

6 October 2021

Allied Minds plc

Half-Yearly Report for the six months ended 30 June 2021

6 October 2021 -- 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 2021.

Highlights

- \$44.9 million invested in portfolio companies, of which \$43.9 million was raised from third-party investment during the six months ended 30 June 2021
- \$4.0 million invested in portfolio companies post-period end, of which \$3.3 million was raised from third-party investment
- Net cash and investments at 30 June 2021: \$18.1 million (FY20: \$24.5 million), of which \$17.7 million held at parent level (FY20: \$22.3 million)
- Series B preferred share raise in OcuTerra Therapeutics has led to the deconsolidation of this portfolio company following Allied Minds shareholding reducing to below threshold for control
- Spin Memory is embarking on an Assignment for the Benefit of Creditors in light of the challenges faced and the investment has been reduced to a fair value of nil in the period
- Share buyback programme launched in June 2021 to buy back up to \$3.0 million of the Group's shares to redistribute excess capital for the benefit of shareholders
 - o As of 5 October 2021 a total of 2,537,712 shares had been purchased at a cost of \$0.7 million
- **BridgeComm:**
 - o Commenced sales of its Optical Inter-Satellite Link terminals - used in programs for space and ground applications with commercial and US Government customers.
 - o Launched Managed Optical Communication Array technology which allows for multi-domain capabilities to share large volumes of data significantly faster with increased security. Sales expected to commence during H2 2021.
- **Federated Wireless:**
 - o Awarded multi-million-dollar contract from the US Department of Defense as part of its 5G Smart Warehouse Initiative.
 - o Delivered innovative low cost, private wireless solution to Carnegie Mellon University's Living Edge Lab, a world class research organisation pioneering intelligent contact tracing technology in school environments, in the global fight against COVID-19, in partnership with AWS.
 - o Partnered with industry giants including AWS, Intel, Cisco, JMA, as well as utilities-focused Anterix, to rapidly deploy private network solutions across key verticals including federal, public sector, education, maritime and robotics.
 - o Approval from US Federal Communications Commission and National Telecommunications and Information Association to begin commercial operations in US territories of American Samoa, Guam and Puerto Rico.
- **OcuTerra:**
 - o Closed \$32.1 million Series B funding from new investors.
 - o Proceeds will be used to fund a Phase II clinical trial of its OTT166 asset in diabetic retinopathy, as well as for other working capital needs.
 - o Now funded for the immediate future.
- **Orbital Sidekick:**
 - o Closed \$16 million Series A funding led by Temasek - included new investors Energy Innovation Capital and Syndicate 708 and existing investors Allied Minds and 11.2 Capital.
 - o Launched most powerful satellite yet, Aurora, to collect and analyse hyperspectral data, with a broad focus on sustainability.
 - o Expanding satellite operations within existing partnerships with Phillips 66 and iPIPE to provide better leak prevention and monitoring for the energy sector - full commercialisation anticipated during 2022.
- **Spark Insights:**
 - o Due to the ongoing delay in securing financing, the company is exploring options including a sale, disposal of assets, winding down and/or similar avenues.
- **Spin Memory:**
 - o Embarking on an Assignment for the Benefit of Creditors. In light of the challenges securing new customers and the impact of COVID-19, the decision has been made to liquidate.

Harry Rein, Chariman of Allied Minds, commented:

"In the first half of this financial year, the business has continued to drive the strategic objectives of focusing on supporting the existing portfolio companies and maximising value within our portfolio of investments.

"A number of our portfolio companies have made significant progress in the first half, including successful funding rounds, development milestones, contract wins and partnerships with large industry players.

"Our objectives from our Strategic Update at the start of the year remain unchanged, with recent progress reaffirming that the Group as a whole remains well-positioned to deliver venture capital-like returns for shareholders upon exit within a reasonable timeframe."

For more information, please contact:

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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 operates and funds, a portfolio of companies to generate long-term value for its investors and stakeholders. Based in Boston, Allied Minds supports its businesses with capital, management, expertise and shared services. For more information, please visit www.alliedminds.com.

This 2021 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 2020 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 is an IP commercialisation company primarily focused on early stage company development within the technology sector.

It has historically invested in companies at an early stage, including seed investments to build companies based on a technical breakthrough or invention. As such, investments have significant upside potential, but also carry significant risk inherent in the early stage model.

The Group and its associates is currently comprised of seven portfolio companies based upon a broad range of underlying innovative technologies ranging from semiconductors to wireless connectivity to space-based imagery and analytics.

The ability of the Group's portfolio companies to raise funds and continue achieving important technical and commercial milestones while building upon key partnership relationships across the portfolio signify the strength of the Group and its associates and demonstrates that it 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.

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 whilst at the same time ensuring that the Group is being managed in as cost efficient manner as possible, regularly reviewing the on going costs associated with being a listed company.

In general, the Group holds its position in a portfolio company for as long as it believes the risk and time-adjusted value of that position is maximised by its continued ownership and effort. From time to time, it engages in discussions with other companies interested in the portfolio companies (or the Group's interest in those companies), either in response to enquiries or as part of a process the Group and board initiate. To the extent that Allied Minds believes that a portfolio company's further growth and development can best be supported by a different ownership structure or if it otherwise believes it is in shareholders' best interests, the Group may seek to sell some or all of its position in the portfolio company. These sales may take the form of privately negotiated sales of stock or assets, mergers and acquisitions, public offerings of the portfolio company's securities and, in the case of publicly traded portfolio companies, sales of their securities in the open market.

The value of Allied Minds is dependent upon the value of its existing portfolio companies and its ability to translate that value into cash as effectively and efficiently as possible and to deliver that cash, net of the Group's obligations and operating cash needs, to its 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.

Share Buyback Programme

The Board continually keeps its capital position under review. Following Spin Memory Inc.'s potential liquidation and based on the anticipated future capital requirements of the Group's portfolio companies, and also thanks in part to the Group's recent operating cost reductions, the Board determined that the Group had excess capital which could be distributed for the benefit of shareholders. It believes that a share buyback is the most value accretive means of distributing this capital.

In June 2021, the Board approved a new programme to buy back up to \$3.0 million of the Group's shares. Share purchases take place in open market transactions and are made from time to time depending on market conditions, share price, trading volume and other factors. The Group entered into a non-discretionary arrangement with Numis Securities Limited to manage the Buyback Programme and repurchase the Group's shares on its behalf, and within certain parameters.

The current Buyback Programme runs until to the release of these interim results and future buybacks will be determined as appropriate by the Board based on the prevailing capital requirements for the Group's portfolio companies at any given time along with the other above mentioned factors.

The Buyback Programme is in accordance with Allied Minds' general authority to purchase a maximum of 24,218,799 Ordinary Shares, granted by its shareholders at the Annual General Meeting held on 12 May 2021 and the purpose is to reduce share capital. Shares purchased under the Buyback Programme will be cancelled.

COVID-19

As Allied Minds navigates the uncertainties brought by the coronavirus pandemic, we continue 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 several 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 varying degrees of commercial impact across the portfolio in the past year, 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, while some companies have been impacted more than others, overall, the achievements across the portfolio demonstrate that these companies are continuing to make progress against their respective commercial and strategic objectives even during this pandemic. Allied Minds remains in close communication with all customers, suppliers and partners to collaborate on how to best support each other's needs in this new environment. Furthermore, the Group continues to engage with each of its portfolio companies to manage and mitigate against potential impacts on each company's business, including assisting with employee support, cash management and contingency planning.

While there is caution and vigilance around what the coming months may bring, the Group continues to be optimistic and expects to be able to navigate these uncertain times whilst delivering the results of its stated strategy in the coming years.

Outlook

There has been substantial technical and commercial progress from within some portfolio companies during this half, including successful funding rounds, development milestones, contract wins and industry partnerships. These companies' technologies help to solve important global issues, from the digital divide to sustainable energy, sight loss to remote connectivity.

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.

However, other portfolio companies have made less progress and as previously reported, appropriate actions are being taken.

The Board of Allied Minds continually assess its portfolio of investments and with a member of the Board sitting on or leading the boards of all our material investments, the Board can ensure it is optimally placed to take timely decisions based on up to date information.

This approach has ensured that decisive actions are taken, even if these are sometimes difficult such as the decision to liquidate Spin Memory, and consider options to sell Spark Insights.

