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Allied Minds PLC
26 September 2019

**Allied Minds plc[1]**
**Half-Yearly Report for the six months ended 30 June 2019**

**26 September 2019** -- Boston, MA - Allied Minds plc, the IP commercialisation company focused on early stage technology businesses, today announces its interim results for the six months ended 30 June 2019.

**HIGHLIGHTS**

· Allied Minds invested $24.3 million into its portfolio companies during 2019, including $15.3 million post period end

· Third party investors subscribed for $110.3 million of portfolio company equity during 2019, including $105.8 million post period end

· Net cash and investments at 30 June 2019: $56.8 million (FY18: $97.7 million), of which $46.6 million held at parent level (FY18: $50.6 million)

· In August 2019, HawkEye 360 secured a $70.0 million funding round, which included new investors Airbus and Esri, existing investors Razor's Edge Ventures, Allied Minds ($5.0 million), and Shield Capital Partners, and additional undisclosed parties, at a pre-money valuation of $200.0 million, up from prior round post-money of $89.9 million

· In September 2019, Federated Wireless secured a $51.3 million funding round, which included new investors SBA Communications and Pennant Investors, alongside existing investors GIC, American Tower and Allied Minds ($10.0 million), at a pre-money valuation of $150.0 million, up from prior round post-money of $121.5 million

· In September 2019, the Federal Communications Commission (FCC) certified the Spectrum Access System (SAS) operated by Federated Wireless and approved its Initial Commercial Deployment (ICD), allowing Federated Wireless to initiate its commercial services with over 20 customers in 36 states in the U.S.

· In September 2019, Allied Minds entered into an agreement to sell its entire shareholding in HawkEye 360 to Advance for an aggregate cash consideration of $65.6 million, subject to shareholder approval. The consideration represents a 5.6x return on invested capital, and also represents an internal rate of return (IRR) equal to 96.0% for such shares.

Joseph Pignato and Michael Turner, Co-Chief Executive Officers of Allied Minds, commented:

"**We have made good progress since our appointment to implement our revised strategy of focusing exclusively on supporting our existing portfolio companies and maximising monetisation opportunities at the right time, while reducing ongoing annualised HQ operating expenses.**

**The strong funding rounds at HawkEye 360 and Federated Wireless, together with the significant technical and commercial progress throughout the technology portfolio, demonstrate the value and momentum of the portfolio.**

**The announced sale of our HawkEye 360 shares is a major development. The sale provides an excellent return on invested capital, enables us to make a significant return of cash to shareholders, and strengthens our ability to continue to fund and support our existing technology portfolio."**

**Financial Highlights**

· Net cash and investments* at 30 June 2019: $56.8 million (FY18: $97.7 million), of which $46.6 million held at parent level (FY18: $50.6 million), reflecting investment in portfolio companies and HQ operating expense offset by cash inflows from the sale or dissolution of Allied-Bristol Life Sciences, Percipient Networks and Signature Medical -- *includes excess cash in form of fixed income securities

· Revenue: $1.5 million (HY18: $2.1 million), reflecting the early stage nature of our portfolio companies, and the deconsolidation of two of the Group's existing portfolio companies, HawkEye 360 and Spin Memory in the second half of 2018

· Income for the period: $2.5 million (HY18: income of $4.3 million), of which income of $3.1 million attributable to the Company (HY18: loss of $12.5 million), primarily reflects SG&A and R&D spending of $16.4 million and $12.3 million, respectively, to support portfolio company development activities, as well as other income of $24.7 million, reflecting $33.9 million in gain on investments held at fair value offset by the Company's share of loss of $9.2 million from the deconsolidated entities accounted under the equity method

**Selected Portfolio Company Highlights**

· Federated Wireless completed nationwide deployment of its Environmental Sensing Capability (ESC) network and received full FCC approval of its ESC network deployment and coverage plan, providing authorisation to operate its ESC sensors

· Federated Wireless also received a perfect score on its final SAS lab test report from the Institute for Telecommunication Sciences (ITS), which led to the FCC certifying the SAS operated by Federated Wireless and approving its Initial Commercial Deployment (ICD), and allowing Federated Wireless to initiate its commercial services with over 20 customers in 36 states in the U.S.

· HawkEye 360 completed successful commissioning of its Pathfinder Cluster within 10 weeks of launch, and initiated commercial operations with two products released to the market -- RF Geolocation and RF Mosaic

· HawkEye 360 also established valuable partnerships with Esri, Windward, Ursa, and BlackSky, and completed its RFP for construction of the next four clusters of satellites and awarded the contract to Space Flight Laboratory

· Orbital Sidekick expanded its pilot programs to additional oil and gas pipeline operators to deliver Spectral Intelligence™ for asset integrity and regulatory compliance monitoring via web-based user interface

· Orbital Sidekick also captured over 12 million square kilometers of earth imaging data captured from its first-generation hyperspectral system on-board the International Space Station (ISS)

· Spark Insights built a core data science & machine learning team consisting of 6 data scientists, engineers and machine learning experts, sourced and labelled thousands of satellite and aerial images to support modelling efforts, and built initial machine learning models and achieved initial R&D performance milestones for accuracy

· Spin Memory achieved significant technical milestones in connection with its partnership with ARM Limited, including co-developing a demonstration vehicle that will tape out next month, completing design and layout of the crucial Endurance Engine™, as well as design and analysis of bitcells and critical circuits such as sense amps across many different process technologies

· Spin Memory also achieved significant technical milestones in connection with its partnership with Applied Materials, including APTD "dedicated" pMTJ deposition tool has been qualified and process has been fully transferred, 1st pipe-cleaner CMOS wafers were processed by Applied's BEOL process, and "best performing" pMTJ was demonstrated on CMOS utilising Spin's BEOL process, as well as very high yield was demonstrated for the critical "solder reflow" high-temperature retention specification

· Spin Memory was awarded a multi-phase, multi-year, multi-million US government project as subcontractor to a leading US semiconductor company

**Corporate Developments**

- On 26 April 2019, the Company announced that it would focus exclusively on supporting its existing portfolio companies and maximising monetisation opportunities for portfolio company interests, and not deploy any capital into new portfolio companies, and that it was implementing steps to reduce ongoing annualised HQ operating expenses

- The Company also announced that in light of changes to the strategy, it would retire the long term incentive plan (LTIP) scheme for executive directors, management and other employees, and cease future awards to these persons

- On 10 June 2019, each of Joseph Pignato and Michael Turner were appointed as Co-Chief Executive Officer and Executive Director, while also maintaining their duties as Chief Financial Officer and General Counsel, respectively

- Peter Dolan and Kevin Sharer, Chairman and Senior Independent Director, respectively, retired from the Board effective from the Company's Annual General Meeting held on 28 June 2019 (AGM)

- At the same time it was announced that Jeff Rohr and Harry Rein, would assume the Chairman and Senior Independent Director roles, respectively, following the AGM, and that Audit Committee would be chaired by Fritz Foley; the Nomination Committee would be chaired by Jeff Rohr; and the Remuneration Committee would be chaired by Harry Rein

- Effective as of the date of this report, Nina Thayer shall serve as Secretary of the Company

- Effective as of 27 September 2019, Simon Davidson, EVP, Technology Investments, shall resign from the Company

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Further information on Allied Minds is available on our website: www.alliedminds.com

This 2019 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 2018 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.

[1] *Allied Minds plc is referred to as "Allied Minds" or "the Company". "The Group" refers to Allied Minds plc and its consolidated subsidiaries.*

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**INTERIM MANAGEMENT REPORT**

**Overview**

Allied Minds 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.

Allied Minds is currently invested in eight active portfolio companies which are primarily in the technology sector, and are based on multiple underlying innovative technologies ranging from semiconductor memory, shared spectrum access, optical wireless communication, and space-based imagery and analytics.

Allied Minds currently focuses exclusively on supporting its existing portfolio companies and maximising monetisation opportunities for portfolio company interests, and not deploying any capital into new portfolio companies. In 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, working capital requirements and the most appropriate capital return mechanism.

**Developments and Execution**

The year to date has been defined by significant change and renewed focus, and during the last three months the Company achieved a number of significant developments, including:

- Funding HawkEye 360, which secured a $70.0 million financing round, which included new investors Airbus and Esri, at a pre-money valuation of $200.0 million, up from prior round post-money of $89.9 million

- Funding Federated Wireless, which secured a $51.3 million financing round, which included new investors SBA Communications and Pennant Investors, at a pre-money valuation of $150.0 million, up from prior round post-money of $121.5 million

- Announcing that Federated Wireless will begin Initial Commercial Deployment (ICD) of its services to more than 20 customers in both urban and rural markets across 36 states in the U.S. immediately following the FCC's public notice of approval in September 2019

- Entering into an agreement to sell Allied Minds' entire shareholding in HawkEye 360 to Advance for an aggregate cash consideration of $65.6 million, which transaction, due to its size and nature, constitutes a "Class 1" transaction under the Listing Rules and therefore is conditional upon the approval of shareholders; Allied Minds has received confirmations of intention to vote in favour of the proposed disposal from shareholders representing an aggregate of approximately 58.0% of the issued share capital

    - The consideration represents a 5.6x return on invested capital from the Series A preferred stock, and also represents an internal rate of return (IRR) equal to 96.0% for such shares

    - Allied Minds proposes to initially return $32.8 million, or 50% of the gross proceeds, to shareholders, subject to creating sufficient distributable reserves

    - The remainder of the proceeds will be used to fund potential follow-on investment opportunities within Allied Minds' existing technology portfolio in order to maximise their value and monetisation opportunities, and for working capital

**Central Costs**

In order to address the commitment to reduce HQ operating expenses, the management team has:

- Implemented a reduction in headcount from 19 employees at 31 December 2018, to a planned 8 employees at 31 October 2019, and transitioned the workload to the remaining employees

- Sublet our current HQ office space, and leased new space that represents an 80% reduction in square footage and annual expense, effective as of 1 November 2019

- In connection with the deconsolidation of HawkEye 360, Spin Memory and Federated Wireless, begun to transition these portfolio companies off the central shared services platform, and as of 31 October 2019, will no longer provide accounting, financial, HR, payroll, recruiting, IT, legal and other services to these portfolio companies; Allied Minds will only be providing streamlined shared services to its three active consolidated portfolio companies, which have much smaller headcounts and demands

- Eliminated other non-essential third-party costs, and reviewed all vendors and service providers and transitioned to lower cost alternatives where appropriate, including IT, HR, payroll and benefits

The Board has refined its estimate of ongoing annualised HQ operating expenses excluding interest, depreciation, severance and share-based payments, to approximately $7.5 million in 2020. This increase from its earlier estimate is driven primarily by the increased cost of director and officer insurance. During the renewal of the D&O policy in June 2019, the Company incurred substantially increased costs for the same coverage due to increased premiums in the UK for non-UK domiciled businesses. Of the estimated $7.5 million for 2020, $2.9 million represents public company costs, including audit, valuations, legal, broking, registrar, listing fees, director fees, D&O insurance and other expenses.

