

18 December 2024

Vela Technologies plc

("Vela" or "the Company")

Interim results for the six months ended 30 September 2024

Vela Technologies plc (AIM: VELA), an AIM-quoted investing company focused on early stage and pre-IPO disruptive technology investments, today announces its unaudited interim results for the six months ended 30 September 2024.

Overview

The last six months have continued to be challenging for the small-cap marketplace in the UK. As reported in its latest quarterly report, announced on 28 November 2024, the Board has concluded that it cannot continue to wait for the long-expected upturn in markets. Accordingly, the Board continues proactively to look to realise certain of the existing investment portfolio, where possible without crystallising material losses, with the intention of recycling the proceeds into new investment opportunities. During the period Vela sold all its holding in MTI Wireless Edge Limited and part holdings in EnSilica plc and Skillcast Group plc, realising a profit on all sales.

During the period the Company reports a significant fair value loss on the investment portfolio, predominately arising from the fall in the share price of Conduit Pharmaceuticals Inc. ("Conduit"). As at 30 September 2024 Conduit's share price had fallen to \$0.12, giving a fair value of only £89,000, as reported in the latest quarterly update. The share price has since sunk to \$0.10 as at the date of this announcement. On 16 August 2024 Conduit announced that it had become aware that one of its directors had previously entered into certain collateral pledge agreements that resulted in the disposition of a substantial number of shares in Conduit and that it had appointed an independent committee of the Conduit board to establish the facts. Another independent committee of the Conduit board was formed to investigate and review the trading patterns of certain of Conduit shareholders and to determine if any action should be taken. It seems that the irregularities were instrumental in the collapse of the share price. The Board of Vela is very disappointed with the performance of the investment in Conduit and shares the frustrations of shareholders.

Vela made one new investment during the period, issuing shares valued at £300,000 to Hamak Gold Limited in exchange for a convertible loan note. Under the terms of the investment in the convertible loan note in Hamak, Hamak undertook to redeem £75,000 of the convertible loan note at a minimum rate of £10,000 per month from 31 July 2024 onwards. At the date of this report Vela is yet to receive any such payments and continues to be in discussions with the Hamak board in order to reach a mutually beneficial longer-term solution.

Since the period-end Vela has made a further investment in Igraine Plc, an existing investee company, by way of a convertible loan note of no less than £250,000 in tranches of £50,000, the first of which had been advanced by the date of this announcement. Since the period end Vela has also sold partial holdings in both Finseta plc and EnSilica plc, generating gross proceeds of £21,263 and £71,535 respectively.

Turning to the financials, the balance sheet has decreased, principally because of the revaluation of Conduit, with total assets amounting to £3.804 million as at 30 September 2024 (30 September 2023: £7.542 million; 31 March 2024: £6.291 million). Cash and cash equivalents as at 30 September 2024 were £103,000 (31 March 2024: £54,000; 30 September 2023: £31,000). The Board remains committed to keeping running costs to a minimum.

As at 30 September 2024, the investment portfolio comprises a total of 14 active investee companies and two legacy investments which have been valued at £nil for a number of years. 13 of the active investee companies are held as investments on the balance sheet having a fair value of £2.652 million as at 30 September 2024 (31 March 2024: £5.487 million; 30 September 2023: £2.789 million). The remaining investment is a convertible loan note held at a cost of £300,000 (30 September 2023: £nil; 31 March 2024 £nil). Investments are held at fair value through profit and loss using a three-level hierarchy for estimating fair value, as detailed in the audited financial statements for the year ended 31 March 2024, and, in line with this, investments have been revalued to reflect the fair value at 30 September 2024.

The Board looks forward to the remainder of the financial year ending 31 March 2025 with caution but ever mindful of potential new and follow-on investments in line with its investing policy. The Board will continue to update shareholders, in line with regulatory guidelines, via its quarterly investment updates and regulatory announcements. The directors would like to thank shareholders for their continued support.

