

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): **September 14, 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 September 14, 2023, Netcapital Inc. (the “Company”) issued a press release announcing financial results for the period ended July 31, 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 September 14, 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: September 14, 2023

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

Netcapital Funding Portal Revenues Increase by More Than 100%
Total Revenues Increase by 13%

Internal Testing of Secondary Transfer Feature Begins

BOSTON, MA – September 14, 2023 – [Netcapital Inc.](#) (Nasdaq: NCPL, NCPLW) (the “Company”), a digital private capital markets ecosystem, today announced financial results for the first quarter of fiscal year 2024 ended July 31, 2023.

“We are delighted to announce a very strong quarter for our funding portal, delivering a more than doubling of revenue,” said Martin Kay, CEO of Netcapital Inc. “In addition, we maintained our strategic focus on the build-out of the software required to enable issuers and investors on the Netcapital platform the ability to access a registered alternative trading system (ATS) in order to engage in secondary trading of securities. We commenced internal testing of the secondary trading platform features this week, and we are excited about the potential for this liquidity model to support the continued growth of both our investor and issuer communities.”

First Quarter Fiscal 2024 Financial Highlights

- Revenue growth of 13% year-over-year to \$1.5 million, compared to revenue of \$1.3 million in the first quarter of fiscal year 2023.
- Year-over-year increase of 110% in revenue from our funding portal services, which increased by \$197,356 to \$375,856 in the three months ended July 31, 2023, compared to \$178,500 in the three months ended July 31, 2022.
- Net loss of approximately \$492,000 in the three months ended July 31, 2023, compared to net income of approximately \$65,000 in the three months ended July 31, 2022.
- Diluted loss per share of \$0.07 in the three months ended July 31, 2023, compared to diluted earnings per share of \$0.02 in the three months ended July 31, 2022.
- First quarter net loss was driven primarily by higher marketing spend and increased payroll expenses that included \$483,351 in stock-based compensation in the three months ended July 31, 2023, as compared to \$32,953 in the three months ended July 31, 2022.

For additional disclosure regarding Netcapital’s operating results, please refer to the Quarterly Report on Form 10-Q for the period ended July 31, 2023, which has been filed with the Securities and Exchange Commission.

Conference Call Information

The Company will host an investor conference call at 10:00 a.m. ET on Friday, September 15, 2023.

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

Conference entry code: 580133

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. The [Company's funding portal, Netcapital Funding Portal, Inc.](#), 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.

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.

Investor Contact

800-460-0815
ir@netcapital.com

Netcapital Inc.
Balance Sheets

	<u>July 31, 2023</u>	<u>April 30, 2023</u>
	(Unaudited)	(Audited)
Assets:		
Cash and cash equivalents	\$ 1,030,618	\$ 569,441
Accounts receivable net	1,355,000	1,388,500
Prepaid expenses	<u>444,837</u>	<u>583,030</u>
Total current assets	2,830,455	2,540,971
Deposits	6,300	6,300
Notes receivable - related parties	202,000	202,000
Purchased technology, net	15,846,966	15,875,297
Investment in affiliate	240,080	240,080
Equity securities at fair value	<u>24,308,633</u>	<u>22,955,445</u>
Total assets	<u>\$ 43,434,434</u>	<u>\$ 41,820,093</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable		
Trade	\$ 586,981	\$ 578,331
Related party	75,204	75,204
Accrued expenses	242,955	285,065
Stock subscription payable	10,000	10,000
Deferred revenue	600	661
Interest payable	86,185	98,256
Current taxes payable	-	174,000
Deferred tax liability, net	1,532,000	1,657,000
Related party debt	15,000	15,000
Secured note payable	-	350,000
Current portion of SBA loans	1,885,800	1,885,800
Loan payable - bank	<u>34,324</u>	<u>34,324</u>
Total current liabilities	<u>4,469,049</u>	<u>5,163,641</u>
Long-term liabilities:		
Long-term SBA loans, less current portion	<u>500,000</u>	<u>500,000</u>
Total Liabilities	<u>4,969,049</u>	<u>5,663,641</u>
Commitments and contingencies	-	-
Stockholders' equity:		
Common stock, \$.001 par value; 900,000,000 shares authorized, 9,434,132 and 6,440,777 shares issued and outstanding	9,434	6,441
Shares to be issued	183,187	183,187
Capital in excess of par value	33,298,539	30,500,944
Retained earnings	<u>4,974,225</u>	<u>5,465,880</u>
Total stockholders' equity	<u>38,465,385</u>	<u>36,156,452</u>
Total liabilities and stockholders' equity	<u>\$ 43,434,434</u>	<u>\$ 41,820,093</u>

Netcapital Inc.
Income Statements
(Unaudited)

	Three Months Ended July 31, 2023	Three Months Ended July 31, 2022
Revenues	\$ 1,519,809	\$ 1,340,573
Costs of services	18,053	21,063
Gross profit	1,501,756	1,319,510
Costs and expenses:		
Consulting expense	163,942	125,611
Marketing	241,888	7,780
Rent	19,610	17,212
Payroll and payroll related expenses	1,037,042	769,940
General and administrative costs	788,294	392,297
Total costs and expenses	2,250,776	1,312,840
Operating income (loss)	(749,020)	6,670
Other income (expense):		
Interest expense	(13,304)	(36,312)
Debt forgiveness	-	224,260
Amortization of intangible assets	(28,331)	(21,081)
Realized loss on sale of investment	-	(406,060)
Total other income (expense)	(41,635)	(239,193)
Net loss before taxes	(790,655)	(232,523)
Income tax expense	(299,000)	(297,000)
Net income (loss)	\$ (491,655)	\$ 64,477
Basic earnings (loss) per share	\$ (0.07)	\$ 0.02
Diluted earnings (loss) per share	\$ (0.07)	\$ 0.02
Weighted average number of common shares outstanding:		
Basic	7,471,207	3,168,547
Diluted	7,471,457	3,171,397