ALLIED MINDS PLC

ANNUAL REPORT AND ACCOUNTS
For the year ended 31 December 2021

Contents	Page no.

Overview

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

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

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

The ability of the Group's portfolio companies to raise funds and continue achieving important technical and commercial milestones while building upon key partnership relationships is a key strength. The Group continues to progress as it works to execute on growing the value of its portfolio company interests for its shareholders.

For some time, the Board has been reviewing the range of strategic options available to it in order to return value to shareholders. Following the successful first close of the Series D fundraising by Federated Wireless announced in February 2022, the Board subsequently announced in March 2022, its intention to undertake a formal review of the Company's strategic options (the "Strategic Review") including, but not limited to, a sale of the Company itself, which the Board intends to conduct under the framework of a "Formal Sale Process" in accordance with Rules 2.4 and 2.6 of the Takeover Code. alternatively, to seek to distribute certain assets and any cash reserves directly back to shareholders through a re-structure. The Strategic Review is solely aimed at creating and/or realising shareholder value.

Subject to conclusion of the Strategic Review, the Board will continue to aim to monetise the Group's ownership positions at the appropriate time, recognising the value and benefit in achieving well-timed risk-adjusted returns for the benefit of shareholders. Upon the event of successful monetisation events from the sale of portfolio companies or portfolio company interests, Allied Minds anticipates distributing the net proceeds to its shareholders, after due consideration of potential follow-on investment opportunities within the existing portfolio and working capital requirements.

The Board aims to ensure that the Group is being managed in as cost efficient manner as possible, regularly reviewing the on going costs associated with being a listed company. The Board notes that the costs of maintaining a premium listing on the London Stock Exchange are prohibitive for a company of Allied Minds' current size and maintaining a public listing is expensive with more than 50 per cent of the Company's annual budget devoted to meeting the requirements of being a listed company.

That said, the Directors believe the Group's cash balance is sufficient to continue to support Allied Minds' operations and portfolio companies in accordance with its current strategy.

Chairman's Report

This is my last Chairman's letter to you having taken the decision to stand down from the Board upon signing off these accounts.

Following this decision and conscious of the recent board changes, there is a need to appoint additional directors to the board of the Company. The Directors are working closely with the Company's largest shareholders to identify and recruit new directors to the board of the Company.

Allied Minds has an unusual Board structure, having been comprised solely of Non-Executive Directors, with each portfolio company having its own Board of Directors. The Non-Executive Directors of Allied Minds serve on the Boards or have observer status on each active portfolio company. This has enabled us to work in a cost-efficient manner while utilising the skills of the Allied Minds directors.

Over my time as Chairman I, and my Board colleagues, have reviewed the portfolio of investments we inherited and took the appropriate tough decisions to ensure we maximise those investments with the most perceived value and move them towards monetisation.

As at the start of 2021, all the portfolio companies Allied Minds was invested in were essentially pre or at the early stages of generating revenue, and a number of them faced substantial challenges. These challenges resulted in us exiting or closing our investments in several companies, leaving us with six companies which, in my and the Board's view, have significant potential and merit support.

This restructuring of the portfolio has been challenging. In several cases hopes and expectations of the value of our investments were out of line with reality and this has had a consequential impact on the share price. However, this rebasing of the value of the investments, and providing clarity to all shareholders, needed to take place, and we now have six investments which have potential. Of these our investment in Federated Wireless is the most valuable, as demonstrated by the recent Series D upround at a post-money valuation of $302 million.

As part of the Board's review of its strategic options, and its frustrations with the undervaluation of the Company on the stock market, and the costs of being a listed entity, the Board announced in March 2022 that we were undertaking a formal strategic review and sale process. This review may lead to an offer for the Company, or a distribution of assets and cash to shareholders.

It has been my pleasure to serve as your Chairman, and I wish my successor every success.

Harry Rein
Chairman
14 June 2022

Highlights

Investment & Financial Highlights

- $68.5 million invested in portfolio companies, of which $61.8 million was raised from third-party investment.
- Cash and cash equivalents at 31 December 2021: $9.7 million (FY20: $24.5 million), of which $9.0 million is held within Allied Minds (FY20: $22.3 million).
- Revenues of $1.5 million (2020: $0.5 million) mainly from non-recurring engineering (NRE) and service contracts within Bridgecomm, reflecting the early stage nature of our portfolio companies.
- Share buyback programme launched in June 2021 to buy back up to $3.0 million of the Group's shares to redistribute excess capital for the benefit of shareholders.
    - A total of 2,537,712 shares, to date, have been purchased at a cost of $0.7 million.

Selected Portfolio Company Highlights

- BridgeComm (consolidated subsidiary):
    - Commenced sales of its Optical Inter-Satellite Link terminals - used in programs for space and ground applications with commercial and US Government customers.
    - Launched Managed Optical Communication Array (MOCA) technology which allows for multi-domain capabilities to share large volumes of data significantly faster with increased security.
    - Developed a proprietary, patent awarded set of technologies around point to multipoint optical communications using MOCA technology.
    - Advanced one-to-many optical wireless communications (OWC) using MOCA technology to support Low Earth Orbit (LEO) constellations.
    - Post year end, Allied Minds and AE Industrial HorizonX Venture Fund I, LP (HorizonX), jointly contributed an aggregate of $0.8 million of convertible bridge financing to BridgeComm, each contributing $0.4 million. The bridge financing will be applied to support the business to the completion of a new financing round.