**Outlook**

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

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

**Portfolio Summary and Valuation**

Allied Minds currently has eight active portfolio companies, of which four were majority owned and controlled at 30 June 2019, and therefore fully consolidated in the Group's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). Post period end, Federated Wireless ceased to be majority owned and controlled.

With respect to the other portfolio companies, Allied Minds holds a significant minority stake. In each case, Allied Minds is able to exercise significant influence over the portfolio company by virtue of its large, albeit minority, ownership stake in the portfolio company and its representation on the board of directors.

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 below. The ownership interests are as at 24 September 2019 (being the latest practicable date prior to the publication of this document). 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.

**BridgeComm**

- Year formed: 2015
- Date of last funding round: September 2018
- Post-money valuation: $38.0 million
- Co-investors: Boeing HorizonX Ventures (venture arm of Boeing Company)
- Issued and outstanding ownership: 81.38%
- Fully-diluted ownership: 62.92%
- BridgeComm continues to make reasonable progress against its key operational objectives. See Portfolio Review and Developments for more information.

**Federated Wireless**

- Year formed: 2012
- Date of last funding round: September 2019
- Post-money valuation: $201.3 million
- Co-investors: SBA Communications (NASDAQ: SBAC), Pennant Investors, GIC (Singapore's sovereign wealth fund), and American Tower (NYSE: AMT), with Charter Communications (NASDAQ: CHTR), ARRIS International (NASDAQ: ARRIS) and Woodford Investment Management having invested in earlier rounds
- Issued and outstanding ownership: 42.57%
- Fully-diluted ownership: 35.81%
- Federated Wireless continues to make significant progress against its key operational objectives, including the recent Federal Communications Commission approval of an initial commercial deployment (ICD) of Citizen Band Radio Service (CBRS), and the initiation of services to its customer base. See Portfolio Review and Developments for more information.

**HawkEye 360**

- Year formed: 2015
- Date of last funding round: August 2019 (date of first closing; final closing pending)
- Post-money valuation: $235.0 million (with an additional $35.0 million expected at final closing)
- Co-investors: Airbus (final closing), Esri, Shield Capital, Razor's Edge Ventures and other undisclosed investors, with Raytheon Company, Sumitomo Corporation of Americas, Space Angels, Woodford Investment Management and Invesco Asset Management having invested in earlier rounds
- Issued and outstanding ownership: 40.66%
- Fully-diluted ownership: 32.47%
- HawkEye 360 continues to make significant progress against its key operational objectives, including operating the Pathfinder Cluster, initiating commercial operations with two products released to the market -- RF Geolocation and RF Mosaic, and completing the RFP for construction of the next four clusters of satellites. See Portfolio Review and Developments for more information.

**Orbital Sidekick**

- Year formed: 2016
- Date of last funding round: April 2018
- Post-money valuation: $11.7 million
- Co-investors: 11.2 Capital
- Issued and outstanding ownership: 33.23%

- Fully-diluted ownership: 29.87%
- Orbital Sidekick continues to make reasonable progress against its key operational objectives. See Portfolio Review and Developments for more information.

**Spark Insights**

- Year formed: 2018
- Date of last funding round: April 2019
- Post-money valuation: $3.2 million
- Co-investors: n/a
- Issued and outstanding ownership: 70.59%
- Fully-diluted ownership: 60.00%
- Spark Insights continues to make reasonable progress against its key operational objectives. See Portfolio Review and Developments for more information.

**Spin Memory**

- Year formed: 2007
- Date of last funding round: November 2018 (date of first closing, final closing in April 2019)
- Post-money valuation: $172.0 million
- Co-investors: Arm Technology Investments Limited, Applied Ventures, LLC, Abies Venture Fund, Woodford Investment Management and Invesco Asset Management
- Issued and outstanding ownership: 42.69%
- Fully-diluted ownership: 33.58%
- Spin Memory continues to make significant progress against its key operational objectives, including technical co-development milestones under the license agreements with each of ARM Limited and Applied Materials. See Portfolio Review and Developments for more information.

**TableUp**

- Year formed: 2013
- Date of last funding round: April 2018
- Post-money valuation: $12.0 million
- Co-investors: n/a
- Issued and outstanding ownership: 35.52%
- Fully-diluted ownership: 30.20%
- TableUp continues to make reasonable progress against its key operational objectives. See Portfolio Review and Developments for more information.

**SciFluor Life Sciences**

- Year formed: 2010
- Date of last funding round: April 2015
- Post-money valuation: $130.7 million
- Co-investors: Woodford Investment Management and Invesco Asset Management
- Issued and outstanding ownership: 70.03%
- Fully-diluted ownership: 59.57%
- SciFluor has experienced clinical delays since its last funding round. The valuation has been reduced to $nil due to a prolonged and continued inability to attract new external financing, and limited cash available to fund its future operations. See Portfolio Review and Developments for more information.

During the period, Allied Minds sold the assets of LuxCath, LLC for an undisclosed consideration, ceased operations of Precision Biopsy, Inc. and determined to seek to sell its remaining intellectual property and other assets, and ceased operations and dissolved each of ABLS Capital, LLC, Allied-Bristol Life Sciences, LLC, ABLS II, LLC, ABLS IV, LLC, and Signature Medical, Inc. Post period end, Allied Minds sold all of its shares of QuayChain, Inc. for an undisclosed consideration.

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**

*Technology Companies*

***BridgeComm, Inc. (formerly known as BridgeSat, Inc.)***

*Overview*

Formed in 2015, BridgeComm is seeking to build an Optical Wireless Communications (OWC) big data delivery service that will enable communications between satellites, aircraft and the ground at speeds of 100+ Gigabits per second (Gbps). The driving value propositions for this technology include high OWC data speeds which are not achievable with Radio Frequency (RF) technology, near unlimited OWC capacity compared to scarce RF resources which drive RF spectrum prices, and the enhanced security of OWC that does not exist in RF. BridgeComm believes that OWC will augment current RF technology to extend the overall capabilities of communication systems. The technology underpinning BridgeComm's offering was sourced originally from The Aerospace Corporation and Draper Laboratories. BridgeComm has further developed its OWC technology as well as partnered with key industry players to provide unique system solutions and capabilities. BridgeComm is based in Denver, Colorado. In September 2018, BridgeComm raised $10 million in a Series B round led by The Boeing Company via its Boeing HorizonX Ventures arm.

*2019 key operational management objectives*

- Successfully demonstrate One-To-Many (OTM) optical communications technology
- Develop strategic partnership program with commercial technology partners to extend the OWC technology offerings
- Expand the capacity of the global ground network through industry partnerships and ground station installations
- Continue developing intellectual property around BridgeComm specific technology
- Continue the strategic relationship with The Boeing Company on both commercial and US Government programs
- Build strong commercial and government customer backlog

*Progress in 2019*

- In February 2019, announced a strategic relationship with Es'HailSat, a Qatari satellite company, to build an optical ground station to be co-located at Es'HailSat's new satellite operations center in Doha, Qatar
- In June 2019, announced name change to BridgeComm, Inc. to reflect growing demand and involvement in optical wireless communications beyond space to terrestrial and airborne markets, where 5G and US Government demands are increasing at a rapid pace

***Federated Wireless, Inc.***

*Overview*

Federated Wireless offers a cloud-based software as a service (SaaS) that unlocks spectrum previously unavailable to commercial users by enabling government and commercial users to securely share the same spectrum band. Founded in 2012, the company's solution is based on technology developed with support from Virginia Tech and the US Department of Defense (DoD). Federated Wireless is the leader in enabling shared spectrum via a software-based service that leverages artificial intelligence (AI). Investors include SBA Communications, Pennant Investors, GIC, American Tower, Charter Communications and Arris International. Federated is poised for full Federal Communications Commission (FCC) certification of Citizens Broadband Radio Service (CBRS) shared spectrum, beginning with a live application to roll out commercial services under the FCC's Initial Commercial Deployment (ICD) program with 20 end-user partners. Federated Wireless has multi-year contracts signed for the provision of spectrum allocation services with multiple customers, including a large mobile network operator (MNO), ExteNet, Zinwave, Accelleran, Airspan, Telrad, Blinq, Baicells, Landmark, Cambium, Ruckus and Motorola. Federated Wireless is based in Arlington, Virginia.

*2019 key operational management objectives*

- ICD approval, followed by FCC certification
- Complete build out of nationally available of Environmental Sensing Capability (ESC) network to meet customer requirements
- Build infrastructure and capacity to support scale of the business

*Progress in 2019*

- In February 2019, co-founded the Utility Broadband Alliance (UBBA) whose mission is to assist its members in planning, designing and deploying secure, reliable and resilient private broadband networks to support America's transforming critical infrastructure
- In May 2019, completed nationwide deployment of its Environmental Sensing Capability (ESC) network; Federated Wireless was the first company to achieve this milestone
- In July 2019, received perfect score on its final Spectrum Access System (SAS) lab test report from the Institute for Telecommunication Sciences (ITS), paving the way for Initial Commercial Deployment (ICD)
- In July 2019, received full FCC approval of its ESC network deployment and coverage plan, providing authorisation to operate its ESC sensors
- In September 2019, received approval from the FCC for Initial Commercial Deployment (ICD), initiating its commercial services with over 20 customers in 36 states in the U.S.
- In September 2019, secured $51.3 million in Series C funding from GIC (Singapore's sovereign wealth fund), Pennant Investors, American Tower, SBA Communications and Allied Minds.

***HawkEye 360, Inc.***

*Overview*

Formed in 2015, HawkEye 360 is a data analytics company operating low earth orbit (LEO) small satellites that detect, independently geo-locate and analyse diverse Radio Frequency (RF) signals from space. Using its unique data set, sourced from the Pathfinder satellites, HawkEye 360 applies proprietary algorithms to produce contextually relevant analytics and reports for government and commercial end market applications. Its first cluster of satellites was launched in December 2018 and commissioning was successfully completed in February 2019. Data products from the Pathfinder cluster are now commercially available. Construction of the next satellite cluster has been initiated. This cluster will apply information learned from the Pathfinder to further enhance RF data collection capabilities and expand revenue opportunities. Co-investors in HawkEye 360 include Raytheon, Razor's Edge and Sumitomo Corporation of the Americas. HawkEye 360 is based in Herndon, Virginia.

*2019 key operational management objectives*

- Successfully launched three core analytic products in the Spectrum Awareness product line, RF Geo, RF Survey and Emitter Data Base.
- Complete development of next cluster and ready for launch
- Commence development of follow-on clusters two, three and four, for launch in 2020.

