market sale of portfolio company stock to new investors into portfolio companies. This can generate additional cash returns well ahead of a full exit, with several secondary transactions being actively pursued.

Early liquidity/secondaries: We are able to arrange and lead in partial liquidity events, such as through the secondary market sale of portfolio company stock to new investors into portfolio companies. As well as providing liquidity to outgoing shareholders and incoming new investors, this can generate additional cash returns to the Group well ahead of a full exit. We have successfully executed two significant profitable secondary transactions, with several others being actively pursued.

Trans-Atlantic bridges: Our on the ground presence in the US supports the business needs of core companies, helps expend market access, and assists portfolio companies to 'land' and grow in the US. This provides a differentiator for the Group and is attractive to new companies looking to join the EMV Capital/NSCI portfolio.

Infrastructure/team: Our small, focused, and effective core team, and trusted network of venture partners and advisors, means that NSCI/EMVC has an outsize impact against a relatively modest cost base.

Routes to Exit: For a core six investee companies, we are currently actively working on routes to exit, with the potential for outsized returns.

Operational Review

Over the first half of 2022 the Company has continued its active programme to deliver on its strategy and drive shareholder value. The Company invested £1.26 million and raised over £2.5 million in total for portfolio companies.

In accordance with the strategic plan, operational actions include:

- continued pro-active, commercial management of portfolio and individual companies;
- judicious investments to protect and enhance NetScientific's position in several of its 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;
- an alignment of EMV Capital's operations to act in synergy with NetScientific's investment and portfolio objectives;
- a wider application of the company's "capital light" approach, utilising the draw of the PLC brand, and the NetScientific balance sheet, to anchor future investments or secondaries, and achieve a multiplier effect with third party investment adding to Capital Under Advisory;
- selective investments, deeper stakes, greater involvement, and focusing on realising enhanced returns in certain portfolio companies and target areas;
- extending our network, platform, and access to deal flow; and
- building a pipeline of fund-raising engagements and consultancy agreements for execution in the second half of 2022, and into 2023.

Trans-Atlantic Bridges and internationalisation

Our combined US and UK portfolio has led to the identification of a number of synergies and opportunities for operational cross-over on both sides of the Atlantic, and further international potential. We plan to consolidate our progress with specific 'on the ground' initiatives, including facilitating for select portfolio companies access to a proposed facility on the East Coast of the USA, to help our existing portfolio companies and future additions accelerate internationalisation and growth.

Both Glycotest and ProAxsis have an immediate need for a US lab, with associated commercialisation and sales/marketing facilities. Temporary space has already been secured, close to Washington DC and plans are well advanced for suitable leased premises.

Several portfolio companies have accessed investments and capital, product markets, and corporate and research relationships on either side of the Atlantic, and beyond. For instance, we have assisted Q-Bot, Sofant and Wanda in establishing corporate links in the US construction industry, telecoms and healthcare markets respectively, and have supported Vortex' continued operation of a US-UK presence.

ESG/Impact Investment

The Group continues to be well positioned in the Environment, Social and Corporate Governance ("ESG") and impact investment space, as an investor in therapeutics and diagnostics for major chronic diseases (such as PDS Biotechnology and Vortex in oncology, ProAxsis in respiratory diseases), as well as investments in sustainability companies (such as Q-Bot's carbon-mitigating retrofit insulation, or Sofant's low-energy satellite communications infrastructure).

We are focused on sustainable value creation from a strong base and continue to build out key processes that enable increased transactional, portfolio management, and investment realisation capacity. Having completed a turnround in the past couple of years, and having transformed the business, the Group is now in a strong position, with the fundamentals in place for continued progress.

Awards

We were delighted that EMV Capital has been nominated as a Finalist in the 2022 Health Investor Awards for the Private Equity Investor of the Year awards, and is a Finalist in the ESG Champion of the Year category at the Growth Investor Awards 2022. ProAxsis won the Best Established Small Business award at the Belfast Telegraph Enterprise Awards 2022.

COVID-19

Although 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. In the aftermath of the pandemic, new opportunities have been opened for both the healthcare and broader technology sectors. It was not seen as necessary to impair the carrying value of any assets.

Global Economic Environment

The macro-economic environment remains exceedingly unpredictable. The aftermath of the pandemic, capital markets volatility, geopolitical issues and concerns, most notably Russia's invasion of Ukraine, and the more recent macro-economic pressures, continue to contribute to business uncertainty.

In this climate, the first half year has at times been a challenging period, with some inevitable slow-down in a few of the portfolio companies. At the same time, some of our portfolio companies are likely to benefit from an environment of high-energy prices and weak Sterling. Overall, although delayed in certain areas, the portfolio remains robust, with plans in place for further growth adapting to the changing environment, through value inflection points and routes to exit.

Portfolio Summary

Following our 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 proactive management across the Group, as summarised below.

