

**Allied Minds plc**

**Half-Yearly Report for the six months ended 30 June 2020**

**15 October 2020** -- Boston, MA - Allied Minds plc ("Allied Minds" or the "Company" and together with its consolidated subsidiaries, the "Group"), the IP commercialisation company focused on early stage technology businesses, today announces its interim results for the six months ended 30 June 2020.

**HIGHLIGHTS**

- \$14.4 million invested in portfolio companies, including \$5.5 million post-period end
- Third party investors subscribed for \$13.5 million of portfolio company equity, including \$6.3 million post-period end
- Net cash and investments at 30 June 2020: \$34.2 million (FY19: \$90.6 million), of which \$29.9 million held at parent level (FY19: \$84.1 million)
- BridgeComm:
  - o Joint development agreement (JDA) with Boeing HorizonX (Boeing) to collaboratively develop applications of the One-to-Many (OTM) technology
  - o Secured additional \$2.0 million of convertible debt financing from Allied Minds on top of the \$1.0 million invested by Boeing at the end of 2019
  - o Secured additional \$1.5 million of convertible debt financing from Boeing upon successful achievement of development milestones under the JDA, post-period end
  - o Entered into partnership with Nokia to develop ultra-high-speed throughput solutions to facilitate faster deployment of 5G networks, post-period end
- Federated Wireless:
  - o Announced new Connectivity-as-a-Service (CaaS) offering that lets U.S. enterprises buy and deploy private 4G and 5G networks with a single click through AWS(R) and Microsoft Azure(R) marketplaces
  - o Raised \$13.7 million of additional Series C funding from Allied Minds and existing investor, Pennant Investors, to accelerate expansion and adoption of its partnerships with AWS and Microsoft Azure to offer Connectivity-as-a-Service and expand into 6 GHz band for 5G services
  - o Potential market opportunity expanded upon additional 100 megahertz of contiguous mid-band spectrum in the 3.45-3.55 GHz band unlocked for commercial 5G deployment
- Orbital Sidekick:
  - o Awarded a multi-year contract by the Department of the Air Force's commercial investment group (AFVentures) as part of its Strategic Financing (STRATFI) program, under which the company will receive \$4.0 million of non-dilutive financing in Q4 2020, with the opportunity to receive up to \$12.0 million of additional non-dilutive financing over next three years to match private funds raised
- Spin Memory:
  - o Raised \$8.25 million of additional Series B funding from existing investors, including Abies Ventures, Applied Ventures, LLC (the venture capital arm of Applied Materials, Inc.), ARM Technology Investments Limited ("ARM") and Allied Minds, to support continued research in MRAM, including work with its existing development partners, Applied Materials and ARM
- TableUp acquired by TouchBistro, Inc. in stock-for stock transaction, post-period end

Joseph Pignato, Chief Executive Officer of Allied Minds, commented:

**"The recent financings at three of our most promising portfolio companies while we are faced with the unprecedented challenges brought by the COVID-19 pandemic is an excellent indication of the underlying strength of the portfolio and the important work that each company is focused on. We value the additional capital invested by our existing partners who have stepped up during these difficult times.**

**"New commercial partnerships announced by both BridgeComm and Federated Wireless, coupled with renewed vigor demonstrated by existing partners at both BridgeComm and Spin Memory continue to demonstrate the significant technical and commercial progress made at these significant companies.**

**"The announced sale of Table Up is an important step towards generating portfolio liquidity for our shareholders by choosing the right partners and allowing us to maximise monetisation opportunities."**

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**About Allied Minds**

Allied Minds plc is an IP commercialisation company focused on early stage company development within the technology sector. Allied Minds manages and funds, a portfolio of seven companies primarily in the technology sector, to generate long-term value for its investors and stakeholders. The portfolio companies are based upon a broad range of underlying innovative technologies ranging from semiconductors, wireless connectivity, to space-based imagery and analytics.

Based in Boston, Allied Minds supports its businesses with capital, management, expertise and shared services. For more information, please visit [www.alliedminds.com](http://www.alliedminds.com).

This 2020 half-yearly report release may contain statements that are or may be forward-looking statements, including statements that relate to the Company's 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 management section of the strategic report included in the 2019 Annual Report and Accounts. These forward-looking statements are based on assumptions regarding the present and future business strategies of the Company and the environment in which it will operate in the future. Each forward-looking statement speaks only as at the date of this half-yearly report release. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither the Company nor any other party intends to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014.

## **INTERIM MANAGEMENT REPORT**

### **Overview**

Allied Minds plc (Allied Minds or the Group) is an IP commercialisation company primarily focused on early stage company development within the technology sector.

The progress made by our portfolio companies, especially during these challenging and unprecedented times, demonstrates the promise and vigor of these businesses.

Specifically, with full FCC certification, Federated Wireless is making strides towards full commercial operations in the 3.5 GHz band and sits at the forefront of a potential greater market opportunity as the US unlocked additional mid-band spectrum for commercial deployment using a shared spectrum framework. Furthermore, with the additional funding raised, we are encouraged by Federated Wireless's opportunity to expand upon important commercial partnerships and accelerate the adoption of its new CaaS offering into greater markets.

Both Spin Memory and BridgeComm have also made further product development advances through working with their existing strategic partners. Spin Memory's further development engagement with important industry partners, Applied Materials (Applied) and ARM, was also supported by the additional \$8.25 million funds raised from existing investors including both Applied and ARM in July. The technical progress made at BridgeComm through its partnership with Boeing, including achievement of certain development milestones, unlocked an additional \$1.5 million of convertible debt financing, post period end, from Boeing which will support the ongoing joint development work.

We are also excited by the commercial progress made at our earlier stage investments. Orbital Sidekick's ability to secure non-dilutive financing from the United States Air Force positions the company well to expand its reach in the future. Also, its ability to convert an early pilot participant into a customer coupled with the anticipated launch of its first dedicated hyperspectral imagery satellite in December 2020 further ready the company to begin commercialising its technology.

Finally, we were pleased to report TouchBistro's acquisition of TableUp as a successful step towards realising value for our shareholders.

The Group's ability to raise funds and continue achieving important technical and commercial milestones while building upon key partnership relationships across the portfolio signify the strength of its companies and demonstrate that the Group remains on track as it works to execute on maximising the value of its portfolio company interests and delivering well-timed, risk-adjusted returns for its shareholders.

### **COVID-19**

As we navigate the uncertainties brought by the coronavirus pandemic, Allied Minds continues to closely monitor, assess, and respond to the impacts of COVID-19 in order to ensure the continued health, safety, and security of its workforce across its portfolio companies. The Group has taken a number of actions to enable Allied Minds and its portfolio companies to continue operating safely and effectively, including implementing remote working environments, using virtual meeting platforms, and reducing travel.

While COVID-19 has had some commercial impact on the portfolio in the past few months, such impact has not been significant and the actions and mitigation put in place by the Group have enabled day-to-day operations to continue effectively across the portfolio. As highlighted in this report, the achievements across our portfolio demonstrate that our companies are continuing to make progress against their respective commercial and strategic objectives even during this pandemic. We remain in close communication with all of our customers, suppliers and partners to collaborate on how to best support each other's needs in this new environment. Furthermore, Allied Minds continues to engage with each of its portfolio companies to help manage and mitigate against potential impacts on each company's business, including assisting with employee support, cash management, and contingency planning.

While we remain cautious and vigilant about what the coming months may bring, we continue to be optimistic and expect to be able to navigate these uncertain times whilst delivering the results of our stated strategy in the coming years.

### **Strategy**

Allied Minds' strategy is focused on supporting its existing portfolio companies and maximising monetisation opportunities for portfolio company interests. The Board aims to monetise the Group's ownership positions at the appropriate time, recognising the value and benefit in achieving well-timed risk-adjusted returns for the benefit of shareholders.

Upon the event of successful monetisation events from the sale of portfolio companies or portfolio company interests, Allied Minds anticipates distributing the net proceeds to its shareholders, after due consideration of potential follow-on investment opportunities within the existing portfolio and working capital requirements.

### **Outlook**

Allied Minds' 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 across a range of large potential markets, establishing important partnerships to develop technology and go to market channels, and the creation of shareholder value.

The Board believes that the shareholder returns to date and completion of successful fundraisings throughout its portfolio, together with achieving portfolio company milestones, have positioned Allied Minds as well as possible to maximise returns for its shareholders.

### **Portfolio Company Valuation**

Of the Company's seven active portfolio companies, three are currently majority owned and controlled, and therefore fully consolidated in the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRS). The Company's condensed consolidated financial statements do not include current valuations of these portfolio companies.

Of the remaining four portfolio companies, the Company holds a significant minority stake in three of these companies and a small position in the fourth as a result of the stock-for-stock sale of TableUp, Inc. post-period end. In each case, where Allied Minds holds a significant minority stake, it is able to exercise significant influence over the portfolio company by virtue of its large, albeit minority, ownership stake in the portfolio company and its representation on the board of directors. The investment in preferred stock in these portfolio companies is accounted for under IFRS 9 and is classified by the Company as an investment at fair value in the Company's consolidated financial statements. Due to the equity-like characteristics of the Company's common stockholdings in Spin Memory and Federated Wireless, the two investments are accounted for under IAS 28 and are classified by the Company as investments in associates. Accordingly, since Allied Minds has significant influence over these entities through the voting rights/potential voting rights held at Spin Memory and Federated Wireless, it gives access to the returns associated with an ownership interest in these associates.

Allied Minds provides qualitative and quantitative disclosure in relation to the commercial and financial progress of its portfolio companies, and directional commentary on valuation. In addition, where commercially possible, Allied Minds provides, for each portfolio company: (i) the date of the last equity funding round, (ii) the post-money valuation of such round, (iii) the named key co-investors in such round, and (iv) the Company's issued and outstanding ownership, and fully-diluted ownership, of such portfolio company.

This information is set forth in the Portfolio Review and Developments section below. The ownership interests are as of 14 October 2020. The fully-diluted percentages take into account outstanding stock options granted to employees, directors and advisors, current stock options available for grant pursuant to the company's stock option plan, and outstanding warrants to purchase common and preferred stock.

The post-money valuations disclosed for each entity below do not represent IFRS 13 fair values but rather, are based on the pre-money valuation set by the investors in the latest financing round plus the total money raised in that round.

There can be no guarantee that the aforementioned post-money valuations of the portfolio companies will be considered to be correct in light of the future performance of the various companies, or that the Company would be able to realise proceeds in the amount of such valuations, or at all, in the event of a sale by it of any of its portfolio companies or its ownership interest in such portfolio companies.

## Portfolio Review and Developments

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### **BridgeComm, Inc.** <sup>(1)</sup>

In January 2020, BridgeComm announced the collaboration with Boeing to pioneer the development of applications of the One-to-Many (OTM) technology pursuant to a joint development agreement (JDA).

In connection with the JDA, BridgeComm secured \$1.0 million from Boeing HorizonX in the form of convertible debt financing pursuant to a note purchase agreement. Allied Minds subscribed for \$2.0 million of convertible debt under the same note purchase agreement. In August 2020, BridgeComm successfully completed a formal presentation to Boeing of the concept design review phase and demonstration of the lab platform for the OTM functionalities. As a result of achieving this milestone, BridgeComm secured the remaining \$1.5 million of convertible debt from Boeing.

