

4 January 2021

Allied Minds plc

Strategic Update

Allied Minds plc (LSE: ALM) ("the Group" or the "Company"), the IP commercialisation company focused on early stage technology businesses, today provides a progress update on its key portfolio companies during 2020.

Overview

In June 2019, Allied Minds announced that it ceased making new investments and its strategic objective was to maximise total returns to all shareholders from monetisation of the existing portfolio.

The first important delivery milestone of the strategy was the sale of the Group's holding in HawkEye 360 in September 2019 for \$65.6 million with \$40.0 million of the proceeds being returned to shareholders in February 2020.

Since June 2019, the Allied Minds Board of Directors (the "Board") evolved and by March 2020 the current Board was in place. Since that time, the Board has performed an assessment of the portfolio and continues to critically monitor the progress and development of each of the companies in the portfolio.

The Board believes that the return prospects within the remaining portfolio are attractive. The Board remains focused on evaluating all potential options for monetisation of the Group and each company. Based on the promising advances being made across the portfolio, the Board believes that the Company's optimal strategic option and the one that is in the best interests of all shareholders, is to continue on its currently stated path which is to support and manage the portfolio companies towards financial exits.

The detailed strategic analysis of each portfolio company conducted by the Board affirms that, based on how each portfolio company is positioned today, the current early-stage portfolio has strong potential to deliver venture capital-like returns upon exit if they continue to meet their planned technical and commercial goals. As these goals are achieved, each of the Group's key portfolio companies is increasing its underlying financial value. The Board believes that such continued progress should ultimately be reflected in the Company's share price and/or the cash returns available to shareholders as successful exits are achieved. The Board and management continue to be closely engaged with each portfolio company to assist in coaching, management, and further commercial development to position each for a favorable exit in the next two to three-year period.

The Board takes this opportunity to highlight progress made during the period as well any current challenges faced by the key portfolio companies.

Many of the Group's portfolio companies made meaningful progress in 2020 despite the challenges posed by the COVID-19 virus. The focus of our portfolio remains to bring proprietary technical solutions to market with key strategic partners such as Amazon Web Services ("AWS"), Arm Holdings, ("Arm"), Boeing, Microsoft Azure ("Azure"), Nokia and multiple branches of the U.S. government.

Revenue ambitions across the portfolio were difficult to achieve in 2020 with delays caused by COVID-19 proving a significant obstacle to achieving projections at the portfolio company level. However, notwithstanding such an unprecedented economic backdrop, our portfolio companies achieved major technical breakthroughs that position them to make

significant progress with certain strategic partners. These partner relationships described below should help deliver revenue opportunities and exit pathways for the portfolio companies and, in the Board's view, deliver opportunities for compelling risk and time adjusted total shareholder returns for the Group's shareholders.

BridgeComm Inc. (BridgeComm)

BridgeComm is developing high-speed optical wireless communications to provide fast, secure, enterprise-grade broadband service for space, terrestrial and 5G connectivity. BridgeComm's newest technology is unique and IP protected which enables one-to-many communications via optical wireless offering efficient communication to satellites, planes and land-based networks enabling 5G equivalent performance. The technology promises higher throughput over longer distances with added security than what is available today. The technology also has the ability to solve the "last mile connectivity" challenge for 5G networks.

On 15 January 2020, Allied Minds announced the next stage in BridgeComm's relationship with Boeing HorizonX whereby the two companies were collaboratively pioneering the development of BridgeComm's new technology for terrestrial, airborne and space systems. Together, BridgeComm and Boeing are bidding on several US government contracts requiring optical communications as they look to commercialise the development work achieved to date. It is expected that this process will lead to first revenue from the newly developed technology in 2021.

On 28 September 2020, Allied Minds announced that BridgeComm partnered with Nokia to jointly develop high-speed optical communications to facilitate faster deployment of 5G networks. The focus of the work with Nokia is to utilise optical communications to solve the "well known last mile connectivity" problem prevalent in the Fixed Wireless industry.