Portfolio companies	Country	Sector	Sub-Sector	Stage of Development	Group Interest %	Unaudited Directors' Estimated Value		Capital Under Advisory (At Cost to Third Party)	
						31 Dec 21	30 Jun 22	31 Dec 21	30 Jun 22
Subsidiaries									
EMV Capital Ltd	UK	Venture Capital	Financial Services	Sales	100% Equity	£3.5m	£3.5m	-	-
ProAxsis Ltd	UK	Respiratory diagnostics	Life Sciences	Sales	100% Equity	£3.5m	£3.5m	-	-
Glycotest, Inc.	US	Liver cancer diagnostics	Life Sciences	Late stage clinical	64% Equity	£11.0m	£11.0m	-	-
Cetromed Ltd	UK	Life Sciences	Investment	Holding Company	75% Equity	-	-	-	-
Sub Total						**£18.0m**	**£18.0m**	**-**	**-**
Direct/Advised									
PDS Biotechnology Corporation	US	Immuno-oncology	Life Sciences	Phase II clinical	4.7% Equity	£8.0m	£4.0m	-	-
Q-Bot Ltd	UK	Robotics	Technology	Sales	23.7% Equity + 15.6% Advised	£1.0m + £0.3m CLA	£3.2m + £0.1m OD	£2.3m	£2.8m
SageTech Medical Equipment Ltd	UK	Waste anaesthetic capture/recycle	Healthcare	Commercial stage	5.9% Equity + 25.14% Advised	£0.9m	£0.9m	£3.5m	£3.8m
Epibone, Inc.	US	Regenerative medicine	Life Sciences	Early stage clinical	0.8% Equity	£0.3m + £0.5m CLA	£0.3m + £0.6m CLA	£0.2m CLA	£0.2m CLA
CytoVale, Inc.	US	Medical biomarker	Life Sciences	Late stage clinical	1.0% Equity	£0.4m	£0.4m	-	-
G - Tech Medical, Inc.	US	Waerable gut monitor	Life Sciences	Early stage clinical	3.8% Equity	£0.4m	£0.4m	-	-
Martlet Capital Ltd	UK	Venture Capital – Deeptech	Investment	Holding Company	1.5% Equity + £75k Convertible loan note + 10.3% Indirect	£0.3m	£0.3m	£1.3m	£1.3m
Fox Biosystems *	BEL	Research Equipment	Life Sciences	Sales	5.1% Equity	£0.3m	£0.3m	-	-
Sofant Technologies Ltd	UK	Semiconductors Satellite Coms	Technology	Pre sales	25.1% Advised	£0.3m CLA	£0.4m CLA	£3.0m	£3.0m
PointGrab, Inc.	IL	Smart building automation	Technology	Sales	0.5% Equity + 20.8% Advised	£0.1m	£0.1m	£4.1m	£4.1m
Dname-iT *	BEL	Lab technology	Life Sciences	Pre sales	61.5% Equity	£0.1m	£0.1m	-	-
QuantalX Neuroscience	IL	Medical diagnostics	Life Sciences	Late stage clinical	0.4% Equity	£0.1m	£0.1m	-	-
Oncocidia *	BEL	Cancer therapeutics	Life Sciences	Early stage clinical	41.3% Equity	-	-	-	-
Longevity Biotech, Inc.	US	Neurology therapeutics	Life Sciences	Early stage clinical	$250k Convertible loan note	-	-	-	-
Sub Total						**£13.0m**	**£11.2m**	**£14.4m**	**£15.2m**
Advised									
Vortex Biosciences, Inc.	UK/US	Liquid biopsy oncology	Life Sciences	Sales	96.0% Indirect	-	-	£3.9m	£4.9m
Wanda Health, Inc.	UK/US	Digital health monitoring	Healthcare	Sales	74.7% Indirect	-	-	£2.2m	£2.9m
Insight Photonic Solutions, Inc.	US	Semiconductors Akinetic laser	Technology	Sales	$1.25m Warrants	-	-	£0.9m	£0.9m

Nanotech Industrial Solutions, Inc.	US	Material science	Technology	Sales	$1.0m Convertible loan note	-	-	£0.7m	£0.7m
Sub Total						-	-	**£7.7m**	**£9.4m**
TOTAL						**£31.0m**	**£29.2m**	**£22.1m**	**£24.6m**

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

The combination of direct and capital under advisory investments gives the Group a greater influence in the portfolio companies, access to follow-on funding, and enables greater financial and value-added support for the portfolio companies. The amounts under Capital Under Advisory are associated with carried interest or profit share agreements, typically between 10% and 20%.

While it is difficult to value or estimate the current value of these stakes, for demonstration purposes an average 2x portfolio return on the Capital Under Advisory of £24.6 million could result in carry returns to EMV Capital of over £4 million.

Subsidiaries and listed investment highlights

EMV Capital (100% owned subsidiary)

- EMV Capital is the Venture Capital and Corporate Finance arm of NetScientific, enabling the execution of the capital light investment model of the Group (acquired in 2020).
- Investment syndication occurs through its growing EIS investment practice, a family office network, wealth managers, institutional VCs and corporate venture capital – with the backing of a PLC balance sheet and brand.
- EMV Capital has in place a carried interest arrangement with investors, providing additional potential investment returns and fees to the Group.
- During the period, EMVC executed several syndicated transactions, increasing Capital Under Advisory by 11% to £24.6 million (2021: £22.1 million) following the successful completion of several fundraising transactions (SageTech, Q-Bot and Sofant), and continued funding of portfolio companies under existing investor arrangements (Vortex, Wanda).
- The company also provides paid-for management support services to several of the portfolio companies, to support growth and fund-raising initiatives, and planning routes to exit.
- The company also signed several additional fundraising mandates, and further incubation support and consultancy engagements – building a pipeline for the rest of 2022 and beyond.
- EMV Capital was delighted to appoint Ed Hooper as an Executive Director (in addition to his role as General Counsel for NSCI), Ed brings a wealth of high-calibre transactional expertise, providing further critical mass as we continue our structured growth and realisation plans.