*Progress in 2019*

- Completed successful commissioning of Pathfinder Cluster within 10 weeks of launch
- Operating the Pathfinder Cluster, the company initiated commercial operations with two products released to the market -- RF Geolocation and RF Mosaic
- Established valuable partnerships with Esri, Windward, Ursa, and BlackSky
- Grew the team from 30 to 40 individuals, including the recruitment of Alex Fox as the company's EVP, Sales, Marketing and Business Development
- Completed RFP for construction of the next four clusters of satellites and awarded contract to Space Flight Laboratory
- Secured $70.0 million in Series B financing, which included new investors Airbus and Esri; this includes $35.0 million of pending subscriptions that are subject to closing conditions precedent, including approval by the Committee on Foreign Investments in The United States (CFIUS)

Post period end, in September 2019, Allied Minds announced that it had entered into a stock purchase agreement to sell its entire shareholding in the share capital of HawkEye 360 to Advance for an aggregate cash consideration of $65.6 million, which transaction, due to its size and nature, constitutes a "Class 1" transaction under the Listing Rules and therefore is conditional upon the approval of shareholders. The consideration represents a 5.6x return on invested capital from the Series A preferred stock, and also represents an internal rate of return (IRR) equal to 96.0% for such shares.

***Orbital Sidekick, Inc.***

*Overview*

Orbital Sidekick is a company developing capabilities in aerial and space-based hyperspectral imaging and analytics, initially for the oil and gas industry. Orbital Sidekick's Spectral Intelligence™ platform is designed to enable more efficient monitoring of natural resource assets and infrastructure integrity. Orbital Sidekick is initially targeting monitoring of assets for the oil and gas market - estimated at over $4 billion annually. There are potentially multiple additional commercial and government applications for its technology. Orbital Sidekick was founded by Dan Katz and Tushar Prabhakar, leveraging their extensive experience in small-sat design as engineers at Space Systems Loral. The team has built a complementary network of advisors to bring expertise in oil and gas operations and regulations, hyperspectral analysis, and data services. Allied Minds led the seed round of Orbital Sidekick in April 2018 with an investment of $3.5 million for a significant minority stake. 11.2 Capital, a VC firm specialising in breakthrough technologies, invested alongside Allied Minds.

*2019 key operational management objectives*

- Integrate and test second-generation hyperspectral space payload for launch in Q1 2020
- Evolve pilot programs into long-term contracts with key oil and gas pipeline operators
- Provide full web-based user interface access to key commercial and government customers

*Progress in 2019*

- Expanded Orbital Sidekick's pilot programs to additional oil and gas pipeline operators to deliver Spectral Intelligence™ for asset integrity and regulatory compliance monitoring via web-based user interface

- Captured over 12 million square kilometers of earth imaging data from its first-generation hyperspectral system on-board the International Space Station (ISS)
- Successfully completed a Phase I SBIR contract from AFWERX, the United States Air Force program with the goal of fostering a culture of innovation within the service, and subsequently awarded a Phase II SBIR contract
- Successfully commenced its second-generation hyperspectral payload aerial campaign for commercial customers

***Spark Insights, Inc.***

*Overview*

Spark Insights is an advanced analytics company developing data products for the rapidly growing insurance analytics market. Allied Minds formed Spark Insights in late 2018 and subscribed to a $3.2 million financing in April 2019, with $1.2 million invested immediately and the remaining $2.0 million due upon the achievement of technical milestones, which was completed in September 2019. Given the increasing prevalence of catastrophic events, including hurricanes, floods, and wildfires, property, insurers are struggling to quantify the impact on their policies, both before and after a catastrophic event occurs. Spark Insights plans to leverage the advent of unique data sets, including advances in satellite imagery and weather data, combined with proprietary analytics to transform critical workflows for these property insurers. Spark Insights draws from Allied Minds' expertise in the SpaceTech sector and perspective on the maturing data sets emerging from new space platforms, analytics conducted at NASA and deep insurance and weather expertise of Allied Minds' Entrepreneur-In-Residence, Ira Scharf. Spark Insights' focus is at the intersection of several multi-billion dollar addressable markets including an approximately $7.0 billion per year insurance analytics market, approximately $10.0 billion per year in underwriting losses, and approximately $1.0 billion per year in catastrophe modeling platforms. Ira Scharf is a co-founder of Spark Insights and has been appointed as the company's CEO. Ira's background includes over 15 years bringing products to market in the insurance industry and over 10 years in the weather industry, in addition to degrees from MIT and Harvard Business School.

*2019 key operational management objectives*

- Develop initial prototype to improve processes in the property insurance industry using novel data sets and analytics capabilities
- Engage with pilot customers in the insurance and reinsurance industries
- Build team to support data science, engineering, and business development activities in initial pilots

*Progress in 2019*

- Built a core data science & machine learning team consisting of 6 data scientists, engineers and machine learning experts
- Sourced and labelled thousands of satellite and aerial images to support modelling efforts
- Built initial machine learning models and achieved initial R&D performance milestones for accuracy

***Spin Memory, Inc. (formerly known as Spin Transfer Technologies, Inc.)***

*Overview*

Spin Memory is developing technology solutions that have the potential to materially enhance the endurance, speed and size characteristics of MRAM (magneto-resistive random access memory) - the emerging next generation memory technology. Spin Memory believes these technologies hold the potential to unlock the widespread adoption of MRAM as a replacement for existing SRAM and DRAM. It has licensed its Endurance Engine technology to ARM Limited and will work with ARM Limited to create a range of embedded MRAM solutions, including SRAM-class MRAM design solutions based on this proprietary technology. Furthermore, Spin Memory has entered into a commercial agreement with Applied Materials, Inc. (Applied Materials) to jointly create a comprehensive MRAM manufacturing solution for foundries. ARM Limited and Applied Materials were co-investors in Spin Memory's Series B funding round completed in November 2018. Based in Fremont, California, Spin Memory was formed in 2006 and employs over 20 PhDs in fields including engineering, physics, materials sciences and mathematics.

*2019 key operational management objectives*

- Create proof of concepts in silicon that demonstrate the superior performance of Spin Memory's technologies
- Leverage exclusive licensing agreements with Applied Materials and ARM Limited to bring technology IPs into the mainstream
- Build strong commercial and government customer backlog for new use cases in AI, ADAS, 5G, IoT and more

*Progress in 2019*

- In 2018, Spin Memory signed a licensing agreement with ARM Limited, the world's leading semiconductor intellectual property (IP) company. The licensing agreement extends to Spin Memory's Endurance Engine™ technology and related IP, and governs the terms on which ARM Limited and Spin Memory will work together to create SRAM-class magnetoresistive random-access memory (MRAM) design solutions based on this proprietary technology. Under the licensing agreement, Spin Memory will provide ARM Limited with its innovative Endurance Engine design architecture to develop a new line of embedded MRAM design IP. This MRAM design IP will address two new applications areas for embedded MRAM:
  - High-speed / high-endurance (HSE) non-volatile memories for the Internet of Things (IoT) and Edge Artificial Intelligence (AI) devices. Progress to date includes co-developing with ARM Limited a demonstration vehicle that will tape out next month.
  - Static random-access memory (SRAM) application in SoCs (Systems-on-a-Chip), with denser and lower power solutions than typically achieved with the current 6T SRAM cell-based IP. Progress to date includes the completion of design and layout of the crucial Endurance Engine™ in the previous project, as well as design and analysis of bitcells and critical circuits such as sense amps across many different process technologies.
- In 2018, Spin Memory announced a commercial agreement with Applied Materials to create a comprehensive embedded MRAM solution. The solution brings together Applied Materials' internal MRAM IP as well as its industry-leading deposition and etch capabilities with Spin Memory's MRAM process IP. Key elements of the offering include Applied Materials' innovations in PVD and etch process technology, Spin Memory's revolutionary Precessional Spin Current™ (PSC) structure (also known as the Spin Polarizer), and industry-leading perpendicular magnetic tunnel junction (pMTJ) technology from both companies. The solution is designed to allow customers to quickly bring up an MRAM manufacturing line and start producing world-class MRAM products. Spin Memory and Applied Materials are working together to make this turnkey solution commercially available. Progress to date includes: APTD "dedicated" pMTJ deposition tool has been qualified and process has been fully transferred, 1st pipe-cleaner CMOS wafers were processed by Applied's BEOL process, and "best performing" pMTJ was demonstrated on CMOS utilizing Spin's BEOL process, as well as very high yield was demonstrated for the critical "solder reflow" high-temperature retention specification.
- Awarded multi-phase, multi-year, multi-million US government project as subcontractor to a leading US semiconductor company
- Progressed Ultra-dense Selector, including silicon process flow defined; silicon started in major R&D fab; physical structure determined; with electrical results expected at end September, and next steps to shrink, optimise and combine with magnetics.

***TableUp, Inc.***

*Overview*

TableUp is a software provider enabling end-to-end transparency through the restaurant supply chain to enable more effective inventory and operations management. Allied Minds' minority investment in TableUp in April 2018 represents a first entry into a vertical market where efficiency gains in operations, supply chain management, and marketing are expected to be unlocked through improved connectivity. TableUp is a revenue-generating company and has a relationship with Reyes Group LLC, one of the largest food and beverage distributors in the US.

*2019 key operational management objectives*

- Expand referral partner network
- Expand traction in mid-market segment
- Build integrations with additional key POS systems

*Progress in 2019*

- Added integrations with Epos Now and Toast, the fastest growing restaurant POS system
- Signed partnership agreement with Upserve point-of-sale (POS) system

- During the period, achieved 160% year-over-year revenue growth

*Life Science Company*

***SciFluor Life Sciences, Inc.***

*Overview*

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

*2019 key operational management objectives*

- Complete toxicology studies for SF0166
- Submit amended IND to US FDA

*Progress in 2019*

- SciFluor has been seeking to raise external financing over the course of 2019 to fund Phase II trials for SF0166, on the back of safety and preliminary efficacy data from the Phase I/II trials. This process has not been successfully completed. As a result, clinical development activities at SciFluor have been pared back, and in 2019 have been focused exclusively on completing the toxicology studies necessary to initiate the Phase II trials for SF0166.

**Risk Management**

The principal risks and uncertainties surrounding Allied Minds and its portfolio companies are set out in detail on pages 45 to 51 in the Risk Management section of the Strategic Report included in the 2018 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; key senior management risk; termination of critical IP licenses; significant delays or failure to complete clinical studies; and lack of capital; all as further described in the 2018 Annual Report and Accounts.

There have not been any significant changes in the nature of the risks set forth therein that will affect the next six months of the financial year, therefore, such risks are applicable to the remaining six months of the financial year. A copy of the 2018 Annual Report and Accounts is available on the Company's website at www.alliedminds.com under "Investors - Reports & Presentations".

