

2 September 2022

Allied Minds plc
("Allied Minds" or the "Company")

Trading Update

On 15 June 2022, the Company announced its annual results for the year ended 31 December 2021. The Company expects to release its half year results by no later than 30 September 2022. In advance of then, the Board provides the following update on the Portfolio Companies, Formal Sale Process, the cash position, and outlook.

Portfolio Companies:

Federated Wireless ("Federated")

Federated has delivered an encouraging first half performance with revenue growth in all segments delivering revenues for the period in line with the plan which underpinned the most recent fundraise and valuation. Quarter on quarter growth was particularly noteworthy with the second quarter being up 30% on the first. The business delivered a gross margin on track for the year in first half that was 7% ahead of plan, resulting in EBITDA and cash coming out well ahead of expectations. The Board of Federated continue to expect significant growth over the second half of the year, particularly in the fourth quarter. These expectations come with the usual risks commensurate with high growth businesses of this nature.

BridgeComm, Inc. ("BCI")

Allied Minds current ownership of BCI is 62.92%. Boeing HorizonX Ventures (venture arm of Boeing Company) is the other major investor.

As highlighted in the Allied Minds full year results, BCI was having partnering discussions with aerospace private equity firm, Aeroequity Industrial Partners ("AEI") to provide additional funding and US government sourcing expertise as it became clear that BCI was strategically and commercially restricted as a result of Allied Minds majority shareholding qualifying BCI as a UK company. As a consequence of that, BCI could not bid for US Space Development Agency business as a prime contractor, a significant source of potential revenue opportunities.

As Allied Minds has continued with its strategic review and considerations, it has concluded it is necessary to agree a new ownership structure with AEI which reduces Allied Minds' ownership to 49% before dilution from management options. The restructured value of Allied Minds investment will be \$5.6m.

In addition to the restructuring enabling BCI to qualify as a US company, BCI will also benefit from the significant US government contacts and aerospace knowledge that AEI brings to the company. Also, Boeing, a significant BCI customer is an investor through Space X in AEI. Allied Minds believes that taking an economic write-down now sets the company up for future success and the potential for a significant total return.

BCI has created in the lab, and demonstrated over 100 meters, high capacity, secure, one to many optical communications capabilities that may represent a paradigm shift in the low earth orbiting satellite constellations communications, battlefield communications and offers a potential low-cost alternative to laying fibre optic cable in underserved and hard to reach cellular geographies.

BCI now needs to commercialize their technology. This will take approximately \$40m and 18 months.

BCI will seek to raise \$10m from interested investors and is in the later stages of bidding on two contracts. Either of those contracts is capable of providing funding of up to \$30m of the required \$40m through non-recurring engineering fees paid for by the customer.

In the meantime, Allied Minds and AEI have each committed an additional \$1m of capital to BCI to finance its activities during the capital raise period.

While the process of going from the lab to a commercialized product is uncertain the economic upside for BCI and Allied Minds could be substantial and as such we are optimistic for BCI's success.

Orbital Sidekick ("OSK")

As previously disclosed, OSK had sufficient funding until the end of August 2022. OSK was seeking to raise \$40m which it had hoped to close in mid 2022. Unfortunately, this has not been achieved with extraneous market events likely being a factor. However, OSK continues to have investor support and a bank facility to allow it to continue operating. The business has strong interest from a number of clients wishing to participate in its alpha/beta launch of 6 satellites in 2023. The current investor group plans to invest an additional \$4-\$5 million in OSK in the next 30 days. That coupled with a \$5 million banking facility will extend OSK's cash runway until June 2023. It is expected that the launch of two additional satellites in the first half of 2023 will demonstrate OSK's hyperspectral data capability and position the business for additional follow-on funding.

OcuTerra Therapeutics ("OcuTerra")

OcuTerra commenced the Phase 2 trial of its non-invasive eyedrops, an important milestone in its efforts to develop the first, topical eye drop treatment for diabetic retinopathy. OcuTerra continued to strengthen its managerial and clinical team with the appointment of eye care industry veteran, Majid Andersi, MD, as Vice President of Clinical and Medical Affairs.

Formal Sale Process

Notwithstanding the contemplated de-listing, the Formal Sale Process remains on-going but no notable interest has been forthcoming to date. If Allied Minds' consultation with shareholders concludes that it is appropriate to proceed with a de-listing and receives the necessary shareholder approval to do so, the Takeover Code would no longer apply at the point that Allied Minds shares officially de-list as a consequence of the "residency test" and accordingly, the Formal Sale Process would be terminated. Notwithstanding that, the Board remain receptive to any proposal for the whole or part of the business, prior or subsequent to any proposed de-listing, if it believes it is in shareholders' best interests.

Cash position

Allied Minds has current net cash position of c.\$10.0m. As a result of the Board's strategic review, the Board believes that a successful de-listing of Allied Minds could reduce annual running costs by approximately \$2.2m per annum. The Board believes that such savings when combined with the current cash position should provide two years of cash runway for Allied Minds with necessary headroom to make strategic investments in portfolio companies if deemed appropriate and necessary to maximise value for Allied Minds shareholders.

Outlook

The Board remain of the view that there is substantial value to be realised within the portfolio of investments and that this can be achieved within a time frame of 18 to 24 months. It is therefore important that the Company has sufficient resources, including an appropriate buffer, to achieve this which is the key reason for considering and consulting with Allied Minds shareholders on a potential delisting.

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