Brent Fitzpatrick
Chairman

18 December 2024

Unaudited Statement of Comprehensive Income for the six months ended 30 September 2024

	(Unaudited)	(Unaudited)	(Audited)
	6 months ended	6 months ended	Year Ended
	30 September	30 September	31 March
	2024	2023	2024
Notes	£'000	£'000	£'000
Revenue	-	-	-
Fair value movements			
- on derivatives	-	(55)	-
- on financial asset	-	1,250	-

- on investments		(2,603)	(518)	(357)
Net (deficit) / surplus arising from fair value movements		(2,603)	677	(357)
Administrative expenses		(127)	(181)	(443)
Operating (loss) / profit		(2,742)	496	(800)
Finance income		6	6	23
(Loss) / profit before tax		(2,736)	502	(777)
Income tax		-	-	-
(Loss) / profit / after tax		(2,736)	502	(777)
Other comprehensive income for the year		-	-	-
Total comprehensive (loss) / profit		(2,736)	502	(777)
Attributable to:				
Equity holders of the company		(2,736)	502	(777)
(Loss) / profit per share				
Basic and diluted (loss) / profit per share (pence)	4	(0.016)	0.0031	(0.0050)

**Unaudited Balance Sheet
as at 30 September 2024**

		(Unaudited) 30 September 2024	(Unaudited) 30 September 2023	(Audited) 31 March 2024
	Notes	£'000	£'000	£'000
Non-current assets				
Investments	5	2,652	2,789	5,487
Trade and other receivables	6	718	4,704	718

Total non-current assets		3,370	7,493	6,205
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Current assets

Trade and other receivables		300	-	-
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Derivative financial instruments	7	32	18	32
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Cash and cash equivalents		103	31	54
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Total current assets		435	49	86
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Total assets		3,805	7,542	6,291
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Equity and liabilities

Equity

Called-up share capital	8	3,563	3,291	3,320
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Share premium reserve		7,672	7,594	7,615
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Share-based payment reserve		6	46	6
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Retained earnings		(7,439)	(3,424)	(4,703)
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Total equity		3,802	7,507	6,238
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Current liabilities

Trade and other payables		3	35	53
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Total current liabilities		3	35	53
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Total equity and liabilities		3,805	7,542	6,291
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**Unaudited Cashflow Statement
for the six months ended 30 September 2024**

	(Unaudited) 6 months ended 30 September 2024 £'000	(Unaudited) 6 months ended 30 September 2023 £'000	(Audited) year ended 31 March 2024 £'000
Operating activities			
Loss / profit before tax	(2,736)	502	(777)
Share based payment	-	-	-
Fair value movements on investments	2,603	(732)	357
Fair value movements on derivative instruments	-	55	-
Finance income	-	(6)	(23)
(Decrease) / increase in payables	(50)	2	15
Total cash flow from operating activities	(183)	(179)	(428)
Investing activities			
Interest received	-	-	14
Proceeds from sale of investments	232	136	344
Payment for put option	-	(400)	-
Purchase of investments	-	(250)	(650)
Total cash flow from investing activities	232	(514)	(292)
Financing activities			
Proceeds from the issue of ordinary shares	-	-	50
Total cash flow from financing activities	-	-	50
Net increase / (decrease) in cash and cash equivalents	49	(693)	(670)
Cash and cash equivalents at start of year/period	54	724	724
Cash and cash equivalents at the end of the year/period	103	31	54

Cash and cash equivalents comprise:

Cash at bank	103	31	54
Cash and cash equivalents at end of year / period	103	31	54

Unaudited Statement of Changes in Equity for the six months ended 30 September 2024

	Share capital	Share Premium	Share Option Reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	3,320	7,615	6	(4,703)	6,238
Share issue	243	57	-	-	300
Loss and total comprehensive income for the period	-	-	-	(2,736)	(2,736)
Balance at 30 September 2024	3,563	7,672	6	(7,439)	3,802
Balance at 1 April 2023	3,291	7,594	46	(3,926)	7,005
Profit and total comprehensive income for the period	-	-	-	502	502
Balance at 30 September 2023	3,291	7,594	46	(3,424)	7,507
Balance at 1 April 2023	3,291	7,594	46	(3,926)	7,005
Share-based payment	-	-	(40)	-	(40)
Share issue	29	21	-	-	50
Loss and total comprehensive income for the period	-	-	-	(777)	(777)
Balance at 31 March 2024	3,320	7,615	6	(4,703)	6,238

Notes to the Interim Accounts for the six months ended 30 September 2024

1. General information

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

These unaudited condensed interim financial statements for the six months ended 30 September 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 "Interim Financial Reporting" as adopted by the European Union and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. This condensed set of financial statements has been prepared applying the accounting policies that were applied in the preparation of the Company's published financial statements for the year ended 31 March 2024 and are presented in pounds sterling.