**Financial review**

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

| **For the six months ended:** | **30 June 2019 $'000** | **30 June 2018 $'000** |
|---|---|---|
| Revenue | 1,520 | 2,062 |
| Cost of revenue | (616) | (1,184) |
| Selling, general and administrative expenses | (16,356) | (23,030) |
| Research and development expenses | (12,257) | (22,970) |
| Finance income, net | 5,495 | 49,376 |
| Other income | 24,760 | — |
| **Income for the year** | 2,546 | 4,254 |
| Other comprehensive loss, net of tax | (199) | (89) |
| **Total comprehensive income** | 2,347 | 4,165 |

Revenue decreased by $0.6 million, to $1.5 million for the six months ended 30 June 2019 (HY18: $2.1 million), when compared to the same period in the prior year. This decrease is primarily attributable to deconsolidation of two of the company's subsidiaries in the second half of 2018. The decrease is partly offset by revenue from new contracts in 2019 at BridgeComm of $0.4 million. Cost of revenue at $0.6 million for the six months ended 30 June 2019 (HY18: $1.2 million) was lower as a percentage of revenue, when compared to the same period in the prior year, mainly due to deconsolidation of the two of the company's subsidiaries and inventory write-offs at closed and dissolved companies in the first half of 2018.

Selling, general and administrative (SG&A) expenses decreased by $6.6 million, to $16.4 million for the six months ended 30 June 2019 (HY18: $23.0 million). This reduction was mainly due to the restructuring charge for closed and dissolved subsidiaries in the first half of 2018 and deconsolidated subsidiaries in the second half of 2018, as well as cost reductions at headquarters implemented at the end of 2018. Total SG&A was offset, in part, by the net gain from the disposal of assets at LuxCath in the first half of 2019.

Research and development (R&D) expenses decreased by $10.7 million, to $12.3 million for the six months ended 30 June 2019 (HY18: $23.0 million). The decrease was primarily due to the deconsolidated and closed and dissolved subsidiaries in the second half of 2018. The remainder of the decrease reflects the net effect from R&D spend at the other subsidiaries.

Net finance income decreased by $43.9 million for the six months ended 30 June 2019 to $5.5 million (HY18: $49.4 million). The decrease reflects the impact from deconsolidation of two of the company's subsidiaries in the second half of 2018 partly offset by net finance income of $4.9 million from IFRS 9 fair value accounting of the subsidiary preferred shares liability balance (HY18: $48.5 million). The change was primarily from adjustments at SciFluor and Precision Biopsy.

Other income increased to $24.7 million (2018: $nil) reflecting $33.9 million in gain on investments held at fair value that is offset by the company's share of loss of $9.2 million from the deconsolidated entities accounted under the equity method.

As a result of the above discussed factors, total comprehensive income for the year decreased by $1.8 million to $2.3 million for the six months ended 30 June 2019 (HY18: $4.1 million).

***Condensed Consolidated Statement of Financial Position***

| **As of the period ended:** | **30 June 2019 $'000** | **31 December 2018 Restated* $'000** |
|---|---|---|
| Non-current assets | 116,995 | 83,739 |
| Current assets | 63,134 | 107,034 |
| **Total assets** | 180,129 | 190,733 |
| Non-current liabilities | 4,623 | 436 |
| Current liabilities | 64,510 | 69,557 |
| Equity | 110,996 | 120,780 |
| **Total liabilities and equity** | 180,129 | 190,733 |

* See note 13 for details of the adjustment.

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 $33.3 million, to $117.0 million at 30 June 2019 (FY18: $83.7 million), mainly due to an increase of $36.4 million in investment in portfolio companies at fair value, offset in part by share of net loss recorded for investments accounted under equity method of $9.2 million.

- o Investments at fair value increased to $92.9 million as of 30 June 2019 (FY18: 56.5 million). As a result of the deconsolidation of Spin Memory and HawkEye 360 and fair value accounting for investments held on the date of deconsolidation, Allied Minds recorded a gain of $33.9 million in the Consolidated Statements of Comprehensive Income/ (Loss). In addition, the increase reflects $2.5 million that was released from escrow by Allied Minds in April 2019 when Spin Memory completed the final closing of its $52.0 million Series B Preferred Stock financing.
- o Investments in associates decreased to $10.3 million as of 30 June 2019 (FY18: 19.5 million). As a result of the deconsolidation of Spin Memory and equity method accounting for investments held on the date of deconsolidation, Allied Minds recorded a share of loss of $9.2 million in the Consolidated Statements of Comprehensive Income/ (Loss).
- o Right-of-use assets increased by $4.3 million as of 30 June 2019 (FY18: $ nil) offset by depreciation of $0.7 million. On 1 January 2019, the Company elected to adopt the new lease standard using the modified retrospective approach applied to lease arrangements that were in place on the transition date. As such, results reported as of 30 June 2019 are presented under the new standard.
- o Property and equipment increased by $1.6 million to $7.6 million as of 30 June 2019 (FY18: $6.0 million), mainly reflecting acquisition of property and equipment of $2.5 million offset by depreciation of $0.6 million.
- o Intangible assets decreased by $0.5 million to $0.7 million at 30 June 2019 (FY18: $1.2 million) as a result of impairment and amortisation of $0.5 million.

Current assets decreased by $43.9 million, to $63.1 million as of 30 June 2019 (FY18: $107.0 million), mainly due to a reduction in cash and cash equivalents of $40.9 million.

- o Cash and cash equivalents decreased by $40.9 million to $56.8 million at 30 June 2019 from $97.7 million at 31 December 2018. The decrease is mainly attributed to $37.4 million of net cash used in operations, $5.0 million cash from investing activities and $1.0 million cash used in financing activities;
- o Restricted cash decreased by $2.5 million due to Allied Minds' additional investment in Spin Memory of $2.5 million, cash that was released from the escrow in April 2019.
- o Trade and other receivables decreased by $0.5 million due to a decrease in trade receivables of $0.6 million from customer collections mainly at Federated Wireless. This decrease is offset in part by an increase in prepaid expenses of $1.1 million as a result of advanced payments made by BridgeComm towards the construction of a ground station.

Non-current liabilities increased by $4.2 million, to $4.6 million as of 30 June 2019 (FY18: $0.4 million) reflecting an increase of $4.6 million in lease liability as a direct result of the Company's implementation of the new lease standard that was partly offset by a reduction in the deferred rent balance of $0.4 million at 30 June 2019.

Current liabilities decreased by $5.0 million, to $64.5 million at 30 June 2019 (FY18: $69.5 million) mainly reflecting a net decrease of $0.9 million in subsidiary preferred shares liability and a decrease in trade and other payables by $4.9 million. The decrease in subsidiary preferred shares liability reflects the fair value adjustment for the period of $0.9 million. The overall decrease in current liabilities was offset in part by the increase in deferred revenue of $0.8 million.

Net equity decreased by $9.8 million to $111 million at 30 June 2019 (FY18: $120.8 million) reflecting the combination of comprehensive income for the period of $2.3 million offset by the effect of closed and dissolved operations of $11.1 million and $1.0 million charge due to equity-settled share based payments.

***Condensed Consolidated Statement of Cash Flows***

| For the six months ended: | 30 June 2019 $'000 | 30 June 2018 $'000 |
|---|---|---|
| Net cash outflow from operating activities | (26,339) | (39,739) |
| Net cash outflow/inflow from investing activities | (5,047) | 1,970 |
| Net cash outflow/inflow from financing activities | (12,043) | 11,849 |
| **Net decrease in cash and cash equivalents** | (43,429) | (25,920) |
| Cash and cash equivalents at beginning of period | 100,234 | 158,075 |
| **Cash and cash equivalents at end of the period** | 56,805 | 132,155 |

The Group's net cash outflow from operating activities of $26.3 million in the six months ended 30 June 2019 (HY18: $39.7 million) was primarily due to the net operating losses for the period of $27.7 million (HY18: $45.1 million) and an increase in working capital and other finance costs of $8.2 million (HY18: $3.5 million). The operating cash outflow was offset by adjustments for non-cash accounting entries such as depreciation, amortisation, share of net loss of associate and share-based expenses of $9.6 million (HY18: $8.9 million).

The Group had a net cash outflow from investing activities of $5.0 million in the six months ended 30 June 2019 (HY18: net cash inflow of $2.0 million). This outflow predominately related to purchases of property and equipment and intangibles of $2.5 million (HY18: $1.6 million) and an additional investment in Spin Memory of $2.5 million made by Allied Minds in April 2019.

The Group's net cash outflow from financing activities of $12.0 million in the six months ended 30 June 2019 (HY18: $11.9 million) reflects, in part, the cash distributions to shareholders of $12.0 million as a result of the dissolution of Signature Medical, Inc. and the remaining ABLS companies in the first half of 2019. Additionally, cash inflows from financing activities in the period included proceeds from issuance of share capital at Allied Minds.

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

## Condensed Consolidated Statement of Comprehensive Income

| For the six months ended: | Note | 30 June 2019 $'000 | 30 June 2018 $'000 |
|---|---|---|---|
| Revenue | | 1,520 | 2,062 |
| Operating expenses: | | | |
| Cost of revenue | | (616) | (1,184) |
| Selling, general and administrative expenses | | (16,356) | (23,030) |
| Research and development expenses | | (12,257) | (22,970) |
| **Operating loss** | | (27,709) | (45,122) |
| Other income/(expense): | | | |
| Gain on investments held at fair value | | 33,913 | – |
| **Other income** | | 33,913 | – |
| Finance income | | 678 | 908 |
| Finance cost | | (123) | (48) |
| Finance income from IFRS 9 fair value accounting | 7 | 4,940 | 48,516 |
| **Finance income, net** | | 5,495 | 49,376 |
| Share of net loss of associates accounted for using the equity method | 3 | (9,153) | – |
| **Income before tax** | | 2,546 | 4,254 |
| Taxation | | - | – |

| | Note | | |
|---|---|---|---|
| **Income for the period** | 2 | 2,546 | 4,254 |
| | | | |
| **Other comprehensive income/(loss):** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences | | (199) | (89) |
| **Other comprehensive income, net of taxation** | | (199) | (89) |
| **Total comprehensive income** | | 2,347 | 4,165 |
| | | | |
| **Income/(loss) attributable to:** | | | |
| Equity holders of the parent | | 3,057 | (12,538) |
| Non-controlling interests | 6 | (511) | 16,792 |
| | | 2,546 | 4,254 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the parent | | 2,858 | (12,627) |
| Non-controlling interests | 6 | (511) | 16,792 |
| | | 2,347 | 4,165 |
| | | | |
| **Income/(loss) per share** | | **$** | **$** |
| Basic | 4 | 0.01 | (0.05) |
| Diluted | 4 | 0.01 | (0.05) |