ProAxsis Ltd (100% owned subsidiary)

- Belfast-based subsidiary, which specialises in respiratory, other diagnostics, and building a significant expertise in the measurement of inflammatory biomarkers, with a growing global client list of pharmaceutical companies, and leading academic laboratories.
- Advances include further services to clinical trials and the commercialisation of five novel or improved products, following their successful CE marking in the first half of 2022.
- The global licence agreement with AstraZeneca, in May 2022 was a “blue chip” validation of ProAxsis. This was further enhanced by the successfully completed Performance Evaluation study of the COVID-19 antibody test, with exceptional levels of sensitivity and specificity of 100% and 99.3% respectively.

- This COVID-19 antibody test gives ProAxsis a competitive position in the COVID and the wider research and clinical trials markets.
- The company established the necessary infrastructure and human resources and will continue its investment programme to exploit its full business potential.
- ProAxsis has already taken temporary lab space close to Washington DC. Plans are well advanced for leasing a long-term suitable full US lab, with associated commercialisation and sales/marketing facilities.
- This will enable the company to deliver consistent high-quality service for clinical trials, either side of the Atlantic and to access higher value US clinical trials. The ProAxsis team has created a strong sales pipeline on either side of the Atlantic.
- In addition to grant finance, these developments are expected to enhance the ability of the company to access third party funding.

Glycotest (62% holding)

- Focused on the development of early-stage liver cancer diagnostics.
- Co-investment with Fosun Pharma as minority partner, with a licensing agreement for the Chinese market.
- Enrolment and progress in clinical trials has progressed well even with COVID-19 delays, building up valuable samples, data, and productive sites, and is now entering the final stage. The bulk of the significant spend has already been deployed and becomes due for reimbursement by Fosun, under the existing agreement. In 2021, Fosun made a further payment on account of $1 million leaving a balance of $3 million of milestone-based funding to Glycotest.
- Glycotest management believes the clinical trials have resulted in one of the world's largest databanks in the liver cancer study space, providing a good basis for further development.
- The HCC Panel clinical validation study and algorithm training set have continued to be delayed by technical issues, problems with the outsourced lab, and operating arrangements. These are being progressively tackled.
- An expert contract lab has been commissioned to carry out troubleshooting and assay optimisation to complete the training set, which will be a significant value inflection point for the company, now expected in the first half of 2023.
- The company is exploring avenues for commercialisation and opportunities, recognising the significant value inflection points and continues to work closely with Fosun Pharma for the successful development and realisation of returns from the business.

PDS Biotechnology (NASDAQ Listed, 4.7% holding)

- NetScientific backed PDS Biotechnology in 2014 prior to its NASDAQ listing and retains a shareholding of 4.7%.
- The Immunotherapy biopharma company is developing novel T-cell activating cancer treatment, and infectious disease vaccine candidates.
- After a successful fund-raise of $52m in 2021, PDS recently raised $35m non-dilutive funding from Horizon Technology Finance which extends its runway well into 2024.
- The company has four phase 2 oncology clinical trials in progress. Clinical partnerships are with Merck, MD Anderson Cancer Center and National Cancer Institute.
- Interim data presented in June 2022 at ASCO from the NCI-led PDS0101 Phase 2 trial showed tumor reduction in c.67% of patients (four of six subjects) who had failed prior treatment.
- FDA fast-track status has been secured for phase 3, with multiple near-term readouts expected in the second half of 2022 and 2023.
- The fair value of the NetScientific stake was £4.0 million at the end of period (2021: £8.0 million), broadly in line with the biotech sector.

Portfolio Strategy and other company updates

- In line with our stated strategy, a prioritised framework is applied to the portfolio and the proactive management of the companies.
- Following a detailed review of the portfolio of 22 companies, we have focused on several portfolio companies where we have made greater direct and syndicated investments, increasing influence, and value-added management support.
- We are considered by many of our portfolio companies as the 'go to' investment partner, which provides us early access to investment opportunities (including secondaries).
- Consequently, the Group has invested £593,000 in non-subsidiary companies and syndicated over £2.5 million in total for portfolio companies over the past 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. These included:

Q-Bot (24% direct stake, 16% indirect stake)

- London-based Q-Bot, which is a leading UK developer of robots for use in the retrofit construction industry, has successfully closed a £1.62m investment round to fund the next stage of its growth, primarily from existing investors.
- The fair value of NSCI's c.24% stake (acquired for c.£1m in Q3 2021) has increased by 108% to £2.1m.
- The additional funds allowed Q-Bot to accelerate the rollout of its unique solution of remotely applying underfloor insulation across the UK and engage with growing overseas demand.
- Q-Bot's growth is through an expansion of its network of Accredited Installation Partners, industrialising robot manufacturing at scale, and internationalisation to the EU and US.
- EMV Capital also supported a Board-led turnaround initiated in Q3 2021 under a consultancy project with Q-Bot.
- Revenues doubled in its most recent financial year to March 2022, and is expected to continue growing in the UK, with international sales due to start later in 2022
- As the UK's de facto leader in construction and retrofit robotics, Q-Bot works with both social and private landlords, as well as homeowners, having now insulated more than 3,000 properties.
- Our VC arm EMV Capital led the investment round, with further syndicated investment planned.
- The Group converted £500k of Q-Bot convertible loan notes plus interest in the round at a 25% discount.

Vortex (30% direct stake)

- Co-located in the UK and the US Bay Area, US, Vortex's mission is to build a platform around its high-quality Circulating Tumour Cell ("CTC") capture technology – providing researchers and clinicians access to critical insights from whole cancer cells that underpin one of the main causes of metastasis, treatment resistance, and disease recurrence.
- In May 2022 NetScientific announced the conditional acquisition of its 30% stake, which has been now completed
- Appointment of Paul Jones as CEO, an experienced senior industry professional to lead the company's growth.
- It has a growing international customer base for its automated VTX-1 instrument and associated cartridges, an innovative "no touch" microfluidic chip technology which captures high quality, viable CTCs from blood with very high yields.
- These can then provide input to further downstream molecular analysis, ultimately informing patient access to therapy and monitoring.
- The company's development is taking place in a growing market. The liquid biopsy market size was valued at $8.1 billion in 2021 and is projected to surpass $26.2 billion by 2030, growing at 14 percent over the period (Precedent Research).