In September 2020, BridgeComm entered into a partnership with Nokia in efforts to develop high-speed optical communications. The partnership will facilitate faster deployment of 5G networks and bring about an ultra-high-speed throughput solution that will provide a faster and more secure network optimised for citizens and governments alike. The two companies have secured a promising collaborative relationship, as BridgeComm has already integrated some of Nokia's high-speed optical equipment into its systems with successful initial lab demonstrations.

Formed in 2015 and based in Denver, Colorado, BridgeComm is developing and commercialising optical wireless communication (OWC) solutions. It has begun development of a global network of optical ground stations designed to support complementary fixed and mobile terminals that provide high-bandwidth, high-security solutions for unique applications.

OWC is a wireless technology offering rapid point-to-point data transmission via beams of light that connect from one telescope to another using low-power, safe, infrared lasers in the terahertz spectrum. It holds tremendous potential to augment RF, fibre and mmWave technologies and extend the capabilities of the terrestrial fibre grid, particularly in hard-to-access environments and in areas where cell towers do not currently exist.

The technology underpinning BridgeComm's solution was sourced originally from The Aerospace Corporation and Draper Laboratories and was initially focused on point-to-point data transmission only.

BridgeComm has recently focused its efforts on developing its new OTM technology which is a breakthrough in OWC that provides bi-directional, ultra-high-speed mesh connectivity for terrestrial, airborne and space systems.

OTM builds on the basic connectivity that traditional point-to-point optical terminals provide and enables a much broader set of telecommunications applications. This technology enables optical wireless communications systems to create bi-directional mesh connectivity similar to, and complementary with, radio frequency systems.

OTM is capable of supporting terrestrial, airborne and space systems that require 10-100+ Gbps throughput, as well as the high reliability and redundancy inherent in mesh architecture. Furthermore, OTM maintains the inherent security features in OWC, while supporting the mesh architecture. OTM also provides a much-needed new option for high-speed connectivity in environments where RF spectrum is limited or congested.

BridgeComm has developed a patent portfolio with a number of patents filed covering a broad range of advancements in fiberless optical communications for applicability to space, air, and terrestrial usage including its new OTM technology.

Holdings and valuation:

- Date of Last Funding Round: September 2018
- Post-Money Valuation: \$38.0 million
- Co-Investors: Boeing HorizonX Ventures (venture arm of Boeing Company)
- Allied Minds' Issued and Outstanding Ownership: 81.30%
- Allied Minds' Fully-Diluted Ownership: 62.92%
- BridgeComm has made significant progress against its key operational objectives since its last funding round.

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### **Federated Wireless, Inc.**

In January 2020, the FCC announced that the agency had certified Federated Wireless' SAS, paving the way for full commercial operations in the 3.5 GHz band.

In February 2020, Federated Wireless announced a new Connectivity-as-a-Service offering that lets U.S. enterprises buy and deploy private 4G and 5G networks with a single click through the Amazon Web Services (AWS)(R) and Microsoft Azure(R) marketplaces. These end-to-end managed services provided by Federated Wireless include discovery, planning, design, build, operation and support, enabling enterprises to reap the benefits of 5G with minimum risk and capital expenditure.

The new service offering was developed with specific attention to the needs of the cloud-native enterprises of today, who have come to depend on seamless integration between their own IT departments and global public clouds. Close collaboration with AWS and Microsoft Azure has resulted in development and delivery of a service that these innovative IT organisations will see as a natural extension of their existing environments.

The new managed service reduces the complexity of enterprise adoption of 5G private networks with one-click provisioning through the AWS Marketplace and seamless integration with the full range of IoT applications provided by the Amazon Partner Network (APN). AWS-enabled private networks are an ideal solution for industrial and manufacturing IoT environments in which device types, locations and densities are widely varied and wireless interference using legacy WiFi networks is both extremely common and highly detrimental to business performance.

In March 2020, Federated Wireless extended its Spectrum Controller platform to enable spectrum sharing in the 6GHz band, allowing operators and enterprises to accelerate delivery of Wi-Fi 6 and 5G services.

In April 2020, Federated Wireless closed on \$13.7 million of additional Series C funding from Allied Minds and existing investor, Pennant Investors. Allied Minds contributed half of the proceeds, \$6.85 million. The funding will be used to accelerate the expansion and adoption of Federated's partnerships with AWS and Microsoft Azure to offer Connectivity-as-a-Service and the current work to expand into the 6GHz band for 5G services.

In August 2020, the White House and Department of Defense (DoD) announced that 100 megahertz (MHz) of contiguous mid-band spectrum in the 3.45-3.55 GHz band will be made available for commercial 5G deployment using a spectrum sharing framework. As a key player in developing shared spectrum CBRS capabilities, this additional spectrum provides potential new market opportunities for Federated Wireless as it is uniquely positioned to support this incremental band with algorithms, standard product development, and improved sensor capabilities.

Founded in 2012, Federated Wireless has led its industry in development of shared spectrum Citizens Broadband Radio System (CBRS) capabilities, taking a lead role in the formation of the CBRS Alliance, being the first to complete a wide range of trials with its Spectrum Access Systems (SAS), and deploying the industry's first nationwide Environmental Sensing Capability (ESC) network.

The company's partner ecosystem includes more than 40 device manufacturers and edge partners, all of which are dedicated to collaborating to advance development and proliferation of CBRS services. Federated Wireless' customer base includes companies spanning the telecommunications, energy,

hospitality, education, retail, office space, municipal and residential verticals, with use cases ranging from network densification and mobile offload to Private LTE and Industrial IoT.

The company's solution is based on technology developed with support from Virginia Tech and the US Department of Defense (DoD). It has several issued patents and pending applications protecting proprietary technology underpinning its ESC sensor design and its SAS. These patents are primarily focused on systems and algorithms embedded in its core technologies.

Holdings and valuation:

- Date of Last Funding Round: September 2019 (second closing in April 2020)
- Post-Money Valuation: \$215.0 million
- Co-Investors: American Tower (NYSE: AMT), GIC, Singapore's sovereign wealth fund, Pennant Investors and SBA Communications (NASDAQ: SBAC)
- Allied Minds' Issued and Outstanding Ownership: 43.11%
- Allied Minds' Fully-Diluted Ownership: 36.61%
- Federated Wireless has made significant progress against its key operational objectives since its last funding round.

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**OcuTerra Therapeutics, Inc. (formally known as SciFluor Life Sciences, Inc.) <sup>(1)</sup>**

OcuTerra is a drug development company focused on creating best-in-class compounds, initially targeting the field of ophthalmology. OcuTerra's lead clinical asset, SF0166, is a topical eye droplet treatment for Age-related Macular Degeneration (AMD) and Diabetic Macular Edema (DME), both widely prevalent retinal diseases that lead to blindness if left untreated.

OcuTerra has experienced clinical delays since its last funding round and the valuation is substantially impaired due to a prolonged inability to attract new external financing. Clinical development activities at OcuTerra have been pared back, and are now focused exclusively on the toxicology studies necessary to initiate the Phase II trials for SF0166.

During Q4 2019 (and completing in Q1 2020), OcuTerra raised \$1.325 million of convertible debt financing from third parties and continues its fundraising efforts for an external equity financing to fund Phase II trials. It is uncertain if OcuTerra will be successful in securing the required funds in 2020.

Holdings and valuation:

- Date of Last Funding Round: November 2019 (convertible debt into next preferred equity round)
- Valuation: n/a
- Co-Investors: Various third parties
- Allied Minds' Issued and Outstanding Ownership: 62.67%
- Allied Minds' Fully-Diluted Ownership: 54.16%

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**Orbital Sidekick, Inc.**

Throughout the year, Orbital Sidekick has continued to work closely with its pilot program participants and through successful validation and demonstration of its technology, has achieved important operational milestones by expanding on these relationships and converting an early participant into a customer.

In July 2020, Allied Minds and 11.2 Capital collectively invested \$2.0 million in the form of SAFEs (simple agreements for equity), which will convert into shares of preferred stock in the company's next equity financing round.

Orbital Sidekick was awarded a multi-year contract by the Department of the Air Force's commercial investment group (AFVentures) as part of its Strategic Financing (STRATFI) program, under which the company will receive \$4.0 million of non-dilutive financing in Q4 2020, with the opportunity to receive up to \$12.0 million of additional non-dilutive financing over next three years to match private funds raised.

Orbital Sidekick's first fully dedicated hyperspectral imagery satellite is scheduled to launch in December 2020, which together with its existing on-board processing technology deployed on the International Space Station, will allow Orbital Sidekick to further accelerate its ability to deliver near-real-time analysis and disseminate critical information to end-users.

Orbital Sidekick is a company developing capabilities in aerial and space-based hyperspectral imaging and analytics, initially for the oil and gas industry. Orbital Sidekick's Spectral Intelligence™ platform is designed to enable more efficient monitoring of natural resource assets and infrastructure integrity. Orbital Sidekick is initially targeting monitoring of assets for the oil and gas market - estimated at over \$4.0 billion annually. There are potentially multiple additional commercial and government applications for its technology.

Allied Minds led the seed round of Orbital Sidekick in April 2018 with an investment of \$3.5 million for a significant minority stake. 11.2 Capital, a VC firm specialising in breakthrough technologies, invested alongside Allied Minds.

Orbital Sidekick was founded by Dan Katz and Tushar Prabhakar, leveraging their extensive experience in small-sat design as engineers at Space Systems Loral. The team has built a complementary network of advisors to bring expertise in oil and gas operations and regulations, hyperspectral analysis, and data services.

Holdings and valuation:

- Date of Last Funding Round: April 2018
- Post-Money Valuation: \$11.7 million
- Co-Investors: 11.2 Capital
- Allied Minds' Issued and Outstanding Ownership: 33.23%
- Allied Minds' Fully-Diluted Ownership: 29.67%
- Orbital Sidekick has made significant progress against its key operational objectives since its last funding round.

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**Spark Insights, Inc. <sup>(1)</sup>**

In June 2020, Spark Insights achieved a key technical milestone and successfully released version 1.0 of its post-catastrophe automated damage assessment product, in line with its operational plan and in time for deployment at the start of hurricane season.

Spark Insights is an advanced analytics company developing data products for the rapidly growing insurance analytics market. Allied Minds formed Spark Insights in late 2018 and completed a \$3.2 million Series Seed financing in April 2019.

Given the increasing prevalence of catastrophic events, including hurricanes, floods, and wildfires, property insurers are struggling to quantify the impact on their policies, both before and after a catastrophic event occurs. Spark Insights plans to leverage the advent of unique data sets, including advances in satellite imagery and weather data, combined with proprietary analytics to transform critical workflows for these property insurers.

Spark Insights' focus is at the intersection of several addressable markets including insurance analytics, underwriting losses, and catastrophe modeling platforms.

Ira Scharf, co-founder and CEO of the company, has over 15 years of bringing products to market in the insurance industry and over 10 years in the weather industry, in addition to degrees from MIT and Harvard Business School.

Holdings and valuation:

- Date of Last Funding Round: April 2019
- Post-Money Valuation: \$3.2 million
- Co-Investors: n/a
- Allied Minds' Issued and Outstanding Ownership: 70.59%
- Allied Minds' Fully-Diluted Ownership: 60.00%
- Spark Insights has made reasonable progress against its key operational objectives since its last funding round.

#### **Spin Memory, Inc.**

In July 2020, Spin Memory closed on \$8.25 million of additional Series B funding from existing investors including Abies Ventures, Applied Ventures, LLC (the venture capital arm of Applied Materials, Inc.), ARM and Allied Minds. Allied Minds invested \$4.0 million in the funding round. This additional funding will be used to support Spin Memory's continued research in MRAM, including the ongoing work with its existing development partners, Applied Materials and ARM.

