

11 December 2019

Allied Minds

Board changes and restructuring initiatives

Allied Minds plc (LSE: ALM), the IP commercialisation company focused on early stage company development within the technology sector, announces that Mike Turner will step down as co-Chief Executive Officer (CEO) and from the Board effective 10 March 2020. Joe Pignato will continue in the role of CEO and executive director. Fritz Foley will also step down from the Board and the Board has appointed Mark Lerdal as a Non-Executive Director, in each case with immediate effect.

Allied Minds also announces further cost reduction activities, amendments to existing remuneration schemes for staff and management and an increase in the amount of proceeds from the recent disposal of Hawkeye 360 that will be returned to shareholders.

Overview

- Mike Turner to step down as CEO and from the Board effective as of 10 March 2020, allowing him to assist the Company with completing the implementation of the initiatives of our revised strategy announced earlier this year. The Board shall commence a search for an independent non-executive director to be appointed in his place.
- Fritz Foley steps down from the Board with immediate effect.
- The Board appoints Mark Lerdal as a Non-Executive Director with immediate effect; he shall serve as a member on each of the Remuneration, Nomination and Audit Committees of the Company.
- Harry Rein, the Senior Independent Non-Executive Director, shall chair the Company's Audit Committee in place of Mr. Foley.
- Jeff Rohr shall continue to serve as Chairman of the Board through the end of his second three-year term ending in June 2020, at which point he will retire from the Board.
- Additional initiatives in place to further reduce recurring HQ expenses to no more than \$6.0 million commencing 1 January 2020, down from our previous guidance of \$7.5 million.
- Return of \$40 million of proceeds from the disposal of Hawkeye 360 as a result of the additional HQ savings, an increase from the initial amount of \$32.8 million.
- Modifications to the Phantom Plan staff remuneration scheme, originally adopted in 2007, which include the establishment of a threshold that must be met before any future payments are made to participants under the plan.
- Amendments to executive director compensation plan, including reduction of maximum bonus, elimination of Management Incentive Plan and forfeiture of certain LTIP grants.

These measures reflect the evolving needs of Allied Minds and represent the next logical step for the business. The Board has decided to undertake these restructuring initiatives following constructive dialogue with investors and strong delivery of the strategy to focus exclusively on supporting the existing portfolio and maximising monetisation opportunities for portfolio company interests, which was launched in April.

Joe Pignato, Co-CEO of Allied Minds, commented:

"Working closely together as Co-CEOs, Mike and I have achieved significant progress since the new, focused strategy was launched earlier this year and we have generated substantial value for shareholders during that period. We will soon complete this transitional phase, having transformed and right-sized the business, and are therefore reshaping the management team to further optimise our cost base."

"The measures announced today will allow the business to maintain the necessary investment in key areas, in order to further support our portfolio companies on their path towards meaningful commercialisation, ensuring that the Company remains on track to deliver attractive returns to all our shareholders in the coming years."

Refocused strategy - results so far

Since the end of April and the launch of Allied Minds' refocused strategy, which was reiterated in the 10 June 2019 announcement of management changes to align the Company's organisation structure to better deliver the revised strategy, the Board has delivered the following value creating initiatives:

- Funding for HawkEye 360, which secured a \$70.0 million financing round, including new investors Airbus and Esri, at a pre-money valuation of \$200.0 million, up from prior round post-money of \$89.9 million;
- Funding Federated Wireless, which secured a \$51.3 million financing round, including new investors SBA Communications and Pennant Investors, at a pre-money valuation of \$150.0 million, up from prior round post-money of \$121.5 million;
- Commencement of Initial Commercial Deployment (ICD) by Federated Wireless of its services to more than 20 customers in both urban and rural markets across 36 states in the U.S. immediately following the FCC's public notice of approval in September 2019;
- Disposal of Allied Minds' entire shareholding in HawkEye 360 to Advance for an aggregate cash consideration of \$65.6 million.

The Board also achieved a range of cost efficiencies through restructuring management incentive schemes, reducing headcount at HQ, subletting HQ office space, deconsolidating certain portfolio companies and eliminating other non-essential third-party costs.

The initiatives outlined in detail below will further optimise the Company's cost base whilst the Board continues to take appropriate steps to maximise shareholder value.

Restructured Board and business

The latest round of efficiency measures has been put in place in order to support Allied Minds' strategy of delivering shareholder value by focusing on its existing portfolio.

The transition to one CEO, along with some additional cost cutting measures, will allow Allied Minds to operate with a central cost that is reduced by an additional 20% from our previously disclosed estimate on a recurring basis commencing 1 January 2020.