BridgeComm will need to seek additional financing to further fund its next stage of development work. Allied Minds currently owns 62.92% of BridgeComm and expects that if the company continues to achieve its planned key milestones, it will be in a position to attract its next financing at an upround (increased valuation). The \$4.5 million convertible bridge invested by Boeing HorizonX and Allied Minds will convert into the next round of financing.

Federated Wireless Inc. (Federated)

Federated has developed technology and products to enable the revolutionary shared spectrum model in the United States to further enable wireless communications, adoption of the Internet-of-Things ("IoT") and edge computing. Federated also has the ability to deploy private wireless networks through its newly announced Connectivity-as-a-Service ("CaaS") offering.

CaaS is focused on enabling enterprise customers the ability to build their own private networks in a low risk and low capital expenditure manner. For the first time, enterprises will be able to control their own network, bypassing traditional Internet Service Providers, on the back of Federated's Spectrum Access System ("SAS"). These networks have the ability to be more powerful than traditional WiFi while also providing more security, opening up a new market for Federated.

On 18 February 2020, Federated announced that it entered into agreements with both AWS and Azure to function as channel partners to drive commercialisation of the CaaS offering through their online marketplaces.

On 8 October 2020, the U.S. Department of Defense announced that Federated has been awarded the project at the Marine Corps Logistics Base Albany, GA to develop a 5G Smart Warehousing solution focused on vehicular storage and maintenance. This award represents the first CaaS-related opportunity for Federated from its previously announced new channel partners. The list of Federated partners involved in this project include GE Research, KPMG LLP, Scientific Research Corporation as well equipment suppliers, AWS and Cisco, Inc.

Since the Federal Communications Commission ("FCC") announced the authorisation of the full commercial deployment of Federated's SAS on 27 January 2020, Federated is now able to support its customers as they deploy their new networks. A key feature of Federated's SAS is that it is the only FCC authorised company with a fully deployed Environmental Sensing Capability as required by the FCC. This has allowed Federated to operate unabated, providing a significant competitive advantage.

Federated's first customers to deploy are focused on the Wireless Internet Service industry as well as Verizon's build out of their network to add 3.5GHZ CBRS. This has led to Federated realising its recurring revenue model for the first time since it was granted authorisation. Federated expects more customers under contract to begin to deploy soon who are looking to benefit by adding access to 3.5GHz CBRS. This will further accelerate Federated's valuable recurring revenue model into 2021. Federated expects its revenue to grow by over 500% in 2021 from 2020 when it was first able to initiate its services.

Federated has sufficient cash to fund its growth into 2022. Allied Minds currently owns 36.61% of Federated and expects that if the company continues to achieve its planned key milestones, it will be in a position to attract any future equity financing in an upround.

Orbital Sidekick Inc. (Orbital)

Orbital has developed a proprietary analytics platform based upon its hyperspectral technology that allows it to take a proprietary "chemical fingerprint" from space. Initially, Orbital is addressing the very current and large concerns about the environment by focusing on potential energy pipeline failures. By employing its space-based technology, it is able to detect and identify natural gas, oil leaks and other failures much more rapidly than current monitoring techniques in a more cost effective way and the added benefit of helping to minimise environmental damage.

Orbital's first fully dedicated hyperspectral imagery satellite is scheduled to launch in 2021, which together with its existing on-board processing technology deployed on the International Space Station, will allow Orbital to realise revenue from its first pilot program participants from the oil and gas pipeline industry that it has been able to convert to paying customers.

On 15 October 2020, Allied Minds announced that Orbital 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. Orbital received \$4.0 million of non-dilutive financing in Q4 2020 from the program and has the opportunity to receive up to \$12.0 million of additional non-dilutive financing over the next three years to match private funds raised.

On 24 December 2020, Allied Minds announced that Orbital had conditionally secured \$16.0 million in a Series A Preferred financing round led by Temasek, an investment company headquartered in Singapore. The Series A financing is expected to close in Q1 2021 subject to approval by the Committee on Foreign Investments in the United States.

