



The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

21 August 2020

Tekcapital plc
("Tekcapital", "the Company" or "the Group")
Unaudited Half-Yearly Report for the period ending 31 May 2020

Continued Progress with Portfolio Companies & Record Net Assets

Tekcapital plc (AIM: TEK) a UK intellectual property (IP) investment group focused on creating marketplace value from investing and commercializing university technology announces its results for the six-month period ended 31 May 2020.

Financial highlights

- Net Assets increased 16% to US\$26.18m (30 Nov 2019: US\$22.53m)
- NAV per share US\$0.30 (30 Nov 2019: US\$0.35)
- Total Revenue of US\$2,859,647 (H1 2019: US\$5,401,568)
 - Net increase of US\$2,422,949 in fair value of portfolio companies
- Revenue from services US\$557,684 (H1 2019: \$614,394)
- Reduction of operating expenses by 4% to US\$711,300 (H1 2019: US\$740,947).
 - Service revenue cover appx. 58% of current cost base (H1 2019: 63%)
- Profit before tax of US\$1,897,629 (H1 2019: US\$4,421,279)
- Placements of 14,800,000 new ordinary shares of 0.4 pence each in the Company ("new ordinary shares") to raise gross proceeds of US\$962,000 in February 2020 and 9,250,000 new ordinary shares to raise gross proceeds of US\$1,115,000 in May 2020.

Operational highlights: Portfolio Companies

Salarius® (91.7% ownership) www.salarius.co

- On 12 December 2019, Salarius Ltd secured a national food ingredient broker for Microsalt®. Accurate Ingredients provides network of experienced sales representatives on the east and west coast of the United States.
- On 24 January 2020, Salarius Ltd secured an additional food ingredient broker partner for sales of Microsalt®. The agreement with Hanks Brokerage Inc. covers primarily snack food companies in the southwestern United States
- On 2 March 2020, Salarius Ltd announced a North American distribution agreement for launch of [SaltMe!](#)® snacks. This agreement with [UNFI](#) represents an important milestone for Salarius' new potato chip snack line, enabling unprecedented reach of SaltMe!® products into consumer outlets of every size in North America.
- On 4 March 2020, SaltMe!® announced sales partnership agreement with [iLevel Brands Inc.](#) as part of its launch of North America sales of its full-flavour-low sodium potato chips. This agreement, combined with their previously announced distribution agreement on 2 March 2020, will expand SaltMe!® market penetration and brand awareness for its products with retail brand placements across the entire East Coast, Midwest and Southwest geographic areas of the United States.
- On 24 March 2020, Salarius Ltd announced it had received an order from its distribution partner to launch sales of its new SaltMe!® full flavor-low sodium snacks in 71 stores beginning in May 2020.

Lucyd® (100% ownership) www.lucyd.co

- On 26 March 2020, Lucyd Ltd announced it had filed patent and trademark on its forthcoming Vyrb™ app. Vyrb users will be able to listen and produce social media posts with their voice, without having to look at their smartphones or type messages. The app is designed to improve utility of Lucyd Bluetooth® glasses and other wireless hearables like AirPods®
- On 24 April 2020, Lucyd Ltd announced the launch of its Bluetooth® enabled glasses on the website of US superstore Walmart.com.

Guident (100% ownership) www.guident.co

- On 8 April 2020, Guident Ltd announced significant management additions including appointment of Harald Braun as Company's CEO and appointment of Daniel Grossman as the company's Chief Revenue Officer. The company also appointed Michael Trank as VP Software Development and Dr. Gabriel Castenada as Lead Architect, Artificial Intelligence Software. Guident has also announced that it has received a Notice of Allowance from the United States Patent and Trademark Office for its U.S. patent # 10,699,580 entitled "[Methods and Systems for Emergency Handoff of an Autonomous Vehicle](#)" and has filed an additional patent entitled, "Intelligent Remote Monitoring and Control of Autonomous Vehicles". These patent teach new methods to improve the safety of autonomous vehicles and land-based delivery drones.
- On 22 May 2020, Guident Ltd announced it had won the Florida Atlantic University (FAU) competition as one of the most promising startups in South Florida, defeating over 200 contestants. The judges were convinced that the company creating a Remote Monitoring and Control Center in Florida for autonomous vehicles applying artificial intelligence, and their first use-case for 'zero-touch' ground-based delivery of groceries and medicines, would be the right choice to create significant value in South Florida and Nationwide.