We are working actively with several other promising companies, exploring how best to progress their ambitious growth paths and deliver results. At the time of writing, there are several fundraisings underway, as well as a promising pipeline of further consultancy engagements which will be announced in due course.

FINANCIAL OVERVIEW

In line with expectations, the Group made a loss of £1.7 million (H1 2021: £1.5 million) for the period, all from continuing operations, including continued substantial expensed investment in research and development at ProAxsis and Glycotest, active management and considered additional headcount and building of the NetScientific platform.

Income Statement

Revenue for the first half of 2022 was down a modest 4% to £391,000 (H1 2021: £407,000), with a promising pipeline for the second half of 2022. ProAxsis revenue at £115k (2021: £82k) is up 40% on the prior year, with kit sales and new products up 49%, and clinical research services up 30%.

Other operating income increased to £265,000 (H1 2021: £53,000), as a result of fair value movement and adjustments on derivative financial assets classified as “fair value through profit and loss” (FVTPL) of £179,000 (H1 2021: £Nil), grant and other income of £65,000 (H1 2021: £7,000), and ProAxsis R&D tax above the line of £21,000 (H1 2021: £46,000).

Research and development costs of £814,000 (H1 2021: £651,000) were higher in the first half as Cetromed, Glycotest, and ProAxsis continue development and clinical trials. Further development costs on five projects of £280,000 (H1 2021: £290,000) was capitalised at ProAxsis during the period.

Selling and administrative costs of £1.4 million (H1 2021: £1.2 million) were higher, mainly due to increased headcount in the subsidiaries and at head office, and increased spending in drives towards commercialisation and eventual liquidity events.

Balance Sheet

Cash at the period end amounted to £2.4 million (2021: £2.7 million), following a fundraise of £1.44 million net of costs in June 2022.

Cash used in operations during the period was £1.132 million (H1 2021: £1.134 million). Cash held within the subsidiary Glycotest is not freely available for use within the wider group as it would need the consent of a minority shareholder. Intangible assets stood at £3.221 million (2021: £3.045 million). ProAxsis capitalised a further £280,000 of development costs during the period (2021: £585,000) and amortisation during the period was £105,000 (2021: £163,000). Refer to note 8 below for more information.

Equity investments held for sale and classified as fair value through other comprehensive income (“FVTOCI”) stood at £9.435 million on 30 June 2022 (2021: £11.516 million). A decrease in value of £2.081 million, relates predominately to the PDS Biotechnology (NASDAQ: PDSB) price decline, and a trade investment measured at fair value, was down £4.0 million during the period. This is offset by an increase in fair value on Q-Bot of £1.1 million to £2.1 million during the period, reflecting the increased share price in the fundraise of Q2 2022.

All equity investments not quoted on an active market have had their fair values established using inputs other than quoted prices that are observable, i.e., the price from the latest third party round as publicly disclosed. Refer to note 9 below for further information.

Derivative financial instruments classified as fair value through profit and loss (“FVTPL”), were fair valued and stood at £1.651 million on 30 June 2022 (2021: £1.462 million). An increase in value of £189,000 was obtained, which relates predominately to a Vortex loan of £250,000. Refer to note 10 below for further information.

The Group ended the period with net assets of £15.836 million (2021: £18.509 million), amounting to a decrease of £2.673 million. The movement is shown in the consolidated statement of changes in equity and is mainly constituted by the loss in the period of £1.448 million and the negative movement in equity investments held for sale and derivative financial instruments of £2.873 million, offset by the successful fundraise during June 2022 of £1.444 million net of costs.

Board and Senior Management

There were no Board changes during the period, and the Board continues to work effectively providing the requisite corporate governance, positive challenge, and strategic drive. Ed Hooper, a senior City lawyer, was appointed as General Counsel and joined the Board of EMV Capital as executive director.

Summary and Outlook

The Board will closely monitor the markets and relevant industry developments. It maintains a flexible approach to new opportunities, both for investment and generating returns from investments.

NetScientific’s portfolio is focused on businesses with high growth prospects. These are expected to generate shareholder returns through the increased value of direct company holdings and a carry fee on “capital under advisory”. We will build on this established business model and operating template, to drive continued growth, and realise shareholder value.

The Group also continues to be well positioned in both the ESG and impact investment arenas, with long-standing investments in sustainability and healthcare.

We will continue to benefit from our capital-light investment approach**,** utilising EMV Capital’s network of private, corporate, and institutional investors and the judicious use of NSCI’s balance sheet. All the while, we are able to assist with the fund-raising needs of our portfolio companies, with a significant percentage added as Capital Under Advisory with carried interest**.** The Board believes that the balanced investment approach, with advised and carried interest stakes, leads to diversified investment returns with a structure that can support a large portfolio and limited balance sheet.

We are focused on progressing the various projects, including fee-generating transactions, in the second half of 2022, and beyond, building opportunities for growth and realising returns for shareholders.

