

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **July 26, 2023**

NETCAPITAL INC.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of incorporation)

001-41443
(Commission File No.)

87-0409951
(I.R.S. Employer Identification No.)

State Street Financial Center, 1 Lincoln Street, Boston, Massachusetts 02111
(Address of principal executive offices) (Zip Code)

782-925-1700
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	NCPL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 26, 2023, Netcapital Inc. (the “Company”) issued a press release announcing financial results for the year ended April 30, 2023. The text of the press release is furnished as Exhibit 99.1 to this current report.

The information in this Item 2.02 and Exhibit 99.1 hereto shall not be deemed “filed” for the purposes of or otherwise subject to the liabilities under Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Unless expressly incorporated into a filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, the information contained in this Item 2.02 and Exhibit 99.1 hereto shall not be incorporated by reference into any Company filing, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release dated July 26, 2023.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Netcapital Inc.
(Registrant)

Date: July 26, 2023

By: /s/ Coreen Kraysler
Coreen Kraysler
Chief Financial Officer

Netcapital Announces Revenue Growth of 55% for Fiscal Year 2023*Investor conference call to be held tomorrow, July 27, 2023, at 10:00 a.m. ET*

BOSTON, MA – July 26, 2023 – Netcapital Inc. (Nasdaq: NCPL, NCPLW) (the “Company”), a digital private capital markets ecosystem, today announced financial results for its fourth quarter and fiscal year 2023 ended April 30, 2023.

“Fiscal 2023 marked a year of strong performance, highlighted by revenue growth of 55% and operating income of more than \$2 million,” said Martin Kay, CEO of Netcapital Inc. “The value proposition of our business is becoming more evident as we continue to build scale and deliver a superior experience at a lower cost for issuers. We expect to offer secondary trading in private equities later in this year, a liquidity model that we believe will support expansion of both our investor and issuer communities, and generate a potential new revenue stream for Netcapital. As a back-to-back winner of the Fintech Breakthrough Award in 2022 and 2023, our brand is well-recognized for innovation and excellence, and well-positioned for value creation.”

Fiscal Year 2023 Highlights

- Revenue growth of 55% year-over-year to \$8.5 million as compared to \$5.5 million in fiscal 2022
- Operating income of \$2.3 million compared to an operating loss of \$1.0 million in fiscal year 2022
- Paid down \$1 million in debt, closed two underwritten public offering for aggregate gross proceeds of \$6.7 million, and uplisted to Nasdaq in July 2022

For additional disclosure regarding operating results, please refer to the Annual Report on Form 10-K for the period ended April 30, 2023, which has been filed with the U.S. Securities and Exchange Commission.

Conference Call Information

The Company will host an investor conference call at 10:00 a.m. ET tomorrow, July 27, 2023.

Participant access: 844-985-2012 or 973-528-0138

Conference entry code: 398497

For those unable to participate in the live call, a replay will be made available in the Investors section of the Company’s website.

About Netcapital Inc.

[Netcapital Inc.](#) is a fintech company with a scalable technology platform that allows private companies to raise capital online and provides private equity investment opportunities to investors. The company's consulting group, [Netcapital Advisors](#), provides marketing and strategic advice and takes equity positions in select companies with disruptive technologies. The [Netcapital funding portal](#) is registered with the U.S. Securities & Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority (FINRA), a registered national securities association.

Investor Contact

800-460-0815

ir@netcapital.com

NETCAPITAL INC.
Consolidated Balance Sheets

Assets:	April 30, 2023	April 30, 2022
Cash and cash equivalents	\$ 569,441	\$ 473,925
Related party receivable	—	668
Accounts receivable, net	1,388,500	2,433,900
Prepaid expenses	583,030	5,694
Total current assets	<u>2,540,971</u>	<u>2,914,187</u>
Deposits	6,300	6,300
Note receivable – related parties	202,000	202,000
Purchased technology	15,875,297	15,536,704
Investment in affiliate	240,080	240,080
Equity securities at fair value	22,955,445	12,861,253
Total assets	<u>\$ 41,820,093</u>	<u>\$ 31,760,524</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable		
Trade	\$ 578,331	\$ 536,508
Related party	75,204	378,077
Accrued expenses	285,065	229,867
Stock subscription payable	10,000	33,400
Deferred revenue	661	2,532
Interest payable	98,256	222,295
Income taxes payable	174,000	—
Deferred tax liability, net	1,657,000	977,000
Related party debt	15,000	22,860
Secured note payable	350,000	1,400,000
Current portion of SBA loans	1,885,800	1,890,727
Loan payable - bank	34,324	34,324
Convertible notes payable	—	300,000
Total current liabilities	<u>5,163,641</u>	<u>6,027,590</u>
Long-term liabilities:		
Long-term SBA loans, less current portion	500,000	495,073
Total Liabilities	<u>5,663,641</u>	<u>6,552,663</u>
Commitments and contingencies		
	—	—
Stockholders' equity:		
Common stock, \$.001 par value; 900,000,000 shares authorized, 6,440,527 and 2,934,344 shares issued and outstanding	6,441	2,934
Capital in excess of par value	30,500,944	22,479,769
Shares to be issued	183,187	244,250
Retained earnings	5,465,880	2,510,908
Total stockholders' equity	<u>36,156,452</u>	<u>25,237,861</u>
Total liabilities and stockholders' equity	<u>\$ 41,820,093</u>	<u>\$ 31,760,524</u>

NETCAPITAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended April 30, 2023	Year Ended April 30, 2022
Revenues	\$ 8,493,985	\$ 5,480,835
Costs of services	85,038	110,115
Gross profit	<u>8,408,947</u>	<u>5,370,720</u>
Costs and expenses:		
Consulting expense	589,349	892,567
Marketing	85,482	95,753
Rent	75,052	47,670
Payroll and payroll related expenses	3,646,490	3,763,845
General and administrative costs	1,740,698	1,602,031
Total costs and expenses	<u>6,137,071</u>	<u>6,401,866</u>
Operating income (loss)	<u>2,271,876</u>	<u>(1,031,146)</u>
Other income (expense):		
Interest expense	(93,842)	(126,372)
Debt forgiveness	—	1,904,296
Gain on debt conversion	224,260	—
Amortization of intangible assets	(96,407)	—
Realized loss on sale of investment	(406,060)	—
Unrealized gain on equity securities	1,857,500	3,275,745
Other income	51,645	25,007
Total other income	<u>1,537,096</u>	<u>5,078,676</u>
Net income before taxes	<u>3,808,972</u>	<u>4,047,530</u>
Income tax expense	854,000	544,000
Net income	<u>\$ 2,954,972</u>	<u>\$ 3,503,530</u>
Basic earnings per share	\$ 0.63	\$ 1.31
Diluted earnings per share	\$ 0.63	\$ 1.27
Weighted average number of common shares outstanding:		
Basic	4,677,214	2,666,173
Diluted	<u>4,677,464</u>	<u>2,748,480</u>

The information contained herein includes forward-looking statements. These statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We assume no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

###