In August 2020, Spin Memory unveiled a new innovation, the Universal Selector, that is currently in development. This technology presents a potential new way of designing dynamic random-access memory (DRAM), magnetoresistive random-access memory (MRAM), Resistive RAM (ReRAM) and other emerging memory technologies, and has the potential to allow on-chip memory to achieve higher levels of performance, reliability, and density than currently available.

Founded in 2006 and based in Fremont, CA, Spin Memory is the preeminent MRAM IP provider. Through collaboration with industry leaders, Spin Memory is transforming the semiconductor industry by addressing the biggest challenge, memory, in next-generation electronics systems such as Artificial Intelligence, Autonomous Driving, 5G Communication and Computing at the Edge. Spin Memory's disruptive STT-MRAM IP can replace large, power-hungry on-chip SRAM with dense, low-power MRAM and ultimately challenge DRAM as a lower-power, easier-to-use persistent mass-storage solution.

The technology underpinning Spin Memory's offering was sourced originally from New York University and has more than 200 patents issued or pending. These patents cover everything from the fundamental aspects of these areas of invention to derivative improvements.

Holdings and valuation:

- Date of Last Funding Round: November 2018 (final closing in July 2020)
- Post-Money Valuation: \$180.25 million
- Co-Investors: ARM Technology Investments Limited, Applied Ventures, LLC, Abies Venture Fund, Woodford Investment Management (now succeeded by Schroder Investment Management Limited) and Invesco Asset Management
- Allied Minds' Issued and Outstanding Ownership: 43.01%
- Allied Minds' Fully-Diluted Ownership: 33.98%
- Spin Memory has made significant progress against its key operational objectives since its last funding round.

#### **TouchBistro, Inc. (acquirer of TableUp, Inc.)**

On 5 August 2020, TableUp was wholly acquired by TouchBistro, Inc. in a stock-for-stock transaction. As a result of such transaction, Allied Minds received common shares of TouchBistro valued at \$5.99 million.

The Group made its initial investment in TableUp in April 2018. TableUp is a provider of loyalty and marketing solutions for the restaurant industry and is highly regarded for its proprietary guest retention solution, which is used by more than 600 restaurants throughout the U.S and will enable TouchBistro to fully integrate customer loyalty and guest marketing into its all-in-one point-of-sale (POS) and restaurant management platform.

(1) Designates that this company is a subsidiary of the Group

#### **Risk Management**

The principal risks and uncertainties surrounding Allied Minds and its portfolio companies are set out in detail on pages 27 to 33 in the Risk Management section of the Strategic Report included in the 2019 Annual Report and Accounts. Such risks and uncertainties include those in connection with science and technology development or commercialisation failures; lack of profitability; inherent limitations on exclusive licenses with US universities and other federally-funded research institutions; regulatory restrictions and limitations; loss of key senior management risk; termination of critical IP licenses; the Company being deemed to be an investment company; inability to generate sufficient revenue, attract investment or generate liquidity events; lack of capital; Brexit; and COVID-19, all as further described in the 2019 Annual Report and Accounts.

There have not been any significant changes in the nature of the risks set forth therein that will affect the next six months of the financial year, therefore, such risks are applicable to the remaining six months of the financial year. A copy of the 2019 Annual Report and Accounts is available on the Company's website at <http://www.alliedminds.com/investor/>.

#### **Financial Review**

##### **Condensed Consolidated Statement of Comprehensive Income**

For the six months ended:	30 June 2020 \$'000	30 June 2019 (Restated*) \$'000
Revenue	110	1,520
Cost of revenue	(97)	(616)
Selling, general and administrative expenses	(6,613)	(15,231)
Research and development expenses	(2,467)	(12,257)
Finance (cost)/income, net	(1,989)	5,495
Other (expense)/income	(3,735)	30,591
<b>(Loss)/Income for the year</b>	<b>(14,791)</b>	<b>9,502</b>
Other comprehensive loss, net of tax	(201)	(200)
<b>Total comprehensive (loss)/ income</b>	<b>(14,992)</b>	<b>9,302</b>

\*See note 15 for details of the adjustment.

Revenue decreased by \$1.4 million, to \$0.1 million for the six months ended 30 June 2020 (HY19: \$1.5 million), when compared to the same period in the prior year. This decrease is primarily attributable to deconsolidation of one of the company's subsidiaries in the second half of 2019. The decrease is partly offset by revenue from existing and new contracts in 2020 at BridgeComm of \$0.1 million. Cost of revenue at \$0.1 million for the six months ended 30 June 2020 (HY19: \$0.6 million) was higher as a percentage of revenue, when compared to the same period in the prior year, mainly due to deconsolidation of one of the company's subsidiaries where higher gross margins are obtained.

Selling, general and administrative (SG&A) expenses decreased by \$8.6 million, to \$6.6 million for the six months ended 30 June 2020 (HY19: \$15.2 million). This reduction was mainly due to the deconsolidation of one of the company's subsidiaries in the second half of 2019, as well as cost reductions at headquarters implemented during 2019.

Research and development (R&D) expenses decreased by \$9.8 million, to \$2.5 million for the six months ended 30 June 2020 (HY19: \$12.3 million). The decrease was primarily due to the deconsolidated and closed and dissolved subsidiaries in the second half of 2019. The remainder of the decrease reflects the net effect from R&D spend at the other subsidiaries.

Net finance cost increased by \$7.5 million for the six months ended 30 June 2020 to \$2 million (HY19: finance income of \$5.5 million). The increase reflects the impact from deconsolidation of one of the company's subsidiaries in the second half of 2019 and the net finance cost of \$2.1 million as a result of IFRS 9 fair value accounting of the subsidiary preferred shares liability balance of \$1.9 million and convertible note payable balance of \$0.2 million (HY19: \$4.9 million and \$nil). The change was primarily from adjustments at BridgeComm.

Other expense increased to \$3.7 million (HY19: other income \$30.6 million) reflecting \$3.6 million in gain on investments held at fair value that is offset by \$0.5 million in fair value change in note receivable provided to TableUp and measured at fair value through profit or loss. The change is also attributable to the Company's share of loss of \$6.8 million from the deconsolidated entities accounted under the equity method.

As a result of the above discussed factors, total comprehensive loss for the year increased by \$24.3 million to \$15.0 million for the six months ended 30 June 2020 (HY19: comprehensive income of \$9.3 million).

#### Condensed Consolidated Statement of Financial Position

As of the period ended:	30 June 2020 \$'000	31 December 2019 \$'000
Non-current assets	75,862	72,695
Current assets	40,613	97,854
<b>Total assets</b>	<b>116,475</b>	<b>170,549</b>
Non-current liabilities	3,744	4,819
Current liabilities	14,187	13,159
Equity	98,544	152,571
<b>Total liabilities and equity</b>	<b>116,475</b>	<b>170,549</b>

Significant performance-impacting events and business developments reflected in the Group's financial position at the half year end include:

Non-current assets increased by \$3.2 million, to \$75.9 million at 30 June 2020 (FY19: \$72.7 million), mainly due to an increase of \$3.6 million in investment in portfolio companies at fair value.

- o Investments at fair value increased to \$72.4 million as of 30 June 2020 (FY19: 61.9 million). As a result of the fair value accounting for investments held at fair value, Allied Minds recorded a gain of \$3.6 million in the Consolidated Statements of Comprehensive Income/ (Loss). In addition, the increase reflects \$6.9 million in additional funding by Allied Minds in April 2019 when Federated Wireless completed the second closing of its \$13.7 million Series C Preferred Stock financing.
- o Investments in associates decreased to \$nil million as of 30 June 2020 (FY19: 6.8 million). As a result of the deconsolidation of Federated Wireless in the second half of 2019 and equity method accounting for investments held on the date of deconsolidation, Allied Minds recorded a share of loss of \$6.8 million in the Consolidated Statements of Comprehensive Income/ (Loss) that reduced the investment in Federated to a zero balance.
- o Right-of-use assets decreased by \$0.2 million as of 30 June 2020 (FY19: \$1.0 million) primarily related by depreciation of \$0.2 million.
- o Property and equipment increased by \$0.4 million to \$1.9 million as of 30 June 2020 (FY19: \$1.5 million), mainly reflecting acquisition of property and equipment of \$0.6 million offset by depreciation of \$0.2 million.
- o Intangible assets decreased by \$0.2 million to \$3 thousand at 30 June 2020 (FY19: \$0.2 million) as a result of impairment and amortisation of \$0.2 million.

Current assets decreased by \$57.3 million, to \$40.6 million as of 30 June 2020 (FY19: \$97.9 million), mainly due to a reduction in cash and cash equivalents of \$56.3 million.

- o Cash and cash equivalents decreased by \$56.3 million to \$34.2 million at 30 June 2020 from \$90.5 million at 31 December 2019. The decrease is mainly attributed to \$10.6 million of net cash used in operations, \$7.5 million cash from investing activities and \$38.2 million cash used in financing activities primarily reflecting \$39.7 million in cash dividend payment to shareholders as a result of the sale of Allied Minds' share in HawkEye in 2019.
- o Trade and other receivables decreased by \$0.4 million due to a decrease in trade receivables of \$0.1 million and a decrease in prepaid expenses of \$0.3 million as a result of deconsolidation of Federated Wireless in the second half of 2019.
- o Other financial assets have decreased by \$0.5 million to \$1.1 million (FY2019: \$1.6 million) primarily due to IFRS 9 fair value accounting of TableUp's convertible note issued to Allied Minds in 2019. The fair market value change was recorded as an offset to the \$3.6 million gain on investments held at fair value in the Consolidated Statements of Comprehensive Income/ (Loss).

Non-current liabilities decreased by \$1.1 million, to \$3.7 million as of 30 June 2020 (FY19: \$4.8 million) reflecting a decrease of \$0.5 million in lease liability and a reduction in loans balance of \$0.6 million at 30 June 2019.

Current liabilities increased by \$1.0 million, to \$14.2 million at 30 June 2020 (FY19: \$13.2 million) mainly reflecting a net increase of \$1.9 million in subsidiary preferred shares liability, \$1.6 million in loans and \$0.2 million in deferred revenue that is offset by a decrease in trade and other payables of \$2.7 million. The increase in subsidiary preferred shares liability reflects the fair value adjustment for the period of \$1.9 million. The increase in loans primarily reflects the receipt of PPP loans, issuance of convertible notes and an increase in fair market value of such notes at half year.

Net equity decreased by \$54.0 million to \$98.5 million at 30 June 2020 (FY19: \$152.5 million) reflecting the combination of comprehensive loss for the period of \$15.0 million, a cash dividend payment to shareholders as a result of the sale of Allied Minds' share in HawkEye in 2019 of \$39.7 million offset by \$0.7 million credit due to equity-settled share based payments.

#### Condensed Consolidated Statement of Cash Flows

For the six months ended:	30 June 2020 \$'000	30 June 2019 (Restated*) \$'000
Net cash outflow from operating activities	(10,801)	(30,337)
Net cash outflow/inflow from investing activities	(7,094)	(5,047)
Net cash outflow/inflow from financing activities	(38,438)	(8,045)
<b>Net decrease in cash and cash equivalents</b>	<b>(56,333)</b>	<b>(43,429)</b>
Cash and cash equivalents at beginning of period	90,572	100,234
<b>Cash and cash equivalents at end of the period</b>	<b>34,239</b>	<b>56,805</b>

\*See note 15 for details of the adjustment.