John Clarkson
Executive Chairman

30 September 2022

Ilian Iliev
Chief Executive Officer

30 September 2022

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

NetScientific plc

Continuing Operations	Notes	**Unaudited Six months ended 30 June 2022 £000s**	Unaudited Six months ended 30 June 2021 £000s
Total Income		**656**	460
Revenue	4	**391**	407
Cost of sales		**(30)**	(35)
Gross profit		**361**	372
Other operating income		**265**	53
Research and development costs		**(814)**	(651)
Selling, general and administrative costs		**(1,427)**	(1,205)
Other costs		**(103)**	(51)
Loss from operations		**(1,718)**	(1,482)
Finance income		**51**	2
Finance expense		**(20)**	(8)
Loss before taxation		**(1,687)**	(1,488)
Income Tax		**29**	40
Total loss for the period from continuing operations		**(1,658)**	(1,448)
Loss attributable to:			
Owners of the parent	5	**(1,394)**	(1,195)
Non-controlling interests		**(264)**	(253)
		(1,658)	(1,448)
Basic and diluted loss per share attributable to owners of the parent during the period:	5		
Total loss for the period from continuing operations		**(6.6p)**	(7.9p)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	**Unaudited Six months ended 30 June 2022 £000s**	Unaudited Six months ended 30 June 2021 £000s
Loss for the period		**(1,658)**	(1,448)
Items that may be subsequently reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**352**	(10)
Change in fair value of investments classified as fair value through other comprehensive income		**(2,873)**	9,892
Total comprehensive profit/(loss) for the period		**(4,179)**	8,434
Attributable to:			
Owners of the parent		**(3,887)**	8,689
Non-controlling interests		**(292)**	(255)
		(4,179)	8,434

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	**Unaudited 30 June 2022 £000s**	Audited 31 December 2021 £000s
Assets			
Non-current assets			
Property, plant and equipment	6	**140**	136
Right-of-use assets	7	**142**	158
Intangible assets	8	**3,221**	3,045
Equity investments classified as FVTOCI*	9	**9,435**	11,516
Derivative financial assets classified as FVTPL**	10	**1,651**	1,462
Total non-current assets		**14,589**	16,317
Current assets			
Inventories	11	**71**	67
Trade and other receivables	12	**1,159**	1,598
Cash and cash equivalents	13	**2,363**	2,710
Total current assets		**3,593**	4,375
Total assets		**18,182**	20,692
Liabilities			
Current liabilities			
Trade and other payables	14	**(1,742)**	(1,529)
Lease liabilities	15	**(33)**	(32)
Loans and borrowings	16	**(89)**	(59)
Total current liabilities		**(1,864)**	(1,620)
Non-current liabilities			
Lease liabilities	15	**(115)**	(131)
Loans and borrowings	16	**(367)**	(432)
Total non-current liabilities		**(482)**	(563)
Total liabilities		**(2,346)**	(2,183)
Net assets		**15,836**	18,509
Issued capital and reserves			
Attributable to the parent			
Called up share capital	17	**1,168**	1,056
Warrants		**42**	42
Share premium account		**74,124**	72,792
Capital reserve account		**237**	237
Equity investment reserve		**1,631**	4,504
Foreign exchange and capital reserve		**1,748**	1,368
Retained earnings		**(62,831)**	(64,499)
Equity attributable to the owners of the parent		**16,119**	18,500
Non-controlling interests		**(283)**	9
Total equity		**15,836**	18,509

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Shareholders' equity									
	Share capital £000s	**Warrants £000s**	**Share premium £000s**	**Capital reserve £000s**	**Equity investment reserve £000s**	**Retained earnings £000s**	**Foreign exchange and capital reserve £000s**	**Total £000s**	**Non-controlling interests £000s**	**Total equity £000s**
1 January 2021	746	**65,594**	**65,594**	**237**	**(1,505)**	**(59,702)**	**1,368**	**6,738**	**158**	**6,896**
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
30 June 2021	1,049	**-**	**72,650**	**237**	**8,387**	**(60,640)**	**1,362**	**23,045**	**31**	**23,076**
Loss for the period	-	-	-	-	-	(1,190)	-	(1,190)	(224)	(1,414)
Other comprehensive income -										
Foreign exchange differences	-	-	-	-	-	-	8	8	(7)	1
Change in fair value during the period	-	-	-	-	(3,883)	-	-	(3,883)	-	(3,883)
Total comprehensive income	-	-	-	-	(3,883)	(1,190)	8	(5,065)	(231)	(5,296)
Issue of share capital	7	-	143	-	-	-	-	150	-	150
Cost of share issue	-	-	(1)	-	-	-	-	(1)	-	(1)
Issue of warrants	-	42	-	-	-	-	-	42	-	42
Decrease in subsidiary shareholding	-	-	-	-	-	232	(2)	230	209	439
Share-based payments	-	-	-	-	-	99	-	99	-	99
31 December 2021	1,056	**42**	**72,792**	**237**	**4,504**	**(61,499)**	**1,368**	**18,500**	**9**	**18,509**
Loss for the period	-	-	-	-	-	(1,394)	-	(1,394)	(264)	(1,658)
Other comprehensive income -										
Foreign exchange differences	-	-	-	-	-	-	380	380	(28)	352
Change in fair value during the period	-	-	-	-	(2,873)	-	-	(2,873)	-	(2,873)
Total comprehensive income	-	-	-	-	(2,873)	(1,394)	380	(3,887)	(292)	(4,179)
Issue of share capital	112	-	1,388	-	-	-	-	1,500	-	1,500
Cost of share issue	-	-	(56)	-	-	-	-	(56)	-	(56)
Share-based payments	-	-	-	-	-	62	-	62	-	62
30 June 2022	1,168	**42**	**74,124**	**237**	**1,631**	**(62,831)**	**1,748**	**16,119**	**(283)**	**15,836**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	**Unaudited Six months ended 30 June 2022 £000s**	Unaudited Six months ended 30 June 2021 £000s
Cash flows from operating activities			
Loss after income tax		**(1,658)**	(1,448)
Adjustments for:			
Depreciation of property, plant and equipment		**20**	25
Depreciation of right to use assets		**16**	16
Amortisation of intangibles		**105**	61
Estimated credit losses on trade receivables		**18**	(9)
Change in fair value of financial assets classified as FVTPL		**(179)**	-
Capitalisation of development costs		**(280)**	(255)
Share-based payments		**62**	42
R&D tax credit		**(21)**	-
Foreign exchange gain/(loss)		**233**	5
Finance income		**(61)**	(2)
Finance costs		**4**	8
Income Tax		**(29)**	(86)
		(1,770)	(1,643)
Changes in working capital			
(Increase) in inventories		**(4)**	(15)
Decrease/(Increase) in trade and other receivables		**473**	(117)
Increase in trade and other payables		**169**	563
Cash used in operations		**(1,132)**	(1,212)
Income tax received		**-**	78
Net cash used in operating activities		**(1,132)**	(1,134)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(24)**	(41)
Purchase of equity investments classified as FVTOCI		**-**	(622)
Purchase of derivative financial assets classified as FVTPL		**(593)**	(100)
Net cash (used in) investing activities		**(617)**	(763)
Cash flows from financing activities			
Proceeds received on change in stake in subsidiary		**-**	345
Lease payments		**(19)**	(19)
Repayment of borrowings		**(35)**	(360)
Interest paid		**-**	(3)
Proceeds of loan		**-**	550
Proceeds from share issue		**1,500**	7,641
Share issue cost		**(56)**	(436)
Net cash from financing activities		**1,390**	7,718
(Decrease)/Increase in cash and cash equivalents		**(359)**	5,821
Cash and cash equivalents at beginning of the period		**2,710**	1,628
Exchange differences on cash and cash equivalents		**12**	(9)
Cash and cash equivalents at end of the period	13	**2,363**	7,440