The comparative figures for the financial year ended 31 March 2024 have been extracted from the Company's statutory accounts which have been delivered to the Registrar of Companies and reported on by the Company's Auditors. Their report was unqualified and contained no statement under section 298 (2) or (3) of the Companies Act 2006.

2. Changes in accounting policy

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

3. Going concern

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

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

4. (Loss) / profit per share

(Loss) / profit per share has been calculated on a loss of £2,736,000 (six months to 30 September 2023: £502,000 profit; year to 31 March 2024: £777,000 loss) and the weighted number of average shares in issue for the period of 17,556,553,841 (30 September 2023: 16,252,335,184; 31 March 2024: 16,546,452,831).

	6 months ended 30 September 2024	6 months ended 30 September 2023	Year ended 31 March 2024
(Loss) / profit (£'000)	(2,736)	502	(777)
(Loss) / earnings per share (pence)	(0.016)	0.0031	(0.005)

5. Investments

	Other Investments £'000s
Fair value at 1 April 2024	5,487
Additions during the period	-
Disposals during the period	(232)

Current period fair value movement charged to profit or loss	(2,603)
Fair value at 30 September 2024	2,652

Investment in Hamak Gold Limited and issuance of share capital

In July 2024 the Company entered into an unsecured convertible loan note instrument with Hamak Gold Limited ("Hamak"), the Liberia-based gold exploration and development company. Vela issued 2,424,242,424 new ordinary shares of 0.01 pence each to Hamak at a deemed issue price of 0.012375 pence per share in consideration of the issue to Vela by Hamak of £300,000 of unsecured convertible loan notes of £1. The deemed issue price represented a premium of 7.61 per cent. to Vela's closing mid-market price of 0.0115p on 16 July 2024.

Part disposal of shares in EnSilica plc

During the period the Company disposed of an aggregate of 160,000 shares at an average price of 59p per share, generating gross proceeds of £94,029 for the Company. Following the disposals Vela remained interested in 616,707 ordinary shares as at 30 September 2024.

Part disposal of shares in Skillcast Group plc

During the period the Company disposed of a total of 100,000 shares at an average price of 44p per share, generating gross proceeds of £44,685 for the Company. Following the disposals Vela remained interested in 575,676 ordinary shares as at 30 September 2024.

Disposal of holding in MTI Wireless Edge Ltd

In September 2024 the Company disposed of its entire holding of 200,000 shares at a price of 46p per share, generating gross proceeds of £92,000 for the Company.

6. Trade and other receivables - non-current

	30 September 2024	30 September 2023	31 March 2024
	£'000	£'000	£'000
Loan due from Bixx Tech Limited	718	704	718
Other financial asset	-	4,000	-
	718	4,704	718

Loan due from Bixx Tech Limited

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

Under the terms of the loan agreement, the Company has provided an undertaking to distribute a sum equal to any repayment of the loan to the holders of the Special Deferred Shares. Details of these arrangements are set out in the

audited financial statements for the year ended 31 March 2024. This distribution will be by way of a dividend declared on the Special Deferred Shares ("the Special Dividend"). In the event that insufficient distributable reserves exist at the end of the seven-year loan term, the repayment of the loan will be deferred for a further year. This deferral will continue until such a time as the Company has sufficient distributable reserves to be able to pay the Special Dividend.

Other financial asset - Investment in St George Street Capital

On 20 October 2020, the Company entered into a contract with St George Street Capital ("SGSC") for an 8% economic interest in the potential future commercialisation of SGSC's asset to treat individuals with diabetes who are suffering with COVID-19 ("the Asset"). The consideration payable under the terms of the contract was £2.35m which was settled by cash of £1.25m and the issue of 1,100,000,000 locked-in consideration shares at a price of 0.1 pence per share. The directors considered that this represented the fair value of the contract at the date of investment. The contract gave the Company a right to future economic benefits and was classified as a financial asset measured at fair value through profit and loss. The contract did not include a defined exit date and so was classified as non-current at previous reporting dates, as the Company did not have an unconditional right to require settlement of the contract within 12 months.