Belluscura® (18% ownership) www.belluscura.com

- Continued progress with its unique and patented portable oxygen concentrator (POC) programme and is anticipating FDA 510K clearance in H2 2020.
- On 10 February 2020, Belluscura filed an additional patent application (17 patents filed or licensed to-date) entitled "Improved Extracorporeal Membrane Oxygenation Device, System and Related Methods," covering devices and systems for treating people suffering from acute respiratory distress caused by the Coronavirus.

Operational highlights: Corporate

As part of continuing to expand our services in Latin America:

- Tekcapital delivered a webinar on commercialising university IP with the Creativity and Innovation Center 4.0 of the Universidad Tecnológica de Querétaro. This resulted in the formation of a strategic alliance with Universidad Tecnológica de Querétaro for providing Tekcapital's services in Mexico.
- Tekcapital was invited to the Petrobras facilities to present new global opportunities and collaborations in the context of intellectual property licensing.
- Executed a strategic alliance agreement with LicenciArte Colombia, a consultancy firm that offers services for institutional strengthening, protection and commercialization of technologies from universities and research labs
- Delivered a successful webinar in Brazil titled "Agritech Startups", which gathered more than 60 key players from the Brazilian technology and innovations ecosystem.

Post period end highlights:

- On 16 June 2020, Guident Ltd announced appointments of Professor Naphtali Rische, Professor Hayder Radha and Dr. Marielle S. Gross to its Science Advisory Board
- On 17 June 2020, Belluscura plc announced it is making good progress with its 510K submission though it has been impacted by COVID-19 associated external supply chain issues which has increased the scarcity of certain key components, increased lead times, and reduced capacity at part

manufacturers and testing facilities. Belluscura is in the process of completing the final surety tests and anticipates it will receive 510K clearance within H2 2020.

- On 1 July 2020, Innovative Eyewear, Inc, a new, fully owned subsidiary of Lucyd Ltd, commenced its Regulation Crowdfunding program on [StartEngine](#), where it is seeking to raise approximately US \$400K at a \$3.75m pre-money valuation. The purpose of the fundraise is to provide additional capital for the further development and launch of its new Lucyd Lyte™ smart glasses and Vyrb™ voice controlled, social media app.
- On 13 July, 2020 Lucyd Ltd received Notice of Allowance from the United States Patent and Trademark Office for 13 of its previously filed smart glass design patents.
- On 22 July, 2020, Lucyd Ltd filed two design patents on their upcoming Lucyd Lyte™ smart glasses.
- On 27 July 2020, Tekcapital announced that Mr. Malcolm Groat has stepped down from the Board of Directors at the end of his term with immediate effect. Konrad Dabrowski, who for the past three years has served as the Group's Financial Controller, has been promoted to non-board CFO.

Dr. Clifford M. Gross, Chairman said: 'We are pleased to report a successful half-year performance for the Group, which has noted record net assets for the period and the achievement of important development milestones for most of its portfolio companies. We believe our approach of acquiring and commercialising university innovations is demonstrating good progress towards our goal of improving the quality of life for customers whilst delivering significant returns on invested capital.'

For further information, please contact:

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Clifford M. Gross, Ph.D.

