

## **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](mailto:ir@netcapital.com)

**NETCAPITAL INC.**  
Consolidated Balance Sheets

| Assets:  | <u>April 30, 2023</u> | <u>April 30, 2022</u> |
|--|-----------------------|-----------------------|
| 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<br>April 30, 2023 | Year Ended<br>April 30, 2022 |
|---|------------------------------|------------------------------|
| Revenues  | \$ 8,493,985                 | \$ 5,480,835                 |
| Costs of services                                     | <u>85,038</u>                | <u>110,115</u>               |
| Gross profit  | 8,408,947                    | 5,370,720                    |
| 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                      | <u>1,740,698</u>             | <u>1,602,031</u>             |
| Total costs and expenses                              | 6,137,071                    | 6,401,866                    |
| 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  | <u>51,645</u>                | <u>25,007</u>                |
| Total other income                                    | 1,537,096                    | 5,078,676                    |
| Net income before taxes                               | 3,808,972                    | 4,047,530                    |
| Income tax expense                                    | <u>854,000</u>               | <u>544,000</u>               |
| Net income  | \$ 2,954,972                 | \$ 3,503,530                 |
| Basic earnings per share                              | \$ 0.63                      | \$ 1.31                      |
| Diluted earnings per share                            | \$ 0.63                      | \$ 1.27                      |
| Weighted average number of common shares outstanding: |                              |                              |
| Basic   | <u>4,677,214</u>             | <u>2,666,173</u>             |
| 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.*

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