Although the remaining portfolio companies are mostly at a relatively early stage in their lifecycle, the Board is positive about their prospects and is increasingly confident of delivering venture capital-like returns upon exit if the portfolio companies continue to meet their planned technical and commercial goals.

Portfolio Company Valuation

Of the Company's seven active portfolio companies, two are currently majority owned and/or controlled, and therefore fully consolidated in the Company's consolidated financial statements prepared in accordance with UK-adopted international financial reporting standards.

Of the remaining five portfolio companies, the Company holds a significant influencing minority stake in three of these companies, a minority stake in one of these companies (OcuTerra Therapeutics) and a small position in the fifth (TouchBistro, Inc.) as a result of the stock-for-stock sale of TableUp, Inc in 2020. For those portfolio, where Allied Minds holds a significant influencing 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, these two investments are accounted for by the method of accounting under IAS 28. Accordingly, since Allied Minds has significant influence 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 3 September 2021. 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

BridgeComm Inc. (BridgeComm) (consolidated subsidiary)

BridgeComm is developing high-speed optical wireless communications to provide fast, secure, enterprise-grade broadband services 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.

Its optical wireless solutions have particular applications in the fast growing area of space and satellite communications, enabling constellations companies to provide broadband more effectively from space to fill gaps in broadband coverage in remote areas and across developing countries lacking digital infrastructure.

During the first half of the year, BridgeComm has developed and commenced sales of its Optical Inter-Satellite Link terminals which are being used in programs for space and ground applications with commercial and US Government customers. In March 2021, it launched its Managed Optical Communication Array technology which allows for multi-domain capabilities to share large volumes of data significantly faster with increased security. Sales of this solution are expected to commence during H2 2021. In April 2021, BridgeComm successfully demonstrated in-field high-speed optical communications of speeds beyond 100GB per second which are key for inter-satellite high speed data transfer and is the culmination of its collaboration with Nokia.

BridgeComm will need to seek additional financing during 2022 to further fund its next stage of development work. Allied Minds currently has fully diluted ownership (ownership percentage including currently issued shares and potential outstanding shares to be issued) of 62.92% in BridgeComm.

On 9 July 2021, Allied Minds invested an additional \$600,000 of bridge financing to BridgeComm to further support operations. In connection with this additional bridge financing the convertible bridge invested by Boeing HorizonX and Allied Minds was increased to \$5.5 million in total. The bridge will convert into preference shares in the next round of financing.

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: 81.15%
- Allied Minds' Fully-Diluted Ownership: 62.92%

Federated Wireless Inc. (Federated) (equity accounted investment)

Federated is an industry leader in enterprise shared spectrum 5G private wireless and has developed technology and products to enable the revolutionary shared spectrum model in the US 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 Connectivity-as-a-Service ("CaaS") offering. Federated partners with industry giants including AWS (Amazon), Intel, Cisco, JMA, as well as utilities-focused Anterix, to rapidly deploy private network solutions across key verticals such as federal, public sector, education, maritime and robotics.

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. Contract wins in this space have included the US Department of Defense and Carnegie Mellon University.

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 offering 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 significant multiples in 2021 compared with 2020 when it was first able to initiate its services. With more than 200 customers and growing across carriers, cable, wireline, WISP and other segments, Federated has over 65k CBRS nodes deployed, implementing a wide range of use cases including fixed wireless, IoT automation, carrier offload, and operator spectrum augmentation.

In April 2021, the US Federal Communications Commission (FCC) in coordination with the National Telecommunications and Information Association (NTIA) announced Federated Wireless' approval to begin commercial operations in the remote US territories of American Samoa, Guam, and Puerto Rico. Using the latest hardened Environmental Sensing Capability (ESC) sensors, the Federated Wireless team deployed an upgraded ESC network in Puerto Rico within three months. This swift stand-up of a network led Federated to secure commercial contracts from five of the top mobile operators in the US territory. CBRS technology will provide more people with access to high speed connectivity throughout the region.

Federated has always been committed to eliminating the digital divide. It took two major steps this year to help bring CBRS technologies to more areas throughout the United States. First, Federated announced the successful commercialisation of its Fixed Wireless Planner. The state-of-the-art planning tool allows fixed wireless companies to decrease their deployment costs by visualising potential network configurations and identifying prime areas for installation of fixed wireless devices. Secondly, Federated entered into a partnership with Learning Alliance, a leading organisation that trains veterans and civilians in wireless trade skills. Learning Alliance will offer the Federated Certified Professional Installer (CPI) course as a part of its trade curriculum, growing the tower workforce and increasing the number of people who can install CBRS-enabled devices.

Federated has long led the industry in development of shared spectrum CBRS capabilities, taking a lead role in the formation of the CBRS Alliance, being the first to market with leading technology to facilitate widespread utilisation of this ubiquitous resource. The company's partner ecosystem includes more than 40 device manufacturers and edge partners, all of whom have dedicated resource to collaborate with Federated to advance the development and proliferation of CBRS services. Federated's 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.

Federated is led by President and CEO Iyad Tarazi and a team of industry veterans who continue to pioneer new territory in the commercialisation and expansion of shared spectrum.

On June 1st, Federated filed with the FCC that it has determined the appropriate procedures for its Spectrum Exchange prototype. The Spectrum Exchange product will allow for winners of Priority Access Licenses (PALs) to lease spectrum that they own but are not using to interested third parties, such as local governments, school districts, independent wireless service providers and more. These entities can use the additional spectrum to provide better quality service to their communities or customer base, thus growing the CBRS ecosystem.

Federated's products have won multiple awards this year validating they are truly best-in-class. Most recently, the Federated Wireless Spectrum Controller won a TMC Communications Solutions Product of the Year award. This award is given to leading products that perform over a multitude of different telecommunications capabilities. Furthermore, Federated won a Gold Telecommunications Stevie Award for its "Private Wireless Simplified" product. Additionally, the company's landmark deployment with the Department of Defense was recognised by ChannelVision Magazine with a Visionary Spotlight Award.

The Board of Allied Minds is very encouraged by the progress being made at Federated. It met its first half revenue expectation and is on track to meet its growth ambitions in the coming years.

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. Holdings and valuation:

- Date of Last Funding Round: September 2019 (second closing post-period end 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%

OcuTerra Therapeutics, Inc. (common stock and preferred share investment held at fair value)

OcuTerra Therapeutics, Inc. (OcuTerra), is a clinical stage ophthalmology drug development company focused on treating diabetic retinopathy earlier to preserve vision and avoid intravitreal injections, OcuTerra's lead clinical asset, OTT166, is a topical eye droplet treatment for diabetic retinopathy, a diabetes-related eye disease that can lead to blindness if left untreated.

As of April 2021, OcuTerra Therapeutics was deconsolidated from the Group's financial statements as a result of the first closing of its Series B Preferred Stock financing round. On that date Allied Minds' issued and outstanding ownership percentage dropped from 62.67% to 27.58%. As at this date Allied Minds was able to exercise significant influence over the entity by virtue of its large, albeit minority, stake in the company and its representation on the OcuTerra Therapeutics's board of directors. At this point the common stock was equity accounted under IAS 28 and the preferred shares holdings held at fair value through profit and loss under IFRS 9.

On 21 June 2021, OcuTerra completed the third closing of the same Series B financing and as a result, Allied Minds' ownership dropped to 18.98% of the issued and outstanding shares. Since Allied Minds' ownership dropped below 20% and it does not hold a majority on its board of directors. Based on these factors management have judged that Allied Minds cannot alone impact the policy making processes of the company and given there are no other material transaction between the investor and investee have determined Allied Minds no longer has significant influence over the investee and the investment does not meet the definition of an associate under IAS 28 at this point. As such, Allied Minds' share of common stock is accounted as an investment at fair value in accordance with IFRS 9 for the period beyond 21 June 2021 and at 30 June 2021.

As of 3 September 2021, OcuTerra had closed its Series B funding round at \$32.1 million of external equity financing to fund Phase II trials for OTT166, on the back of safety and preliminary efficacy data from the Phase I/II trials. This resulted in a post-money valuation of \$49.5m. This funding is now sufficient for OcuTerra Therapeutics' immediate needs.