- Federated Wireless (equity accounted investment):
    - Awarded multi-million-dollar contract from the US Department of Defense as part of its 5G Smart Warehouse Initiative.
    - In November 2021, Allied Minds invested $4,283,000 in Federated as bridge financing, which is held at fair value of $4,500,000 at 31 December 2021.
    - Post year end, Federated Wireless announced two Series D fundraises for a total of $72 million, giving Federated Wireless a post money valuation of $302 million.
    - Allied Minds' bridge financing fully converted following the post year end completion of the Series D funding rounds. As a result, Allied Minds' fully-diluted ownership of the issued share capital of Federated Wireless stands at 23.96%.
    - Key appointments made to the company's leadership team in 2021, including Chief Commercial Officer and Chief Financial Officer.
    - Achieved 3.8x revenue growth in 2021 and expects continued momentum through 2022 and beyond.

- OcuTerra (ordinary and preference share holding):
    - Closed $35 million Series B funding from new investors and as part of the raise the company was deconsolidated from the group financial statements.
    - Proceeds will be used to fund a Phase II clinical trial of its OTT166 asset in diabetic retinopathy, as well as for other working capital needs.
    - The company is preparing for the start of the Phase 2 trial, and is building out its managerial and clinical team.
    - Now funded for the immediate future.

- Orbital Sidekick (investment held at fair value):
    - Closed $16 million Series A funding led by Temasek - included new investors Energy Innovation Capital and Syndicate 708 and existing investors Allied Minds and 11.2 Capital.
    - Launched most powerful satellite yet, Aurora, to collect and analyse hyperspectral data, with a broad focus on sustainability.
    - Expanded the team from 12 to 39, which is expected to reach 65 employees by the end of 2022.
    - Expanding satellite operations within existing partnerships with Phillips 66 and iPIPE to provide better leak prevention and monitoring for the energy sector - full commercialisation anticipated during 2023.
    - Signed a contract with one of the largest pipeline operators in North America - Energy Transfer - to deliver recurring monitoring services from our satellites through 2023.
    - Orbital has sufficient cash to fund the business until August 2022 and is in advanced talks with potential investment firms and strategic partner groups to secure the required funding.

- Touch Bistro (investment held at fair value)

    On 28 March 2022, Allied Minds announced that it had completed the disposal of its residual shareholding in Touch Bistro for $5.5m CAD ($4.4m USD) in line with its strategy of monetising its investment portfolio. Of the sale proceeds, $4.97m CAD has been received and $0.53m CAD is to be held in escrow, with an initial release date in Q3 2022, subject to any then outstanding claims.

Corporate Developments

Post-period end, Allied Minds announced in March 2022 that it will undertake a formal review of the Company's strategic options (the “Strategic Review”) including, but are not limited to, a sale of the Company itself, which the Board intends to conduct under the framework of a "Formal Sale Process" in accordance with Rules 2.4 and 2.6 of the Takeover Code, alternatively, to seek to distribute certain assets and any cash reserves directly back to shareholders through a re-structure. The rationale for the strategic review is detailed later in the strategic report on page 7. The Company also announced the resignation of Non-Executive Directors, Mark Lerdal and the forthcoming resignation of Harry Rein. Harry Rein and Bruce Failing, the Senior Independent Director, and the Company's largest shareholders are working to ensure an orderly transition to any new Independent Directors.

Company Overview

Overview

Allied Minds is an IP commercialisation company primarily focused on early stage company development within the technology sector.

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

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

The Group remains focused to execute its plan to maximise the value of its portfolio company interests and deliver well-timed, risk-adjusted returns for its shareholders.

Model

As a manager of a technology-focused portfolio in which we hold significant ownership positions, we seek to provide hands-on support over the life of our companies to support their growth, focusing on enabling and driving commercialisation, supporting follow-on investment rounds, and positioning for superior monetisation opportunities.

We seek to play an active role in developing the strategic direction of our portfolio companies and driving ongoing planning and assessment. Our Non-Executive Directors serve on the boards of directors of our portfolio companies, working with them to develop and implement strategic, operating and funding plans. We evaluate on an on-going basis the progress and potential of each of the portfolio company's businesses, and make strategic and funding decisions based on the regular review of operational and financial performance and the achievement of key milestones. Together with our management, the respective portfolio company boards of directors define the critical milestones, or inflection points, for each portfolio company and measure tangible progress towards commercialisation and the key factors for a successful monetisation event.

Where appropriate, we seek to include partners who validate the market opportunity and can provide support and/or commercial commitments to accelerate, expand and/or de-risk the path to commercialisation. Co-investors in later rounds include financial, strategic and commercial partners.

Strategy

Allied Minds is focused on supporting its existing portfolio companies and maximising monetisation opportunities for portfolio company interests. For some time, the Board has been reviewing the range of strategic options available to it in order to return value to shareholders. The Board resolved, in March 2022, to undertake a formal review of the Company's strategic options (the "Strategic Review") including, but not limited to, a sale of the Company itself, which the Board intends to conduct under the framework of a "Formal Sale Process" in accordance with Rules 2.4 and 2.6 of the Takeover Code, alternatively, to seek to distribute certain assets and any cash reserves directly back to shareholders through a re-structure. The Strategic Review is solely aimed at creating and/or realising shareholder value.

Subject to conclusion of the Strategic Review, the Board will continue to aim to monetise the Group's ownership positions at the appropriate time, recognising the value and benefit in achieving well-timed risk-adjusted returns for the benefit of shareholders. Upon the event of successful monetisation events from the sale of portfolio companies or portfolio company interests, Allied Minds anticipates distributing the net proceeds to its shareholders, after due consideration of potential follow-on investment opportunities within the existing portfolio and working capital requirements.

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

The Board aims to ensure that the Group is being managed in as cost efficient manner as possible, regularly reviewing the on going costs associated with being a listed company. The Board notes that the costs of maintaining a premium listing on the London Stock Exchange are prohibitive for a company of Allied Minds' current size and maintaining a public listing is expensive with more than 50 per cent of the Company's annual budget devoted to meeting the requirements of being a listed company.