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About Tekcapital plc

Tekcapital creates value from investing in new, university-developed intellectual properties and provides a range of IP investment services to make it easy for organisations to commercialise university-developed technology. Tekcapital is quoted on the AIM market of the London Stock Exchange (AIM: symbol TEK) and is headquartered in Oxford, in the UK. For more information, please visit www.tekcapital.com

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Risk Factors and Forward-Looking Statements

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All statements of opinion and/or belief contained in this Report and all views expressed represent the directors' own current assessment and interpretation of information available to them as at the date of this Report. In addition, this Report contains certain "forward-looking statements", including but not limited to, the statements regarding the Company's overall objectives and strategic plans, timetables and capital expenditures. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, valuations, forecasts, projections, opinions, expectations or beliefs as to future events, results or performance. Forward-looking statements involve a number of risks and uncertainties, many of which are beyond the Company's control, including those associated with COVID-19, and there can be no assurance that such statements will prove to be accurate. No assurance is given that such forward looking statements or views are correct or that the objectives of the Company will be achieved. Further, valuations of Company's portfolio investments and net asset value can and will fluctuate over time due to a variety of factors. The Company does not undertake to update any forward-looking statement or other information that is contained in this Report.

Chairman's statement

Tekcapital brings innovations from lab to market. In the first half of 2020, many of our key portfolio companies have made significant progress and as a result, our net assets ended the period at record levels.

Key portfolio companies

Tekcapital Plc commercialises university intellectual property, a process known as technology transfer, both for its own portfolio and as a service for client companies.

Over the past four years we have built a compelling group of diversified portfolio companies to commercialize high value properties we have uncovered. We believe that when you couple commercialization ready, compelling university IP with strong senior management, you increase the probability that vibrant companies will emerge, net assets will grow, returns on invested capital are likely to increase and exits should occur faster. When we realise exits, the Group's goal is to distribute the portion of proceeds as a special dividend to our shareholders.

The Company believes that there is considerable value to be realised from its portfolio companies and is continuing to further assist and invest in these operations. A common theme across our portfolio companies is that they have proprietary intellectual property, capable management and if successful, will improve the quality of life for the customers they serve. The Company's portfolio of key investments includes:

- **Salarius Ltd** (www.salarius.co), of which Tekcapital owns 91.7%, owns a patented process for producing nano-particle sized salt crystals ("MicroSalt®"), which can reduce sodium consumption in snack foods by up to 50.0%, yet provide the same level of salty flavour found in traditional snacks. Salarius' goal is to make snack foods healthier. According to the World Health Organization, cardiovascular disease takes the lives of 17.9 million people per year and is responsible for 31% of global deaths and as such the low sodium ingredient market is estimated to reach US\$1.76 billion by 2025¹.
- **Lucyd Ltd** (www.lucyd.co), which is wholly owned by Tekcapital, sells innovative Bluetooth enabled glasses, regular spectacles and owns 13 design patents and two utility patent applications for its Bluetooth® enabled sound glasses. We believe Lucyd is the first company to offer proper prescription glasses online that allow the wearer to connect to their smartphones and digital assistants. Their mission is to *Upgrade your Eyewear® with* useful hands-free technology. 2019 witnessed the largest number of pedestrian injuries in the last 30 years² and every seven minutes a pedestrian is struck by a car due primarily to both drivers and pedestrian alike being distracted with their smart phones. Lucyd's glasses have speakers built into the arms of the glasses which allows users to make calls and listen to music, whilst maintaining situational awareness of the traffic around them having nothing placed in the ears. Additionally, Lucyd is developing a voice controlled app called Vyrb™ which will allow eyeglass wearers to respond to posts on Facebook and Twitter with their voice, obviating the need to look at their phones or type responses. Lucyd is positioned at the intersection of the online eyewear and digital assistant markets. Online eyewear sales in the U.K. are projected to reach \$824m³ in 2019. The U.S. online eyewear market is projected to reach US\$3.5bn in 2019 and expected to grow annually by 1.3%⁴.
- **Guident, Ltd** (www.guident.co), which is wholly owned by Tekcapital, was established to commercialise new technology to enhance the utility, safety and enjoyment of autonomous vehicles ("AVs") and drones. Using its proprietary IP, Guident seeks to develop software Apps and IP that allow users of AV's and drones to dispatch their vehicles to join ridesharing fleets, find available parking spots and charging stations and report and respond to accidents as well as provide remote, tele-monitoring and control for AV's and land-based delivery drones. Remote monitoring and control is a legal requirement for AV operation in