OcuTerra's Board has been further strengthened with the appointment of experienced biotech executive Brent Saunders as Chairman and Robert Ruffolo, Ph.D, and Robin Steele as Directors in May 2021.

Holdings and valuation:

- Date of Last Funding Round: September 2021 (5th Closing of next preferred equity round)
- Post-Money Valuation: \$49.5 million
- Co-Investors: Various third parties
- Allied Minds' Issued and Outstanding Ownership: 17.7%
- Allied Minds' Fully-Diluted Ownership: 12.8%

Orbital Sidekick Inc. (Orbital) (preference share investment held at fair value)

Orbital is establishing a space-based infrastructure of hyperspectral sensors to provide monitoring services and solutions to the energy sector and beyond. It has a proprietary analytics platform 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 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 with the added benefit of helping to minimise environmental damage.

Following its \$16m Series A funding round in April 2021, Orbital launched its newest and most powerful hyperspectral imaging satellite, Aurora, in June 2021. It will serve OSK's customers in the energy, mining, and defense sectors, including oil and gas pipeline monitoring and methane mapping, clean energy resource exploration, sustainable mining practices and wildfire risk mitigation. This will also enable Orbital to realise revenue from its first pilot programme participants from the oil and gas pipeline industry - now converted into paying customers.

On 13 April 2021, Allied Minds announced that Orbital had closed \$16.0 million in a Series A Preferred financing round led by Temasek, an investment company headquartered in Singapore.

The combined expected proceeds of \$32.0 million raised from both the Series A financing and the funds available from the US Air Force's Tech Incubator's STRATFI programme, in which Orbital is participating, are 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.

During the period, Orbital has also expanded satellite operations within its partnerships with global energy leaders Phillips 66 and iPIPE to provide better leak prevention and monitoring for the energy sector. Full commercialisation for these projects is expected during 2022.

Holdings and valuation:

- Date of Last Funding Round: April 2021
- Post-Money Valuation: \$46.0 million
- Co-Investors: Temasek, Energy Innovation Capital, Syndicate 708 and 11.2 Capital
- Allied Minds' Issued and Outstanding Ownership in respect of preference shares: 26.34%
- Allied Minds' Fully-Diluted Ownership: 24.11%

Spark Insights Inc. (Spark) (consolidated subsidiary)

Spark is an advanced analytics company developing predictive analytics for the insurance industry through the use of artificial intelligence, smart data, and remote sensing

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's insights leverage unique data sets, including advances in satellite imagery and weather data, combined with proprietary analytics to transform critical workflows for these property insurers.

However, as reported at the full year results, as a result of challenges posed by COVID-19, Spark has faced delays in fundraising and is now in a difficult cash position. The ongoing delay in securing financing has resulted in the company exploring options including a sale, disposal of assets, winding down and/or similar avenues.

As of 13 September 2021, Allied Minds had invested \$172,250 of bridge financing to support the operation of the company.

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: 70.44%
- Allied Minds' Fully-Diluted Ownership: 60.00%

Spin Memory Inc. (Spin) (equity accounted investment)

As announced on 23 June 2021, Spin Memory, Inc. the provider of magnetoresistive random access memory (MRAM), is embarking on an Assignment for the Benefit of Creditors.

Allied Minds first invested \$1.5m in Spin Memory in November 2007 and continued to provide funding in subsequent fundraising rounds. Allied Minds' total investment in Spin Memory to date is \$50.5m. As indicated at the full year results in March, despite shareholders providing operational and financial support, Spin Memory faced significant liquidity issues. These were due to challenges in securing new customers, alongside the impact of COVID-19, which significantly delayed the required testing of its development chip with ARM.

In light of these challenges and the significant quantum of capital committed to Spin Memory to date the Board of Allied Minds has concluded that it is no longer prepared to make any further investment into Spin Memory and the Board of Spin Memory has taken the decision to liquidate.

An Assignment for the Benefit of Creditors offers the business a greater chance of liquidating its assets to pay creditors with any additional proceeds being available to return to its shareholders.

Allied Minds is a minority shareholder in Spin Memory with a fully diluted holding of 34%. There can be no guarantee that Allied Minds will receive any capital from the liquidation proceedings.

TouchBistro, Inc. (acquirer of TableUp, Inc.) (common shares investment held at fair value)

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.

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.

Risk Management

The principal risks and uncertainties surrounding Allied Minds and its portfolio companies are set out in detail on pages 24 to 29 in the Risk Management section of the Strategic Report included in the 2020 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 2020 Annual Report and Accounts with the risk in respect of COVID-19 updated as above.

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 2020 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

	30 June 2021 \$'000	30 June 2020 \$'000
For the six months ended:		
Revenue	219	110
Cost of revenue	(119)	(97)
Selling, general and administrative expenses	(6,344)	(6,613)
Research and development expenses	(1,514)	(2,467)
Finance cost, net	(3,733)	(1,989)
(Loss)/gain on investments held at fair value	(1,887)	3,110
Gain on deconsolidation of subsidiary	14,209	-
Share of net loss of associates accounted for using the equity	(2,362)	(6,845)

method		
Loss for the period	(1,531)	(14,791)
Other comprehensive loss, net of tax	(206)	(201)
Total comprehensive loss	(1,737)	(14,992)

Revenue increased by \$0.1 million, to \$0.2 million for the six months ended 30 June 2021 (HY20: \$0.1 million), when compared to the same period in the prior year. This increase is primarily attributable to revenue from existing and new contracts in 2021 at BridgeComm of \$0.2 million. Cost of revenue at \$0.1 million for the six months ended 30 June 2021 (HY20: \$0.1 million) was lower as a percentage of revenue, when compared to the same period in the prior year, mainly due to the nature of the revenue being delivered.

Selling, general and administrative (SG&A) expenses decreased by \$0.3 million, to \$6.3 million for the six months ended 30 June 2021 (HY20: \$6.6 million). This reduction was mainly due to the deconsolidation of a subsidiary, OcuTerra, in the first half of 2021.

Research and development (R&D) expenses decreased by \$1.0 million, to \$1.5 million for the six months ended 30 June 2021 (HY20: \$2.5 million). The decrease was primarily due to the deconsolidation of a subsidiary, OcuTerra, in the first half of 2021. The remainder of the decrease reflects the net effect from R&D spend at the other subsidiaries.

Net finance cost increased by \$1.7 million for the six months ended 30 June 2021 to \$3.7 million (HY20: finance cost of \$2.0 million). The increase in the net cost reflects the impact from the deconsolidation of OcuTerra in the first half of 2021 of \$7.7 million plus the increase of \$0.3 million of a convertible note payable due to the fair value adjustment at 30 June 2021. This increase was offset, in part, by the \$4.4 million decrease of the subsidiary preferred shares liability balance at BridgeComm as a result of IFRS 9 fair value accounting.

Other income increased to \$10.0 million (HY20: other expense \$3.7 million) reflecting \$14.2 million of gain on deconsolidation of OcuTerra offset by \$1.8 million in loss on investments held at fair value and the Company's share of loss of \$2.4 million from the deconsolidated entities accounted under the equity method.

As a result of the above discussed factors, total comprehensive loss for the year decreased by \$13.3 million to \$1.7 million for the six months ended 30 June 2021 (HY20: comprehensive loss of \$15.0 million).

Condensed Consolidated Statement of Financial Position

As of the period ended:	30 June 2021 \$'000	31 December 2020 \$'000
Non-current assets	47,504	44,416
Current assets	23,868	32,584
Total assets	71,372	77,000
Non-current liabilities	414	2,246
Current liabilities	11,986	16,468
Equity	58,972	58,286
Total liabilities and equity	71,372	77,000

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 \$3.1 million, to \$47.5 million at 30 June 2021 (FY20: \$44.4 million), mainly due to an increase of \$3.9 million in investment in portfolio companies at fair value.

- o Investments at fair value increased to \$45.5 million as of 30 June 2021 (FY20: 41.6 million). The increase reflects the recognition of a \$5.7 million investment as a result of the deconsolidation of OcuTerra offset, in part, by a loss of \$1.8 million of the fair value accounting for other investments held at fair value.
- o Right-of-use assets decreased to \$0.4 million as of 30 June 2021 (FY20: \$0.6 million) primarily related by amortisation of \$0.2 million.
- o Property and equipment decreased by \$0.3 million to \$1.3 million as of 30 June 2021 (FY20: \$1.6 million), mainly reflecting depreciation of \$0.3 million.