Outlook

There was substantial technical and commercial progress from within some portfolio companies during 2021 and post period, including successful funding rounds, development milestones, contract wins and industry partnerships. The milestones achieved demonstrate examples of solving difficult technical problems, developing innovative products and services across a range of large potential markets, establishing important partnerships to develop technology and go to market channels, and the creation of shareholder value.

The Board of Allied Minds continually assesses its portfolio of investments and with a member of the Board sitting on or leading the boards of all our material investments, the Board can ensure it is optimally placed to take timely decisions based on up to date information. This will not be impacted by the departure of Harry Rein as Chairman and a process is currently underway to ensure the appropriate number of non-executive directors serve on the board.

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

Although the remaining portfolio companies are mostly at a relatively early stage in their lifecycle, the Board is positive about their prospects upon exit if the portfolio companies continue to meet their planned technical and commercial goals.

Portfolio Company Valuation

Of the Company's six active portfolio companies, one is currently majority owned and controlled, and therefore fully consolidated in the Company's consolidated financial statements prepared in accordance with UK adopted International Accounting Standards.

Of the remaining five portfolio companies, the Company holds a significant minority stake in three of these companies and small positions in both TouchBistro, Inc. (as a result of the stock-for-stock sale of TableUp, Inc.) and Concirrus (as a result of the stock-for-stock sale of Spark Insights, Inc.). In each case, where Allied Minds holds a significant minority stake, it is able to exercise significant influence over the portfolio company by virtue of its large, albeit minority, ownership stake in the portfolio company and its representation on the board of directors. The investment in preferred stock in these portfolio companies is accounted for under IFRS 9 and is classified by the Company as an investment at fair value in the Company's consolidated financial statements. Due to the equity-like characteristics of the Company's common stockholdings in Federated Wireless, this investment is accounted for under IAS 28 and is classified by the Company as investments in associates. Accordingly, since Allied Minds has significant influence over this entity through the voting rights/potential voting rights held, it gives access to the returns associated with an ownership interest in this associate. For Ordinary stock holdings, where the group does not have significant influence, these investments are held at fair value in the Company's consolidated financial statements.

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

This information is set forth in the Portfolio Review and Developments section below. The ownership interests are as of 03 May 2022. The fully-diluted percentages take into account outstanding stock options granted to employees, directors and advisors, current stock options available for grant pursuant to the company's stock option plan, and outstanding warrants to purchase common and preferred stock.

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

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

Portfolio Review and Developments

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1) BridgeComm Inc. *(BridgeComm) (consolidated subsidiary)*

BridgeComm is developing high-speed optical wireless communications to provide fast, secure, enterprise-grade broadband service for space, terrestrial and 5G connectivity. Interest in the optical communications market is growing with commercial space opportunities and government programs looking for the unique characteristics of high speed and security.

BridgeComm has developed a proprietary, patent awarded set of technologies around point to multipoint optical communications using Managed Optical Communication Array (MOCA) technology. This means BrideComm can truly complement legacy Radio Frequency (RF) technology. BrideComm has demonstrated this capability to customers and is now developing terminals for specific applications. Key partners include Space Micro for production of point to multipoint terminals based on MOCA technology and Boeing that has supported BridgeComm and partnered on key applications.

The conflict in the Ukraine has highlighted the value of Bridgecomm's point to multi point technology. BridgeComm's one-to-many high-speed optical communications technology allows for dispersed communications which are difficult to detect and/or intercept. Current battlefield communications tend to use a single point of distribution with the risk of a single point of failure. BridgeComm's one-to-many communications enables a mesh network, eliminating this point of failure. The goal is to install 1000's of satellites with BridgeComm's non mechanical software driven optical communications system. This would allow dispersed battlefield control from space. In addition it is hoped that BridgeComm's technology will provide the optical intersatellite communications capability of choice for all proliferated low earth orbit constellations.

BridgeComm will require up to $5mm additional capital to deliver an existing contract with The Space Development Agency, the objective of which is to prove MOCA technology over longer distances.

BridgeComm is currently in partnering discussions with Aeroequity Industrial partners to provide additional funding and US government sourcing expertise. In addition, for BridgeComm to succeed as a US government vendor, it will need to be a US based company. Because AEI brings technical and government knowledge, it is planed that Allied Minds will be a large minority shareholder post transaction which is expected to be a down round to the last valuation.

Holdings and valuation:

- Date of Last Funding Round: September 2018
- Post-Money Valuation: $38.0 million
- Co-Investors: Boeing HorizonX Ventures (venture arm of Boeing Company)
- Allied Minds' Issued and Outstanding Ownership: 81.15%
- Allied Minds' Fully-Diluted Ownership: 62.92%

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

Founded in 2012, Federated is the market leader in Citizen Band Radio Service (CBRS) shared spectrum. Shared spectrum, also known as CBRS**,** is an innovative technology that delivers the best attributes of traditional wireless and Wi-Fi, with lower fixed cost, higher quality, and greater efficiency and scale.

As the first to market with a Spectrum Access System ("SAS"), Federated Wireless is the nationwide leader in enabling, commercializing, and driving adoption of shared spectrum. With more than 350 customers and over 90,000 connected devices across the United States and territories, the company serves a customer base spanning defense, government, manufacturing, telecommunications, utilities, real estate, and education, with a wide range of use cases ranging from network densification and mobile offload to private wireless and industrial IoT. Noteworthy customers include Charter, Comcast, Verizon, the US Department of Defense and Carnegie Mellon University.