In April 2023, the Company announced that it had entered into a put option agreement to give the Company the right, but not the obligation, to sell its economic interest in the commercialisation of the Covid-19 application of AZD1656 in return for shares in Conduit Pharmaceuticals Limited ("Conduit"). The Option was granted by Conduit and its prospective parent company, Murphy Canyon Acquisition Corp, a Company listed on NASDAQ.

On 1 December 2023, Vela exercised the put option to sell its economic interest in return for shares in Conduit. Under the terms of the option agreement Vela received 1,015,760 new shares of authorised common stock of par value \$0.001. In accordance with Vela's accounting policy, these shares have been revalued using the market price at the balance sheet date and is now included at fair value with other listed investments.

7. Derivative financial instruments

	30 September 2024 £'000	30 September 2023 £'000	31 March 2024 £'000
Warrants	32	18	32
	32	18	32

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

8. Share capital

	30 September	30 September	31 March
Allotted, called up and fully paid capital			

	2024	2023	2024
18,970,695,255 Ordinary Shares of 0.01 pence each	1,897	1,625	1,654
1,748,943,717 Deferred Shares of 0.08 pence each	1,399	1,399	1,399
2,665,610,370 Special Deferred Shares of 0.01 pence each	267	267	267
	3,563	3,291	3,320

On 22 July 2024, 2,424,242,242 Ordinary 0.01 Shares were issued at a deemed issue price of 0.012375 pence per share in exchange for a convertible loan note in Hamak Gold Limited valued at £300,000.

The number of shares in issue at 30 September 2024 were 18,970,695,255 (30 September 2023 and 31 March 2024: 16,546,452,831).

9. Financial instruments

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

Quoted market prices in active markets - "Level 1"

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company has eleven (30 September 2023: twelve; 31 March 2024: twelve) investments classified in this category. The aggregate historic cost of these investments is £5,691,316 (30 September 2023: £3,393,803; 31 March 2024: £5,831,316) and the fair value as at 30 September 2024 was £1,823,795 (30 September 2023: £1,961,310; 31 March 2024: £4,658,581)

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

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has two (30 September 2023: two; 31 March 2024: two) unquoted investments classified in this category. The historic cost of these investments is £450,000 (30 September 2023: £450,000; 31 March 2023: £450,000) and the fair value as at 30 September 2023 was £828,186 (30 September 2023; £828,186; 31 March 2024: £828,186).

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

The Company has two (30 September 2023: two; 31 March 2024: two) legacy investments that are held at an aggregate carrying value of £nil at 30 September 2024 (30 September 2023: £nil; 31 March 2024: £nil) because they appear to be inactive, based on the information held by Vela. As at 30 September 2024 the historical cost of this investment amounted to £300,000 (30 September 2023: £300,000; 31 March 2024: £300,000).

The Company also holds a convertible loan note at a fair value of £300,000 (30 September 2023: £nil; 31 March 2024: £nil). The historic cost of the asset is £300,000 (30 September 2023: £nil; 31 March 2024: £nil).

10. Related party transactions

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

Ocean Park Developments Limited

Brent Fitzpatrick, non-executive chairman, is also a director of Ocean Park Developments Limited. During the period the Company paid £24,000 (six months ended 30 September 2023: £24,000; year ended 31 March 2024: £62,000) in respect of his director's fees to Ocean Park Developments Limited. The balance due to Ocean Park Developments Limited at the period end was £nil (30 September 2023 £nil; 31 March 2024: £nil).

11. Principal risks and uncertainties

Principal risks and uncertainties are set out in the annual financial statements within the directors' report and also in note 14 to those financial statements and are reviewed on an on-going basis.

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

There have been no significant changes in the first six months of the financial year to the principal risks and uncertainties as set out in the 31 March 2024 Annual Report and Accounts.

12. Board approval

These interim results were approved by the Board of Vela Technologies plc on 18 December 2024.

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