Current assets decreased by \$8.7 million, to \$23.9 million as of 30 June 2021 (FY20: \$32.6 million), mainly due to a reduction in cash and cash equivalents of \$6.4 million.

- o Cash and cash equivalents decreased by \$6.4 million to \$18.1 million at 30 June 2021 from \$24.5 million at 31 December 2020. The decrease is mainly attributed to \$6.3 million of net cash used in operations, \$14.2 million cash used in investing activities and \$14.1 million cash provided by financing activities.
- o Trade and other receivables decreased by \$0.7 million due to a decrease in trade receivables of \$0.3 million and a decrease in prepaid expenses of \$0.4 million as a result of deconsolidation of OcuTerra in the first half of 2021.
- o Other financial assets have decreased by \$1.6 million to \$0.7 million (FY20: \$2.3 million) primarily due to the conversion of Orbital's convertible note of \$1.5 million into preferred shares upon the closing of the Series A funding.

Non-current liabilities decreased by \$1.8 million, to \$0.4 million as of 30 June 2021 (FY20: \$2.2 million) mainly reflecting a decrease of \$0.6 million in lease liability and a reduction in loans balance of \$1.1 million at 30 June 2021.

Current liabilities decreased by \$4.5 million, to \$11.9 million at 30 June 2021 (FY20: \$16.4 million). The decrease mainly reflects the combination of a fair value adjustment of \$4.4 million in the subsidiary preferred shares liability and a \$0.9 million reduction in trade and other payables. This combined decrease was offset, in part, by an increase in both loans of \$0.3 million and deferred revenue of \$0.5 million. The increase in loans primarily reflects the receipt of PPP loans and an increase in fair market value of existing convertible notes at half year.

Net equity increased by \$0.7 million to \$59.0 million at 30 June 2021 (FY20: \$58.3 million) mainly reflecting the combination of comprehensive loss for the period of \$1.7 million and repurchase of ordinary shares of \$0.2 million offset by the effect of deconsolidation of OcuTerra of \$2.4 million and \$0.2 million charge due to equity-settled share based payments.

Condensed Consolidated Statement of Cash Flows

For the six months ended:	30 June 2021 \$'000	30 June 2020 \$'000
Net cash outflow from operating activities	(6,286)	(10,801)
Net cash outflow from investing activities	(14,265)	(7,094)
Net cash inflow/(outflow) from financing activities	14,120	(38,438)
Net decrease in cash and cash equivalents	(6,431)	(56,333)
Cash and cash equivalents at beginning of period	24,489	90,571
Cash and cash equivalents at end of the period	18,058	34,238

The Group's net cash outflow from operating activities of \$6.3 million in the six months ended 30 June 2021 (HY20: \$10.2 million) was primarily due to the net operating losses for the period of \$1.5 million (HY20: loss of \$14.8 million) and adjustments for non-cash accounting entries such as depreciation,

amortisation, share of net loss of associate, gain on deconsolidation, loss on investments held at fair value and share-based expenses of \$9.2 million (HY20: \$5.1 million). The operating cash outflow was offset by a reduction in working capital and other finance costs of \$4.4 million (HY20: \$0.6 million).

The Group had a net cash outflow from investing activities of \$14.3 million in the six months ended 30 June 2021 (HY20: net cash outflow of \$7.1 million). This outflow was predominately related to the deconsolidation of OcuTerra totaling \$13.3 million plus the \$1.0 million investment made in the Orbital Series A funding.

The Group's net cash inflow provided by financing activities of \$14.1 million in the six months ended 30 June 2021 (HY20: net cash outflow \$39.0 million) reflects, in part, proceeds from issuance of preferred shares in subsidiaries of \$14.6 million and the receipt of \$0.3 million of PPP loans. The increase was offset by \$0.6 million in lease payments and \$0.2 million payments to repurchase the company's own shares.

The Group's strategy is to manage its cash balance to focus exclusively on supporting its existing portfolio companies, noting any commitments are determined based on current facts and commitments on a case by case basis 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 2021 \$'000	30 June 2020 \$'000
Revenue	2	219	110
Operating expenses:			
Cost of revenue		(119)	(97)
Selling, general and administrative expenses		(6,344)	(6,613)
Research and development expenses		(1,514)	(2,467)
Operating loss		(7,758)	(9,067)
Other income:			
(Loss)/gain on investments held at fair value	4,11	(1,887)	3,110
Gain on deconsolidation of subsidiary		14,209	-
Other income		12,322	3,110
Finance income		27	248
Finance cost		(153)	(152)
Finance cost from IFRS 9 fair value accounting	9,11	(3,607)	(2,085)
Finance cost, net		(3,733)	(1,989)
Share of net loss of associates accounted for using the equity method	4	(2,362)	(6,845)
Loss before tax		(1,531)	(14,791)
Taxation		-	-
Loss for the period	3	(1,531)	(14,791)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(206)	(201)
Other comprehensive loss, net of taxation		(206)	(201)
Total comprehensive loss		(1,737)	(14,992)
Income/(Loss) attributable to:			
Equity holders of the parent		1,957	(13,493)
Non-controlling interests	7	(3,488)	(1,298)
		(1,531)	(14,791)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		1,751	(13,694)
Non-controlling interests	7	(3,488)	(1,298)
		(1,737)	(14,992)
Income/(Loss) per share		\$	\$
Basic	5	0.01	(0.06)
Diluted	5	0.01	(0.06)

Condensed Consolidated Statement of Financial Position

As of the period ended:	Note	30 June 2021 \$'000	31 December 2020 \$'000
Non-current assets			
Property and equipment		1,299	1,596
Investments at fair value	4	45,512	41,588
Right-of-use assets	8	479	651
Other financial assets	11	214	581
Total non-current assets		47,504	44,416
Current assets			
Cash and cash equivalents	11	18,058	24,489
Trade and other receivables	11	5,088	5,816
Other financial assets	11	722	2,279
Total current assets		23,868	32,585
Total assets		71,372	77,000
Equity			
Share capital		3,767	3,767
Treasury shares		(181)	-
Translation reserve		1,137	1,343
Accumulated earnings		57,600	55,440
Equity attributable to owners of the Company	6	62,323	60,550
Non-controlling interests	7	(3,351)	(2,264)
Total equity		58,972	58,286
Non-current liabilities			
Lease liability	8	200	806
Other non-current liabilities	11	214	1,440
Total non-current liabilities		414	2,246
Current liabilities			
Trade and other payables	11	1,142	2,101

Deferred revenue		4,152	3,697
Loans	11	3,495	3,149
Preferred shares	9	2,089	6,497
Lease liability	8	1,108	1,024
Total current liabilities		11,986	16,468
Total liabilities		12,400	18,714
Total equity and liabilities		71,372	77,000

Condensed Consolidated Statement of Changes in Equity

	Note	Share capital		Treasury shares		Translation reserve \$ '000	Accumulated (Deficit)/ Earnings \$ '000	Total parent equity \$ '000	Non- controlling interests \$ '000	Total equity \$ '000
		Shares	Amount \$ '000	Shares	Amount \$ '000					
Balance at 31 December 2019		241,563,123	3,759	-	-	1,459	147,238	152,456	115	152,571
Total comprehensive income/(loss) for the period										
Loss from continuing operations		-	-	-	-	-	(13,493)	(13,493)	(1,298)	(14,791)
Foreign currency translation		-	-	-	-	(201)	-	(201)	-	(201)
Total comprehensive income/(loss) for the period						(201)	(13,493)	(13,694)	(1,298)	(14,992)
Issuance of ordinary shares	5	554,984	7	-	-	-	-	7	-	7
Gain 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
Balance at 30 June 2020		242,118,107	3,766	-	-	1,258	94,617	99,641	(1,097)	98,544
Total comprehensive loss for the year										
Loss from continuing operations		-	-	-	-	-	(53,025)	55,440	(2,479)	(55,504)
Foreign currency translation		-	-	-	-	(116)	-	(116)	-	(116)
Total comprehensive loss for the year						(116)	(53,025)	(53,141)	(2,479)	(55,620)
Issuance of ordinary shares		624,862	8	-	-	-	-	8	-	8
Loss arising from change in non-controlling interest		-	-	-	-	-	-	-	(18)	(18)
Dividend payment		-	-	-	-	-	(39,707)	(39,707)	-	(39,707)
Equity-settled share based payments		-	-	-	-	-	934	934	118	1,052
Balance at 31 December 2020		242,187,985	3,767	-	-	1,343	55,440	60,550	(2,264)	58,286
Total comprehensive income/(loss) for the period										
Loss from continuing operations		-	-	-	-	-	1,957	1,957	(3,488)	(1,531)
Foreign currency translation		-	-	-	-	(206)	-	(206)	-	(206)
Total comprehensive income/(loss) for the period						(206)	1,957	1,751	(3,488)	(1,737)
Issuance of ordinary shares		-	-	-	-	-	-	-	-	-
Loss arising from change in non-controlling interest		-	-	-	-	-	-	-	(38)	(38)
Repurchase of ordinary shares		-	-	(729,777)	(181)	-	-	(181)	-	(181)
Deconsolidation of subsidiary		-	-	-	-	-	-	-	2,421	2,421
Equity-settled share based payments		-	-	-	-	-	203	203	18	221
Balance at 30 June 2021		242,187,985	3,767	(729,777)	(181)	1,137	57,600	62,323	(3,351)	58,972