The company has driven several significant advancements in 2021. These include the launch of the secondary CBRS spectrum market via its Spectrum Exchange; significant deployments of a dedicated CBRS network for IoT research at Fort Carson, CO, and another for modernization of the Marine Corps Logistics Command warehouse operations in Albany, GA; along with deployment of the first CBRS networks in Puerto Rico and the U.S Virgin Islands, delivering service to the region's Wireless Internet Service Providers (WISPs) and Mobile Network Operators (MNOs). The last year has seen its customer and partner base expand rapidly into new verticals and the number of active CBRS devices grow significantly. As of the publication of this report, the company has more than 350 customers, with more than 90,000 devices deployed, which together indicate strong momentum for the entire market segment.

Accelerating private 5G wireless for enterprise

Federated Wireless is powering innovation in how networks are delivered and reshaping wireless connectivity for cloud-enabled technologies. The company is focused on accelerating enterprise adoption of private wireless networking and delivering new capabilities for network edge innovation. Its goal is to simplify and automate how wireless networks are purchased, deployed, provisioned, and managed, making it easier for organizations to customize their network to business requirements, and speed time to market with advancements in IoT, VR/AR, and other digital technologies.

Critical to the Federated Wireless strategy is expanding its edge solutions, which it will achieve through collaboration with hyperscale providers that have been growing and strengthening over the past two years, including AWS, Intel, HPE-Aruba, JMA, Cisco, and others. The company's top priorities include:

- Investing in cloud-native tools to empower edge innovation, including automation, application analytics, and zero touch provisioning (ZTP);
- Mobilizing the ecosystem with a heightened focus on relationship management, business development, and sales enablement;
- Expanding product capabilities for sharing in 6 Ghz and promoting its adoption domestically and internationally; and,
- Ramping up commercial capacity with increased investment in Sales, Marketing, and Customer Success.

Investing in growth

In addition to significant investments in product development, Federated Wireless made key appointments to the company's leadership team in 2021, including:

- Industry veteran Chris Swan joined as Chief Commercial Officer to focus on delivering the very significant growth opportunity for the business with leadership over sales, marketing, and customer care.
- Strategic operations and finance executive Loren Buck joins as Chief Financial Officer.

Financially, Federated Wireless saw 3.8x revenue growth in 2021 and expects continued momentum through 2022 and beyond.

Subsequent to year end, Federated Wireless raised $72 million through a two stage Series D funding to fuel growth in 5G private wireless and other strategic focuses. An affiliate of Cerberus Capital Management, L.P. led the round, with affiliates of Fortress Investment Group, Giantleap Capital, and LightShed Ventures added as new investors with existing investors Allied Minds and GIC, Singapore's sovereign wealth fund, also participating.

Holdings and valuation:

- Date of Last Funding Round: May 2022
- Post-Money Valuation: $302 million
- Co-Investors: Cerberus Capital Management LLP and GIC (Singapore's sovereign wealth fund)
- Allied Minds' Fully-Diluted Ownership: 23.96%

3) ***OcuTerra Therapeutics, Inc.*** *(ordinary and preference share holding)*

OcuTerra is a clinical stage ophthalmology company developing innovative small molecule drugs for non-invasive use in treating ophthalmologic diseases that are currently treated in the early stages with a "watch and wait" protocol. The company has announced a Series B financing of $35m that will be used to fund a Phase 2 trial starting in Q3 2022 of its non-invasive eyedrops (OTT166) for use in early active management of Diabetic Retinopathy. It will be studied in the trial for the treatment of moderate to severe non-proliferative and mild proliferative Diabetic Retinopathy. Diabetic Retinopathy is a disease that results in loss of vision for diabetic patients.

Phase 1b clinical trials of OTT166 eye drops in patients with diabetic retinopathy and wet AMD have demonstrated safety, tolerability and clear clinical evidence of biological activity. OTT166 is a novel small molecule selective integrin inhibitor that has been engineered to have the required physiochemical characteristics to be able to reach the retina , where the damage occurs, from eye drop application. The current standard of care involves injections into the eye and/or laser treatment. The OcuTerra drops are intended to be used earlier in the treatment of Retinopathy, potentially delaying or eliminating the need for intravitreal injections. If the Phase 2 trial is successful, the next step would be a Phase 3 trial involving more patients and if successful in meeting the clinical end points application to the FDA for approval.

The company believes that it is well positioned to transform the treatment of Diabetic Retinopathy. Currently the company is preparing for the start of the Phase 2 trial, and is building out its managerial and clinical team.

Allied Minds is a minority shareholder in OcuTerra and as such there is no current intention to invest any further capital in the company.

Holdings and valuation:

- Date of Last Funding Round: November 2021
- Valuation: $51.3 million
- Co-Investors: Various third parties
- Allied Minds' Issued and Outstanding Ownership: 17.06%
- Allied Minds' Fully-Diluted Ownership: 12.33%

4) ***Orbital Sidekick Inc.*** *(Orbital) (investment held at fair value)*

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

Orbital SideKick has grown significantly over the past 12 months, expanding the team from 12 to 39. The Company is expected to reach 65 employees by the end of 2022. Orbital has invested heavily in product development, engineering, and analytics, and is now growing the Sales & Marketing Team ahead of the launch and commissioning of 6 satellite GHOSt constellation beginning in Q3 of 2022. The Company's technology demonstration mission - Aurora - successfully validated its hyperspectral sensor technology performance in a space environment and served as a dress rehearsal for the GHOSt constellation. The company has recently signed a contract with one of the largest pipeline operators in North America - Energy Transfer - to deliver recurring monitoring services from its satellites through 2023. The Company recently signed a significant work program contract with In-Q-Tel, and expects to expand its footprint within the defense & intelligence community in 2022 and beyond. The Company is also developing products for the mining and agriculture industries, along with fire fuel and carbon mapping capabilities.

Orbital has sufficient cash to fund the business until August 2022. Orbital is in advanced talks with potential investment firms and strategic partner groups to secure the required funding. The additional funding will allow the company to add its product to an additional six satellite launches.

