

**Netcapital** *Inc.*

# A Digital Private Capital Markets Ecosystem

Democratizing Private Markets |  
Empowering Entrepreneurs to Succeed

Investor Update

March 31, 2021



# Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the current beliefs and expectations of Netcapital Inc.'s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause Netcapital Inc.'s actual results to differ materially from those described in the forward-looking statements can be found in Netcapital Inc.'s Quarterly Report on Form 10-Q for our fiscal third quarter ended January 31, 2021, and our Annual Report on Form 10-K for the year ended April 30, 2020 which have been filed with the Securities and Exchange Commission and are available on [netcapitalinc.com](https://netcapitalinc.com) and on [sec.gov](https://sec.gov). Netcapital Inc. does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

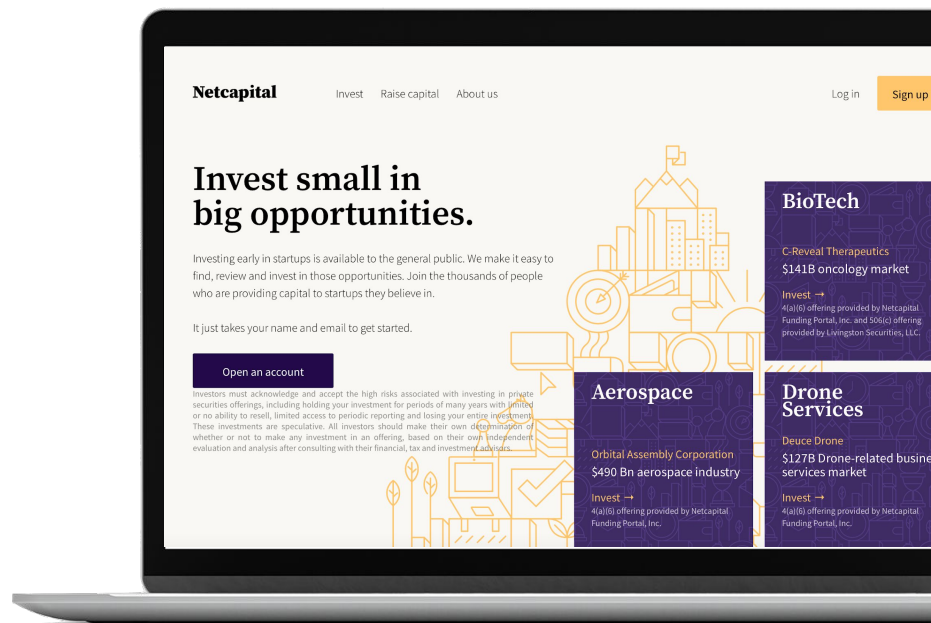


# Netcapital: Who We Are

Fintech company with scalable technology platform

- Allows private companies to raise capital online
- Provides investors with access to pre-IPO investment opportunities
- Markets private capital raises
- Incubates and takes equity positions in select, early-stage companies with disruptive technologies

# Netcapital



# Attractive Valuation vs. Peers

Netcapital Inc. sells at a significant discount to peers:

**39x** Revenues\*



**21x** Revenues\*



**6x** Revenues\*\*

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\* based on valuation of most recent funding round using trailing 12 month revenues

\*\* based on 3/26/21 closing price of NCPL

# Significant Milestones Achieved

Netcapital has achieved significant milestones:



Began uplisting process  
to OTCQX

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Closed purchase of Netcapital  
Funding Portal Inc.