Condensed Consolidated Statement of Cash Flows

For the six months ended:	Note	30 June 2021 \$'000	30 June 2020 \$'000
Cash flows from operating activities:			
Loss for the period		(1,531)	(14,791)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation		495	413
Amortisation		-	194
Share-based compensation expense	10	221	658
Loss/(gain) on investments held at fair value	4,11	1,887	(3,110)
Gain on deconsolidation of subsidiary		(14,209)	-
Share of net loss of associate	4	2,362	6,845
Changes in working capital:			
Decrease in trade and other receivables		727	413
Decrease in other assets		347	81
Decrease in trade and other payables		148	(698)
Increase/(decrease) in other non-current liabilities		(831)	(1,945)
Increase in deferred revenue		455	190
Increase/(decrease) in other liabilities		242	(935)
Unrealised gain on foreign currency transactions		(206)	(201)
Other finance cost	9,11	3,607	2,085
Net cash used in operating activities		(6,286)	(10,801)
Cash flows from investing activities:			
Purchases of property and equipment, net of disposals		(27)	(603)
Receipt of payment for finance sub-lease	8	78	364
Purchases of investments at fair value	4	(1,000)	(6,855)
Cash derecognised upon loss of control over subsidiary		(13,316)	-
Net cash used in investing activities		(14,265)	(7,094)
Cash flows from financing activities:			

Proceeds from issuance of convertible notes	11	–	1,402
Receipt of PPP loan		257	429
Payment of lease liability	8	(565)	(571)
Payments to repurchase ordinary shares	9	(181)	–
Dividend payment	6	–	(39,705)
Proceeds from issuance of share capital	6	–	7
Proceeds from issuance of preferred shares in subsidiaries		14,609	–
Net cash provided by/ (used in) financing activities		<u>14,120</u>	<u>(38,438)</u>
Net decrease in cash and cash equivalents		(6,431)	(56,333)
Cash and cash equivalents at beginning of period		<u>24,489</u>	<u>90,571</u>
Cash and cash equivalents at end of period		<u>18,058</u>	<u>34,238</u>

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 2021, Allied Minds Group comprised of 4 legal subsidiaries, which included 2 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 Regulation (EC) No 1606/2002 (IFRS). Additionally, the Company holds a minority stake in five other portfolio companies. For the majority of the portfolio companies, Allied Minds is able to exercise significant influence by virtue of its large, albeit minority, ownership stake in the portfolio company and its representation on the board of directors.

Certain portfolio companies have entered into agreements with universities, scientists, and US 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

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition.

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020, which has been prepared in accordance with both "international accounting standards in conformity with the requirements of the Companies Act 2006" and "international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union", and any public announcements made by the Group during the interim reporting period.

These condensed interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020 were approved by the board of directors on 29 March 2021 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

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 US Dollar (\$) as this is the functional currency of most 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 2020.

The Directors have taken proactive cost management measures that include reduction in expenses of the management function of the head office at the Group 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 two 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 Group covering the period to 31 December 2023. 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 Group has \$18.1 million of available funds in the form of cash and cash equivalents as at 30 June 2021, that any commitments to subsidiary and investee companies are determined based on real time facts and circumstances and on a case by case basis, the Directors have a reasonable expectation that the Group 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. Furthermore, the directors have considered the timeline of when it plans to dispose of, divest or reinvest in its portfolio companies and there is no intention to cease trading or liquidate the business for the period under the going concern review. 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 2021 and through Q2 2021 as a result of suspension of all travel for board meetings, investor meetings and the 2021 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 2021 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 2020 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 5 October 2021 and are available on the Company's website at 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 2020 Annual Report and Accounts, with the exception of the new standards the Group adopted as of 1 January 2021, 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 2021.

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 2021	<i>Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Benchmark reform (phase 2)</i>
1 April 2021	<i>COVID-19-Related Rent Concessions beyond 30 June 2021 (IFRS 16 amendment)</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 2022	<i>Onerous contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)</i>
	<i>References to Conceptual Framework (Amendments to IFRS 3)</i>
	<i>Property, Plant and Equipment: Proceeds before Intended Use (amendments to IAS16)</i>
	<i>Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)</i>
1 January 2023	<i>IFRS 17 Insurance Contracts</i>

2. Revenue

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

For the period ended:	30 June 2021	30 June 2020
	<u>\$'000</u>	<u>\$'000</u>
Service revenue	219	110
Total revenue in consolidated statement of income/(loss)	<u><u>219</u></u>	<u><u>110</u></u>

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 and for both accounting period the performance obligation has been satisfied over time for all revenue.

3. Operating segments

a) Basis for segmentation

For management purposes, the Group's principal operations are currently organised in three 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;
- (iii) Minority holdings companies reflect the activity related to portfolio companies other than consolidated subsidiary businesses where the Group has made a minority investment and does not control or exercise joint control over the financial and operating policies of those entities. This segment will only include the results of entities which were deconsolidated during the accounting period. As of 30 June 2021, this operating segment includes OcuTerra Therapeutics, Inc. profit and loss for the period up to deconsolidation on 27 April 2021.

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:

30 June 2021
\$'000

	Early stage Stage	Later stage Stage	Minority Holdings	Other operations	Consolidated
Statement of Comprehensive Loss					
Revenue	250	—	219	—	219
Cost of revenue	—	(119)	—	—	(119)
Selling, general and administrative expenses	(43)	(1,337)	(1,524)	(3,440)	(6,344)
Research and development expenses	(428)	(966)	(120)	—	(1,514)
Other income	—	—	—	12,322	12,322
Finance income/(cost), net	(6)	12,985	(11,060)	(5,652)	(3,733)
Share of net loss of associates accounted for using the equity method	—	—	—	(2,362)	(2,362)
(Loss) for the period	(477)	10,782	(12,704)	868	(1,531)
Other comprehensive income/(loss)	—	—	—	(206)	(206)
Total comprehensive income/(loss)	(477)	10,782	(12,704)	662	(1,737)
Total comprehensive income attributable to:					
Equity holders of the parent	30	10,619	(9,560)	868	1,957
Non-controlling interests	(507)	163	(3,144)	—	(3,488)
Total comprehensive income	(477)	10,782	(12,704)	867	(1,531)

For the six months ended:

30 June 2020
\$'000

	Early stage Stage	Later stage Stage	Minority Holdings	Other operations	Consolidated
Statement of Comprehensive Loss					
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)
(Loss) for the period	(940)	(10,025)	—	(3,826)	(14,791)
Other comprehensive income/(loss)	—	—	—	(201)	(201)
Total comprehensive income/(loss)	(940)	(10,025)	—	(4,027)	(14,992)
Total comprehensive income attributable to:					
Equity holders of the parent	29	(9,696)	—	(3,826)	(13,493)
Non-controlling interests	(969)	(329)	—	—	(1,298)
Total comprehensive income	(940)	(10,025)	—	(3,826)	(14,791)

As of the period ended:

30 June 2021
\$'000

	Early stage	Later stage	Other operations	Consolidated
Statement of Financial Position				
Non-current assets	230	1,059	46,215	47,504
Current assets	(22)	5,318	18,572	23,868