## Condensed Consolidated Statement of Financial Position

| **As of the period ended:** | **Note** | **30 June 2019 $'000** | **31 December 2018 Restated* $'000** |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | | 7,595 | 5,997 |
| Intangible assets | | 706 | 1,221 |
| Investments at fair value | 3 | 92,957 | 56,544 |
| Investment in associate | 3 | 10,390 | 19,543 |
| Right-of-use assets | 7 | 4,329 | – |
| Other financial assets | | 512 | 434 |
| Other non-current assets | | 506 | – |
| **Total non-current assets** | | 116,995 | 83,739 |
| | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 56,805 | 97,734 |
| Restricted cash | | - | 2,500 |
| Trade and other receivables | | 6,325 | 6,400 |
| Other financial assets | | 4 | 400 |
| **Total current assets** | | 63,134 | 107,034 |
| **Total assets** | | 180,129 | 190,773 |
| | | | |
| **Equity** | | | |
| Share capital | | 3,748 | 3,743 |
| Share premium | | 160,170 | 160,170 |
| Merger reserve | | 263,367 | 263,367 |
| Translation reserve | | 451 | 651 |
| Accumulated deficit | | (289,500) | (302,661) |
| **Equity attributable to owners of the Company** | 5 | 138,236 | 125,270 |
| Non-controlling interests | 6 | (27,240) | (4,490) |
| **Total equity** | | 110,996 | 120,780 |
| | | | |
| **Non-current liabilities** | | | |
| Lease liability | 7 | 4,621 | – |
| Other non-current liabilities | | 2 | 436 |
| **Total non-current liabilities** | | 4,623 | 436 |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 8,110 | 13,030 |
| Deferred revenue | | 3,146 | 2,333 |
| Subsidiary preferred shares | 8 | 53,254 | 54,194 |
| **Total current liabilities** | | 64,510 | 69,557 |
| **Total liabilities** | | 69,133 | 69,993 |
| **Total equity and liabilities** | | 180,129 | 190,773 |

* Prior year investment in associate balance has been adjusted - see note 13.

## Condensed Consolidated Statement of Changes in Equity

| | ***Note*** | **Share capital** | | **Share** | **Merger** | **Translation** | **Accumulated** | **Total parent** | **Non-controlling** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|
| | | **Shares** | **Amount** | **premium** | **reserve** | **reserve** | **Deficit** | **equity** | **interests** | **equity** |
| | | | $' 000 | $' 000 | $' 000 | $' 000 | $' 000 | $' 000 | $' 000 | $' 000 |
| **Balance at 31 December 2017** | | 238,202,541 | 3,714 | 158,606 | 263,367 | 89 | (354,443) | 71,333 | (59,242) | 12,091 |
| **Total comprehensive income/(loss) for the period** | | | | | | | | | | |
| Income/(loss) from continuing operations | | – | – | – | - | – | (12,538) | (12,538) | 16,792 | 4,254 |
| Foreign currency translation | | – | – | – | - | (89) | – | (89) | – | (89) |
| **Total comprehensive income/(loss) for the period** | | | | | | (89) | (12,538) | (12,627) | 16,792 | 4,165 |
| Issuance of ordinary shares | 5 | 1,224,831 | 17 | – | – | – | – | 17 | – | 17 |
| Gain/(loss) arising from change in non- | | – | – | – | | – | (280) | (280) | 280 | – |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| controlling interest | 6 | | | | | | | | | |
| Exercise of stock options | 5,8 | 887,373 | 12 | 1,564 | - | — | — | 1,576 | — | 1,576 |
| Equity-settled share based payments | 8 | — | — | — | | — | 3,923 | 3,923 | 1,596 | 5,519 |
| **Balance at 30 June 2018** | | 240,314,745 | 3,743 | 160,170 | 263,367 | — | (363,338) | 63,942 | (40,573) | 23,369 |
| **Total comprehensive income for the year** | | | | | | | | | | |
| Income from continuing operations (restated) | | - | - | - | - | - | 36,404 | 36,404 | 7,990 | 44,394 |
| Foreign currency translation | | - | - | - | - | 561 | (63) | 498 | - | 498 |
| **Total comprehensive income for the year** | | | | | | 561 | 36,341 | 36,902 | 7,990 | 44,892 |
| Issuance of ordinary shares | 5 | 1,224,831 | 17 | - | - | - | - | 17 | - | 17 |
| Gain/(loss) arising from change in non-controlling interest | 6 | - | - | - | - | - | (5,208) | (5,208) | 5,208 | - |
| Deconsolidation of subsidiaries | | - | - | - | - | - | 5,300 | 5,300 | 49,490 | 54,790 |
| Dissolution of subsidiaries | | - | - | - | - | - | 9,952 | 9,952 | (9,952) | - |
| Exercise of stock options | 5,8 | 887,373 | 12 | 1,564 | - | - | - | 1,577 | - | 1,577 |
| Equity-settled share based payments | 8 | - | - | - | - | - | 5,397 | 5,397 | 2,016 | 7,413 |
| **Balance at 31 December 2018 restated*** | | 240,314,745 | 3,743 | 160,170 | 263,367 | 650 | (302,661) | 125,270 | (4,490) | 120,780 |
| Balance at 31 December 2018 as previously reported | | 240,314,745 | 3,743 | 160,170 | 263,367 | 650 | (300,304) | 127,627 | (4,490) | 123,137 |
| Prior year adjustment (see note 13) | | - | - | - | - | - | (2,357) | 2,357 | - | 2,357 |
| **Total comprehensive income/(loss) for the period** | | | | | | | | | | |
| Income from continuing operations | | - | - | - | - | - | 3,057 | 3,057 | (511) | 2,546 |
| Foreign currency translation | | - | - | - | - | (199) | - | (199) | - | (199) |
| **Total comprehensive income/(loss) for the period** | | | | | | (199) | 3,057 | 2,858 | (511) | 2,347 |
| Issuance of ordinary shares | 5 | 389,111 | 5 | - | - | - | - | 5 | - | 5 |
| Gain/(loss) arising from change in non-controlling interest | 6 | - | - | - | - | - | 7,240 | 7,240 | (7,240) | - |
| US subsidiary distribution to shareholders | | - | - | - | - | - | (11,117) | (11,117) | - | (11,117) |
| Dissolution of subsidiaries | | - | - | - | - | - | 15,291 | 15,291 | (15,291) | - |
| Equity-settled share based payments | 8 | | | | | | (1,310) | (1,310) | 292 | (1,018) |
| **Balance at 30 June 2019** | | 240,703,856 | 3,748 | 160,170 | 263,367 | 451 | (289,500) | 138,236 | (27,240) | 110,996 |

## Condensed Consolidated Statement of Cash Flows

| **For the six months ended:** | **Note** | **30 June 2019** | **30 June 2018** |
|---|---|---|---|
| | | **$'000** | **$'000** |
| **Cash flows from operating activities:** | | | |
| Net operating loss | | (27,709) | (45,122) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation | | 603 | 2,931 |
| Amortisation | | 297 | 38 |
| Impairment losses on property and equipment | | 342 | — |
| Impairment losses on intangible assets | | 222 | 455 |
| Share-based compensation expense | 8 | (1,018) | 5,519 |
| Share of net loss of associate | 3 | 9,153 | — |
| Changes in working capital: | | | |
| Decrease/(increase) in trade and other receivables | | 75 | 1,077 |
| (Increase)/decrease in other assets | | 398 | (316) |
| Decrease in trade and other payables | | (4,921) | (4,950) |
| (Decrease)/increase in other non-current liabilities | | (434) | (302) |
| Increase in deferred revenue | | 815 | 160 |
| Interest received | | 680 | 904 |
| Interest paid | | (120) | — |
| Other finance cost | | (4,722) | (133) |
| **Net cash used in operating activities** | | (26,339) | (39,739) |
| **Cash flows from investing activities:** | | | |
| Purchases of property and equipment, net of disposals | | (2,542) | (1,352) |
| Purchases of intangible assets, net of disposals | | (5) | (235) |
| Purchases of investments at fair value | 3 | (2,500) | (7,500) |
| Disposal of other investments | | — | 11,057 |
| **Net cash (used in)/ provided by investing activities** | | (5,047) | 1,970 |
| **Cash flows from financing activities:** | | | |
| US subsidiary distributions to shareholders | | (12,048) | — |
| Proceeds from exercise of stock options | 5 | — | 1,576 |
| Proceeds from issuance of share capital | | 5 | 17 |
| Proceeds from issuance of preferred shares in subsidiaries | 7 | — | 10,256 |
| **Net cash (used in)/ provided by financing activities** | | (12,043) | 11,849 |
| Net decrease in cash and cash equivalents | | (43,429) | (25,920) |
| Cash and cash equivalents at beginning of period | | 100,234 | 158,075 |
| **Cash and cash equivalents at end of period** | | 56,805 | 132,155 |

## 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 2019, Allied Minds Group comprised of 11 legal subsidiaries, which included 6 active portfolio companies that are currently majority owned and controlled, and therefore fully consolidated in the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS). Additionally, the Company holds a significant minority stake in four other portfolio companies. In each case, Allied Minds is able to exercise significant influence over the portfolio company by virtue of its large, albeit minority, ownership stake in the portfolio company and its representation on the board of directors.

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

**b) Basis of preparation**

These interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting and should be read in conjunction with the Group's last financial statements as at and for the year ended 31 December 2018. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial information included in the Annual Report and Accounts as at and for the year ended 31 December 2018.

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial information included in the Group annual report and accounts as at and for the year ended 31 December 2018.

The Directors have taken proactive cost management measures that include reduction in expenses of the management function of the head office at the parent level. They have also decided to focus exclusively on supporting the Group's 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, working capital requirements and the most appropriate capital return mechanism. The Directors expect this strategy to take at least three years to be fully implemented, and as a matter of good governance, will continue to keep this strategy under review at appropriate intervals. They have prepared trading and cash flow forecasts for the Group covering the period to 31 December 2021. Reflecting this revised strategy, despite the fact that 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 $56.8 million of available funds in the form of cash as at 30 June 2019, 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. For this reason, they have adopted the going concern basis in preparing these half-yearly results.

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 2019 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 2018 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 26 September 2019 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 2018 Annual Report and Accounts, with the exception of the new standards the Group adopted as of 1 January 2019, 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 2019.

**Newly adopted standards**

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a lease, SIC -15 Operating Leases - Incentives and SIC - 27 Evaluating the substance of transactions involving the legal form of a lease. The standard is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees in a similar way to finance leases under IAS 17. The new lease standard requires leases to be accounted for using a right-of-use model, which recognises that, at the date of commencement, a lessee has a financial obligation to make lease payments to the lessor for the right to use the underlying asset during the lease term. The lessee recognizes a corresponding right-of-use asset related to this right.

On 1 January 2019, the Company elected to adopt the new lease standard using the modified retrospective approach by measuring the right-of-use asset at an amount equal to the lease liability at the date of transition and therefore comparative information will not be restated.