¹ <https://www.futuremarketinsights.com/reports/sodium-reduction-ingredient-market>

² <https://www.caranddriver.com/news/a31136893/pedestrian-deaths-increase-2019/>

³ <https://www.statista.com/outlook/12000000/156/eyewear/united-kingdom>

⁴ <https://www.statista.com/statistics/428692/projected-size-of-global-autonomous-vehicle-market-by-vehicle-type/>

the State of Florida and other jurisdictions. The autonomous vehicle market is expected to reach US \$65.3 billion by 2027⁵.

- **Belluscura plc** (www.belluscura.com), of which Tekcapital now owns approximately 18%, has developed an improved portable oxygen concentrator (POC) to provide on-the-go supplemental O₂. They have continued to report progress in their advanced POC program, which they believe will be smaller, lighter and quieter than competitive products and will have a replaceable filter cartridge that will allow the user to upgrade the unit as their disease progresses. As a result of the global prevalence of COPD, the medical portable oxygen market is expected to grow from \$1.4bn in 2018 to \$2.4bn by 2024⁶. A recent report by [Grand View Research](#) indicates an increasing demand for portable oxygen concentrators, and anticipates unit sales to grow from 405k units per year in 2019 to 581k units per year in 2026 for a total value of \$1.4bn. This anticipated growth may have a positive impact on portfolio company Belluscura.

Corporate

In H1 2020 we continued with the expansion of our consulting services into Latin America. Whilst service revenues were modestly reduced for the period, they still covered approximately 58% of our administrative expenses. This was made possible with the steadfast control of administrative and marketing expenses coupled with the judicious use of consultants to minimize fixed costs.

During the period, we have enhanced the Board with the appointments of Louis Castro who is Chair of our audit committee and also serves on our remuneration committee and Lord David Willetts who also serves on the nomination committee.

Louis is highly experienced director and chartered accountant with thirty years experience in industry and in financial services, including positions as Chief Executive, Finance Director and Non-Executive Director of several AIM listed companies. He was previously the CFO at Eland Oil & Gas plc where he had full executive responsibility for finance, legal, corporate finance and a budget of over \$150m. Louis currently serves as a non-executive director of Stanley Gibbons Group plc, Predator Oil & Gas Holdings plc and Orosur Mining Inc. Louis is a Fellow of the Institute of Chartered Accountants of England & Wales.

The Rt Hon Lord Willetts, FRS, is President of the Resolution Foundation and former U.K. Minister for Universities and Science. He served as the Member of Parliament for Havant (1992-2015), and previously worked at HM Treasury and the No. 10 Policy Unit. Lord Willetts is a visiting Professor at King's College London, former Chair of the British Science Association and a member of the Council of the Institute for Fiscal Studies. He is also an Honorary Fellow of Nuffield College, Oxford. Lord Willetts is a graduate of Oxford University and has been awarded numerous honorary doctorates.

Post end of period we are glad to announce that Konrad Dabrowski has been promoted to CFO. Konrad has served as Group Financial Controller for Tekcapital over the past three years. He has extensive experience in accounting and finance obtained through more than a decade of exposure to public accounting and the private sector. He began his career with Deloitte and continued as an audit manager in the Deloitte Washington, DC office. Konrad also held the global accounting manager role in Restaurant Brands International (NYSE:QSR). Konrad is a CPA and holds a Master of Science degree in finance and accounting from the Warsaw School of Economics. Konrad replaces Malcolm Groat our Finance Director, to whom we are thankful for six years of dedicated service to the Company.