Holdings and valuation:

- Date of Last Funding Round: April 2021
- Post-Money Valuation: $46 million
- Co-Investors: Temasek, Energy Innovation Capital and 11.2 Capital
- Allied Minds' Issued and Outstanding Ownership in respect of preference shares: 26.52%
- Allied Minds' Fully-Diluted Ownership: 24.11%

*5) **Concirrus (acquirer of Spark Insights Inc.)** (common shares in Concirrus)*

On 1 November 2021, Allied Minds announced the disposal of portfolio company Spark Insights, Inc. to Concirrus, a private UK-based insurance technology company. The disposal is valued at $700,000 USD and was paid in Concirrus stock.

*6) **TouchBistro, Inc. (acquirer of TableUp, Inc.)** (common shares in TouchBistro)*

On 28th March 2022, Allied Minds announces that it had completed the disposal of its residual shareholding in Touch Bistro for $5.5m CAD ($4.4m USD) in line with its strategy of monetising its investment portfolio. Of the sale proceeds, $4.97m CAD has been received and $0.53m CAD is to be held in escrow, with an initial release date in Q3 2022, subject to any then outstanding claims.

Key Performance Indicators

In 2020, the Company measured its performance through the percentage level of achievement of management by objectives (MBOs). These objectives sought to link financial, operational, technical and other performance milestones established by the Board directly to remuneration and KPIs. In 2021, however, MBOs were removed following changes in the Company's management structure and the absence of Executive Directors.

The following Key Performance Indicators (KPIs) were selected to measure the performance of the Company in 2021. These objectives seek to link financial, operational, technical and other performance milestones established by the Board directly to remuneration and KPIs, as further set out in the director compensation schemes previously disclosed to the market.

1. Increase Company Non-Executive Director (NED) engagement at each portfolio company. We have continued to hold NED roles on the board of each of the significant portfolio investments.
2. Provide strategic, operational and financing support and assistance to the portfolio companies through representation on the board of each portfolio company. We have continued to provide this support to each of the portfolio companies throughout the period.
3. Critically evaluate and monitor portfolio company progress with objective of maximising shareholder return on investment (ROI). We have critically evaluated the performance and this has resulted in the investment portfolio changes in the period.
4. Manage HQ cash and expenses to maximise shareholder ROI, HQ expenses in the current year were \$5.69m (2020: \$7.11m).

We note that as a result of the strategic changes announced by the Board on 15 January 2021, the portfolio shall be managed by the Board, all of whom are Non-Executive Directors, on a go-forward basis. The Board places equal importance on each of the listed KPIs.

Financial Review

During 2021, $68.5 million was invested into existing portfolio companies. This included $6.8 million invested by Allied Minds, with $61.7 million coming from third-party investment, to further accelerate the development of the Group's existing companies.

Consolidated Statement of Comprehensive Loss

For the years ended 31 December	2021 $ '000	2020 $ '000
Revenue	1,544	480
Cost of revenue	(443)	(210)
Selling, general and administrative expenses	(10,569)	(10,497)
Research and development expenses	(2,650)	(4,712)
Finance cost, net	(2,788)	(1,786)
Other expense	(1,338)	(38,779)
Other comprehensive loss	(41)	(116)
Total comprehensive loss	(16,285)	(55,620)
of which attributable to:		
Equity holders of the parent	(15,575)	(53,141)
Non-controlling interests	(710)	(2,479)

Revenue increased by $1.0 million, to $1.5 million in 2021 (2020: $0.5 million). This increase is primarily attributable to revenue from existing and new contracts in 2021 at BridgeComm. Cost of revenue at $0.4 million (2020: $0.2 million) was lower as a percentage of revenue, when compared to the prior year, mainly due to the nature of the revenue being delivered.

Selling, general and administrative (SG&A) expenses increased by $0.1 million, to $10.6 million (2020: $10.5 million). This increase was mainly due to additional professional fees incurred in regards to the latest financing at OcuTerra Therapeutics in the first half of 2021.

Research and development (R&D) expenses decreased by $2.1 million, to $2.6 million (2020: $4.7 million). The decrease was primarily due to the deconsolidation of two subsidiaries in 2021. The remainder of the decrease reflects the net effect from R&D spend at the remaining subsidiaries.

Net finance cost increased by $1.0 million in 2021 to $2.8 million (2020: $1.8 million). The increase in the net cost reflects the impact from the deconsolidation of OcuTerra in the first half of 2021 of $7.7 million and $0.1 million increase of a convertible note payable due to the fair value adjustment. This increase was offset by the $5.2 million decrease of the subsidiary preferred shares liability balance at BridgeComm as a result of IFRS 13 fair value accounting. Lastly, interest expense, net of interest income, was $0.2 million in 2021 (2020: $23 thousand).

Other expenses decreased to $1.3 million (2020: $38.8 million) reflecting $14.2 million of gain on deconsolidation of OcuTerra and Spark Insights, $0.4 million of gain from Paycheck Protection Program (PPP) loan forgiveness and $0.3 million of compensation from third parties for disposal of fixed assets, offset by $13.9 million loss on investments held at fair value as well as the company's share of loss of $2.3 million from its associates.

As a result of these factors, total comprehensive loss decreased by $39.3 million to $16.3 million (2020: $55.6 million). Total comprehensive loss attributed to the equity holders of the Group was $15.6 million (2020: loss of $53.1 million) and $0.7 million loss (2020: $2.5 million) was attributable to the owners of non-controlling interests.