The combined expected proceeds of \$32.0 million raised from both the Series A financing and the funds available from the STRATFI program is significant and will allow Orbital to focus on scaling its business and growing its sales pipeline to rapidly bring its products to market and enable the launch of additional satellites to support its customers.

Spark Insights Inc. (Spark)

Spark is an advanced analytics company developing data products for the rapidly growing insurance analytics market. Allied Minds formed Spark in late 2018.

In June 2020, Spark achieved a key technical milestone and successfully released version 1.0 of its post-catastrophe automated damage assessment product.

Spark expects to raise additional financing in 2021. Allied Minds currently owns 60.0% of Spark and expects that if the company continues to achieve its planned key milestones, it will be in a position to attract its next financing in an upround.

Spin Memory Inc. (Spin)

Spin is a leader in providing magnetoresistive random-access memory ("MRAM") intellectual property. Through its collaboration with industry leaders, Spin Memory intends to transform 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 represents the last remaining portfolio company from Allied Minds' original investment platform.

During 2020, Spin was able to "tape out" the demonstration chip co-developed with Arm pursuant to its joint development agreement, entered into in very late Q4 2018, representing the first time that Spin was able to demonstrate its Endurance Engine technology in silicon.

Unfortunately, the work-from-home orders in the State of California due to COVID-19 delayed the required testing of the chip for nearly nine months. The testing did commence

in early Q4 2020 and the initial results are promising. However, this delay has affected Spin's ability to secure new customers. As a result, this, coupled with an unexpected loss of a government bid in late Q4 2020, Spin is now facing significant liquidity issues.

Allied Minds is considering a small funding round to allow Spin to identify and secure commercial partners for its product, expertise and intellectual property in 2021. The contemplated round is expected to be at a significantly reduced valuation for the company and be dilutive to non-participants from Spin's existing investor base. While this is disappointing, a down-round financing is not uncommon in early venture capital companies and the Board is hopeful that this will allow for an opportunity to generate a higher net value for shareholders upon exit.

Outlook

With the best interests of shareholders as its guiding principle, the Board, with its extensive venture capital experience, continues to critically examine all potential options available to the Group that will maximise total returns to its shareholders.

The Board currently believes that if the portfolio was liquidated in the near-term, it would likely be at a significant discount to their last funding round valuations and thus to the detriment of shareholders. It believes the best way to fully realise the potential value of the portfolio will be through future exits which require more meaningful progress and investment at each of the companies.

The Group's net cash position of \$24.6 million as at 31 December 2020 combined with the significant cost rationalisation actions taken by the Board ensures that Allied Minds is well placed to deliver and realise the intrinsic value of the portfolio for its shareholders in the years ahead. For 2021, annual headquarter operating costs are projected to be \$5.75 million, below previously provided guidance. Of this amount, \$2.6 million is for recurring management expenses and \$3.15 million is a result of the Company's public listing. The Board recognises the significant cost of being a listed company and remains focused on how such costs could be reduced.

The Board is looking forward to providing additional updates on the potential of its key portfolio companies at a Capital Markets Day expected to be held in April 2021. Further information on this will be provided in due course.

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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. With origination relationships that span US federal laboratories, universities, and leading US corporations, Allied Minds historically created, and now manages and funds, a portfolio of companies to generate long-term value for its investors and stakeholders. Based in Boston, Allied Minds supports its businesses with capital, management, expertise and shared services.

For more information, please visit www.alliedminds.com.

Allied Minds Forward-Looking Statement

This press release contains statements that are or may be forward-looking statements, including statements that relate to Allied Minds' future prospects, developments and strategies. The forward-looking statements are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from current expectations, including, but not limited to, those risks and uncertainties described in the risk factors included in Allied Minds' regulatory filings. These forward-looking statements are based on assumptions regarding the present and future business strategies of Allied Minds and the environment in which it will operate in the future. Each forward-looking statement speaks only as at the date of this press release. Except as required by law, regulatory requirement, the Listing Rules and the Disclosure Guidance and Transparency Rules, neither Allied

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