In addition, post end of period we are pleased to announce the promotion Melissa Cruz to Director of Client Services. Melissa helps our global university and corporate clients create marketplace value from IP. She has collaborated with a diverse set of organizations in Latin America and Europe, to facilitate the evaluation and transfer of university discoveries to the marketplace. Melissa has a marketing and sales background with companies such as Newmark Grubb Caribbean and has contributed significantly to Tekcapital's development of new business in Latam countries. She received her B.A. in International Business and an M.S. in Marketing

⁵ <https://www.statista.com/statistics/428692/projected-size-of-global-autonomous-vehicle-market-by-vehicle-type/>

⁶ [Global Market Insights: Oxygen Cylinders Market Size and Competitive Market Share & Forecast, 2017 –2024](#)

from Florida International University and is fluent in Spanish and English. Melissa replaces Amy Shim to whom we are also thankful for six years of dedicated service.

Financial performance

In spite of the significant headwinds resulting from COVID-19 and an economic recession in the U.K. and the U.S, H1 2020 saw another period for continued value creation for the Group as evidenced by a 16% increase in net assets. The Group was able to accomplish this whilst simultaneously reducing administrative costs by 4%. The Group has now demonstrated 3.5 years of consistent growth of Net Assets. Due to the quickening pace of innovation, patented, exogenously developed university technologies are a valuable currency, and as a result, we are bullish on the market opportunity for the Group which we believe will continue to grow apace in lock-step with the progress of our portfolio companies.

Fundraisings

On 6 February 2020, the Group announced that it had completed a fundraising of US\$0.96 million gross through the placing of 14,800,000 new Ordinary Shares with new and existing investors at a price of 5 pence per new Ordinary Share. On 1 May 2020, the Group announced it had completed a second fundraising of US\$1.15m through placing of 9,250,000 new Ordinary Shares with new and existing investors at a price of 10 pence per new Ordinary Share. The new funds are being utilized for accelerating portfolio company growth and for working capital.

Current Trading and Outlook

Having continued to develop and expand Tekcapital's existing business, the Board is confident that continued investment in our portfolio companies remains the right approach for long-term value creation. Additionally, we are currently exploring external, early-stage funding for a number of our portfolio companies. Further, we believe that we are executing on our strategy and this should result in further increases in returns on invested capital as our portfolio companies continue to mature towards meaningful inflection points and exits.

Whilst it is clear that the Company is progressing very well, net asset values will fluctuate from period to period due to individual portfolio company performance, valuations and changes in market conditions and macro-economic financial conditions including the recent Coronavirus epidemic. We are grateful for the patience and support of our shareholders. We are also sincerely appreciative of our dedicated, creative and incredibly hardworking team without which, none of the results reported herein would be possible. In particular I would like to thank our portfolio company leadership including Robert Rauker (Belluscura), Harald Braun (Guident), Victor Manzanilla (Salarius) and Harrison Gross (Lucyd) who collectively have punched above their weight and as a result their businesses are rapidly approaching material inflection points.

Dr Clifford M Gross

Chairman and CEO

21 August 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 May 2020

	Notes	Six months ended 31 May 2020	Six months ended 31 May 2019	Year ended 30 November 2019
		Unaudited US\$	Unaudited US\$	Audited US\$
Continuing Operations				
Revenue from services		557,684	614,394	1,200,551
Unrealised profit on the revaluation of investments	7	2,301,963	4,787,174	6,516,813
Total Revenue		2,859,647	5,401,568	7,717,364
Cost of sales		(248,900)	(239,342)	(606,166)
Gross Profit		2,610,747	5,162,226	7,111,198
Administrative expenses		(711,300)	(740,947)	(1,590,563)
Operating Profit		1,899,447	4,421,279	5,520,635
Profit on ordinary activities before income tax				
Income tax expense		(1,818)	(2,090)	(2,345)
Profit after tax for the period		1,897,629	4,419,189	5,518,290
Other comprehensive income				
Foreign exchange profit/(loss)		(182,115)	(33,779)	31,855
Total other comprehensive income/(loss)		(182,115)	(33,779)	31,855
Total comprehensive profit for the period		1,715,514	4,385,410	5,550,145
Earnings per share				
	6			
Basic earnings per share		0.026	0.081	0.095
Diluted earnings per share		0.025	0.081	0.095