The Group's net cash outflow from operating activities of \$10.8 million in the six months ended 30 June 2020 (HY19: \$30.3 million) was primarily due to the net operating losses for the period of \$14.8 million (HY19: income of \$9.5 million) and a reduction in working capital and other finance costs of \$1.0 million (HY19: \$9.7 million). The operating cash outflow was offset by adjustments for non-cash accounting entries such as depreciation, amortisation, share of net loss of associate and share-based expenses of \$4.3 million (HY19: \$30.1 million).

The Group had a net cash outflow from investing activities of \$7.1 million in the six months ended 30 June 2020 (HY19: net cash outflow of \$5.0 million). This outflow predominately related to purchases of property and equipment and intangibles of \$0.6 million (HY19: \$2.5 million) and an additional investment in Federated Wireless of \$6.9 million made by Allied Minds in April 2020. The investing cash outflow was offset by \$0.4 million in receipt of payments from Allied Minds' finance sub-lease.

The Group's net cash outflow from financing activities of \$38.4 million in the six months ended 30 June 2020 (HY19: \$8.0 million) reflects, in part, the cash dividend payment to shareholders of \$39.7 million as a result of the sale of Allied Minds' share in HawkEye in 2019 and \$0.5 million in lease payments. The decrease was offset by \$1.4 million proceeds from issuance of convertible notes and \$0.4 million receipt of PPP loans. Additionally, cash inflows from financing activities in the period included proceeds from issuance of share capital at Allied Minds.

The Group's strategy is to manage its cash balance to focus exclusively on supporting its existing portfolio companies and maximising monetisation opportunities for such companies. To further minimise its exposure to risks the Group does not maintain any material borrowings or cash balances in foreign currency.

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended:	Note	30 June 2020 \$'000	30 June 2019 (Restated*) \$'000
Revenue	2	110	1,520
Operating expenses:			
Cost of revenue		(97)	(616)
Selling, general and administrative expenses		(6,613)	(15,231)
Research and development expenses		(2,467)	(12,257)
<b>Operating loss</b>		<b>(9,067)</b>	<b>(26,584)</b>
Other income/(expense):			
Gain on investments held at fair value	4,11	3,110	33,913
Gain on dissolution of subsidiaries		-	5,830
<b>Other income</b>		<b>3,110</b>	<b>39,743</b>
Finance income		248	678
Finance cost		(152)	(122)
Finance (cost)/income from IFRS 9 fair value accounting	9,11	(2,085)	4,940
<b>Finance (cost)/income, net</b>		<b>(1,989)</b>	<b>5,496</b>
Share of net loss of associates accounted for using the equity method	4	(6,845)	(9,153)
<b>(Loss)/Income before tax</b>		<b>(14,791)</b>	<b>9,502</b>
Taxation		-	-
<b>(Loss)/Income for the period</b>	3	<b>(14,791)</b>	<b>9,502</b>
<b>Other comprehensive (loss)/income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(201)	(200)
<b>Other comprehensive loss, net of taxation</b>		<b>(201)</b>	<b>(200)</b>
<b>Total comprehensive (loss)/income</b>		<b>(14,992)</b>	<b>9,302</b>
<b>(Loss)/Income attributable to:</b>			
Equity holders of the parent		(13,493)	10,013
Non-controlling interests	7	(1,298)	(511)
		<b>(14,791)</b>	<b>9,502</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the parent		(13,694)	9,813
Non-controlling interests	7	(1,298)	(511)
		<b>(14,992)</b>	<b>9,302</b>
<b>(Loss)/Income per share</b>		<b>\$</b>	<b>\$</b>
Basic	5	(0.06)	0.04
Diluted	5	(0.06)	0.04

\*See accompanying notes to consolidated financial statements. Prior year financials have been restated (see note 15).

## Condensed Consolidated Statement of Financial Position

As of the period ended:	Note	30 June 2020 \$'000	31 December 2019 \$'000
<b>Non-current assets</b>			
Property and equipment		1,858	1,485
Intangible assets		3	197
Investments at fair value	4	72,346	61,895
Investment in associate	4	-	6,845
Right-of-use assets	8	834	1,016
Other financial assets	11	821	1,257
<b>Total non-current assets</b>		<b>75,862</b>	<b>72,695</b>
<b>Current assets</b>			
Cash and cash equivalents	11	34,238	90,571
Trade and other receivables	11	5,290	5,702
Other financial assets	11	1,085	1,581
<b>Total current assets</b>		<b>40,613</b>	<b>97,854</b>
<b>Total assets</b>		<b>116,475</b>	<b>170,549</b>
<b>Equity</b>			
Share capital		3,766	3,759
Translation reserve		1,258	1,459
Accumulated earnings		94,617	147,238
<b>Equity attributable to owners of the Company</b>	6	<b>99,641</b>	<b>152,456</b>
Non-controlling interests	7	(1,097)	115
<b>Total equity</b>		<b>98,544</b>	<b>152,571</b>

		98,544	152,571
<b>Non-current liabilities</b>			
Lease liability	8	2,353	2,854
Other non-current liabilities	11	1,391	1,965
<b>Total non-current liabilities</b>		<b>3,744</b>	<b>4,819</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,978	4,685
Deferred revenue		3,650	3,457
Loans	11	1,641	-
Subsidiary preferred shares	9	6,918	5,017
<b>Total current liabilities</b>		<b>14,187</b>	<b>13,159</b>
<b>Total liabilities</b>		<b>17,931</b>	<b>17,978</b>
<b>Total equity and liabilities</b>		<b>116,475</b>	<b>170,549</b>

## Condensed Consolidated Statement of Changes in Equity

Note	Share capital		Share premium \$' 000	Merger reserve \$' 000	Translation reserve \$' 000	Accumulated (Deficit)/Earnings \$' 000	Total parent equity \$' 000	Non-controlling interests \$' 000	Total equity \$' 000
	Shares	Amount \$' 000							
<b>Balance at 31 December 2018</b>		240,314,745	3,743	160,170	263,367	651	(325,635)	102,296	18,484
<b>Total comprehensive income/(loss) for the period</b>									
Income from continuing operations		-	-	-	-	10,013	10,013	(511)	9,502
Foreign currency translation		-	-	-	(200)	-	(200)	-	(200)
<b>Total comprehensive income/(loss) for the period</b>					(200)	10,013	9,813	(511)	9,302
Issuance of ordinary shares	5	389,111	5	-	-	-	5	-	5
Gain/(loss) arising from change in non-controlling interest	6	-	-	-	-	-	-	(192)	(192)
US subsidiary distribution to shareholders		-	-	-	-	-	-	(12,050)	(12,050)
Dissolution of subsidiaries		-	-	-	-	-	-	(5,830)	(5,830)
Equity-settled share based payments	10	-	-	-	-	(1,310)	(1,310)	292	(1,018)
<b>Balance at 30 June 2019 (Restated*)</b>		240,703,856	3,748	160,170	263,367	451	(316,932)	110,804	193
<b>Total comprehensive income/(loss) for the period</b>									
Income from continuing operations		-	-	-	-	51,335	51,335	(1,081)	50,254
Foreign currency translation		-	-	-	808	-	808	-	808
<b>Total comprehensive income for the year</b>					808	51,335	52,143	(1,081)	51,062
Issuance of ordinary shares	5	1,248,378	16	-	-	-	16	-	16
Gain/(loss) arising from change in non-controlling interest	6	-	-	-	-	-	-	(194)	(194)
Capital reduction		-	-	(160,170)	(263,367)	-	423,537	-	-
Deconsolidation of subsidiaries		-	-	-	-	-	-	1,550	1,550
Dissolution of subsidiaries		-	-	-	-	-	-	(7,128)	(7,128)
US subsidiary distribution to shareholders		-	-	-	-	-	-	(12,050)	(12,050)
Equity-settled share based payments	10	-	-	-	-	(1,999)	(1,999)	534	(1,465)
<b>Balance at 31 December 2019</b>		241,563,123	3,759	-	-	1,459	147,238	152,456	115
<b>Total comprehensive income/(loss) for the period</b>									
Income from continuing operations		-	-	-	-	(13,493)	(13,493)	(1,298)	(14,791)
Foreign currency translation		-	-	-	(201)	-	(201)	-	(201)
<b>Total comprehensive income/(loss) for the period</b>					(201)	(13,493)	(13,694)	(1,298)	(14,992)
Issuance of ordinary shares	5	554,984	7	-	-	-	7	-	7
Gain/(loss) arising from change in non-controlling interest	7	-	-	-	-	-	-	6	6
Dividend payment	6	-	-	-	-	(39,707)	(39,707)	-	(39,707)
Equity-settled share based payments	10	-	-	-	-	579	579	80	659
<b>Balance at 30 June 2020</b>		242,118,107	3,766	-	-	1,258	94,617	99,641	(1,097)

\*See accompanying notes to consolidated financial statements. Prior year financials have been restated (see note 15).

## Condensed Consolidated Statement of Cash Flows

For the six months ended:	Note	30 June 2020 \$'000	30 June 2019 (Restated*) \$'000
<b>Cash flows from operating activities:</b>			
Net operating loss		(14,791)	9,502
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation		413	603
Amortisation		194	297
Impairment losses on property and equipment		-	342
Impairment losses on intangible assets		-	222
Share-based compensation expense	10	658	(1,018)
Gain on investments held at fair value	4,11	(3,110)	(33,913)
Gain on dissolution of subsidiaries		-	(5,830)
Share of net loss of associate	4	6,845	9,153
Changes in working capital:			
Decrease/(increase) in trade and other receivables		413	75
(Increase)/decrease in other assets		81	(87)
Decrease in trade and other payables		(1,945)	(4,921)
(Decrease)/increase in other non-current liabilities		(698)	(434)
Increase in deferred revenue		190	812



Increase/(decrease) in other liabilities		(935)	-
Unrealised (gain)/loss on foreign currency transactions		(201)	(200)
Other finance cost	9,11	2,085	(4,942)
<b>Net cash used in operating activities</b>		<b>(10,801)</b>	<b>(30,337)</b>
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment, net of disposals		(603)	(2,542)
Receipt of payment for finance sub-lease	8	364	-
Purchases of intangible assets, net of disposals		-	(5)
Purchases of investments at fair value	4	(6,855)	(2,500)
<b>Net cash (used in)/ provided by investing activities</b>		<b>(7,094)</b>	<b>(5,047)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of convertible notes	11	1,402	-
Receipt of PPP loan		429	-
Payment of lease liability	8	(571)	-
US subsidiary distributions to shareholders		-	(12,050)
Dividend payment	6	(39,705)	-
Proceeds from issuance of share capital	6	7	5
Proceeds from issuance of preferred shares in subsidiaries		-	4,000
<b>Net cash (used in)/ provided by financing activities</b>		<b>(38,438)</b>	<b>(8,045)</b>
Net decrease in cash and cash equivalents		(56,333)	(43,429)
Cash and cash equivalents at beginning of period		90,571	100,234
<b>Cash and cash equivalents at end of period</b>		<b>34,238</b>	<b>56,805</b>

\*See accompanying notes to consolidated financial statements. Prior year financials have been restated (see note 15).