Established ATS partnership  
with Rialto Markets

# Management Delivers Strong Year-Over-Year Results

Nine months ending January 31, 2021

**137%** ↑

Revenues of **\$3,770,813** vs. **\$1,593,130** in 2020, an increase of 137%

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**81%** ↑

Gross profit of **\$3,040,470**, resulting in a gross margin of 81%

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**11¢**

Net income of **\$103,535**, with earnings per share of 11 cents

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**81%** ↑

Portfolio Investments at cost of **\$3,726,514** vs. **\$2,058,113**, rose 81%

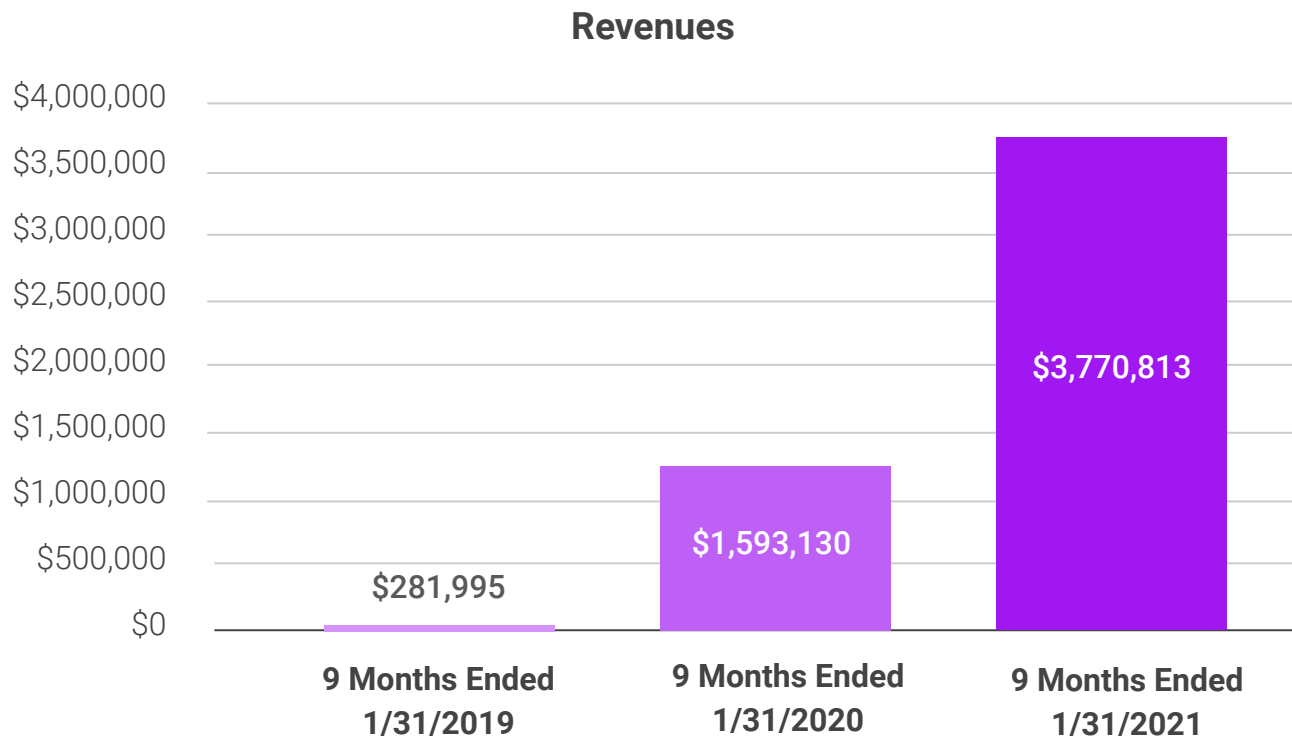
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**\$6.03**