Total assets	208	6,377	64,787	71,372
Non-current liabilities	(179)	-	(235)	(414)
Current liabilities	(3,500)	(14,520)	6,034	(11,986)
Total liabilities	(3,679)	(14,520)	5,799	(12,400)
Net assets/(liabilities)	(3,471)	(8,143)	70,586	58,972

As of the period ended:

	31 December 2020			Consolidated
	Early stage	Later stage	Other operations	
Statement of Financial Position				
Non-current assets	320	1,288	42,808	44,416
Current assets	502	7,105	24,977	32,584
Total assets	822	8,393	67,785	77,000
Non-current liabilities	(105)	(1,380)	(761)	(2,246)
Current liabilities	(3,756)	(27,707)	14,995	(16,468)
Total liabilities	(3,861)	(29,087)	14,234	(18,714)
Net assets/(liabilities)	(3,039)	(20,694)	82,019	58,286

4. Investment in Associate

Group Subsidiaries, associates and investments

As of 30 June 2021, Allied Minds has seven portfolio companies, including subsidiaries, associates and investments. As at the 30 June 2021 the investments in each of the companies and the accounting treatment is summarized below:

Portfolio company	Financial instruments held	Accounting treatment of financial instruments
Allied Minds LLC	Ordinary shares	Consolidated by the Group in line with IFRS 10 and following management assessment of significant control.
Allied Minds Securities Corp.	Ordinary shares	Consolidated by the Group in line with IFRS 10 and following management assessment of significant control.
BridgeComm, Inc.	Ordinary share capital and preferred shares	Consolidated by the Group in line with IFRS 10 and following management assessment of significant control. Preferred shares are eliminated on consolidation between Group companies, preferred shares held by third parties are fair valued through profit and loss under IFRS 9.
Spark Insights, Inc.	Ordinary share capital and preferred shares	Consolidated by the Group in line with IFRS 10 and following management assessment of significant control. Preferred shares are eliminated on consolidation between Group companies.
OcuTerra Therapeutics, Inc.	Ordinary share capital and preferred shares	The Group has a minority stake in the investment and does not have significant influence over the company. Therefore, the investment in ordinary shares is accounted for at fair value through the profit and loss under IFRS 9. Preferred share holdings are accounted for at fair value through profit and loss as investments held by the Group.
Federated Wireless, Inc.	Ordinary share capital and preferred shares	The ordinary share capital ownership means that the Group has significant influence but not control over the entity. Therefore, the investment in ordinary shares is accounted for by the equity method of accounting under IAS 28. Preferred share holdings are accounted for at fair value through profit and loss as investments held by the Group.
Spin Memory, Inc.	Ordinary share capital and preferred shares	The ordinary share capital ownership means that the Group has significant influence but not control over the entity. Therefore, the investment in ordinary shares is accounted for by the equity method of accounting under IAS 28. Preferred share holdings are accounted for at fair value through profit and loss as investments held by the Group.

Orbital sidekick, Inc.	Preferred shares	No ordinary shares are owned by Allied Minds and the directors have judged that the Group does not have significant influence over the entity through its preferred share holding. Preferred share holdings are accounted for at fair value through profit and loss as investments held by the Group.
TouchBistro, Inc.	Ordinary shares	The Group has a minority stake in the investment and does not have significant influence over the company. Therefore, the investment in ordinary shares is accounted for at fair value through the profit and loss under IFRS 9.

At 30 June 2021, the Group had two associates, Spin Memory and Federated Wireless, both of which are material to the Group, both of which are equity accounted.

Spin Memory: As of 31 December 2020, Allied Minds' ownership percentage went from 42.69% to 43.01% as a result of the entity's latest financing round in July 2020. 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 31 December 2020. As of 30 June 2021, Allied Minds' ownership percentage remained at 43.01%.

On 23 June 2021, the Board of Spin Memory has taken the decision to liquidate the company. Allied Minds first invested \$1.5 million in Spin Memory in November 2007 and continued to provide funding in subsequent fundraising rounds. Allied Minds' total investment in Spin Memory to date is \$50.5 million. As indicated at the full year results in March, despite shareholders providing operational and financial support, Spin Memory faced significant liquidity issues. These were due to challenges in securing new customers, alongside the impact of COVID-19 which significantly delayed the required testing of its development chip with ARM. In light of these challenges and the significant quantum of capital committed to Spin Memory to date, the Board of Allied Minds has concluded that it is no longer prepared to make any further investment into Spin Memory. As of 30 June 2021, the company has not completed the liquidation process.

		Ownership percentage	
Location		30 June 2021	31 December 2020
Spin Memory, Inc.	Fremont, CA	43.01%	43.01%
		30 June 2021	31 December 2020
		<u>\$'000</u>	<u>\$'000</u>
Group's interest in net assets of investee, beginning of period		—	—
Share of loss from continuing operations		—	—
Carrying amount for equity accounted investees		<u>—</u>	<u>—</u>
Unrecognised share of losses for period to 30 June		—	(11,633)
Unrecognised share of losses in associate		(37,393)	(37,393)
Total outstanding		<u>(37,393)</u>	<u>(37,393)</u>

Federated Wireless: As of 31 December 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 of 30 June 2021, Allied Minds' ownership percentage remained at 43.11% and continues to be subject to the equity method accounting and no further adjustments were made to the investment balance at 30 June 2021. If Federated Wireless 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 2021	31 December 2020
Federated Wireless, Inc.	Arlington, VA	43.11%	43.11%
		30 June 2021	31 December 2020
		<u>\$'000</u>	<u>\$'000</u>
Group's interest in net assets of investee, beginning of period		—	6,845
Share of loss from continuing operations		—	(6,845)
Carrying amount for equity accounted investees		<u>—</u>	<u>—</u>
Unrecognised share of losses for period to 30 June		(10,167)	(9,562)
Unrecognised share of losses in associate		(29,599)	(19,432)
Total outstanding		<u>(29,599)</u>	<u>(19,432)</u>

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.

As of April 2021, OcuTerra Therapeutics was deconsolidated from the Group's financial statements as a result of the first closing of its Series B Preferred Stock financing round. On that date Allied Minds' issued and outstanding ownership percentage dropped from 62.67% to 27.58%.

Consequently, since the Company no longer held a majority of the voting rights in OcuTerra Therapeutics and did not hold a majority on its board of directors, Allied Minds did not exercise effective control over OcuTerra Therapeutics. However, even after the transaction, Allied Minds was able to exercise significant influence over the entity by virtue of its large, albeit minority, stake in the company and its representation on the OcuTerra Therapeutics's board of directors. As such, only the profits and losses generated by OcuTerra Therapeutics through April 2021 were included in the Group's Consolidated Statements of Comprehensive Income/ (Loss). Upon the date of deconsolidation, Allied Minds recognised an investment in OcuTerra Therapeutics related to its common shares of \$2.4 million. Preferred Stock and Series B Preferred Stock (collectively the "OcuTerra Therapeutics Preferred Stock") held by Allied Minds are not equity-like and therefore these fall under the guidance of IFRS 9 and will be treated as a financial asset held at fair value where all movements to the value of Allied Minds' share in the preferred stock will be recorded through the Consolidated Statements of Comprehensive Income/(Loss). At the date of deconsolidation these were classified as an investment at fair value of \$3.3 million. The fair value of the

investment in associate at the date of deconsolidation was based on the value implied from the third party funding round which lead to the loss of control. This is a market based valuation approach.

On 21 June 2021, OcuTerra completed the third closing of the same Series B financing and as a result, Allied Minds' ownership dropped to 18.98% of the issued and outstanding shares. In addition, Allied Minds has only 1 out of 7 Board of Directors representation and therefore it is limited in its participation in operating and capital. Based on these factors management have judged that Allied Minds cannot alone impact the policy making processes of the company and given there are no other material transaction between the investor and investee have determined, Allied Minds no longer has significant influence over the investee and the investment does not meet the definition of an associate under IAS 28 at this point. As such, Allied Minds' share of common stock is accounted as an investment at fair value in accordance with IFRS 9 for the period beyond 21 June 2021.