- Upon transition, the Group has applied the following practical expedients:
- excluding initial direct costs from the right-of-use assets;
- use hindsight when assessing the lease term;
- not reassessing whether a contract is or contains a lease; and
- not separating the lease components from the non-lease components in lease contracts.

The Group has elected to account for lease payments as an expense on a straight-line basis over the life of the lease for:

- Leases with a term of 12 months or less and containing no purchase options; and
- Leases where the underlying asset has a value of less than $5,000.

The lease liability is initially measured at the present value of the lease payments that are not paid at the transition date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group used its incremental borrowing rate. The right-of-use asset is depreciated on a straight-line basis and the lease liability will give rise to an interest charge.

Finance leases will continue to be treated as finance leases. The Company does not have any finance leases as of 30 June 2019. Based on the information currently available, the Group recognised additional lease liabilities of $4.6 million and $4.3 million in lease assets with the cumulative effect of $0.2 million that was recognised as an adjustment to the opening balance of retained earnings at 1 January 2019. Those rights and obligations are primarily related to operating leases for office and laboratory space.

In the first half of 2019, the Company entered into additional leases that added more right of use assets and lease liabilities to the statement of financial position. Further information regarding the right of use asset and lease liability can be found in Note 11.

**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:

Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018)
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)
IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)
Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017).

## 2. Operating segments

### a) Basis for segmentation

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

i. Early stage - reflects the activity of subsidiary businesses that are in the early stage of their lifecycle characterised by incubation, research and development activities. In addition, if the Company decides to close or not invest further in a subsidiary, this is presented in the Early Stage segment up to the point that it is closed or dissolved.
ii. Later stage - reflects the activity of 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 - reflects the activity related to portfolio companies other than consolidated subsidiary businesses where the Group has made or holds a minority investment and does not control or exercise joint control over the financial and operating policies of those entities.

Minority holdings: As of year-end 2018, as a result of its investment activities in 2018, Allied Minds captures its minority and deconsolidated portfolio companies within the minority holdings segment. As of 30 June 2019, this operating segment includes HawkEye 360, Inc. and Spin Memory, Inc. (formerly Spin Transfer Technologies, Inc.), two of the company's subsidiaries that were deconsolidated during the second half of 2018 as a result of financing events at each company, and TableUp, Inc. and Orbital Sidekick, Inc., two companies in which Allied Minds holds a significant minority stake.

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 2019 $'000 | | | | |
|---|---|---|---|---|---|
| | Early stage Stage | Later stage Stage | Minority Holdings | Other operations | Consolidated |
| **Statement of Comprehensive Loss** | | | | | |
| Revenue | — | 1,520 | — | — | 1,520 |
| Cost of revenue | — | (616) | — | — | (616) |
| Selling, general and administrative expenses | (430) | (10,690) | — | (5,236) | (16,356) |
| Research and development expenses | (493) | (11,764) | | — | (12,257) |
| Other income | — | — | 33,913 | — | 33,913 |
| Finance income/(cost), net | 716 | 9,501 | — | (4,722) | 5,495 |
| Share of net loss of associates accounted for using the equity method | — | — | (9,153) | — | (9,153) |
| **(Loss) for the period** | (207) | (12,049) | 24,760 | (9,958) | 2,546 |
| Other comprehensive income/(loss) | (3) | — | — | (196) | (199) |
| **Total comprehensive income/((loss)** | (210) | (12,049) | 24,760 | (10,154) | 2,347 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | 190 | (11,938) | 24,760 | (10,154) | 2,858 |
| Non-controlling interests | (400) | (111) | — | — | (511) |
| **Total comprehensive income** | (210) | (12,049) | 24,760 | (10,154) | 2,347 |

| For the six months ended: | 30 June 2018 $'000 | | | | |
|---|---|---|---|---|---|
| | Early stage | Later stage | Minority holdings | Other operations | Consolidated |
| **Statement of Comprehensive Loss** | | | | | |
| Revenue | 250 | 1,373 | 439 | — | 2,062 |
| Cost of revenue | (4) | (820) | (360) | — | (1,184) |
| Selling, general and administrative expenses | 2,467 | (7,688) | (5,975) | (11,834) | (23,030) |
| Research and development expenses | (2,491) | (10,994) | (9,819) | 334 | (22,970) |
| Finance income/(cost), net | 111 | 15,959 | 53,045 | (19,739) | 49,376 |
| **Loss for the period** | 333 | (2,170) | 37,330 — | (31,239) | 4,254 |
| Other comprehensive income/(loss) | — | — | — | (89) | (89) |
| **Total comprehensive loss** | 333 | (2,170) | 37,330 | (31,328) | 4,165 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | 806 | (2,777) | 20,672 | (31,328) | (12,627) |
| Non-controlling interests | (473) | 607 | 16,658 | — | 16,792 |
| **Total comprehensive** | 333 | (2,170) | 37,330 | (31,328) | 4,165 |

income

| As of the period ended: | 30 June 2019 $000 | | | | |
|---|---|---|---|---|---|
| | Early stage | Later stage | Minority holdings | Other operations | Consolidated |
| **Statement of Financial Position** | | | | | |
| Non-current assets | 60 | 10,585 | 105,561 | 789 | 116,995 |
| Current assets | 1,305 | 14,906 | — | 46,923 | 63,134 |
| **Total assets** | 1,365 | 25,491 | 105,561 | 47,712 | 180,129 |
| Non-current liabilities | - | (2,520) | — | (2,103) | (4,623) |
| Current liabilities | (63) | (61,903) | — | (2,544) | (64,510) |
| **Total liabilities** | (63) | (64,423) | — | (4,647) | (69,133) |
| **Net assets/(liabilities)** | 1,302 | (38,932) | 105,561 | 43,065 | 110,996 |

| As of the period ended: | 31 December 2018 Restated* $000 | | | | |
|---|---|---|---|---|---|
| | Early stage | Later stage | Minority holdings | Other operations | Consolidated |
| **Statement of Financial Position** | | | | | |
| Non-current assets | (50) | 6,895 | 76,087 | 807 | 83,739 |
| Current assets | 19,529 | 33,537 | — | 53,968 | 107,034 |
| **Total assets** | 19,479 | 40,432 | 76,087 | 54,775 | 190,773 |
| Non-current liabilities | — | (60) | — | (376) | (436) |
| Current liabilities | (1,696) | (64,156) | — | (3,705) | (69,557) |
| **Total liabilities** | (1,696) | (64,216) | — | (4,081) | (69,993) |
| **Net assets/(liabilities)** | 17,783 | (23,784) | 76,087 | 50,694 | 120,780 |

* Prior year investment in associate balance has been adjusted - see note 13.

## 3. Investment in Associate

*Spin Memory*: As of November 2018, Spin Memory was deconsolidated from the Group's financial statements as a result of its Series B Preferred Stock financing round. Allied Minds' ownership percentage as of 31 December 2018 dropped from 48.55% to 41.63%. Upon the date of deconsolidation, Allied Minds recognised an investment in Spin Memory related to its common shares of $23.2 million with a share of loss in associate of $3.7 million (which is restated). As a result of the deconsolidation, Allied Minds recorded an unrealised gain of $31.7 million in the Consolidated Statements of Comprehensive Income/ (Loss).

As of 30 June 2019, Allied Minds' ownership percentage went from 41.63% to 42.69% and the investment in Spin Memory 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 Spin Memory subsequent to the date of deconsolidation. Allied Minds recognised $9.2 million as its share of loss from Spin through the Consolidated Statements of Comprehensive Income/ (Loss) as follows:

| | | Ownership percentage | |
|---|---|---|---|
| | **Location** | **30 June 2019** | **31 December 2018** |
| Spin Memory, Inc. | Fremont, CA | 42.69% | 41.63% |

| | 30 June 2019 $'000 | 31 December 2018 Restated* $'000 |
|---|---|---|
| Spin Memory, Inc. | 19,543 | 23,201 |
| Share of loss from continuing operations | (9,153) | (3,658) |
| **Carrying amount for equity accounted investees** | 10,390 | 19,543 |

* Prior year investment in associate balance has been adjusted - see note 13.

### Investments at fair value

The Group's investments at fair value represent securities of portfolio companies where Allied Minds holds a minority stake in those companies. These investments are initially measured at fair value through profit or loss and are subsequently re-measured at fair value at each reporting date. On 7 September 2018, HawkEye was deconsolidated from the Group's financial statements as a result of its Series A-3 Preferred Stock financing round. On the date of the closing, Allied Minds' ownership percentage was reduced to 48.33%. As of 30 June 2019, Allied Minds recognised an investment held at fair value related to its Preferred Shares in HawkEye of $53.6 million (31 December 2018: $21.9 million).

As of November 2018, Spin Memory was deconsolidated from the Group's financial statements as a result of its Series B Preferred Stock financing round. Allied Minds' ownership percentage as of 31 December 2018 dropped from 48.55% to 41.63%. In April 2019, Spin Memory completed the final closing of its Series B Preferred Stock round issuing 653,068 Series B preferred shares for an aggregate purchase price of $2.5 million to Allied Minds. As a result, following the transaction, Allied Minds' ownership percentage in Spin is 42.69% and therefore, Allied Minds has maintained significant influence as of 30 June 2019. As of 30 June 2019, Allied Minds recognised an investment held at fair value related to its Preferred Shares in Spin Memory of $30.5 million (31 December 2018: $27.2 million).

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. As of 30 June 2019, Allied Minds recognised an investment held at fair value related to its Preferred Shares in Orbital Sidekick of $3.8 million (31 December 2018: $3.5 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. As of 30 June 2019, Allied Minds recognised an investment held at fair value related to its Preferred Shares in TableUp of $5.1 million (31 December 2018: $4.0 million).

Those investments are presented in the below table:

| | 30 June 2019 | Finance (income)/cost from IFRS 9 fair value accounting | Additions | 31 December 2018 |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| HawkEye 360, Inc. | 53,556 | 31,669 | — | 21,887 |
| Spin Memory, Inc. | 30,520 | 863 | 2,500 | 27,157 |

| | | | | |
|---|---|---|---|---|
| Orbital Sidekick | 3,767 | 267 | — | 3,500 |
| TableUp | 5,114 | 1,114 | — | 4,000 |
| **Total investments at fair value** | **92,957** | 33,913 | 2,500 | 56,544 |

**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 2019 | 31 December 2018 |
|---|---|---|
| Volatility | 42.9%-60.0% | 42.3%-60.0% |
| Time to liquidity (years) | 0.5 - 3.7 | 1.64 - 2.30 |
| Risk-free rate | 1.7% - 2.1% | 2.73% - 2.86% |

**Sensitivity Analysis**

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

| As of the period ended: | | 30 June 2019 $'000 | 31 December 2018 $'000 |
|---|---|---|---|
| **Input** | **Sensitivity range** | **Financial assets increase/(decrease)** | |
| Enterprise Value | -2.0% | (1,630) | (887) |
| | +2.0% | 1,715 | 855 |
| Volatility | -10.0% | 2,388 | 32 |
| | +10.0% | (1,158) | 95 |
| Time to Liquidity | -6.0 months | 1,144 | 572 |
| | +6.0 months | (794) | (320) |
| Risk-Free Rate (1) | -0.17/-0.10% | 1,144 | 572 |
| | 0.17 /0.09% | (794) | (320) |
| M&A vs. IPO Probability | 40.0% | 2,161 | (1,778) |
| | 60.0% | (2,210) | 1,901 |

(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 subsidiary, the term of the instrument, risk free rate and volatility.