## Notes to the Condensed Consolidated Interim Financial Statements

### 1. General information

#### a) Reporting entity

Allied Minds Group comprises of Allied Minds plc and its subsidiaries ("Allied Minds", the "Group" or the "Company"). The Company is publicly listed on the Main Market of the London Stock Exchange ("LSE"). Allied Minds plc is engaged in the development of various technologies for commercial applications. As of 30 June 2020, Allied Minds Group comprised of 6 legal subsidiaries, which included 3 active portfolio companies that are currently majority owned and controlled, and therefore fully consolidated in the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). Additionally, the Company holds a significant minority stake in four other portfolio companies. In each case, Allied Minds is able to exercise significant influence over the portfolio company by virtue of its large, albeit minority, ownership stake in the portfolio company and its representation on the board of directors.

The portfolio companies have entered into agreements with universities, scientists, and U.S. federal research institutions to develop and commercialise products. In exchange for licenses, time, and expertise already provided, certain universities and/or scientists received an equity ownership in such companies. The cash contributed by Allied Minds is used to fund additional research and to create a management structure and operations.

#### b) Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and should be read in conjunction with the Group's last financial statements as at and for the year ended 31 December 2019. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial information included in the Annual Report and Accounts as at and for the year ended 31 December 2019.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date when such control ceases. The financial information of the subsidiaries is prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Investments in associates are carried at cost less impairment unless it is demonstrated that the group exercises significant influence over the entity and then it is equity accounted.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

The financial information presented in these half-yearly results has been prepared under the historical cost convention. The reporting currency adopted by Allied Minds is U.S. dollar (\$) as this is the functional currency of the entities in the Group. In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information included in the Group annual report and accounts as at and for the year ended 31 December 2019.

The Directors have taken proactive cost management measures that include reduction in expenses of the management function of the head office at the parent level. They have also decided to focus exclusively on supporting the 7 existing portfolio companies and maximising monetisation opportunities for portfolio company interests, and not to deploy any capital into new portfolio companies. In the event of successful monetisation events from the sale of portfolio companies or portfolio company interests, the Directors anticipate distributing the net proceeds to shareholders, after due consideration of potential follow-on investment opportunities within the existing portfolio and working capital requirements. The Directors expect this strategy to take at least three years to be fully implemented, and as a matter of good governance, will continue to keep this strategy under review at appropriate intervals. They have prepared trading and cash flow forecasts for the parent covering the period to 31 December 2023 after taking into account the \$40.0 million dividend paid to shareholders in February 2020 after the successful disposal of its ownership in Hawkeye 360. Reflecting this revised strategy, although the Group is currently loss making and is likely to continue to be so, at least in the short term, after making enquiries and considering the impact of risks and opportunities on expected cash flows, and given the fact that the parent has \$34.2 million of available funds in the form of cash and cash equivalents as at 30 June 2020, the Directors have a reasonable expectation that the parent has adequate cash to continue in operational existence for a period of not less than 12 months from the date of approval of the interim financial statements. For this reason, they have adopted the going concern basis in preparing these half-yearly results.

The Directors have also put in measures to mitigate against the risks to the business due to the impact of COVID-19. Specifically, these include closely monitoring the health, safety and security of our workforce; complying with applicable regulatory requirements and guidelines; implementing temporary travel restrictions; making accommodations to allow our workforce to work remotely; and remaining in close communication with all of our customers, suppliers and partners to collaborate on how to best support each other's needs in this new environment.

Despite all of this, any impact from COVID-19 will not affect Allied Minds from a going concern perspective. In fact, the impact of COVID-19 is adding cost savings during Q1 2020 and into Q2 2020 as a result of suspension of all travel for board meetings, investor meetings and the 2020 Annual General Meeting. These savings have a positive impact on Allied Minds as a going concern.

The financial information contained in this half-yearly report does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006. The condensed consolidated financial statements are not audited and the results for the six months ended 30 June 2020 are not necessarily indicative of results for future operating periods.

Certain financial information has been extracted from the annual report and accounts as at and for the period ended 31 December 2019 and has been included for comparative purposes in this half-yearly report.

These interim financial statements are unaudited and were approved by the Board of Directors and authorised for issue on 14 October 2020 and are available on the Company's website at [www.alliedminds.com](http://www.alliedminds.com) under "Investors - Reports and Presentations".

### c) Accounting policies

Except as described below, the accounting policies applied by the Group in these half-yearly results are the same as those which formed the basis of the 2019 Annual Report and Accounts, with the exception of the new standards the Group adopted as of 1 January 2020, included below.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as of and for the year ending 31 December 2020.

#### Newly adopted standards

The following are amended or new standards and interpretations that may impact the Group. The Group is finalising the required disclosures, which includes an assessment of the impact of the new guidance on our financial position and results of operations. The adoption of the proposed changes is not expected to have a material effect on the financial statements unless otherwise indicated:

Effective date	New standards or amendments
1 January 2020	<i>Amendments to References to Conceptual Framework in IFRS Standards</i>
	<i>Definition of a Business (Amendments to IFRS 3)</i>
	<i>Definition of Material (Amendments to IAS 1 and IAS 8)</i>
	<i>Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Benchmark reform</i>

#### Standards issued not yet effective

Other new standards and interpretations yet to be adopted, for which the Company does not expect to have a material impact on its financial statements include:

Effective date	New standards or amendments
1 January 2021	<i>IFRS 17 Insurance Contracts</i>
Available for optional adoption/ effective date deferred indefinitely	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)</i>

## 2. Revenue

Revenue recorded in the statement of comprehensive loss consists of the following:

For the period ended:	30 June 2020 \$'000	30 June 2019 \$'000
Product revenue	—	60
Service revenue	110	1,460
<b>Total revenue in consolidated statement of income/(loss)</b>	<b>110</b>	<b>1,520</b>

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The Group disaggregates contract revenue based on the transfer of control of the underlying performance obligations:

For the period ended:	30 June 2020 \$'000	30 June 2019 \$'000
Transferred at a point in time	—	—
Transferred over time	110	1,520
<b>Total revenue in consolidated statement of income/(loss)</b>	<b>110</b>	<b>1,520</b>

Product revenue includes license revenue of \$60,000 as of 30 June 2019.

## 3. Operating segments

### a) Basis for segmentation

For management purposes, the Group's principal operations are currently organised in two reportable segments:

- (i) Early stage companies - subsidiary businesses that are in the early stage of their lifecycle characterised by incubation, research and development activities; and
- (ii) Later stage companies - subsidiary businesses that have substantially advanced with or completed their research and development activities, are closer in their lifecycle to commercialisation, and/or have a potential of realising material return on investment through a future liquidity event;

The Group's chief operating decision maker ("CODM") reviews internal management reports on these operating segments at least quarterly in order to make decisions about resources to be allocated to the segment and to assess its performance.

Other operations include the management function of the head office at the parent level of Allied Minds.

### b) Information about reportable segments

The following provides detailed information of the Group's reportable segments:

For the six months ended:

		Early stage Stage	Later stage Stage	Other operations	Consolidated
<b>Statement of Comprehensive Loss</b>					
Revenue	250	—	110	—	110
Cost of revenue		—	(97)	—	(97)
Selling, general and administrative expenses		(233)	(1,752)	(4,628)	(6,613)
Research and development expenses		(696)	(1,771)	—	(2,467)
Other income		—	—	3,110	3,110
Finance income/(cost), net		(11)	(6,515)	4,537	(1,989)
Share of net loss of associates accounted for using the equity method		—	—	(6,845)	(6,845)
<b>(Loss) for the period</b>		<b>(940)</b>	<b>(10,025)</b>	<b>(3,826)</b>	<b>(14,791)</b>
Other comprehensive income/(loss)		—	—	(201)	(201)
<b>Total comprehensive income/(loss)</b>		<b>(940)</b>	<b>(10,025)</b>	<b>(4,027)</b>	<b>(14,992)</b>
Total comprehensive income attributable to:					
Equity holders of the parent		29	(9,696)	(3,826)	(13,493)
Non-controlling interests		(969)	(329)	—	(1,298)
<b>Total comprehensive income</b>		<b>(940)</b>	<b>(10,025)</b>	<b>(3,826)</b>	<b>(14,791)</b>

For the six months ended:

		Early stage Stage	Later stage Stage	Other operations	Consolidated
<b>Statement of Comprehensive Loss</b>					
Revenue	250	—	1,520	—	1,520
Cost of revenue		—	(616)	—	(616)
Selling, general and administrative expenses		(12,480)	(10,690)	7,939	(15,231)
Research and development expenses		(493)	(11,764)	—	(12,257)
Other income		—	—	39,743	39,743
Finance income/(cost), net		716	9,501	(4,721)	5,496
Share of net loss of associates accounted for using the equity method		—	—	(9,153)	(9,153)
<b>(Loss) for the period</b>		<b>(12,257)</b>	<b>(12,049)</b>	<b>33,808</b>	<b>9,502</b>
Other comprehensive income/(loss)		(4)	—	(196)	(200)
<b>Total comprehensive income/(loss)</b>		<b>(12,261)</b>	<b>(12,049)</b>	<b>33,612</b>	<b>9,302</b>
Total comprehensive income attributable to:					
Equity holders of the parent		(11,857)	(11,938)	33,808	10,013
Non-controlling interests		(400)	(111)	—	(511)
<b>Total comprehensive income</b>		<b>(12,257)</b>	<b>(12,049)</b>	<b>33,808</b>	<b>9,502</b>

\*See accompanying notes to consolidated financial statements. Prior year financials have been restated (see note 15).

As of the period ended:

	Early stage	Later stage	Other operations	Consolidated
<b>Statement of Financial Position</b>				
Non-current assets	424	1,498	73,940	75,862
Current assets	1,378	7,983	31,252	40,613
<b>Total assets</b>	<b>1,802</b>	<b>9,481</b>	<b>105,192</b>	<b>116,475</b>
Non-current liabilities	(346)	(1,466)	(1,932)	(3,744)
Current liabilities	(3,439)	(27,517)	16,769	(14,187)
<b>Total liabilities</b>	<b>(3,785)</b>	<b>(28,983)</b>	<b>14,837</b>	<b>(17,931)</b>
<b>Net assets/(liabilities)</b>	<b>(1,983)</b>	<b>(19,502)</b>	<b>120,029</b>	<b>98,544</b>

As of the period ended:

	Early stage	Later stage	Other operations	Consolidated
<b>Statement of Financial Position</b>				
Non-current assets	60	10,585	106,350	116,995
Current assets	1,305	14,906	46,923	63,134
<b>Total assets</b>	<b>1,365</b>	<b>25,491</b>	<b>153,273</b>	<b>180,129</b>
Non-current liabilities	-	(2,520)	(2,103)	(4,623)
Current liabilities	(63)	(61,903)	(2,544)	(64,510)
<b>Total liabilities</b>	<b>(63)</b>	<b>(64,423)</b>	<b>(4,647)</b>	<b>(69,133)</b>
<b>Net assets/(liabilities)</b>	<b>1,302</b>	<b>(38,932)</b>	<b>148,626</b>	<b>110,996</b>

#### 4. Investment in Associate

The Group has two associates that are material to the Group, both of which are equity accounted.

	Spin Memory	Federated Wireless
Nature of relationship with the Group	Portfolio company of the Group	Portfolio company of the Group
Principal place of business	Fremont, CA	Arlington, VA
Ownership interest	42.69% (2019: 42.69%)	43.11% (2019: 42.57%)

**Spin Memory:** As of November 2018, Spin Memory was deconsolidated from the Group's financial statements as a result of its Series B Preferred Stock financing round. Allied Minds' ownership percentage as of 31 December 2018 dropped from 48.55% to 41.63%. Upon the date of deconsolidation, Allied Minds recognised an investment in Spin Memory related to its common shares of \$23.2 million with a share of loss in associate of \$3.7 million (which is restated) for the month of December. As a result of the deconsolidation, Allied Minds recorded an unrealised gain of \$48.1 million in the Consolidated Statements of Comprehensive Income/ (Loss).