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 2022 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 2022 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for the year ended 31 December 2021 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 2021 was unqualified and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

Going Concern

The 2021 Annual Report audit report drew attention to the material uncertainty relating to going concern as follows:

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

The Directors have prepared and reviewed budget cashflows which were approved by the Board of Directors in the Board meeting of 1 February 2022. The review included the key budget assumptions, sensitivities, and contingency plans to cover eventualities, including the associated cash flow projections. The review has been updated and also taken into consideration the potential impact of changing market conditions and other risks. Having made substantial progress, including a £1.5m fund-raise in June, and as shown on the balance sheet, the Group remains in a strong position. As a result, The Directors do not believe going concern is an issue 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)

Business Combinations

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

Change in accounting policies

The Group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2021 annual financial statements.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

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

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

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

Use of estimates and judgements

There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods, including:

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

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

COVID

The consequences of the COVID pandemic have varied across the portfolio, the negative impact has been managed, with new opportunities opening up and the individual companies have adjusted accordingly. Group companies have received minimal amounts of Government Covid-19 business support. The approach has been to respond proactively to the operating environment, particularly to minimise downside risks and concentrate on upside opportunities. Given the core focus of the Group, the Board believes that in the aftermath of the COVID pandemic there is increased potential across several of its portfolio companies.

Global Environment

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

The impact to these and downturn in global environment on the Group's interim consolidated financial statements for the six months ended 30 June 2022 are summarised as follows.

(a) No impairment of group assets.

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

3. SEGMENTAL REPORTING

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, for which separate financial information is available and whose operating results are evaluated 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 2022	**Delivered Goods £000s**	**Service Fees £000s**	**Total £000s**
EMV Capital	**-**	**276**	**276**
ProAxsis	**67**	**48**	**115**

	67	**324**	**391**

30 June 2021	Delivered Goods £000s	Service Fees £000s	Total £000s
EMV Capital	-	325	325
ProAxsis	45	37	82
	45	362	407

Total Loss for the period by segment

	Unaudited Six months ended 30 June 2022 £000s	Unaudited Six months ended 30 June 2021 £000s
NetScientific	**(541)**	(772)
EMV Capital	**(154)**	18
ProAxsis	**(236)**	(88)
Glycotest	**(654)**	(606)
Cetromed	**(73)**	-
	(1,658)	(1,448)

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

4. REVENUE

Revenue from contracts with customers: United Kingdom

	Delivered Goods £000s	**Service Fee's £000s**	**Total £000s**
30 June 2022	67	324	391
30 June 2021	45	362	407

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 2022 of 1,120,010 (30 June 2021: 620,729; 31 December 2021: 1,064,498) are not treated as dilutive as the group is loss making.