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 May 2020

	Notes	As at 31 May 2020 Unaudited US\$	As at 31 May 2019 Unaudited US\$	As at 30 November 2019 Audited US\$
Assets				
Non-current assets				
Intangible assets		838,770	838,769	838,770
Financial assets at fair value through profit and loss	7	22,758,873	18,577,365	20,335,925
Convertible Loan Notes		735,978	294,720	476,122
Property, plant and equipment		13,475	25,167	17,353
		24,347,096	19,736,021	21,668,170
Current Assets				
Trade and other receivables		1,038,395	410,770	815,866
Cash and cash equivalents		1,034,348	492,983	472,899
		2,072,743	903,753	1,288,765
		26,419,839	20,639,774	22,956,935
Liabilities				
Current liabilities				
Trade and other payables		127,635	114,124	310,160
Current income tax liabilities		500	500	500
Deferred Revenue		110,474	-	118,595
Total liabilities		238,609	114,624	429,255
Net Assets		26,181,230	20,525,150	22,527,680
Equity				
Ordinary shares	8	494,861	326,036	372,984
Share premium	8	12,786,361	10,218,805	10,993,546
Retained earnings		12,976,794	9,940,614	11,055,821
Translation reserve		(4,617)	111,864	177,498
Merger reserve		(72,169)	(72,169)	(72,169)
Total Equity		26,181,230	20,525,150	22,527,680

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 May 2020

	Attributable to equity holders of the parent					
	Ordinary shares US\$	Share Premium US\$	Translation Reserve US\$	Merger Reserve US\$	Retained Earnings US\$	Total Equity US\$
	Unaudited					
Balance at 1 December 2019	372,984	10,993,546	177,498	(72,169)	11,055,821	22,527,680
Share issue	121,877	1,967,235				2,089,112
Cost of share issue		(174,420)				(174,420)
Profit for the period					1,897,629	1,897,629
Other comprehensive income			(182,115)			(182,115)
Share based payments					23,346	23,345
Balance at 31 May 2020	494,861	12,786,361	(4,617)	(72,169)	12,976,794	26,181,231
Unaudited						
Balance at 1 December 2018	326,036	10,218,805	145,643	(72,169)	5,516,655	16,134,970
Profit for the period	-	-			4,419,189	4,419,189
Other comprehensive income	-	-	(33,779)			(33,779)
Share based payments	-	-			4,770	4,770
Balance at 31 May 2019	326,036	10,218,805	111,864	(72,169)	9,940,614	20,525,150
Audited						
Balance at 1 December 2018	326,036	10,218,805	145,643	(72,169)	5,516,655	16,134,970
Share issue	46,948	892,018				938,966
Cost of share issue	-	(117,277)	-	-	-	(117,277)
Profit for the period	-	-			5,518,290	5,518,290
Other comprehensive income	-	-	31,855			31,855
Share based payments	-	-			20,876	20,876
Balance at 30 November 2019	372,984	10,993,546	177,498	(72,169)	11,055,821	22,527,680

Share capital represents the amount subscribed for share capital at nominal value.

Share premium represents the amount subscribed for share capital in excess of nominal value and net of any directly attributable issue costs.

The merger reserve arose on the share for share exchange undertaken by the Company with Tekcapital Europe Limited on 18 February 2014.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 May 2020

Group	Note	Six months ended 31 May 2020 US \$	Six months ended 31 May 2019 US \$	For the year ended 30 Nov 2019 US \$
Cash flows from operating activities				
Cash outflows from operations		(1,149,198)	(553,436)	(1,397,294)
Taxation paid		(1,818)	(2,090)	(2,345)
Net cash outflows from operating activities				
		(1,151,016)	(555,526)	(1,399,639)
Cash flows from investing activities				
Purchase of financial assets at fair value through profit and loss		(219,584)	(109,643)	(111,810)
Purchases of property, plant and equipment			(96)	(862)
Net cash outflows from investing activities				
		(219,584)	(109,739)	(112,672)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares		2,089,112	-	938,966
Costs of raising finance		(174,420)	-	(117,277)
Net cash inflows from financing activities				
		1,914,692	-	821,689
Net decrease in cash and cash equivalents				
Cash and cash equivalents at beginning of year		472,899	1,165,442	1,165,442
Exchange gain/(loss) on cash and cash equivalents		17,357	(7,193)	(1,921)
Cash and cash equivalents at end of the period				
		1,034,348	492,983	472,899