As of 31 December 2019, Allied Minds' ownership percentage went from 41.63% to 42.69% and the investment in common stock in Spin Memory continued to be subject to the equity method accounting. In accordance with IAS 28, the Company's investment was adjusted by the share of profits and losses generated by Spin Memory subsequent to the date of deconsolidation. Allied Minds recognised \$19.5 million as its share of loss from Spin through the Consolidated Statements of Comprehensive Income/ (Loss) that reduced Allied Minds' investment in Spin Memory down to zero.

As of 30 June 2020, Allied Minds' ownership percentage remained at 42.69% and the investment in Spin Memory continues to be subject to the equity method accounting. In accordance with IAS 28, once the share of losses of an associate equals or exceeds its "interest in the associate", the investor discontinues recognising its share of further losses. Once Allied Minds' interest in Spin Memory was reduced to zero no further adjustments were made to the investment balance at 30 June 2020. If Spin Memory subsequently reports profits, Allied Minds will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Ownership percentage			
	Location	30 June 2020	31 December 2019
Spin Memory, Inc.	Fremont, CA	42.69%	42.69%
		<b>30 June 2020</b>	<b>31 December 2019</b>
		\$'000	\$'000
Group's interest in net assets of investee, beginning of period		—	19,543
Share of loss from continuing operations		—	(19,543)
<b>Carrying amount for equity accounted investees</b>		<b>—</b>	<b>—</b>

**Federated Wireless:** As of September 2019, Federated Wireless was deconsolidated from the Group's financial statements as a result of its latest Series C Preferred Stock financing round. Allied Minds' ownership percentage as of 31 December 2019 dropped from 52.23% to 42.57%. Upon the date of deconsolidation, Allied Minds recognised an investment in Federated Wireless related to its common shares of \$16.2 million. At 31 December 2019, Allied Minds' investment was adjusted by the share of losses generated by Federated Wireless from 3 September through 31 December 2019 of \$9.3 million. As a result of the deconsolidation, Allied Minds recorded an unrealised gain of \$69.8 million in the Consolidated Statements of Comprehensive Income/ (Loss).

In accordance with IAS 28, the Company's investment was adjusted by the share of profits and losses generated by Federated Wireless subsequent to the date of deconsolidation. Allied Minds recognised \$9.3 million as its share of loss from Federated Wireless through the Consolidated Statements of Comprehensive Income/ (Loss).

As of 30 June 2020, Allied Minds' ownership percentage went from 42.57% to 43.11% and the investment in Federated Wireless continues to be subject to the equity method accounting. In accordance with IAS 28, the Company's investment was adjusted by the share of profits and losses generated by Federated Wireless subsequent to the date of deconsolidation. As a result, Allied Minds recorded a share of loss of \$6.8 million in the Consolidated Statements of Comprehensive Income/ (Loss) that reduced the investment in Federated to a zero balance as follows:

Ownership percentage			
	Location	30 June 2020	31 December 2019
Federated Wireless, Inc.	Arlington, VA	43.11%	42.57%
		<b>30 June 2020</b>	<b>31 December 2019</b>
		\$'000	\$'000
Group's interest in net assets of investee, beginning of period		6,845	—
Addition in the year		—	16,151
Share of loss from continuing operations		(6,845)	(9,306)
<b>Carrying amount for equity accounted investees</b>		<b>—</b>	<b>6,845</b>

#### Investments at fair value

The Group's investments at fair value represent securities of portfolio companies where Allied Minds holds a minority stake in those companies. These investments are initially measured at fair value through profit or loss and are subsequently re-measured at fair value at each reporting date.

On 20 April 2020, Federated Wireless raised an additional \$13.7 million from existing shareholders in a second closing of the preferred financing round from September 2019, half of which was contributed by Allied Minds. Following this investment, Allied Minds' ownership of Federated's issued share capital is 43.11% compared to 42.57% at 31 December 2019. This transaction increases the company's investment at fair value in Federated Wireless from \$22.4 million, as reported at 31 December 2019, to \$29.9 million at 30 June 2020.

On 3 September 2019, Federated Wireless successfully raised \$51.3 million in a Series C financing round. As a result of such funding round, the Company's ownership percentage was reduced from 52.23% to 42.57%, the Company does not control a majority of the board seats and therefore, the subsidiary was deconsolidated. However, even after the transaction, Allied Minds is able to exercise significant influence over the entity by virtue of its large, albeit minority, stake in the company and its representation on the Federated Wireless's board of directors. As of 31 December 2019, Allied Minds recognised an investment held at fair value related to its Preferred Shares in Federated Wireless of \$22.4 million. The fair value is based on the implied value from the third party funding round which is a market based valuation approach. As a result of the deconsolidation, Allied Minds recorded an unrealised gain of \$69.8

million in the Consolidated Statements of Comprehensive Income/ (Loss). The gain was calculated by taking the difference between the fair value of the interest retained in the former subsidiary at the date control is lost less the carrying amount of net assets adjusted for the non-controlling interests of the former subsidiary.

On 7 September 2018, HawkEye 360 was deconsolidated from the Group's financial statements as a result of its Series A-3 Preferred Stock financing round. On the date of the closing, Allied Minds' ownership percentage was reduced from 54.07% to 48.33%.

On 6 August 2019, HawkEye 360, Inc. secured the first closing of \$35.0 million from a total of \$70.0 million planned to be raised via a Series B preferred funding round. The Series B financing is being closed in multiple tranches. The \$35.0 million includes \$5.0 million subscribed by Allied Minds. In connection with the Initial Series B Closing, Allied Minds received \$3.7 million of dividend shares in form of Series A-2 Preferred Stock and Series A-3 Preferred Stock which respectively, increased its investment basis by that amount.

On 8 November 2019, Allied Minds plc completed the disposal of its entire stake in its portfolio company HawkEye 360 to Advance for cash consideration of \$65.6 million and recognised \$38.7 million increase in fair value adjustments due to fair value accounting for investment held in HawkEye 360 on the date of the sale. As the investment was remeasured to fair value at the date of the sale there was no gain/loss on disposal recorded.

Those investments are presented in the below table:

		30 June 2020	Finance (income)/cost from IFRS 9 fair value accounting	Additions	31 December 2019
	Valuation Methodology	\$'000	\$'000	\$'000	\$'000
Federated Wireless, Inc.	OPM	29,869	660	6,855	22,354
Spin Memory, Inc.	OPM	33,462	3,490	—	29,972
Orbital Sidekick	OPM	7,535	3,509	—	4,026
TableUp	OPM	1,480	(4,044)	—	5,524
<b>Total investments at fair value</b>		<b>72,346</b>	<b>3,615</b>	<b>6,855</b>	<b>61,876</b>

#### Allocation Model Inputs

The following presents the quantitative information about the significant unobservable inputs used in the fair value measurement of the Group's financial assets:

As of the period ended:	30 June 2020	31 December 2019
Volatility	39.7%-56.2%	26.7%-62.1%
Time to liquidity (years)	0.08 - 3.27	0.5 - 3.27
Risk-free rate	0.16% - 0.2%	1.58% - 1.6%
IPO/M&A/Sale Probability	65.0%-85.0%	40%-60%/ 40%-60%/ n/a

#### Sensitivity Analysis

The following summarises the sensitivity from the assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of the Group's financial assets:

As of the period ended:		30 June 2020 \$'000	31 December 2019 \$'000
Input	Sensitivity range	Financial assets increase/(decrease)	
Enterprise Value	-2.0%	(860)	(819)
	+2.0%	798	846
Volatility	-10.0%	787	1,136
	+10.0%	(842)	(1,133)
Time to Liquidity	-6.0 months	851	886
	+6.0 months	(657)	(915)
Risk-Free Rate <sup>(1)</sup>	-0.01%/0.01%	851	886
	0.01% /0.02%	(657)	(915)
M&A vs. IPO Probability	65% /40%	(1,012)	(865)
	85% /60%	956	842

(1) Risk-free rate is a function of the time to liquidity input assumption.

#### Valuation methodology

The fair value is derived using the option pricing model ("OPM"), the Probability-Weighted Expected Return Method ("PWERM") or a hybrid of the two.

The key inputs into these valuation models include the equity value of the portfolio company, the term of the instrument, risk free rate and volatility.

The valuation methodologies utilised for determining the equity value include market approach, income approach or cost approach or hybrid of these approaches. Other methodologies such as asset based and cash in are also utilised where deemed appropriate. It is noted that in the current year none of the equity values were determined using the income approach.

#### Other valuation approaches

In certain cases, the value of a portfolio company is determined using a market instead of income- based approach.

Where there has been a third party funding round in the year this has been used as the implied value of the portfolio company or comparable guideline public companies or comparable transactions, adjusted for indexation where this is deemed to be appropriate.

Whilst the Board considers the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant.

#### PWERM and OPM

The principal methods the Group applies for allocation of value are the PWERM, the OPM as well as a hybrid of the two. These models take assumptions such as the equity values, term of the instruments, risk free rate and volatility to determine the fair value of each share class.

The PWERM estimates the value of equity securities based on an analysis of various discrete future outcomes, such as an IPO, merger or sale, dissolution, or continued operation as a private enterprise until a later exit date. The equity value today is based on the probability-weighted present values of expected future investment returns, considering each of the possible outcomes available to the enterprise, as well as the rights of each security class. The key judgement relates to probability weighting of the scenarios.

The OPM treats common stock or derivatives thereof as call options on the enterprise's value or overall equity value. The value of a security is based on the optionality over and above the value securities that are senior in the capital structure (e.g. preferred stock), considering the dilutive effects of subordinate securities. In the OPM, the exercise price is based on a comparison with the overall equity value rather than per-share value.

## 5. Earnings per share

The calculation of basic and diluted earnings per share has been calculated by dividing the loss for the period attributable to ordinary shareholders of \$13.5 million (HY19: income of \$10.0 million), by the weighted average number of ordinary shares outstanding of 241,646,422 (HY19: 240,588,405) during the six-month period ended 30 June 2020:

(Loss)/Income attributable to ordinary shareholders:

For the six months ended:	30 June 2020		30 June 2019 (Restated*)	
	Basic	Diluted	Basic	Diluted
	\$'000	\$'000	\$'000	\$'000
(Loss)/Income for the year attributed to the owners of the Company	(13,493)	(13,493)	10,013	10,013
(Loss)/Income for the year attributed to the ordinary shareholders	<u>(13,493)</u>	<u>(13,493)</u>	<u>10,013</u>	<u>10,013</u>

Weighted average number of ordinary shares:

For the six months ended:	30 June 2020		30 June 2019	
	Basic	Diluted	Basic	Diluted
Issued ordinary shares	241,563,123	241,563,123	240,314,745	240,314,745
Effect of RSUs issued	83,299	83,299	273,660	273,660
Effect of share options exercised	—	—	—	309,676
Weighted average ordinary shares	<u>241,646,422</u>	<u>241,646,422</u>	<u>240,588,405</u>	<u>240,898,081</u>

Income per share:

For the six months ended:	30 June 2020		30 June 2019 (Restated*)	
	Basic	Diluted	Basic	Diluted
	\$	\$	\$	\$
Income per share	(0.06)	(0.06)	0.4	0.4

\*See accompanying notes to consolidated financial statements. Prior year financials have been restated (see note 15).