Consolidated Statement of Financial Position

As of 31 December	2021 *$ '000*	2020 $ '000
Non-current assets	35,229	44,416
Current assets	20,672	32,584
Total assets	55,901	77,000
Non-current liabilities	213	2,246
Current liabilities	11,033	16,468
Equity	44,655	58,286
Total liabilities and equity	55,901	77,000

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

Non-current assets

Property and equipment decreased by $0.8 million to $0.8 million (2020: $1.6 million), reflecting depreciation expense of $0.5 million, impairment loss of $0.5 million offset by $0.2 million in gain on disposal of fixed assets.

Investments at fair value decreased to $33.9 million (FY20: 41.6 million). The change reflects the recognition of a $5.7 million investment as a result of the deconsolidation of OcuTerra and $0.7 million investment as a result of the disposal of Spark Insights. The increase was offset, in part, by a loss of $14.1 million of the fair value accounting for other investments held at fair value.

Right-of-use assets decreased to $0.4 million (2020: $0.6 million) primarily related to depreciation of $0.3 million offset by recognition of a new lease entered into by BridgeComm of $0.1 million in 2021.

Current assets

Cash and cash equivalents decreased by $14.8 million to $9.7 million (2020: $24.5 million). The decrease is mainly attributed to $9.1 million of net cash used in operations, $18.7 million cash used in investing activities, offset by $13.0 million cash provided by financing activities.

Trade and other receivables decreased by $0.1 million to $5.9 million (2020: $5.8 million) due to a cumulative decrease in trade receivables and prepaid expenses of $0.1 million as a result of deconsolidation of OcuTerra in the first half of 2021.

Other financial assets have increased by $2.8 million to $5.1 million (FY2020: $2.3 million) primarily due to the conversion of Orbital's convertible note of $1.5 million into preferred shares upon the closing of the Series A funding offset by Allied Minds' $4.3 million investment in Federated Wireless in the form of

SAFEs (simple agreements for equity).

Current liabilities

Subsidiary preferred shares decreased by $5.2 million to $1.3 million (2020: $6.5 million) primarily driven by $5.2 million in IFRS 9 fair value adjustment at BridgeComm for the year.

Deferred revenue increased by $1.3 million to $4.9 million (2020: $3.6 million) primarily due to new revenue contracts recognised at BridgeComm in 2021.

Loans decreased by $0.1 million (2020: $3.1 million) primarily due to forgiveness of PPP loans.

Non-current liabilities

Lease liabilities decreased by $1.0 million to $0.8 million (2020: $1.8 million) primarily due to lease payments offset by issuance of a new lease at BridgeComm in second half of 2021.

Other non-current liabilities decreased by $1.4 million (2020: $1.4 million) primarily due to loan payments of convertible promissory notes at OcuTerra Therapeutics.

Equity

Net equity decreased by $13.6 million to $44.7 million (2020: $58.3 million) reflecting the combination of comprehensive loss for the period of $16.3 million, repurchase of ordinary shares of $0.7 million offset by the effect of deconsolidation of OcuTerra and Spark Insights of $3.2 million and $0.2 million charge due to equity-settled share based payments.

Consolidated Statement of Cash Flows

For the years ended 31 December	2021 $ '000	2020 $ '000
Net cash outflow from operating activities	(9,060)	(17,057)
Net cash outflow from investing activities	(18,749)	(11,341)
Net cash inflow/(outflow) from financing activities	13,030	(37,684)
Net decrease in cash and cash equivalents	(14,779)	(66,082)
Cash and cash equivalents in the beginning of the year	24,489	90,571
Cash and cash equivalents at the end of the year	9,710	24,489

The Group's net cash outflow from operating activities of $9.1 million in 2021 (2020: $17.1 million) was primarily due to the losses for the year of $16.3 million offset by the net effect from movement in working capital of $1.7 million, other finance charges of $2.6 million, the adjustment for non-cash items such as depreciation, amortisation, impairments, share of net loss of associate, gain on deconsolidation, loss on investments held at fair value and share-based payment expenses of $2.9 million.

The Group had a net cash outflow from investing activities of $18.7 million in 2021 (2020: $11.3 million). This outflow was predominately related to the deconsolidation of OcuTerra and Spark Insights totaling $13.3 million, the $0.9 million investment made in the Orbital Series A funding and $4.3 million investment made in Federated in the form of a SAFE.

The Group's net cash inflow provided by financing activities of $13.0 million in 2021 (FY20: $37.7 million) reflects, in part, proceeds from issuance of preferred shares in subsidiaries of $14.6 million and the receipt of $0.2 million of PPP loans. The increase was offset by $1.1 million in lease payments and $0.7 million payments to repurchase the company's own shares.

The Group's strategy is to maintain healthy, highly liquid cash balances that cover its operating expenses as a publicly listed entity and are readily available for small, follow-on investments in portfolio companies in a manner consistent with the Board's strategy for the Company and Group. To further minimise its exposure to risks the Group does not maintain any material borrowings or cash balances in foreign currency.

The Directors have further considered the on-going viability of the Company for the next three years, as required pursuant to the 2018 version of the UK Corporate Governance Code, in the Management and Governance section of the Annual Report and Accounts at pages 26 to 27.

Risk Management

The execution of the Group's strategy is subject to a number of risks and uncertainties. The Board has adopted a system of continuous review in which it regularly consults with management to identify principal and emerging risks facing the Group and to assess and determine how to address and mitigate against such risks in a manner consistent with the Company's risk appetite to achieve its strategic goals. Throughout the year, the Board considers and reviews both risks arising from the internal operations of the Group, and those arising from the business environment in which it operates. It is possible that one or more of these identified risks could impact the Group in a similar timeframe which may compound their effects.

With our focus on early stage company development, commercialisation and monetisation, the Group inherently faces significant risks and challenges. The overall aim of the risk management policy is to achieve an effective balance of risk and reward, although ultimately, no strategy can provide an absolute assurance against loss.

The Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency and/or liquidity. The major risks and uncertainties identified by the Board are set out below, along with the consequences and mitigation strategy of each risk.

1. The science and technology being developed or commercialised by the Group's businesses may fail and/or the Group's businesses may not be able to develop their innovations and intellectual property into commercially viable products or technologies. There is also a risk that some of the portfolio companies may fail or not succeed as anticipated, whether as a result of technical, product, market, fund-raising or other risks, resulting in an impairment of the Group's value.

Impact: The failure of any of the Group's portfolio companies would impact the Group's value. A failure of one of the major portfolio companies could also impact the Group's reputation as a builder of high value businesses and possibly make additional fund raising at the Group or portfolio company level more difficult.

Mitigation:

- Before making any follow-on investment in the current portfolio, extensive due diligence is carried out by the Group which covers all the major business risks including market size, strategy, adoption and intellectual property. Where appropriate, we seek validation through co-investment by other strategic and/or financial parties.
- A disciplined approach to capital allocation is pursued whereby we closely monitor milestone developments before committing additional capital. Should a project fail to achieve sufficient progress or is unable to attract other co-investors, we may terminate the investment.
- Dedicated leadership with deep industry or sector knowledge, and relevant technical and/or leadership experience, is recruited to management positions, and the Group ensures that each portfolio company has independent directors and/or other advisors, as appropriate for the relevant stage of development.

- Each portfolio company holds board of director meetings at least quarterly, with participation from the Group's Directors, management and/or investment team, along with senior management and independent directors and/or advisors, as appropriate, of such portfolio company.

- Within the Group there is meaningful operating and investment expertise that provide direct, hands-on and strategic, operating and fund-raising support to its portfolio companies, as appropriate.

- The Group actively uses third party advisors and consultants, specific to the particular domain in which a portfolio company operates, to assist on market strategy and direction.

2. The portfolio companies expect to incur substantial expenditure in further research and development, product development, sales and marketing and other operational activities of its businesses. There is no guarantee that the Group or any of its individual portfolio companies will become profitable prior to the achievement of a portfolio company sale or other liquidity event, and, even if the Group or any of its individual portfolio companies does become profitable, such profitability may not be sustainable. The Group may not be able to attract other co-investors, or monetise its ownership interests in portfolio companies, during any specific time frame or otherwise on desirable terms, if at all.

Impact: Allied Minds' objective is to generate returns for its shareholders through early stage company development within the technology sector. Such value is expected to be delivered through the commercialisation and monetisation of these businesses via a sale or other liquidity event for each. The timing and size of these potential inflows is uncertain and, should liquidity events not be forthcoming, or in the event that they are achieved at values significantly less than the amount of capital invested, then it would be difficult to sustain the current levels of investment in the other portfolio companies. This would lead to reduced participation in funding rounds, which will result in a lower ownership position, or potentially impact the ability of a company to raise additional funds.

Mitigation:

- The Group retains sufficient cash balances in order to support its cash flow requirements, including Allied Minds' investment requirements for each portfolio company and for corporate resources.

- The Group has close relationships with a wide group of investors, including within its current shareholder base, and continues to identify and develop strategic and financial relationships for co-investing in the Group's portfolio companies.

- Non-Executive Directors seek to build and maintain strategic and financial relationships for the Group, and each portfolio company continually seeks to engage in strategic and financial relationships relevant to their respective markets and to maintain current information on, and awareness of, potential fund-raising and monetisation strategies.

3. A significant portion of the Group's intellectual property relates to technologies which originated in the course of research conducted in, and initially funded by, US universities or other federally-funded research institutions. Although the Group has been granted exclusive licenses to use this

intellectual property, there are certain limitations inherent in these licenses, for example as required by the Bayh-Dole Act of 1980.

Impact: There are certain circumstances where the US government has rights to utilise the underlying intellectual property without any economic benefit flowing back to the Group. In the event that this were to happen, this could impact the financial return to the Group on its investment in the applicable portfolio companies.

Mitigation:

- To the Board's knowledge, while these so called "march in" rights exist, the US government has never had cause to use them.
- The Group seeks to develop dual use capabilities for the technology it licenses and generally tends to avoid use cases directly applicable to government use.
- This risk is also mitigated through employing experienced technology transfer experts supported by our legal team to assess risks that may arise out of this eventuality.

4. Certain of the portfolio companies currently have in place cooperative research and development agreements with certain US Department of Defense laboratories and other federally funded government institutions. Certain regulatory measures apply to these agreements which restrict the export of information and material that may be used for military or intelligence applications by a non-US person. Compliance with these regulatory measures may be complex and limit commercial alternatives.

Impact: If certain portfolio companies were to breach restrictions on the use of certain licensed technologies, particularly those derived from federally funded research facilities, this could materially impact upon the Group's ability to license additional intellectual property from these establishments. In certain circumstances, it may also lead to the termination of existing licenses. In the event that this were to happen, this could materially affect a number of the Group's businesses, potentially harm the reputation and standing of the Group and cause the termination of certain important relationships with federally funded research institutions.

Mitigation:

- Prior to licensing any technology under these agreements, the Group's management seeks to identify the commercial and other alternatives available for products and services associated with such technology and innovations, and to ensure that there are sufficient markets available to justify the capital investment.
- Prior to the commercialisation process, the Group's management seeks to obtain all the necessary clearances from applicable regulatory bodies to ensure that the export of products based upon the licensed IP is strictly in accordance with government guidelines.
- The Group, including certain of the portfolio companies, employs a number of individuals with experience in working with various government agencies.

- Senior management is fully cognisant of the regulations and sensitivities in relation to this issue, in particular with International Traffic in Arms Regulations (ITAR) which regulate the use of technologies for export, and has numerous mitigating actions available should issues arise.