The valuation methodologies utilised for determining the equity value include backsolve to a third party funding round, income approach such as Net Present Valuation method or market approach.

*Other valuation approaches*

In certain cases, the value of a subsidiary 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 subsidiary, adjusted for indexation where this is deemed to be appropriate.

Other methodologies such as asset based, dissolution scenarios and cash in are also utilised where deemed 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.

**4. 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 $3.1 million (HY18: $12.5 million), by the weighted average number of ordinary shares outstanding of 240,588,405 (HY18: 239,502,783) during the six-month period ended 30 June 2019:

**Income attributable to ordinary shareholders:**

| For the six months ended: | 30 June 2019 | | 30 June 2018 | |
|---|---|---|---|---|
| | **Basic $'000** | **Diluted $'000** | **Basic $'000** | **Diluted $'000** |
| Income for the year attributed to the owners of the Company | 3,057 | 3,057 | (12,538) | (12,538) |

| | | | | |
|---|---|---|---|---|
| Income for the year attributed to the ordinary shareholders | 3,057 | 3,057 | (12,538) | (12,538) |

**Weighted average number of ordinary shares:**

| For the six months ended: | 30 June 2019 | | 30 June 2018 | |
|---|---|---|---|---|
| | Basic | Diluted | Basic | Diluted |
| Issued ordinary shares on 1 January | 240,314,745 | 240,314,745 | 238,202,541 | 238,202,541 |
| Effect of vesting of RSUs | 273,660 | 273,660 | 559,377 | 559,377 |
| Effect of share options exercised | — | 309,676 | 740,865 | 740,865 |
| Weighted average ordinary shares | 240,588,405 | 240,898,081 | 239,502,783 | 239,502,783 |

**Income per share:**

| For the six months ended: | 30 June 2019 | | 30 June 2018 | |
|---|---|---|---|---|
| | Basic | Diluted | Basic | Diluted |
| | $ | $ | $ | $ |
| Income per share | 0.1 | 0.1 | (0.05) | (0.05) |

The Group has only one class of potentially dilutive ordinary shares. These are contingently issuable shares arising under the UK Long Term Incentive Plan ("LTIP"). Based upon information available at the end of the reporting period, no portion of the awards under the LTIP has vested. Consequently, there are no potentially dilutive shares outstanding at the period end.

## 5. Share capital, share premium and reserves

No options were exercised under the U.S. Stock Plan as of 30 June 2019 (HY18: $1.6 million). The table below explains the composition of share capital:

| As of the period ended: | 30 June 2019<br>$'000 | 31 December 2018<br>Restated*<br>$'000 |
|---|---|---|
| **Equity** | | |
| Share capital, £0.01 par value, issued and fully paid 240,703,856 and 240,314,745, respectively | 3,748 | 3,743 |
| Share premium | 160,170 | 160,170 |
| Merger reserve | 263,367 | 263,367 |
| Translation reserve | 451 | 651 |
| Accumulated deficit | (289,500) | (302,661) |
| **Equity attributable to owners of the Company** | 138,236 | 125,270 |
| Non-controlling interests | (27,240) | (4,490) |
| **Total equity** | 110,956 | 120,780 |

*For details see note 13.

## 6. 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 | Later stage | Minority Holdings | Consolidated |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Non-controlling interest as of 31 December 2018** | **(10,314)** | **(43,187)** | **49,011** | **(4,490)** |
| Share of comprehensive loss | (400) | (111) | - | (511) |
| Effect of change in Company's ownership interest | (7,094) | (146) | - | (7,240) |
| Equity-settled share based payments | (1) | 293 | - | 292 |
| Dissolution of subsidiaries | (15,291) | - | - | (15,291) |
| **Non-controlling interest as of 30 June 2019** | (33,100) | (43,151) | 49,011 | (27,240) |

## 7. Leases

**Right of use asset**

| | Right of use assets<br>$000s |
|---|---|
| Balance at 31 December 2018 | - |
| Adoption of IFRS 16 | 4,205 |
| Balance at 1 January 2019 | 4,205 |
| Additions | 908 |
| Depreciation | 784 |
| **Balance at 30 June 2019** | 4,329 |

**Lease liability**

| | Lease liability (current) | Lease liability (non-current) | Total lease liability |
|---|---|---|---|
| | $000s | $000s | $000s |
| Balance at 31 December 2018 | - | - | - |
| Adoption of IFRS 16 | 352 | 4,138 | 4,490 |
| Balance at 1 January 2019 | 352 | 4,138 | 4,490 |
| Additions | - | 908 | 908 |
| Cash paid less interest expense | 268 | 509 | 777 |
| **Balance at 30 June 2019** | 84 | 4,537 | 4,621 |

Additions in the period relate to site leases that were entered into by Allied Minds' consolidated subsidiaries during the six months ended 30 June 2019. Amounts were arrived at using the contractual minimal lease payments, present valued using the applicable incremental borrowing rate of 5.50%.

## 8. Subsidiary preferred shares

Certain of the Group's subsidiaries have outstanding preferred shares which have been classified as a subsidiary preferred shares in current liabilities in accordance with IFRS 9 as the subsidiaries have a contractual obligation to deliver cash or other assets to the holders under certain future liquidity event and/or a requirement to deliver a variable number of common shares upon conversion.

The following summarises the subsidiary preferred shares balance:

| As of the period ended: | 30 June 2019 | Finance (income)/cost from IFRS 9 fair value accounting | Additions | Disposals | 31 December 2018 |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| BridgeComm | 5,665 | 178 | - | - | 5,487 |
| Federated Wireless | 47,589 | 955 | - | - | 46,634 |
| Precision Biopsy | - | (3,042) | 2,500 | - | 542 |
| SciFluor Life Sciences | - | (3,001) | 2,000 | - | 1,001 |
| Signature Medical | - | (30) | - | (500) | 530 |
| **Total subsidiary preferred shares** | 53,254 | (4,940) | 4,500 | (500) | 54,194 |

In February 2019, Allied Minds and Woodford Investment Management (WIM) jointly contributed an aggregate of $4.0 million of convertible bridge financing to SciFluor and $5.0 million of convertible bridge financing to Precision Biopsy, half of which was contributed by Allied Minds and half by WIM. During the period, Allied Minds determined to cease operations of Precision Biopsy and is seeking to sell its remaining intellectual property and other assets. In addition, due to a prolonged and continued inability to attract new external financing as of 30 June 2019, Allied Minds reviewed its available capital resources and allocation priorities across its entire portfolio, and determined to cease funding SciFlour and reduce its valuation to $nil.

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 2019 $'000** | **31 December 2018 $'000** |
|---|---|---|
| BridgeComm | 5,325 | 5,325 |
| Federated Wireless | 50,000 | 50,000 |
| Precision Biopsy | - | 22,000 |
| SciFluor Life Sciences | - | 25,200 |
| Signature Medical | - | 500 |
| **Total liquidation preference** | 55,325 | 103,025 |

**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 back solve to a third party funding round, income approach such as Net Present Valuation method, market approach or asset based approach.

*Net Present Valuation ("NPV") method*

NPV is a standard technique used in valuation and can be defined as the difference between the present value of the future cash flows from an investment and the amount of investment. Present value of the estimated cash flows is computed by discounting them at the required rate of return which includes an adjustment for risk.

The following are important factors when determining fair value based on NPV:

- Estimated income generally consists of sales, co-development revenues, one-time payments and royalty payments on sales depending on the company, its business model and industry. These are estimated based on a variety of factors including: total addressable market; competitive factors; barriers to competition; pricing; typical standards for contract value; royalty rates; and likelihood of development of a product that is commercially viable.

- Costs and capital expenditures are estimated for each phase of development based on the companies' information or according to industry standards. Costs are typically forecasted for cost of goods, SG&A (selling, general and administrative), research and development as well as a variety of other expenses. These are typically developed "from the ground up" for earlier years and for later years depicted as a factor or percentage of sales.

- The terminal or exit value represents the aggregate value of an entity at the end of the discrete forecast period. Terminal value may be estimated using the terminal multiple method, which inherently assumes that the business will be valued at the end of the projection period based on reference valuations. Under this methodology, the terminal value is typically calculated by applying one of two commonly accepted methodologies:

    - Multiple base terminal value: Use of an appropriate multiple to the relevant financial metric forecasted for the last projected year taking into consideration the ongoing growth potential of the business in the terminal year. Exit values included in the analysis are typically projected as a multiple of EBIT, EBITDA or Sales based on the final year results for the forecast period. Where available, a set of guideline public companies that are similar to the company to be used for comparative purposes and the multiple is derived from this set;
    - EBIT Exit Multiple to determine the terminal value: an assumption is made regarding an appropriate long-term growth rate beyond the discrete forecast period of the discounted cash flow or an appropriate exit multiple which is used to estimate a terminal value. The terminal growth rate or exit multiple is derived by estimating the long-term annual growth potential of the business at the terminal year.

- Selection of discount rates is based on part utilising American Institute of Certified Public Accountants ("AICPA") practice standards varying by stage of development of the subsidiary as well as other risk factors and typically range from 20-45%.

- Where available NPV results are compared against peer companies and to valuations for similar companies.

Due to the early stage nature of the Group's subsidiary companies, projections are particularly sensitive to certain key assumptions namely:

- Discount rate and in particular risk premium;

- The ability to predict the cost and timing of achieving technical and commercial viability;

- Projected revenue and operating costs in the post-product development phase of each company; and

- The size and share of addressable market for intellectual property, products and services developed.

*Other valuation approaches*

In certain cases, the value of a subsidiary 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 subsidiary, adjusted for indexation where this is deemed to be appropriate.

Other methodologies such as asset based, dissolution scenarios and cash in are also utilised where deemed 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.

In certain cases, the value of a subsidiary 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 subsidiary, 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.