Awards granted under the LTIP (as defined below) are subject to vesting requirements that are either based on performance conditions and continued services or time conditions only. Per IAS 33, only awards that are subject to performance criteria are considered contingently issuable and therefore represent the only class of potentially dilutive ordinary shares. Based upon information available at the end of the reporting period, no portion of these performance-based awards under the LTIP has vested. Consequently, there are no potentially dilutive shares outstanding at the period end.

## 6. Share capital, share premium and reserves

No options were exercised under the U.S. Stock Plan as of 30 June 2020 (HY19: \$ nil). The table below explains the composition of share capital:

As of the period ended:	30 June 2020 \$'000	31 December 2019 \$'000
<b>Equity</b>		
Share capital, £0.01 par value, issued and fully paid		
242,118,107 and 241,563,123, respectively	3,766	3,759
Translation reserve	1,258	1,459
Accumulated deficit	94,617	147,238
<b>Equity attributable to owners of the Company</b>	<u>99,641</u>	<u>152,456</u>
Non-controlling interests	(1,097)	115
<b>Total equity</b>	<u>98,544</u>	<u>152,571</u>

In February 2020, Allied Minds made a special cash dividend payment to shareholders of \$39.7 million as a result of the sale of Allied Minds' share in HawkEye in the second half of 2019.

## 7. Non-controlling interests

The following summarises the changes in the non-controlling ownership interest in subsidiaries by reportable segment, calculated on the basis of percentage ownership of non-controlling interest in voting stock on an as converted basis, excluding liability classified preferred shares:

	Early stage \$'000	Later stage \$'000	Consolidated \$'000
<b>Non-controlling interest as of 31 December 2019</b>	<b>(1,418)</b>	<b>1,533</b>	<b>115</b>
Share of comprehensive loss	(969)	(329)	(1,298)
Effect of change in Company's ownership interest	—	6	6
Equity-settled share based payments	1	79	80
<b>Non-controlling interest as of 30 June 2020</b>	<b><u>(2,386)</u></b>	<b><u>1,289</u></b>	<b><u>(1,097)</u></b>

## 8. Leases

Right of use asset

	Right of use assets \$000s
Balance at 1 January 2020	1,016
Depreciation	(182)
<b>Balance at 30 June 2020</b>	<b>834</b>

## Lease liability

	Total lease liability
	\$'000s
Balance at 1 January 2020	2,854
Cash paid	(571)
Interest expense	70
<b>Balance at 30 June 2020</b>	<b>2,353</b>

Amounts were arrived at using the contractual minimal lease payments, present valued using the applicable incremental borrowing rate of 5.50%.

During 2019, the Group has relocated its corporate headquarters and as a result it sub-leased the office space that has been presented as part of a right-of-use asset. As the sub-lease is for all of the remaining useful economic life of the right-of-use asset, the sub-lease is classified as a finance lease. Accordingly, the Company recognized \$0.4 million in income from sub-leasing right-of-use assets presented in 'other revenue' as of 30 June 2020.

## 9. Subsidiary preferred shares

Certain of the Group's subsidiaries have outstanding preferred shares which have been classified as subsidiary preferred shares in current liabilities in accordance with IFRS 9 as the subsidiaries have a contractual obligation to deliver cash or other assets to the holders under certain future liquidity events, and/or a requirement to deliver an uncertain number of common shares upon conversion. The preferred shares do not contain mandatory dividend rights. The preferred shares are convertible into common stock of the subsidiary at the option of the holder and mandatorily convertible into common stock of the subsidiary upon a qualified public offering at or above certain value and gross proceeds specified in the agreements or upon the vote of the holders of a majority of the subsidiary preferred shares. Under certain scenarios the number of common stock shares receivable on conversion will change. The Group has elected not to bifurcate the variable conversion feature as a derivative liability, but account for the entire instrument at fair value through the income statement.

The preferred shares are entitled to a vote with holders of common stock on an as-converted basis. The holders of the preferred shares are entitled to a liquidation preference amount in the event of a liquidation or a deemed liquidation event of the respective subsidiary. The Group recognises the subsidiary preferred shares balance upon the receipt of cash financing, and records the change in its fair value for the respective reporting period through profit and loss. Preferred shares are not allocated shares of the subsidiary losses.

The following summarises the subsidiary preferred shares balance:

As of the period ended:	30 June 2020	Finance (income)/cost from IFRS 9 fair value accounting	31 December 2019
	\$'000	\$'000	\$'000
BridgeComm	6,918	1,901	5,017
<b>Total subsidiary preferred shares</b>	<b>6,918</b>	<b>1,901</b>	<b>5,017</b>

The redemption is conditional on occurrence of uncertain future events beyond the control of the Group. The amount that would be payable in case of such events is as follows:

As of the period ended:	30 June 2020	31 December 2019
	\$'000	\$'000
BridgeComm	6,920	5,020
<b>Total liquidation preference</b>	<b>6,920</b>	<b>5,020</b>

## Valuation methodology

The fair value is derived using the option pricing model ("OPM"), the Probability-Weighted Expected Return Method ("PWERM") or a hybrid of the two.

The key inputs into these valuation models include the equity value of the subsidiary, the term of the instrument, risk free rate and volatility.

The valuation methodologies utilised for determining the equity value include the market approach, income approach or cost approach or hybrid of these approaches. Other methodologies such as asset based are also utilised where deemed appropriate. It is noted that in the current year none of the equity values were determined using the income approach.

Where there has been a third party funding round in the year this has been used as the implied value of the portfolio company or comparable guideline public companies or comparable transactions, adjusted for indexation where this is deemed to be appropriate.

Whilst the Board considers the methodologies and assumptions adopted in the valuation are supportable, reasonable and robust, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investment existed and the differences could be significant.

## PWERM and OPM

The principal methods the Group applies for allocation of value are the PWERM, the OPM as well as a hybrid of the two. These models take assumptions such as the equity values, term of the instruments, risk free rate and volatility to determine the fair value of each share class.

The PWERM estimates the value of equity securities based on an analysis of various discrete future outcomes, such as an IPO, merger or sale, dissolution, or continued operation as a private enterprise until a later exit date. The equity value today is based on the probability-weighted present values of expected future investment returns, considering each of the possible outcomes available to the enterprise, as well as the rights of each security class. The key judgement relates to probability weighting of the scenarios.

The OPM treats common stock or derivatives thereof as call options on the enterprise's value or overall equity value. The value of a security is based on the optionality over and above the value securities that are senior in the capital structure (e.g. preferred stock), considering the dilutive effects of subordinate securities. In the OPM, the exercise price is based on a comparison with the overall equity value rather than per-share value.

## Allocation model inputs

The following presents the quantitative information about the significant unobservable inputs used in the fair value measurement of the Group's subsidiary preferred shares liability:

As of the period ended:	30 June 2020	31 December 2019
Time to Liquidity (years)	1.32	1.64
Probability M&A	15%-85%	15%-85%

The change in fair value of the subsidiary preferred shares is recorded in Finance cost from IFRS 9 fair value accounting in the consolidated statement of comprehensive loss.

### Sensitivity Analysis

The following summarises the sensitivity from the assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of the Group's financial liabilities:

PWERM Measurement Date			
As of:		30 June 2020	31 December 2019
		\$'000	\$'000
Input	Sensitivity range		
Enterprise Value	-2%	(79)	(38)
	2%	76	76
Discount rate	-5%	340	378
	5%	(304)	(304)
Time to Liquidity	-2.0 months	378	304
	+2.0 months	(342)	(228)

The change in fair value of the subsidiary preferred shares is recorded in Finance cost, net in the consolidated statement of comprehensive loss.

### 10. Share-based payments

The share-based payments for the period was \$0.7 million (HY19: \$1.0 million) comprising of charges related to the LTIP and the other subsidiary plans. The primary changes affecting the half year period were related to the following:

#### a) UK Long Term Incentive Plan

Under the UK Long Term Incentive Plan ("LTIP"), awards over Ordinary Shares may be made to employees, officers and Directors, and other individuals providing services to the Company and its subsidiaries. Awards may be granted in the form of share options, share appreciation rights, restricted or unrestricted share awards, performance share awards, restricted share units, phantom-share awards and other share-based awards, with the intent that awards will normally vest only after a minimum period of three years from the date of grant. Vesting is subject to the achievement of certain performance conditions and continued services of the participant.

Awards have been granted under the LTIP based on the following vesting criteria:

- awards subject to performance conditions based on the Company's total shareholder return ("TSR") performance or relative total shareholder return (rTSR) performance over a defined period of time;
- awards subject to performance conditions based on a basket of shareholder value metrics ("SVM"). Performance is assessed on these measures on a scorecard basis over a defined period of time;
- awards that vest 100 per cent after a period of time subject to continued service condition only.

On 10 June 2019, the Board has determined to retire the long term incentive plan (LTIP) scheme for executive directors, management and other employees. New annual LTIP awards planned for issuance in May 2019 subsequent to the release of annual results, were cancelled and no future awards will be made to executive directors, management and other employees. Historic awards will remain outstanding and eligible to vest in accordance with their terms. A significant majority of the outstanding awards are subject to relative total shareholder return (TSR) performance; however, at the current share price, the performance criteria of these awards will not be met and therefore, no shares are expected to be issued under such awards.

The Company issued awards under the LTIP during the six months ended 30 June 2020 and 2019 in respect of a total of 386,998 and 145,822 Ordinary Shares, respectively. A summary of stock option activity under the UK LTIP for the six months ended 30 June 2020 and 2019, respectively, is shown below:

For the six months ended:	30 June 2020			30 June 2019		
	Time			Time		
	TSR	SVM		TSR	SVM	
Number of shares granted at maximum ('000)	—	—	387	—	—	146
Weighted average fair value per share (£)	—	—	0.36	—	—	0.55
Fair value measurement basis	Monte Carlo	Market value of ordinary share	Market value of ordinary share	Monte Carlo	Market value of ordinary share	Market value of ordinary share

The share grants that vest upon the occurrence of a market condition (i.e. the TSR performance) and service condition were adjusted to current market price at the date of the grant to reflect the effect of the market condition on the non-vested shares' value. The Company used a Monte Carlo simulation analysis utilising a Geometric Brownian Motion process with 50,000 simulations to value those shares. The model takes into account share price volatilities, risk-free rate and other covariance of comparable UK public companies and other market data to predict distribution of relative share performance. This is applied to the reward criteria to arrive at expected value of the TSR awards.

The share grants that vest only upon the occurrence of a non-market performance condition (i.e. the SVM grants) and service condition or upon passage of time were valued at the fair value of the shares on the date of the grants the vesting conditions are taken into account. The number of instruments included in the measurement of the transaction amount is subsequently adjusted so that, ultimately, the amount of recognised share-based expense is based on the number of instruments that eventually vest. None of the outstanding awards under the LTIP as of 30 June 2020 are subject to SVM vesting.

The accounting charge does not necessarily represent the intended value of share-based payments made to recipients, which are determined by the Remuneration Committee according to established criteria. The share-based payment charge for the period related to the UK LTIP was \$0.6 million (HY19: \$1.3 million).

During the six-month period ended 30 June 2020, 554,984 units vested under the LTIP and the equivalent number of common stock shares were issued to current and former employees and directors of the Group in exchange for a settlement price of £0.01 per share.

