

Netcapital Announces First Quarter Fiscal 2025 Financial Results

- **Management to Host Earnings Call on September 17, 2024 at 11:00 a.m. ET**

BOSTON, MA – September 16, 2024 – [Netcapital Inc.](#) (Nasdaq: NCPL, NCPLW) (the “Company”), a digital private capital markets ecosystem, today announced financial results for the first quarter of fiscal year 2025 ended July 31, 2024.

“This was a challenging quarter for us, driven primarily by a decrease in revenues for services that we provide in exchange for equity securities,” said Martin Kay, CEO of Netcapital Inc. “However, we have taken what we believe are important steps to lay the groundwork for future opportunities. In May 2024, for example, we announced that our wholly-owned subsidiary, Netcapital Securities Inc. applied for broker-dealer registration with the Financial Industry Regulatory Authority (“FINRA”). We believe that by having a registered broker-dealer, it could create opportunities to expand our revenue base by hosting and generating additional fees from Reg A+ and Reg D offerings on the Netcapital platform. In addition, in July 2024, we announced the launch of our beta version of a secondary trading platform through the Templum ATS to a closed group of users. This secondary trading platform has been designed to provide investors who purchase stock through the Netcapital funding portal with the potential for secondary trading through access to the Templum ATS.”

The operation of the Templum ATS remains subject to extensive regulation and oversight. Any regulatory delays or objections will result in delays in our ability to launch the proposed secondary trading platform, if at all.

Netcapital Securities Inc.’s application to become a registered broker-dealer remains subject to regulatory approval and/or licensing from the Financial Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC). No assurance can be given as to when or if such approvals may be granted or when, if at all, Netcapital will be able to expand the services it offers.

First Quarter Fiscal 2025 Financial Highlights

- Revenue decreased approximately 91% year-over-year to \$142,227, compared to revenue of \$1,519,809 million in the first quarter of fiscal year 2024.
- Total funding portal revenues (consisting of portal fees, listing fees and a 1% equity fee) decreased approximately 62% year-over-year to \$142,056 compared to \$375,856 in the first quarter of fiscal 2024.
- Operating loss of (\$2,508,237) for the first quarter fiscal 2025 as compared to (\$749,020) for the first quarter fiscal 2024, an increase of 235%
- Net loss of (\$2,527,170) in the first quarter fiscal 2025, compared to net loss of (\$491,655), for the same period in the prior year, an increase of 414%
- Loss per share of (\$5.10) in the first quarter year ended July 31, 2024, increased approximately 11% compared to loss per share of (\$4.61) for the same period in the prior year.

- As of July 31, 2024, the Company had cash and cash equivalents of \$855,181.

Conference Call Information

The Company will host an investor conference call on Tuesday, September 17, 2024, at 11:00 a.m. ET.

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

Conference entry code: 844301

For additional disclosure regarding Netcapital's operating results, please refer to the Quarterly Report on Form 10-Q for the period ended July 31, 2024, which has been filed with the Securities and Exchange Commission.

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.

Forward Looking Statements

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

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NETCAPITAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

| | July 31, 2024 (Unaudited) | April 30, 2024 (Audited) |
|--|------------------------------|-----------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 855,181 | \$ 863,182 |
| Accounts receivable net | - | 134,849 |
| Note receivable | 20,000 | 20,000 |
| Interest receivable | 1,600 | 1,200 |
| Prepaid expenses | 48,160 | 23,304 |
| Total current assets | 924,941 | 1,042,535 |
| Deposits | 6,300 | 6,300 |
| Notes receivable - related parties | 202,000 | 202,000 |
| Purchased technology, net | 14,724,136 | 14,733,005 |
| Investment in affiliate | 240,080 | 240,080 |
| Equity securities | 25,343,513 | 25,333,386 |
| Total assets | \$ 41,440,970 | \$ 41,557,306 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,180,487 | \$ 793,325 |
| Accrued expenses | 236,758 | 310,300 |
| Deferred revenue | 445 | 466 |
| Interest payable | 94,703 | 92,483 |
| Current portion of SBA loans | 1,885,800 | 1,885,800 |
| Loan payable - bank | 34,324 | 34,324 |
| Total current liabilities | 3,432,517 | 3,116,698 |
| Long-term liabilities: | | |
| Long-term SBA loans, less current portion | 500,000 | 500,000 |
| Total liabilities | 3,932,517 | 3,616,698 |
| Commitments and contingencies | - | - |
| Stockholders' equity: | | |
| Common stock, \$.001 par value; 900,000,000 shares authorized, 579,153 and 326,867 shares issued and outstanding | 579 | 327 |
| Shares to be issued | 122,264 | 122,124 |
| Capital in excess of par value | 39,433,217 | 37,338,594 |
| Retained earnings (deficit) | (2,047,607) | 479,563 |
| Total stockholders' equity | 37,508,453 | 37,940,608 |
| Total liabilities and stockholders' equity | \$ 41,440,970 | \$ 41,557,306 |

NETCAPITAL INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended July 31, 2024 | Three Months Ended July 31, 2023 |
|---|--|--|
| Revenues | \$ 142,227 | \$ 1,519,809 |
| Costs of services | 10,220 | 18,053 |
| Gross profit | 132,007 | 1,501,756 |
| Costs and expenses: | | |
| Consulting expense | 97,381 | 163,942 |
| Marketing | 6,898 | 241,888 |
| Rent | 19,116 | 19,610 |
| Payroll and payroll related expenses | 1,136,593 | 1,037,042 |
| General and administrative costs | 1,380,256 | 788,294 |
| Total costs and expenses | 2,640,244 | 2,250,776 |
| Operating loss | (2,508,237) | (749,020) |
| Other income (expense): | | |
| Interest expense | (10,464) | (13,304) |
| Amortization of intangible assets | (8,869) | (28,331) |
| Other income | 400 | - |
| Total other income (expense) | (18,933) | (41,635) |
| Net loss before taxes | (2,527,170) | (790,655) |
| Income tax expense (benefit) | - | (299,000) |
| Net loss | \$ (2,527,170) | \$ (491,655) |
| Basic loss per share | \$ (5.10) | \$ (4.61) |
| Diluted loss per share | \$ (5.10) | \$ (4.61) |
| Weighted average number of common shares outstanding: | | |
| Basic | 495,319 | 106,732 |
| Diluted | 495,319 | 106,732 |