Allied Minds' investment in common shares was adjusted by the share of loss of \$2.4 million generated by OcuTerra Therapeutics for the period 27 April through 21 June 2021. This reduced the investment in OcuTerra to a zero balance. At 21 June 2021, the investment in OcuTerra's common shares was accounted as an investment at fair value in accordance with IFRS 9 and the investment in OcuTerra's common shares was subsequently measured at \$2.6 million from \$nil at 21 June 2021. This resulted in a gain through profit and loss in relation to the fair value of this amount.

Allied Minds recognised \$2.4 million as its share of loss from OcuTerra Therapeutics through the Consolidated Statements of Comprehensive Income/(Loss) as follows:

Location	Ownership percentage	
	30 June 2021	31 December 2020
OcuTerra Therapeutics, Inc.	18.98%	62.67%
	21 June 2021	31 December 2020
	\$'000	\$'000
Group's interest in net assets of investee, beginning of period	–	–
Addition in the year	2,362	–
Share of loss from continuing operations	(2,362)	–
Carrying amount for equity accounted investees	–	–
Unrecognised share of losses in associate	(1,406)	–
Total outstanding	(1,406)	–

The company's investment at fair value in Federated Wireless has changed from \$28.5 million, as reported at 31 December 2020, to \$27.9 million at 30 June 2021.

The company's investment at fair value in Spin Memory has changed from \$4.8 million, as reported at 31 December 2020, to \$nil at 30 June 2021. The change was primarily due to the Board's decision to liquidate the company.

On 6 April 2018, Allied Minds made an investment in Orbital Sidekick, a company developing capabilities in aerial and space-based hyperspectral imaging and analytics, initially for the oil and gas industry. Allied Minds has significant influence over financial and operating policies of the investee by virtue of its large, albeit minority, stake in the company and its representation on the entity's board of directors. Allied Minds only held shares of preferred stock in Orbital Sidekick. The preferred shares held by Allied Minds are not equity-like and therefore these fall under the guidance of IFRS 9 and will be treated as a financial asset held at fair value where all movements to the value of Allied Minds' share in the preferred stock will be recorded through the Consolidated Statements of Comprehensive Income/(Loss).

On 13 April 2021, Orbital Sidekick, Inc. ("OSK") completed the closing of its \$16 million Series A funding round led by Temasek, an investment company headquartered in Singapore, with participation from Energy Innovation Capital, Syndicate 708, and existing investors Allied Minds and 11.2 Capital. Out of the total financing capital raised, Allied Minds invested \$2.5 million (including the conversion of its SAFE of \$1.5 million). As of 30 June 2021, Allied Minds' ownership of Orbital Sidekick's issued share capital is 26.52% compared to 33.23% at 31 December 2020. As of 30 June 2021, Allied Minds investment held at fair value related to its Preferred Shares in Orbital Sidekick was valued at \$8.0 million (31 December 2020: \$5.5 million).

On 6 April 2018, Allied Minds made an investment in TableUp, a software provider enabling end-to-end transparency through the restaurant supply chain to enable more effective inventory and operations management. On 5 August 2020, TableUp 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. As such, Allied Minds's investment in preferred stock, along with the convertible note, was fully converted into common shares in TouchBistro. A total of 2,542,662 common shares of TouchBistro was paid to Allied Minds valued at \$5.99 million at the time of the transaction. As a result of the acquisition, Allied Minds' ownership percentage was 1.52% at 31 December 2020. Allied Minds does not have significant influence over the investee as it does not hold 20% or more of the voting power of the investee as well as it does not have any board representation. As such, the investment does not meet the definition of an associate under IAS 28 Equity Accounting ("IAS 28") and therefore, the common shares are classified as an investment at fair value, under IFRS 9 Financial Instruments ("IFRS 9"). At 30 June 2021, the fair value of Allied Minds' investment in TouchBistro was measured at \$3.1 million (31 December 2020: \$2.8 million).

Those investments are presented in the below table:

	30 June 2021	Disposals	(Loss)/gain from IFRS 9 fair value accounting	Additions	31 December 2020
	\$'000	\$'000	\$'000	\$'000	\$'000
Federated Wireless, Inc.	27,909	–	(623)	–	28,532
Spin Memory, Inc.	–	–	(4,821)	–	4,821
Orbital Sidekick, Inc.	7,993	–	29	2,500	5,464
TouchBistro, Inc.	3,051	–	280	–	2,771
OcuTerra Therapeutics, Inc.	6,559	–	3,248	3,311	–
Total investments at fair value	45,512	–	(1,887)	5,811	41,588

The fair value gain in Occuterra includes \$2.6 million in common stock gain which was remeasured from a \$nil balance at 21 June 2021, as from that date, the common stock was accounted as an investment at fair value in accordance with IFRS 9.

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 2021	31 December 2020
Volatility	28.1%-96.0%	38.8%-73.5%
Time to liquidity (years)	1.00 - 2.00	1.50 - 3.27
Risk-free rate	0.1% - 0.3%	0.10% - 0.2%
IPO/M&A/Sale Probability	0%/ 100%/ n/a	0%/ 100%/ 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:	Sensitivity range	30 June 2021	31 December 2020
		\$'000	\$'000
Input		Financial assets increase/(decrease)	
Enterprise Value	-2%	(760)	(451)
	+2%	503	613
Volatility	-10%	1,045	602
	+10%	(952)	(290)
Time to Liquidity	-6 months	978	445
	+6 months	(691)	(198)
Risk-Free Rate ⁽¹⁾	-0.02%/-0.09%	978	445
	0.11% /0.02%	(691)	(198)

(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 income for the period attributable to ordinary shareholders of \$2.0 million (HY20: loss of \$13.5 million), by the weighted average number of ordinary shares outstanding of 242,163,396 (HY20: 241,646,422) during the six-month period ended 30 June 2021:

(Loss)/Income attributable to ordinary shareholders:

For the six months ended:	30 June 2021		30 June 2020	
	Basic	Diluted	Basic	Diluted
	\$'000	\$'000	\$'000	\$'000
Income/(loss) for the year attributed to the owners of the Company	1,957	1,957	(13,493)	(13,493)
Income/(loss) for the year attributed to the ordinary shareholders	<u>1,957</u>	<u>1,957</u>	<u>(13,493)</u>	<u>(13,493)</u>

Weighted average number of ordinary shares:

For the six months ended:	30 June 2021		30 June 2020	
	Basic	Diluted	Basic	Diluted
Issued ordinary shares	242,163,396	242,163,396	241,563,123	241,563,123
Effect of RSUs issued	—	—	83,299	83,299
Weighted average ordinary shares	<u>242,163,396</u>	<u>242,163,396</u>	<u>241,646,422</u>	<u>241,646,422</u>

Income per share:

For the six months ended:	30 June 2021		30 June 2020	
	Basic	Diluted	Basic	Diluted
	\$	\$	\$	\$
Income/(loss) per share	<u>0.01</u>	<u>0.01</u>	<u>(0.06)</u>	<u>(0.06)</u>

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

The table below explains the composition of share capital:

As of the period ended:	30 June 2021 \$'000	31 December 2020 \$'000
Equity		
Share capital, £0.01 par value, issued and fully paid		
242,187,985 and 242,187,985, respectively	3,767	3,767
Treasury shares	(181)	–
Translation reserve	1,137	1,343
Accumulated earnings	57,600	55,440
Equity attributable to owners of the Company	62,323	60,550
Non-controlling interests	(3,351)	(2,264)
Total equity	58,972	58,286

ALM's Board of Directors (the "Board") has approved a new programme to buy back up to \$3.0 million of the Group's shares ("Buyback Programme"). Share purchases will take place in open market transactions and may be made from time to time depending on market conditions, share price, trading volume and other factors. The Buyback Programme will run from the 23 June 2021 to 15 October 2021 or, if earlier, the date of the announcement of the Group's interim results for the six months ending 30 June 2021. Purchases may continue during any closed period to which the Group is subject during the above-mentioned period. The Buyback Programme is in accordance with Allied Minds' general authority to purchase a maximum of 24,218,799 Ordinary Shares, granted by its shareholders at the Annual General Meeting held on 12 May 2021 and the purpose is to reduce share capital. Shares purchased under the Buyback Programme will be cancelled upon the programme completing. As of 30 June 2021, the company has repurchased 730,000 of its own shares.