#### b) U.S. Stock Option/Stock Issuance Plan



The U.S. Stock Option/Stock Issuance Plan ("U.S. Stock Plan") was originally adopted by Allied Minds, Inc. (now Allied Minds, LLC) in 2008. The U.S. Stock Plan provides for the grant of share option awards, restricted share awards, and other awards to acquire common stock of Allied Minds, Inc. (now Allied Minds, LLC). All stock options granted to employees under this plan are equity settled, for a ten-year term. In 2014, Allied Minds plc adopted and assumed the rights and obligations of Allied Minds, Inc. (now Allied Minds LLC) under this plan except that the obligation to issue Common Stock is replaced with an obligation to issue ordinary shares to satisfy awards granted under the U.S. Stock Plan. As of 19 June 2014, the maximum number of options reserved under the plan were issued and outstanding and as a result of the Company's IPO in 2014, all issued and outstanding options vested on 19 June 2014. The Company does not intend to make any further grants under the U.S. Stock Plan.

No new stock option grants were awarded in first half of the year 2020 and 2019 under the Allied Minds 2008 Plan. There are no outstanding options under the U.S. Stock Plan as of 30 June 2020. A summary of stock option activity in the U.S. Stock Plan for the six months ended 30 June 2020 and 2019, respectively, is presented in the following table:

For the six months ended:	30 June 2020		30 June 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Outstanding as of 1 January</b>	230,000	\$ 2.49	1,300,000	\$ 2.15
Exercised during the period	-	-	-	\$ 0.00
Forfeited during the period	(230,000)	\$ 2.49	(1,070,000)	\$ 1.80
<b>Outstanding as of period end</b>	-	-	230,000	\$ 2.49
Exercisable at period end	-	-	230,000	\$2.49
Intrinsic value of exercisable	\$ nil	-	\$ nil	-

For the six months ended 30 June 2020, no options were exercised (HY19: nil) resulting in \$nil (HY19: \$ nil) additional share premium for the period.

#### 11. Financial Instruments and Related Disclosures

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

As of 30 June:		2020 \$'000			
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
<b>Financial assets designated as fair value through profit or loss</b>					
Investments at fair value	-	-	-	72,346	72,346
Convertible note receivable <sup>(1)</sup>	287	-	287	-	287
<b>Loans and receivables</b>					
Cash and cash equivalents	34,238	34,238	-	-	34,238
Trade and other receivables	5,290	-	5,290	-	5,290
Security and other deposits	1,619	-	1,619	-	1,619
<b>Total</b>	<b>41,434</b>	<b>34,238</b>	<b>7,196</b>	<b>72,346</b>	<b>113,780</b>
<b>Financial liabilities designated as fair value through profit or loss</b>					
Subsidiary preferred shares	6,918	-	-	6,918	6,918
Convertible notes <sup>(2), (3)</sup>	3,032	-	3,032	-	3,032
<b>Financial liabilities measured at amortised cost</b>					
Trade and other payables	1,978	-	1,978	-	1,978
Lease liability	2,492	-	2,492	-	2,492
<b>Total</b>	<b>14,420</b>	<b>-</b>	<b>7,502</b>	<b>6,918</b>	<b>14,420</b>

(1) On 18 December 2019, TableUp secured \$0.75 million of funding through the issuance of a convertible bridge note to Allied Minds at annual interest rate of 6.0%. The promissory note was issued on 18 December 2019 and has a maturity date of 31 December 2020. The entire instrument and the offsetting discount will be measured at fair value through profit or loss. At 30 June 2020, the entire instrument was adjusted by a fair market change of \$0.5 million.

(2) On 16 December 2019, BridgeComm secured \$1.0 million of funding through the issuance of a convertible bridge note to Boeing HorizonX Ventures, LLC ("Boeing"). All principal and accrued interest shall be due and payable on 31 January 2021. The \$1.0 million promissory note was issued at a 5.0% interest rate that will be compounded monthly. The entire instrument and the offsetting discount will be measured at fair value through profit or loss as the conversion feature fails the fixed for fixed equity classification. At 30 June 2020, the entire instrument was adjusted by a fair market change of \$0.2 million.

(3) On 10 January 2020, OcuTerra Therapeutics raised an additional \$0.4 million in the second closing of its convertible note financing.

As of 31 December:		2019 \$'000			
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
<b>Financial assets designated as fair value through profit or loss</b>					
Investments at fair value	-	-	-	61,895	61,895
Convertible note receivable <sup>(1)</sup>	750	-	750	-	750
<b>Loans and receivables</b>					
Cash and cash equivalents	90,571	90,571	-	-	90,571
Trade and other receivables	5,702	-	5,702	-	5,702

Security and other deposits	2,088	-	2,088	-	2,088
Total	<u>99,111</u>	<u>90,571</u>	<u>8,540</u>	<u>61,895</u>	<u>161,006</u>
<b>Financial liabilities designated as fair value through profit or loss</b>					
Convertible notes	1,965	-	1,965	-	1,965
Subsidiary preferred shares	5,017	-	-	5,017	5,017
<b>Financial liabilities measured at amortised cost</b>					
Trade and other payables	4,685	-	4,685	-	4,685
Lease liability	3,106	-	3,106	-	3,106
Total	<u>14,773</u>	<u>-</u>	<u>9,756</u>	<u>5,017</u>	<u>14,773</u>

- (1) On 18 December 2019, TableUp secured \$0.75 million of funding through the issuance of a convertible bridge note to Allied Minds at annual interest rate of 6.0%. The promissory note was issued on 18 December 2019 and has a maturity date of 31 December 2020. The entire instrument and the offsetting discount will be measured at fair value through profit or loss.
- (2) On 16 December 2019, BridgeComm secured \$1.0 million of funding through the issuance of a convertible bridge note to Boeing HorizonX Ventures, LLC ("Boeing"). All principal and accrued interest shall be due and payable on 31 January 2021. The \$1.0 million promissory note was issued at a 5.0% interest rate that will be compounded monthly. The entire instrument and the offsetting discount will be measured at fair value through profit or loss as the conversion feature fails the fixed for fixed equity classification.
- (3) On 5 November 2019, OcuTerra Therapeutics secured \$0.95 million of funding through the issuance of a convertible bridge note to multiple investors at annual interest rate of 8.0%. The entire instrument and the offsetting discount will be measured at fair value through profit or loss as the conversion feature fails the fixed for fixed equity classification.

The fair value of financial instruments that are not traded is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Where the inputs for determining the fair value of financial instruments are not based on observable market data, the instrument is included in Level 3.

The Group has determined that the carrying amounts for cash and cash equivalents, trade and other receivables and payables, security and other deposits, and customer deposits are a reasonable approximation of their fair values and are included in Level 2.

## 12. Related party transactions

### a) Key management personnel compensation

For the six months ended:	30 June 2020 \$'000	30 June 2019 \$'000
Short-term employee benefits	271	950
Share-based payments	112	-
<b>Total</b>	<u>383</u>	<u>950</u>

Compensation of the Group's key management personnel includes salaries, health care and other non-cash benefits. Share-based payments are subject to vesting terms over future periods.

### b) Key management personnel transactions

For the six months ended:	30 June 2020 \$'000	30 June 2019 \$'000
Non-executive Directors' fees	173	247
Non-executive Directors' share-based payments	5	50
<b>Total</b>	<u>178</u>	<u>297</u>

Executive management and Directors of the Company control 0.6 % (FY19: 0.8 %) of the voting shares of the Company as of 30 June 2020.

## 13. Taxation

No current income tax expense was recorded for the period ended 30 June 2020 and 2019 due to continuing operating losses. Furthermore, deferred tax assets have not been recognised in respect of the following items, due to history of operating losses and no convincing evidence that future taxable profit will be available against which the Group can use the benefits therefrom, as well as due to potential permanent restrictions under Internal Revenue Code Section 382 rules.

## 14. Subsequent events

The Company has evaluated subsequent events through 14 October 2020, which is the date the Condensed Consolidated Interim Financial Statements are available to be issued.

### Spin Memory, Inc.

In July 2020, Spin Memory announced that it raised \$8.25 million of additional Series B funding from existing investors, including Abies Ventures, Applied Ventures, LLC (the venture capital arm of Applied Materials, Inc.), ARM and Allied Minds. As a result of the transaction, Allied Minds' ownership of issued share capital increased to 43.01%, or 33.98% on a fully-diluted basis.

### TableUp, Inc.

On 5 August 2020, TableUp, one of ALM's portfolio companies, was acquired by TouchBistro, Inc. ("TouchBistro"). The acquisition was structured as a stock-for-stock transaction in which TouchBistro acquired 100% of the shares of TableUp in exchange for the issuance of TouchBistro common shares to the shareholders of TableUp. A total of 2,542,662 common shares of TouchBistro was paid to Allied Minds, valued at \$5.99 million.

### Orbital Sidekick, Inc.

In July 2020, Allied Minds and 11.2 Capital collectively invested \$2.0 million in the form of SAFEs (simple agreements for equity), which will convert into shares of preferred stock in the company's next equity financing round.

Orbital Sidekick was awarded a multi-year contract by the Department of the Air Force's commercial investment group (AFVentures) as part of its Strategic Financing (STRATFI) program, under which the company will receive \$4.0 million of non-dilutive financing in Q4 2020, with the opportunity to receive up to \$12.0 million of additional non-dilutive financing over next three years to match private funds raised.

## BridgeComm, Inc.

In August 2020, as a result of achieving certain development milestones under the JDA with Boeing, BridgeComm secured the remaining \$1.5 million of convertible debt from Boeing.

### 15. Prior year adjustments

During 2019, it was identified that as at 31 December 2018 the NCI in relation to dissolved entities in previous years had been retained rather than removed from the NCI balance. It should have been taken to the P&L as a gain or loss on dissolution at the date that the subsidiaries were dissolved. As a result, the prior year adjustments have been made to correct the position. Consequently, these adjustments had a direct impact to the Group's 2019 financial results. Management has reflected the same changes to the half year 2019 financials accordingly. Refer to note 25 of the 2019 Annual Report for more details.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm to the best of their knowledge that:

- a) the Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the FCA's Disclosure Guidance and Transparency Rules (4.2.4R); and
- b) the Interim Management Report includes a fair review of the information required by the FCA's Disclosure Guidance and Transparency Rules (4.2.7R and 4.2.8R).

The Directors of Allied Minds plc and their functions are listed below.

By order of the Board

**Harry Rein,**  
Non-Executive Chairman

**Joseph Pignato,**  
Chief Executive Officer

14 October 2020

### INDEPENDENT REVIEW REPORT TO ALLIED MINDS PLC

#### Introduction

We have been engaged by Allied Minds plc. (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the consolidated statement of comprehensive income; consolidated statement of financial position; consolidated condensed statement of cash flows; and associated notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

#### Directors' Responsibilities

The half-yearly financial report, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1a, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

#### Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

#### Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### BDO LLP

**Chartered Accountants**  
London, United Kingdom  
14 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

### COMPANY INFORMATION

**Company Registration Number**  
08998697

**Registered Office**  
Beaufort House  
51 New North Road  
Exeter EX4 4EP  
United Kingdom

**Website**  
[www.alliedminds.com](http://www.alliedminds.com)

**Board of Directors**

Harry Rein (*Non-Executive Chairman*)  
Joseph Pignato (*Chief Executive Officer*)  
Bruce Failing (*Senior Independent Director*)  
Mark Lerdal (*Independent Non-Executive Director*)

**Company Secretary**  
Nina Thayer

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