Book value per share of \$6.03

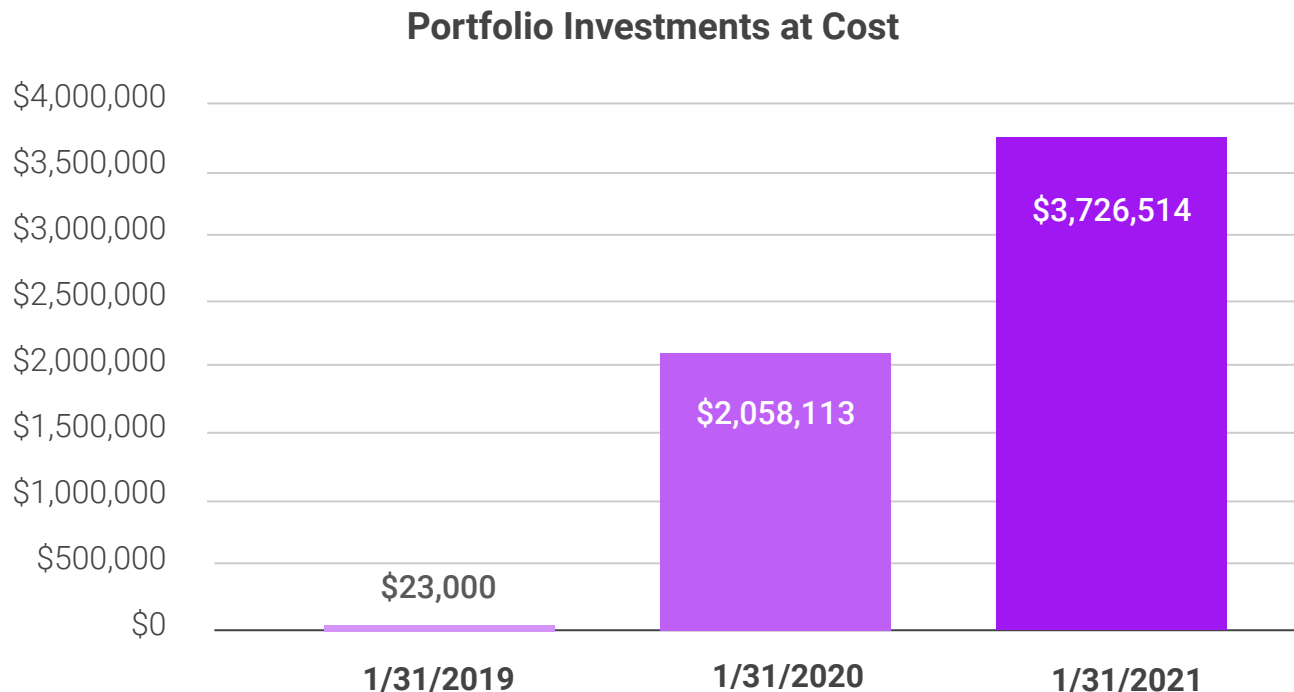
# Netcapital Posts Strong Revenue Growth

Revenues grew 137% year-over-year for the nine months ended 1/31/2021



# Investment Portfolio Continues to Grow

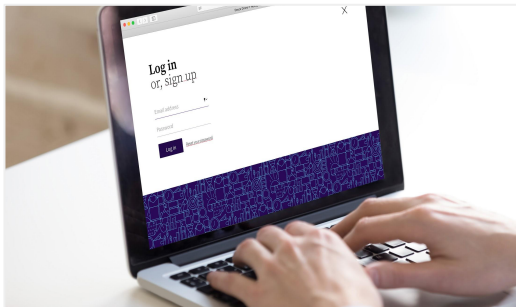
Investments at cost grew 81% year-over-year.





# Netcapital Posts Strong Growth in User Metrics

Year-over-year growth for the nine months ended January 31, 2021:



**360%** in New Users



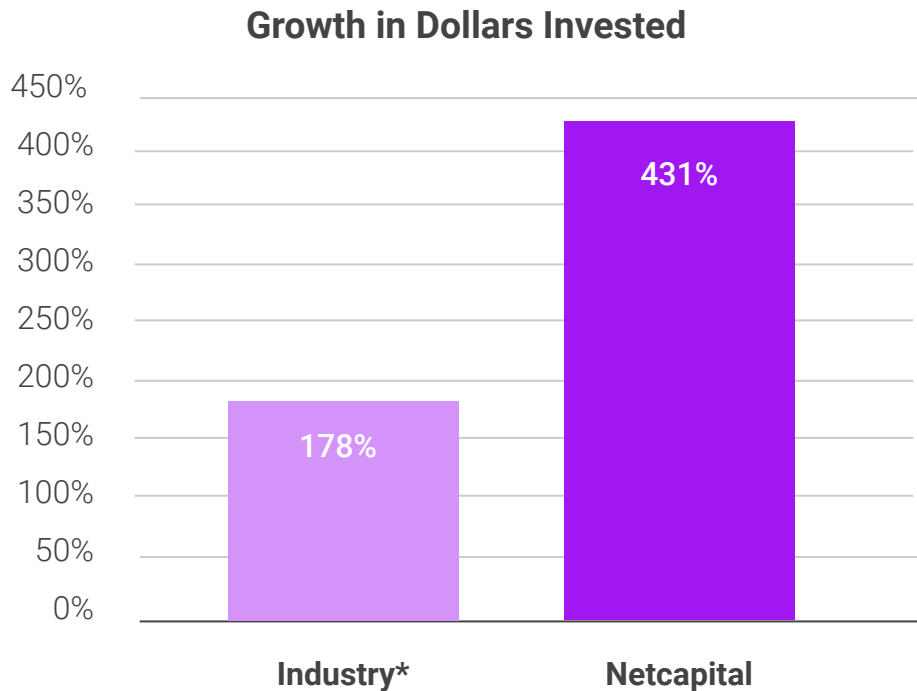
**430%** in Dollars Invested



**343%** in Traffic

# Netcapital's Growth Rate Significantly Outpaces Industry

Growing more than twice as fast as the industry



\*Source: KingsCrowd

# Showing Strong Momentum to Begin Fiscal 4Q

Funding portal off to a strong start to begin fiscal fourth quarter

**10x** ↑

February 2021 dollars invested were 10x higher vs. Feb 2020

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**30%** ↑

February 2021 dollars invested more than 30% higher than third quarter average

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# Increase in Funding Limits Provides Tailwind

SEC raised funding limits for RegCF, Reg D, and Reg A on March 15th.

Offering limits raised to:

**\$5M**

RegCF: \$5 million from \$1.07 million, every twelve months

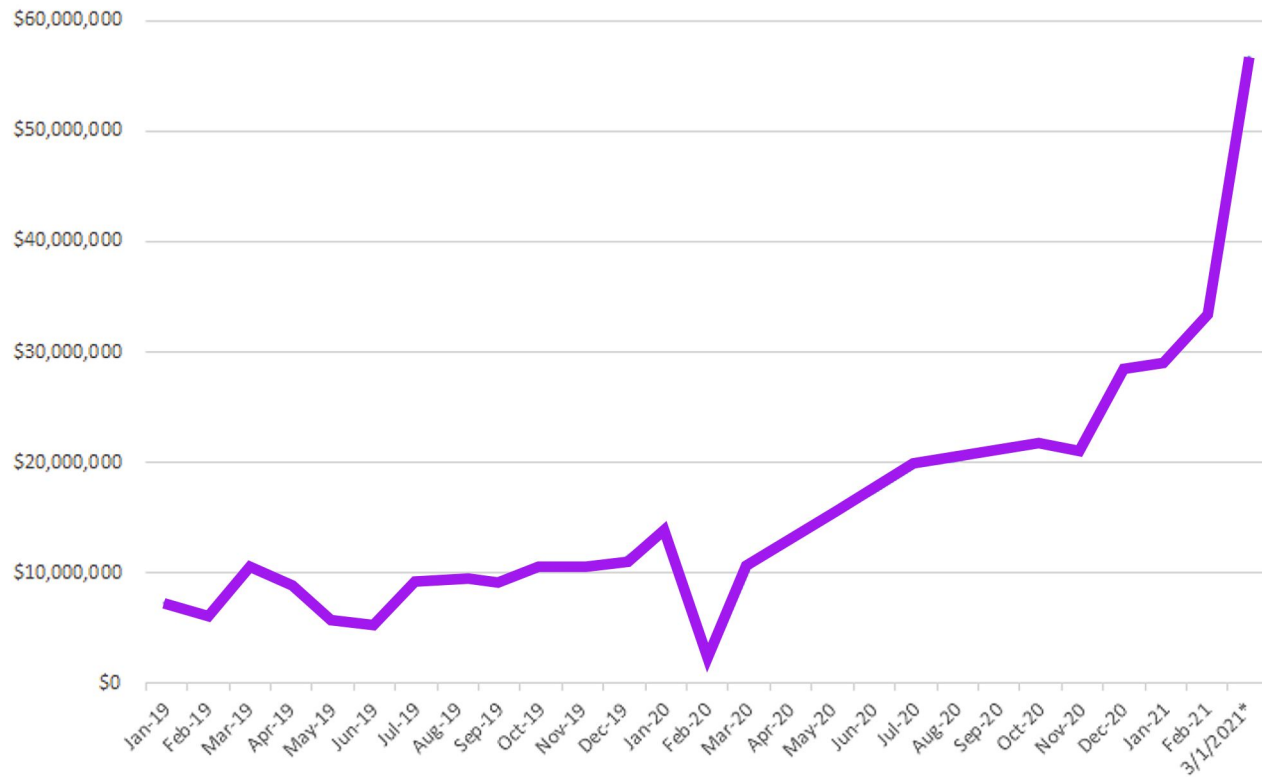
**\$10M**

Regulation D, Rule 504: \$10M from \$5M

**\$75M**

Regulation A Tier 2: \$75M from \$50M

# SEC Rule Change Leads to Sharp Rise in Online Investments



\* Through March 28, 2021

\*\*Source: KingsCrowd

# Netcapital Establishes ATS Partnership with Rialto Markets

Netcapital to leverage Rialto's ATS:

- Provides issuers and investors with the potential for expanded distribution and liquidity:
  - May result in increased demand and higher share prices
- Establishes a path for future monetization
- Creates potential future opportunities:
  - Next generation trading technology utilizing blockchain
  - Institutional relationships



# Netcapital Advisors: Empowering Entrepreneurs to Succeed

## Select New Client Highlights



### C-Reveal Therapeutics

- Patent pending approach to exposing tumors to immune responses and therapies
- Founders have a history of successful exits in the oncology and pharmaceutical industries



### Talla

- AI-powered support automation that utilizes superior machine learning and integrated functionality
- High profile VC backing: Glasswing Ventures, PJC, Avalon Ventures

# Team

Management Team Comprised of Experienced Institutional Investors, Angel investors and Entrepreneurs



**Cecilia Lenk**

**CEO Netcapital Inc.**

- Ph.D., Harvard
- Angel Investor, Launchpad Venture Group



**Coreen Kraysler, CFA**

**CFO Netcapital Inc.**

- S.M., MIT Sloan
- Former Morningstar 5-star Rated Portfolio Manager



**Carole Murko, CFA**

**CMO Netcapital Inc.**

- M.A. NYU
- Institutional Marketing, State Street Global Advisors



**Jason Frishman**

**CEO Netcapital Funding Portal Inc.**

- B.S., Summa Cum Laude, University of Miami
- Advisor, The Capital Network



# Investment Case Summary

- Netcapital Inc. is a digital private capital markets ecosystem
- Significant secular opportunity to disrupt traditional funding sources
- Well positioned for growth with a differentiated value proposition:
  - Combines Netcapital's scalable technology platform with Netcapital Advisors' unique and proven capabilities
  - Netcapital.com facilitates both primary offerings and potential secondary liquidity through an ATS partnership with Rialto
- Rialto partnership affords path to monezing secondary transactions
- Equity stakes provide upside optionality
- Team: Experienced institutional investors, angels investors and entrepreneurs
- SEC regulatory enhancements are a tailwind

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**Netcapital** *Advisors* 

**Netcapital**

# Appendix

# Market Opportunity

Significant opportunity to disrupt private capital markets with financial technology:

**\$800B**

\$800 billion raised in U.S. private deal placements in 2019 (Pitchbook)

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**\$66B**

\$66 billion raised under exemptions 506(c) and 4(a)(6) in 2019 (SEC)

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**2x** ↑

Private capital markets growing at twice the rate of public markets (Forbes)

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***Private capital markets...have leapfrogged public markets to become the most popular way for companies to raise money in the U.S. — The Wall Street Journal***

# Business Model

*Fee income plus equity stakes*

## **Fees:**

- 4.9% success fee on capital raised through the platform
- Consulting fees
- Engagement and other fees

Equity stakes provide optionality through possible exits (sale or IPO).

ATS partnership creates potential path to monetization of Secondary Transfer Feature.



# Select Equity Stakes



Online Private Capital  
Markets Ratings and  
Analytics



Emotionally  
Intelligent AI



Cancer  
Immunotherapy



Drone Delivery



Mobile Games

# Thank You

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**Netcapital Inc.**

<https://netcapitalinc.com>