Allied Minds will return initially \$40 million of the proceeds from the disposal of Hawkeye 360, increased from the previously announced amount of \$32.8 million as a result of the additional projected cost savings from the central cost reductions discussed above. As previously detailed in the circular sent to the Company's shareholders on 17 October 2019 regarding the capital reduction process, the Company has now completed the court process and upon completion of final required filings, the Company will be in a position to announce specific dates and the method of returning capital to its shareholders, we estimate that the return of capital to shareholders will be complete by early Q1 2020.

In line with our commitment to consult with major shareholders and to provide an update on such engagement regarding the Company's remuneration structure, the Board is implementing modifications and amendments to the Phantom Plan scheme and executive director compensation as outlined above. The Board is working with the unit holders of the Phantom Plan remuneration scheme to make the following modifications to better align the plan with shareholder interests:

- No further allocations under the Phantom Plan will be made until gross proceeds from future portfolio company liquidity events exceed an invested capital threshold. Initially, this threshold equates to \$109 million, representing the total invested capital in the technology portfolio to date and will increase in the event of any additional capital invested into the existing portfolio.
- Current employee unit holders in the Phantom Plan have agreed to an individual cap per employee going forward. As a result, any excess proceeds above the cap due to employee departures will revert to the Company and be available for distribution to shareholders. In effect, the percentage of net proceeds allocated to the Phantom Plan will decline over time.

- The Phantom Plan will not be available to any new unit holders nor will any companies be added to the existing plan. This does not extinguish the vested payment obligations to unit holders with respect to liquidity events of companies in the current portfolio.

In addition to the changes outlined above, Mr. Pignato has proactively and voluntarily agreed to reduce his annual bonus target to 100% of base salary from 150%. Upon the resignation date of Mr. Turner, Mr. Pignato will be the last remaining employee with an interest in the Management Incentive Plan. Mr. Pignato has agreed to forfeit this interest. In addition, Mr. Pignato has forfeited his last two remaining LTIP awards subject to share performance from 2017 and 2018, which were awarded prior to him being named an executive director.

Appointment of Non-Executive Director

Mark Lerdal currently serves as the executive chairman of Leaf Clean Energy Company. Previously, Mr. Lerdal has served as managing director of MP2 Capital, LLC, president of Hydrogen Energy California, a developer of a carbon capture and sequestration facility, and a managing director at KKR Finance in its debt securities division.

Mr. Lerdal currently serves on the Board of Directors of Leaf Clean Energy Company (LSE: LEAF) and served on the Boards of Directors of Trading Emissions plc (LSE: TRE) until January 2019, TerraForm Global Inc. (NASDAQ: GLBL) until December 2017, and TerraForm Power (NASDAQ: TERP) until November 2015.

Mr. Lerdal attended Stanford University (1981) and holds a JD from Northwestern University Pritzker School of Law (1984).

There are no further details in relation to Mr. Lerdal's appointment which require disclosure pursuant to Listing Rule 9.6.13.

Shareholder Engagement

The board of Allied Minds is pleased to report that it has recently engaged constructively with Crystal Amber and has been notified that on the basis of the changes being announced at this time, Crystal Amber has agreed to withdraw its notice of requisition.

Outlook

Allied Minds' key portfolio companies, led by experienced, motivated and resourceful management teams, have continued to make substantial technical and commercial progress. The milestones achieved demonstrate examples of solving difficult technical problems, developing innovative products and services in demand across a range of large potential markets, establishing important partnerships to develop technology and go to market, and the ultimate creation of shareholder value.

The Board believes that these portfolio company milestones and expected future achievements, taken together with Allied Minds' revised strategy to exclusively support its existing portfolio companies under a reduced central cost and disciplined capital allocation structure, best positions Allied Minds to maximise returns to its shareholders.

For more information, please contact:

Allied Minds plc +1 617 419 1800
IR@alliedminds.com

Instinctif +44 20 7457 2020
Kay Larsen, Chantal Woolcock

About Allied Minds

Allied Minds plc is an IP commercialisation company focused on early stage company development within the technology sector. With origination relationships that span US federal laboratories, universities, and leading US corporations, Allied Minds historically created, and now operates and funds, a portfolio of companies to generate long-term value for its investors and stakeholders. Based in Boston, Allied Minds supports its businesses with capital, management, expertise and shared services. For more information, please visit www.alliedminds.com.

Allied Minds Forward-Looking Statement

This press release contains statements that are or may be forward-looking statements, including statements that relate to Allied Minds' future prospects, developments and strategies. The forward-looking statements are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from current expectations, including, but not limited to, those risks and uncertainties described in the risk factors included in Allied Minds' regulatory filings. These forward-looking statements are based on assumptions regarding the present and future business strategies of Allied Minds and the environment in which it will operate in the future. Each forward-looking statement speaks only as at the date of this press release. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither Allied Minds nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

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