	Unaudited Six months ended 30	Unaudited Six months ended 30

	June 2022 £000s	June 2021 £000s
Loss attributable to equity holders of the Company		
Continuing operations	**(1,475)**	(1,195)
Total Loss attributable to equity holders of the Company	**(1,475)**	(1,195)
Number of shares		
Weighted average number of ordinary shares in issue	**21,146,591**	15,067,947

On 29 June 2022 the Company issued 2,238,807 of 5p ordinary shares at 67p per share, raising gross funds of £1,500k and net funds of £1,444k. 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. The total number of voting rights in the Company at 30 June 2022 is 23,360,660 5p ordinary shares (30 June 2021: 20,975,311, 31 December 2021: 21,121,853.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvement £000s	Furniture, fittings and equipment £000s	Plant and machinery £000s	Totals £000s
Cost				
At 1 January 2021	**100**	**35**	**170**	**305**
Additions	**-**	**5**	**36**	**41**
At 30 June 2021	**100**	**40**	**206**	**346**
Additions	**-**	**15**	**6**	**20**
At 31 December 2021	**100**	**55**	**212**	**367**
Exchange adjustments	**-**	**1**	**-**	**1**
Additions	**-**	**3**	**21**	**24**
At 30 June 2022	**100**	**59**	**233**	**392**
Depreciation				
At 1 January 2021	**42**	**18**	**117**	**177**
Charge for the period	**6**	**2**	**17**	**25**
At 30 June 2021	**48**	**20**	**134**	**202**
Charge for the period	**4**	**9**	**16**	**29**
At 31 December 2021	**52**	**29**	**150**	**231**
Charge for the period	**6**	**4**	**11**	**20**
At 30 June 2022	**58**	**33**	**161**	**252**
Net book value				
At 30 June 2022	**42**	**26**	**72**	**140**
At 31 December 2021	**48**	**26**	**62**	**136**
At 30 June 2021	**52**	**20**	**72**	**144**

ProAxsis leasehold improvements of £100k are funded by a third-party loan.

7. RIGHT-OF-USE-ASSETS

	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2021 £000s
Cost		
Opening balance at start of period	**253**	253
Closing balance at end of period	**253**	253
Amortisation		
Opening balance at start of period	**(95)**	(64)
Add:		
Charge for the period	**(16)**	(31)
Closing balance at end of period	**(111)**	(95)
Net Book Value		
As at end of period	**142**	158

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 £9k (H1 2021: £20k) with a maturity of two months.

8. INTANGIBLE ASSETS

	Goodwill £000s	Carry Interest Arrangements £000s	Development costs £000s	Investment Acquisition Costs £000s	Patents £000s	Total £000s
Cost						
At 1 January 2021	669	1,627	337	17	50	2,700
Additions	-	-	585	-	-	585
At 31 December 2021	**669**	**1,627**	**922**	**17**	**50**	**2,700**
Additions	-	-	280	-	-	280
At 30 June 2021	**669**	**1,627**	**1,202**	**17**	**50**	**2,955**
Accumulated						

amortisation and impairment						
At 1 January 2021	**-**	76	-	-	1	77
Amortisation charge	-	140	18	-	5	163
At 31 December 2021	**-**	**216**	**18**	**-**	**6**	**240**
Amortisation charge	-	81	19	-	4	105
At 30 June 2021	**-**	**297**	**37**	**-**	**10**	**345**
Net book value						
At 30 June 2022	**669**	**1,330**	**1,165**	**17**	**40**	**3,221**
At 31 December 2021	669	1,411	904	17	44	3,045

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

ProAxsis acquired a key patent as part of the buyout of the founders and Queens University for £50k which will be amortised over the economic life of the patent. A further £280k of ProAxsis development costs have been capitalised during the period taking the total capitalised to £1,202k 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.

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

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

Represents equity securities

	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2021 £000s
Opening balance at start of period	**11,516**	2,970
Additions	**-**	2,192
Acquired through business combinations	**-**	342
Conversion of derivative financial assets	**652**	-
Change in fair value during the period	**(2,733)**	6,012
Closing balance at end of period	**9,435**	11,516

Name	Country of incorporation	% of issued share capital	Currency denomination	**Unaudited Six months ended 30 June 2022 £000s**	Audited Year ended 31 December 2021 £000s
PDS Biotechnology Corp	USA	4.72%	US$	**4,024**	8,047

Q-Bot Ltd	UK	23.70%	UK£	**2,778**	1,025
SageTech Medical Equipment Ltd	UK	2.25%	UK£	**887**	887
CytoVale, Inc.	USA	1.00%	US$	**412**	371
Fox Biosystems NV	BEL	5.06%	EUR€	**400**	335
G-Tech Medical, Inc.	USA	3.04%	US$	**351**	317
Epibone, Inc.	USA	0.84%	US$	**322**	290
Martlet Capital Ltd	UK	1.51%	UK	**175**	175
PointGrab	Israel	0.49%	US$	**76**	68
Oncocidia	BEL	41.27%	EUR€	**10**	1
				9,435	11,516

Equity investments classified as fair value through other comprehensive income are held for sale, fair valued and stand at £9,435k (2021: £11,516k). A decrease in value of £2,081k, which relates predominately to the decrease in fair value of PDS Biotechnology Corporation offset by a £1.1m increase in fair value on Q-Bot Ltd.

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

Warrants, convertible loans and loans classified as FVTPL	**Unaudited Six months ended 30 June 2022 £000s**	Audited Year ended 31 December 2021 £000s
Opening balance at start of period	**1,462**	78
Additions	**593**	1,332
Additional accrued interest	**51**	24
Conversion to Equity Investments classified as FVTOCI	**(652)**	-
Change in fair value during the period	**197**	28
Closing balance at end of period	**1,651**	1,462

Name	Country of incorporation	Currency denomination	30 June 2022 £000s	2021 £000s
EpiBone, Inc.	USA	US$	604	543
Sofant Technologies Ltd	UK	UK£	351	324
Vortex Biotech Holdings Ltd	UK	UK£	253	-
Fox Biosystems NV	BEL	EUR€	135	128
Q-Bot Ltd	UK	UK£	143	312
G-Tech Medical, Inc.	USA	US$	87	79
Martlet Capital Ltd	UK	UK£	78	76
			1,651	1,462

Derivative financial assets classified as fair value through profit and loss are £1,651k (2021: £1,462k). An increase in fair value of £189k, which mainly relates to the increase in fair value of Vortex Biotech Holdings.