**Allocation model inputs**

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

| As of the period ended: | 30 June 2019 | 31 December 2018 |
|---|---|---|
| Volatility | 27.0%-41.7% | 27.6%-90.1% |
| Time to liquidity (years) | 1.5 - 2.0 | 0.50 - 2.50 |
| Risk-free rate | 1.75% - 1.83% | 2.47% - 2.60% |

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 assets:

**As of the period ended:**

| | | 30 June 2019<br>$'000 | 31 December 2018<br>$'000 |
|---|---|---|---|
| **Input** | **Sensitivity range** | **Subsidiary Preferred Shares Liability increase/(decrease)** | |
| Enterprise Value | -2% | (262) | (569) |
| | +2% | 510 | 329 |
| Volatility | -10% | 1,004 | 541 |
| | +10% | (1,062) | (1,148) |
| Time to Liquidity | -6 months | 818 | 237 |
| | +6 months | (690) | (209) |
| Risk-Free Rate (1) | -0.08 / -0.04% | 818 | 237 |
| | 0.09 / 0.01% | (690) | (209) |

**9. Share-based payments**

The share-based payments for the period was $1.0 million (HY18: $5.5 million) comprising of charges related to the LTIP and the other subsidiary plans. The primary changes affecting the half year period were related to the following:

**a) UK Long Term Incentive Plan**

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

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

- awards subject to performance conditions based on the Company's total shareholder return ("TSR") performance or relative total shareholder return (rTSR) performance over a defined period of time;

- awards subject to performance conditions based on a basket of shareholder value metrics ("SVM"). Performance is assessed on these measures on a scorecard basis over a defined period of time;

- awards that vest 100 per cent after a period of time subject to continued service condition only.

On 10 June 2019, the Board has determined to retire the long term incentive plan (LTIP) scheme for executive directors, management and other employees. New annual LTIP awards planned for issuance in May 2019 subsequent to the release of annual results, were cancelled and no future awards will be made to executive directors, management and other employees. Historic awards will remain outstanding and eligible to vest in accordance with their terms. A significant majority of the outstanding awards are subject to relative total shareholder return (TSR) performance. At the current share price no value is attributable to these performance awards.

The Company issued awards under the LTIP during the six months ended 30 June 2019 and 2018 in respect of a total of 145,822 and 3,924,851 Ordinary Shares, respectively. A summary of stock option activity under the UK LTIP for the six months ended 30 June 2019 and 2018, respectively, is shown below:

| **For the six months ended:** | **30 June 2019** | | | **30 June 2018** | | |
|---|---|---|---|---|---|---|
| | **TSR** | **SVM** | **Time** | **TSR** | **SVM** | **Time** |
| Number of shares granted at maximum ('000) | – | – | 146 | 3,481 | – | 444 |
| Weighted average fair value per share (£) | – | – | 0.55 | 1.13 | – | 1.12 |
| 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 performance condition (i.e. the SVM grants) and service condition or upon passage of time were valued at the fair value of the shares on the date of the grants the vesting conditions are taken into account. The number of instruments included in the measurement of the transaction amount is subsequently adjusted so that, ultimately, the amount of recognised share-based expense is based on the number of instruments that eventually vest.

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 $1.3 million (HY18: $3.9 million).

During the six-month period ended 30 June 2019, 389,111 units vested under the LTIP and the equivalent number of common stock shares were issued to current and former employees and directors of the Group in exchange for a settlement price of £0.01 per share.

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

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

No new stock option grants were awarded in HY2019 and 2018 under the Allied Minds 2008 Plan. A summary of stock option activity in the U.S. Stock Plan for the six months ended 30 June 2019 and 2018, respectively, is presented in the following table:

| **For the six months ended:** | **30 June 2019** | | **30 June 2018** | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price** | **Number of options** | **Weighted average exercise price** |
| **Outstanding as of 1 January** | 1,300,000 | $ 2.15 | 7,499,116 | $2.21 |
| Exercised during the period | - | $ 0.00 | (887,373) | $1.78 |
| Forfeited during the period | (1,070,000) | $ 1.80 | (5,311,743) | $2.30 |
| **Outstanding as of period end** | 230,000 | $ 2.49 | $1,300,000 | $2.15 |
| Exercisable at period end | 230,000 | $2.49 | $1,300,000 | $2.15 |
| Intrinsic value of exercisable | $ nil | | $ nil | |

For the six months ended 30 June 2019, no options were exercised (HY18: 887,373) resulting in $nil (HY18: $1.6 million) additional share premium for the period.

## 10. Financial Instruments and Related Disclosures

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

| As of 30 June: | **2019** $'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 | 92,957 | - | - | 92,957 | 92,957 |
| **Loans and receivables** | | | | | |
| Cash and cash equivalents | 56,805 | - | 56,805 | - | 56,805 |
| Trade and other receivables | 6,325 | - | 6,325 | - | 6,325 |
| Security and other deposits | 516 | - | 516 | - | 516 |
| Total | | | | | |

| | Carrying Amount | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| | 156,603 | - | 63,646 | 56,544 | 156,603 |
| **Financial liabilities designated as fair value through profit or loss** | | | | | |
| Subsidiary preferred shares | 53,254 | - | - | 53,254 | 53,254 |
| **Financial liabilities measured at amortised cost** | | | | | |
| Unsecured loan | - | - | - | - | - |
| Trade and other payables | 8,110 | - | 8,110 | - | 8,110 |
| Total | 61,364 | - | 8,110 | 53,254 | 61,364 |

As of 31 December:

| | **2018** $'000 | | | | |
|---|---|---|---|---|---|
| | **Carrying** | **Fair value** | | | |
| | **Amount** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Financial assets designated as fair value through profit or loss** | | | | | |
| Investments at fair value | - | - | - | 56,544 | 56,544 |
| **Loans and receivables** | | | | | |
| Cash and cash equivalents | 100,366 | - | 100,366 | — | 100,366 |
| Trade and other receivables | 6,400 | - | 6,400 | — | 6,400 |
| Security and other deposits | 834 | - | 834 | — | 834 |
| Total | 107,600 | - | 107,600 | 56,544 | 164,144 |
| **Financial liabilities designated as fair value through profit or loss** | | | | | |
| Subsidiary preferred shares | 54,194 | - | - | 54,194 | 54,194 |
| **Financial liabilities measured at amortised cost** | | | | | |
| Unsecured loan | - | - | - | - | - |
| Trade and other payables | 13,468 | - | 13,468 | — | 13,468 |
| Total | 67,662 | - | 13,468 | 54,194 | 67,662 |

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

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

**11. Related party transactions**

**a) Key management personnel compensation**

| **For the six months ended:** | **30 June 2019** **$'000** | **30 June 2018** **$'000** |
|---|---|---|
| Short-term employee benefits | 950 | 909 |
| Share-based payments | - | 3,713 |
| **Total** | 950 | 4,622 |

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 2019** **$'000** | **30 June 2018** **$'000** |
|---|---|---|
| Non-executive Directors' fees | 247 | 246 |
| Non-executive Directors' share-based payments | 50 | 225 |
| **Total** | 297 | 471 |

Executive management and Directors of the Company control 0.6% (FY18: 0.5 %) of the voting shares of the Company as of 30 June 2019.

**12. Subsequent events**

The Company has evaluated subsequent events through 26 September 2019, which is the date the Condensed Consolidated Interim Financial Statements are available to be issued.

**HawkEye 360, Inc.**

In August, 2019, HawkEye 360, Inc. announced that it secured $70.0 million via a Series B preferred funding round, which included new investors Airbus and Esri, existing investors Razor's Edge Ventures, Allied Minds, and Shield Capital Partners, and additional undisclosed investors. The Series B financing is being closed in multiple tranches. The first closing of $35.0 million has completed and includes $5.0 million subscribed by Allied Minds. The second closing, in which other investors have committed to subscribe for the remaining $35.0 million, is subject to conditions precedent, including approval by the Committee on Foreign Investments in the United States (CFIUS). Following the completion of the initial closing, Allied Minds' ownership of issued share capital is 40.66% and following the completion of the second closing, Allied Minds' ownership of issued share capital is expected to be 34.27%.

In September 2019, Allied Minds entered into an agreement to sell its entire shareholding in HawkEye 360 to Advance for an aggregate cash consideration of $65.6 million, subject to shareholder approval.

**Federated Wireless, Inc.**

In September 2019, Federated Wireless announced it had secured $51.3 million via a Series C preferred funding round, which included new investors SBA Communications and Pennant Investors, alongside existing investors GIC, Singapore's sovereign wealth fund, American Tower (NYSE: AMT), and Allied Minds ($10.0 million). As a result of the transaction, Allied Minds' ownership of issued share capital decreased to 42.57% and consequently, Federated Wireless ceased to be majority owned and controlled by Allied Minds.

**TableUp, Inc.**

In the third quarter of 2019, TableUp secured an additional $325 thousand of funding under the existing convertible bridge note issued to Allied Minds in April of the same year.

**QuayChain, Inc.**

In September 2019, Allied Minds sold all of its shares of QuayChain, Inc. for undisclosed consideration.

**Spark Insights, Inc.**

In September 2019, Allied Minds invested the remaining $2.0 million it subscribed for in Spark Insights upon its determination that the condition to achieve certain technical milestones was satisfied by the company.

**13. Share of loss in associate adjustment**

During 2019 the Directors' identified that as at 31 December 2018 the share of loss in associate was understated by $2.4 million. This was due to a fair value loss on liabilities of the associate that was measured at fair value through profit or loss not being reflected in the equity accounted result of the group's associate, Spin Memory. As a result, the prior year adjustment has been made to correct the position. The impact of this has been as follows:

- The share of loss in associate for the period to 31 December 2018 is now reported as loss of $3.7 million (previously a loss of $1.3 million);
- There was no tax impact recognised as the adjustment increases tax losses that are unrecognised;
- The net profit from the year ended 31 December 2018 is now reported as $44.4 million (previously a profit of $46.8 million);
- Income attributable to the owners of the company for the year ended 31 December 2018 is now reported as $36.4 million (previously as income of $38.8 million);
- The total comprehensive income for the year ended 31 December 2018 is now reported as $44.9 million (previously income of $47.3 million);
- The accumulated deficit at 31 December 2018 is now reported as $302.7 million (previously $300.3 million);
- The investment in associate at 31 December 2018 is now reported as $19.5 million (previously $21.9 million);
- There is no impact on the balance sheet as at 31 December 2017.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors confirm to the best of their knowledge that:

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

b) the Interim Management Report includes a fair review of the information required by the FCA's Disclosure Guidance and Transparency Rules (4.2.7R and 4.2.8R).

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

By order of the Board

| | |
|---|---|
| **Jeffrey Rohr,**<br>**Non-Executive Chairman** | **Joseph Pignato and Michael Turner,**<br>**Co-Chief Executive Officers** |

26 September 2019

**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**
Jeffrey Rohr *(Non-Executive Chairman)*
Joseph Pignato *(Co-Chief Executive Officer)*
Michael Turner *(Co-Chief Executive Officer)*
Harry Rein *(Senior Independent Director)*
Fritz Foley (*Independent Non-Executive Director*)

**Company Secretary**
Nina Thayer