Notes to the financial information

1. General information

Tekcapital PLC is a company incorporated in England and Wales and domiciled in the UK. The address of the registered office is 12 New Fetter Lane, London, United Kingdom, EC4A 1JP. The Company is a public limited company, which is quoted on the AIM market of the London Stock Exchange in 2014.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2. Basis of preparation

The financial information for the six months ended 31 May 2020 set out in this interim financial information is unaudited and does not constitute statutory financial statements. The interim condensed financial information has been presented in US Dollars ("\$").

3. Accounting policies

3.1 Statement of compliance

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 30 November 2019.

The financial statements of Tekcapital PLC Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4 of the FY 2019 accounts. The estimates that changed since then are disclosed in Note 7.

4. Going concern

The Group meets its day to day working capital requirements through its service offerings and monies raised in follow-on offerings. The Group's forecasts and projections indicate that the Group has sufficient cash reserves to operate within the level of its current facilities. If the group forecasts are not achieved the Directors are confident that additional funds could be raised through equity issues if required. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Company therefore continues to adopt the going concern basis in preparing both its consolidated financial statements and for its own financial statements.

5. Taxation

Immaterial charge of \$1,818 has arisen in the six-month period ended 31 May 2020 (31 May 2019: \$2,090).

6. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the sum of weighted average number of (1) Ordinary Shares outstanding during the period and (2) Ordinary Shares to be issued assuming exercise of outstanding stock options with intrinsic value above \$0 at 31 May 2020:

	Six months ended 31 May 2020 US\$	Six months ended 31 May 2019 US\$	Year ended 30 November 2019 US\$
Profit attributable to equity holders of the Company	1,897,629	4,419,189	5,518,290
Weighted average number of Ordinary Shares in issue:			
Basic	72,332,693	54,353,042	58,010,322
Diluted	76,081,339	54,653,042	58,918,289
Basic profit (loss) per share (\$)	0.026	0.081	0.095
Diluted profit (loss) per share (\$)	0.025	0.081	0.095

7. Financial Assets at Fair Value through Profit or Loss

Group's investments in portfolio companies are listed below and classified as equity instruments. The principal place of business for portfolio companies listed below is England and Wales.

	31 May 2019 US \$	1 December 2019 US \$	Additions US \$	Exchange difference US \$	Fair value gain/(loss) US \$	31 May 2020 US \$
Guident Limited	12,656,321	15,526,195		(14,561)		15,511,631
Lucyd Ltd	1,394,811	1,129,022			2,301,979	3,431,001
Belluscura Limited	1,769,162	1,804,121	219,584	(84,053)		1,939,653
Salarius Ltd	2,689,345	1,833,426				1,833,426
Non Invasive Glucose Tek Limited	655	-				-
Smart Food Tek Limited	42,328	43,162				43,162
eSoma Limited	24,743	-				-
Total Balance	18,577,365	20,335,924	219,584	(98,614)	2,620,978	22,758,873

The valuation techniques used fall under, Level 2 – Observable techniques, other than quoted prices, and Level 3- Other techniques as defined by IFRS 13. There has been a transfer between Level 3 and Level 2 for Group's investment in Lucyd Ltd during the period. Fair value measurement hierarchy for financial assets as at 31 May 2020 with comparative amounts as of 30 November 2019:

Date of Valuation	Total	Significant	Significant
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		US \$	observable inputs (Level 2) US \$	unobservable inputs (Level 3) US \$
Guident, Saliarius	31 May 2020	17,388,219		17,388,219
Belluscura, Lucyd	31 May 2020	5,370,654	5,370,654	
Total Balance	31 May 2020	22,758,873	5,370,654	17,388,219
Guident and others	30 November 2019	18,531,804		18,531,804
Belluscura Limited	30 November 2019	1,804,121	1,804,121	
Total Balance		20,335,925	1,804,121	18,531,804