11. INVENTORY

	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2021 £000s
Finished products	**71**	67
Closing balance at end of period	**71**	67

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

During the period the impairment charges totalled £Nil (H1 2021: £Nil).

12. TRADE AND OTHER RECEIVABLES

Current	**Unaudited Six months ended 30 June 2022 £000s**	Audited Year ended 31 December 2021 £000s
Trade receivables	**159**	140
Taxation	**138**	88
Other receivables	**66**	815
Prepayments	**97**	77
Accrued income	**699**	478
Closing balance at end of period	**1,159**	1,598

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

Estimated credit losses have been calculated as follows:

	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2021 £000s
Gross carrying amount of trade receivables	**198**	161
Impairment provision (estimated credit losses)	**(39)**	(21)
Trade receivables	**159**	140

13. CASH AND CASH EQUIVALENTS

	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2021 £000s
Short term deposits	**526**	1,990
Cash and cash equivalents	**1,837**	720
Closing balance at end of period	**2,363**	2,710

14. TRADE AND OTHER PAYABLES

Current	**Unaudited Six months ended 30 June 2022 £000s**	Audited Year ended 31 December 2021 £000s
Trade payables	**133**	219
Other payables	**525**	56
Corporation tax	**-**	-
Deferred income	**322**	323
Accruals	**762**	931
Closing balance at end of period	**1,742**	1,529

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

15. LEASE LIABILITIES

Transition Method and Practical Expedients Utilised

On adoption of IFRS 16, on 1 January 2019, 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	**Unaudited Six months ended 30 June 2022**	Audited Year ended 31 December 2021

	£000s	£000s
Opening balance at start of period	**(163)**	(194)
Add:		
Payments	**19**	38
Less:		
Interest charge during the period	**(4)**	(7)
Closing balance at end of period	**(148)**	(163)
Split as follows:		
Current Liability	**(33)**	(32)
Long Term Liability	**(115)**	(131)
	(148)	(163)

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.

16. LOANS AND BORROWINGS

	Unaudited Six months ended 30 June 2022 £000s	Audited Year ended 31 December 2021 £000s
Total falling due within one year	**(89)**	(59)
Total falling due more than one year	**(367)**	(432)
Closing balance at end of period	**(456)**	(491)

The maturity of the loans are as follows:

Amounts falling due within one year on demand	**(89)**	(59)
Amounts falling due between one and two years	**(67)**	(67)
Amounts falling due between two and five years	**(282)**	(282)
Amounts falling due over five years	**(18)**	(83)
	(456)	(491)

Loans and borrowings represent:

An original unsecured loan note by a third party to ProAxsis of £100k. £50k is outstanding at 30 June 2022 (H1 2021: £60k). There is no interest charged and is payable in equal instalments of £10k p.a.. First instalment upon signing of document and then equally over nine years.

ProAxsis has entered into two secured HSBC coronavirus business interruption loan agreements “CBIL’s” for £245k and then £200k. The CBIL’s facility incurs interest of 3.99% p.a. above the Bank of England base rate. The first twelve months is interest free and the loan is repayable within six years with principal repayments starting after thirteen months. The total outstanding at 30 June 2022 was £406k (H1 2021: £445k).

17. CALLED UP SHARE CAPITAL

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

In the prior year:
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.

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 20 December 2021 the Company issued 146,542 of 5p ordinary shares at 102.36p, based upon the average of the middle market quotation between 1 November 2021 and 5 November 2021 (inclusive) for the purchase of 75% of Cetromed Limited, a life sciences holding company with several portfolio companies spun out of the University of Leuven, Belgium.

The total number of voting rights in the Company and issued capital at 30 June 2022 is 23,360,660 5p ordinary shares (30 June 2021: 20,975,311, 31 December 2021: 21,121,853.

18. RELATED PARTY DISCLOSURES

Beckman Group and Melvin Lawson, who is interested in 16.77% (2021: 16.25%) of the issued share capital of NetScientific, is also considered and presumed to be acting in concert with Dr Ilian Iliev, as defined by the The City Code on Takeovers and Mergers.

EMV Capital provides corporate finance, consulting and management services to Vortex Biosciences Inc. a related party by common substantial shareholders. During the period revenue was booked totalling £52k (H1 2021: £18k). The balance outstanding at 30 June 2022 is £321k (31 December 2021: £330k) has been resolved post-balance sheet, as part of the Vortex restructuring.

EMV Capital also provided corporate finance, consulting and management services to Wanda Inc. a related party by common substantial shareholders. During the period revenue was booked totalling £44k (2020: £17k), with a value of further work in progress to be agreed. The balance outstanding at 30 June 2022 is £50k (31 December 2021: £68k).

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.

19. EVENTS AFTER THE REPORTING PERIOD

On 16 August 2022 NetScientific announced the completion of the acquisition of a 30% stake in Vortex Biotech Holdings Limited "Vortex" and the appointment of Paul Jones as the new Vortex Chief Executive Officer. The consideration for the Acquisition is £300,000, satisfied by the transfer by the Group to Vortex of £300,000 of invoices ("Services Invoices") to be raised to: (i) extinguish obligations of Vortex US to EMV Capital Limited for services provided under the Services Agreement; and (ii) cover fees payable by Vortex US to EMV Capital Limited in accordance with terms of certain loans made to Vortex US by associates of Deeptech Disruptive Growth Investments Limited.

On 29 September 2022, EMV Capital sold down 5.8% of the Group's direct stake in Q-Bot, realising a gross profit of £110,215.