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
Non-controlling interest as of 31 December 2020	(3,441)	1,177	(2,264)
Share of comprehensive loss	(507)	(2,981)	(3,488)
Effect of change in Company's ownership interest	–	(38)	(38)
Equity-settled share based payments	–	18	18
Deconsolidation of subsidiary	–	2,421	2,421
Non-controlling interest as of 30 June 2021	(3,948)	597	(3,351)

8. Leases

Right of use asset

	Right of use assets \$000s
Balance at 1 January 2021	651
Depreciation	(172)
Balance at 30 June 2021	479

Lease liability

	Total lease liability \$000s
Balance at 1 January 2021	1,830
Cash paid	(565)
Interest expense	43
Balance at 30 June 2021	1,308

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 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.

9. Preferred shares

At 30 June 2021, BridgeComm Inc. had outstanding preferred shares which were classified as subsidiary preferred shares in current liabilities in accordance with IFRS 9 as BridgeComm has 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 are 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.

As of April 2021, OcuTerra Therapeutics was deconsolidated from the Group's financial statements as a result of the first closing of its Series B Preferred Stock financing round and Allied Minds' issued and outstanding ownership percentage dropped from 62.67% to 27.58%. On that date, OcuTerra has issued \$14.1 million in Series B Preferred Shares to its third party investors. In addition, as a result of the round OcuTerra's Series A Preferred Shares and Special Stock went up in value by \$7.7 million.

The following summarises the subsidiary preferred shares balance:

As of the period ended:	30 June 2021	Finance (income)/cost from IFRS 9 fair value accounting	31 December 2020

	\$'000	Disposals	\$'000	Additions	\$'000
BridgeComm	2,089	—	(4,408)	—	6,497
OcuTerra Therapeutics	—	(21,841)	7,704	14,137	—
Total subsidiary preferred shares	2,089	(21,841)	3,296	14,137	6,497

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 2021 \$'000	31 December 2020 \$'000
BridgeComm	2,100	6,500
Total liquidation preference	2,100	6,500

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:	30 June 2021	31 December 2020
Volatility	73.6%	53.6%
Time to Liquidity (years)	2.00	2.00
Risk-Free Rate	0.30%	0.10%
Discount for lack of marketability	20%	20%

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:

		OPM Measurement Date	
As of:		30 June 2021	31 December 2020
		\$'000	\$'000
Input	Sensitivity range		
Enterprise Value	-2%	(38)	(112)
	+2%	38	114
Volatility	-10%	38	266
	+10%	(76)	(264)
Time to Liquidity	-6 months	38	117
	+6 months	(38)	(112)
Risk-Free Rate	-0.09 / -0.02	38	117
	0.11 / 0.02	(38)	(112)

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 were \$0.2 million (HY20: \$0.7 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 of 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. 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 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.

No shares were issued in respect of historic awards under the LTIP during the six months ended 30 June 2021 when compared to 30 June 2020 of a total of 386,998 Ordinary Shares. A summary of stock option activity under the UK LTIP for the six months ended 30 June 2021 and 2020, respectively, is shown below:

For the six months ended:	30 June 2021			30 June 2020		
	TSR	SVM	Time	TSR	SVM	Time
Number of shares granted at maximum ('000)	–	–	–	–	–	387
Weighted average fair value per share (£)	–	–	–	–	–	0.36
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 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 2021 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 \$0.2 million (HY20: \$0.6 million).

During the six-month period ended 30 June 2021, no units have vested under the LTIP and respectively no 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 US Stock Option/Stock Issuance Plan (the "US Stock Plan") was originally adopted by Allied Minds, Inc. (now Allied Minds, LLC) in 2008. The US 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. Pursuant to the Company's IPO in 2014, Allied Minds plc adopted and assumed the rights and obligations of Allied Minds, Inc. 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 US 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 US Stock Plan.

No new stock option grants were awarded in the half-year 2021 and 2020 under the Allied Minds 2008 Plan. A summary of stock option activity in the US Stock Plan is presented in the following table:

For the six months ended:	30 June 2021		30 June 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding as of 1 January	-	-	230,000	\$ 2.49
Exercised during the period	-	-	-	-
Forfeited during the period	-	-	(230,000)	\$ 2.49
Outstanding as of period end	-	-	-	-
Exercisable at period end	-	-	-	-
Intrinsic value of exercisable	\$ nil	-	\$ nil	-

For the six months ended 30 June 2021, no options were exercised (HY20: nil) resulting in \$nil (HY20: \$ 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:

	2021 \$'000				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit or loss					
Investments at fair value	45,512	-	-	45,512	45,512
Loans and receivables					
Cash and cash equivalents	18,058				
Trade and other receivables	5,088				
Security and other deposits	935				
Total	69,593	-	-	45,512	45,512
Financial liabilities designated as fair value through profit or loss					
Subsidiary preferred shares	2,089	-	-	2,089	2,089
Convertible notes	3,450	-	3,450	-	3,450
Financial liabilities measured at amortised cost					
Trade and other payables	1,403				
Lease liability	1,308				
Total	8,250	-	3,450	2,089	5,539

	2020 \$'000				
	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit or loss					
Investments at fair value	41,588	-	-	41,588	41,588
Convertible note receivable	1,500	-	1,500	-	1,500
Loans and receivables					
Cash and cash equivalents	24,489				
Trade and other receivables	5,816				
Security and other deposits	1,360				
Total	74,753	-	1,500	41,588	43,088
Financial liabilities designated as fair value through profit or loss					
Convertible notes	4,406	-	4,406	-	4,406
Subsidiary preferred shares	6,497	-	-	6,497	6,497
Financial liabilities measured at amortised cost					
Trade and other payables	2,285				
Lease liability	1,830				
Total	15,018	-	4,406	6,497	10,903

(1) On 5 August 2020, TableUp has been acquired by TouchBistro, Inc. ("TouchBistro"). As a result of the acquisition, the entire instrument was converted into common shares during the year to 31 December 2020.

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.

Cash and cash equivalents, trade receivables, and trade payables are carried at cost, which approximates fair value because of their short-term nature.

The convertible note movement in the period from \$4.4 million at 31 December 2020 to \$3.5 million at 30 June 2021 consisted of the conversion of a \$1.4 million OcuTerra convertible note into Series B shares offset, in part, by the fair value movement of \$0.3 million of the BridgeComm convertible note during the period.

12. Related party transactions

a) Key management personnel compensation

For the six months ended:	30 June 2021 \$'000	30 June 2020 \$'000
Short-term employee benefits	837	271
Share-based payments	-	112
Total	<u>837</u>	<u>383</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 2021 \$'000	30 June 2020 \$'000
Non-executive Directors' fees	173	173
Non-executive Directors' share-based payments	-	5
Total	<u>173</u>	<u>178</u>

Executive management and Directors of the Company control 0.6 % (FY20: 0.6 %) of the voting shares of the Company as of 30 June 2021.

13. Taxation

No current income tax expense was recorded for the period ended 30 June 2021 and 2020 due to continuing operating losses. Furthermore, deferred tax assets have not been recognised in respect of tax losses carried forward, research and development credits and other timing differences, 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. No deferred tax liability is recognised in respect of fair value gains as at 30 June 2021 given the current availability of tax losses within the group, which would be sufficient to extinguish any capital gain assessed.

14. Subsequent events

The Company has evaluated subsequent events through 5 October 2021, which is the date the Condensed Consolidated Interim Financial Statements are available to be issued.

On 9 July 2021, BridgeComm issued \$600,000 in convertible notes to Allied Minds, following the issuance of \$1,500,000 in convertible notes to Boeing HorizonX Ventures in 2020.

On 3 September 2021, OcuTerra completed the fifth closing of the same Series B financing round raising external capital totaling \$32.1 million. As a result, Allied Minds' ownership was 17.7% of the issued and outstanding shares.

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 UK adopted International Accounting Standard 34, 'Interim Financial Reporting' 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

5 October 2021

COMPANY INFORMATION

Company Registration Number
08998697

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

Website
www.alliedminds.com

Board of Directors
Harry Rein (*Non-Executive Chairman*)
Bruce Failing (*Senior Independent Director*)
Mark Lerdal (*Independent Non-Executive Director*)

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 2021 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated 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 1(b), the annual financial statements of the group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting'.

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 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 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
5 October 2021

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