Guident (Nil Gain / Nil loss)

The total fair value remains unchanged from 30 November 2019 adjusted for adjusted for fluctuation of foreign exchange differences. The Group relied on the external valuation prepared by an independent patent valuation expert for Guident's IP portfolio performed as of 30 November 2019. Upon review of assumptions used in the 30 November 2019 valuation as well as business updates in H1 2020, the management noted no material events necessitating revisions. The management will obtain an update to the valuation report as of 30 November 2020.

Saliarius (Nil Gain / Nil loss)

The total fair value remains unchanged from 30 November 2019. The Group relied on the external valuation prepared by an independent patent valuation expert for the Saliarius' IP portfolio performed as of 30 November 2019. Upon review of assumptions used in the 30 November 2019 valuation as well as business updates in H1 2020, the management noted no material events necessitating revisions. The management will obtain an update to the valuation report as of 30 November 2020.

Lucyd Ltd (\$2.3m gain)

On 1 July 2020, Innovative Eyewear, Inc, a fully owned subsidiary of Lucyd Ltd, commenced its Regulation Crowdfunding fundraising in the United States at US\$3.75m pre-money valuation seeking approximately US\$400K in funding for the further development and launch of its new Lucyd Lyte™ smart glasses and the Vyrb™ voice controlled, social media app. At the date of this report, the company has raised the minimum threshold required (US\$10k). Considering the occurrence of an observable input of multiple third parties (over 600 participants as of the date of this report) acquiring shares of the portfolio company at the US\$3.75m pre-money valuation, reduced by the other components of Lucyd Ltd's Net Book Value of US\$0.32m, the Group transferred the fair value of Lucyd Ltd from Level 3 as at 30 November 2019 to Level 2 as at 31 May 2020.

Belluscura (\$0.1m gain)

The Group contributed \$0.2m in a private placement held in May 2020 at 15 pence a share. The fair value of the holding increased by \$0.1m as a result, adjusted for fluctuation of foreign exchange differences.

Other investments (Nil Gain / Nil loss)

Given early stage of commercialisation, fair value of remaining Smart Food TEK was recorded based on the cost of acquired IP, as their carrying amounts represent a reasonable approximation of fair value.

Under level 3 unobservable inputs. In the absence of observable inputs, the directors have considered the entities own data to determine the fair value, which equates to the original funds invested. They do not consider that any other available information would materially change or give a more reliable representation of the value.

This is the only category of financial instruments measured and re-measured at fair value.

8. Share Capital

The Company's ordinary shares are of £0.004 par value.

All of the Company's issued ordinary shares have full voting, dividend and capital distribution (including winding up) rights; they do not confer any rights of redemption. The Company does not hold any ordinary shares in treasury.

Issued and fully paid	Shares Number	Share capital US\$	Share premium US\$
Ordinary shares of £0.004 each			
At 1 December 2018	54,353,042	326,036	10,218,806
As at 31 May 2019	<u>54,353,042</u>	<u>326,036</u>	<u>10,218,806</u>
At 1 December 2018	54,353,042	326,036	10,218,806
Shares issued in further public offering	9,375,000	46,948	774,741
As at 30 November 2019	<u>63,728,042</u>	<u>372,984</u>	<u>10,993,546</u>
Shares issued in further public offering	24,050,000	121,876	1,792,815
As at 31 May 2020	<u>87,778,042</u>	<u>494,860</u>	<u>12,786,361</u>

9. Related party transactions

The Group has taken advantage of the exemption in IAS 24 "related parties" not to disclose transactions with other Group companies. During the period the Group did not employ any services of non-Group companies meeting the definition of related parties.

10. Interim results

The interim results for the six months ended 31 May 2020 will not be sent to shareholders but will be available from the Company's website at <http://tekcapital.com/investors/>.

- Ends -