5. The Group operates in complex and specialised business domains and requires highly qualified and experienced management to implement its strategy successfully. All of the operations of the Group are located in the United States, which is a highly competitive employment market. Furthermore, given the relatively small size of the senior management at the corporate level, the Group is reliant on a small number of key individuals. As announced on 31 March 2022 and updated on 31 May 2021, the Chairman of the Company has announced his intention to resign from the board of directors following the publication of these annual report and accounts for the year ended 31 December 2021. The Company has an urgent need to appoint new directors to the board in order to ensure effective management to implement the execution of its strategy.

Impact: There is a risk that the Group may lose key personnel, or fail to attract or retain new personnel. The loss of key personnel may negatively affect the Group's competitive advantage. The Company also needs to identify and appoint new non-executive directors to the board of the Company with sufficient experience to execute the Company's strategy.

Mitigation:

- The Company is working with its largest shareholders to identify and appoint new non-executive directors to the board of directors of the Company.
- Senior management continually monitor and assess compensation levels to ensure the Group remains competitive in the recruitment market.

6. A large proportion of the overall value of the Group's businesses may be concentrated in a small proportion of the Group's businesses. If one or more of the intellectual property rights relevant to a valuable business were terminated, this would have a material adverse impact on the overall value of the Group's businesses.

Impact: The termination of critical IP licenses would materially impact the value of the portfolio company and have a consequent effect on the value of the overall Group.

Mitigation:

- In each portfolio company, the management is specifically directed to pursue a policy of generating and patenting additional intellectual property to both provide additional protection and create direct IP ownership for the company.
- Where possible, the Group seeks to negotiate intellectual property ownership rights in any research and development agreement it enters into with a network partner, such that the Group becomes a part owner of the underlying IP.

7. The US Investment Company Act of 1940 regulates companies which are engaged primarily in the business of investing, reinvesting, owning, holding or trading in securities. Securities issued by companies other than consolidated partner companies are generally considered ''investment securities'' for purposes of the Investment Company Act, unless other circumstances exist which

actively involve the company holding such interests in the management of the underlying company.

Impact: If the Company is deemed to be an ''investment company'' subject to regulation under the Investment Company Act, applicable restrictions could make it impractical for the Group to continue its business as contemplated and could have a material adverse effect on its business. If anything were to happen which would cause the Company to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on capital structure, ability to transact business with portfolio companies and ability to compensate key employees, could make it impractical for it to continue its business as currently conducted.

Mitigation:

- The Company intends to monitor and conduct its operations so that it will not be deemed to be an investment company under the Investment Company Act.
- The Company seeks to build value through its current portfolio companies; it is not engaged primarily in the business of investing, reinvesting, owning, holding or trading in securities and does not own or propose to acquire investment securities above prescribed thresholds under the Investment Company Act.
- Currently the Company holds more than 50% of the voting securities in one of its portfolio companies, and more than 20% of all of its other portfolio companies (except TouchBistro, OcuTerra and Concirrus), and intends to continue to try to maintain significant influence in portfolio companies.
- The Company seeks to maintain significant influence in portfolio companies through a combination of the following:
    - Rights to elect representatives to the board of directors, with ability to exercise influence over the portfolio company's business strategy, operating plans, budgets and key corporate decisions;
    - Legal rights, such as access to information (books and records) and financial statements, liquidation preferences, registrations rights, rights of first refusal, pre-emptive rights and co-sale rights; and
    - Protective provisions, such as rights to block certain portfolio company actions.

8. As a result of the Group's strategy, the Group's overall success is dependent on a limited, finite portfolio of businesses. If one or more of such businesses were to fail, this would have a material adverse impact on the overall value of the Group's businesses and the Group's ability to return money to shareholders.

Impact: The failure of one or more remaining Group businesses would materially impact the overall value of the Group's portfolio and have a consequent effect on the returns available to shareholders.

Mitigation:

- The Board is committed to engaging and working closely with the remaining portfolio companies to provide guidance and advice as they navigate funding, operational, and other needs.

- The Board continues to monitor performance, progress, and development of each portfolio company to critically assess the return prospects of the remaining portfolio and make adjustments as necessary.

9. Given its current cash and financial position, the Group expects to remain operational through the next three years. However, if the Group is unable to generate sufficient revenue, appropriately manage expenses, attract co-investors to participate in follow-on portfolio company financings, or generate a sale or other liquidity event for any of its existing portfolio companies or portfolio company interests prior to the end of such period, then the Group's business, financial condition, results of operations, prospects and future viability could be adversely affected.

Impact: Lack of capital could restrict the Group's ability to further fund, develop and commercialise its existing businesses. In turn, this could ultimately lead to failure of individual portfolio companies and loss of investment as well as failure of the Group as a whole.

Mitigation:

- The Board and Senior management continually seek to build and maintain close relationships with its shareholder base and other strategic partners at the Group level, and each portfolio company continually seeks to engage in strategic relationships relevant to their respective markets and to maintain current information on and awareness of potential fund-raising and monetisation strategies.

- The Company strives to maintain majority ownership and/or primary control over all of the portfolio companies and/or portfolio company board representation, so that it can seek to influence optimal capital allocation, use of cash, and fund-raising strategy.

- The Company has built a valuable portfolio of companies since its inception.

- The Company continuously and critically reviews the progress of its portfolio companies against pre-set milestones to ensure its financial capital and human resource is properly allocated to the more promising areas of its portfolio to help strengthen and accelerate the Group's path to monetisation.

- The Company recognises the need to identify and appoint new non-executive directors to the board of the Company with sufficient experience to execute its strategy. It is working with its largest shareholders to identify and appoint new non-executive directors to the board of directors of the Company.

COVID-19

As Allied Minds navigates the continued consequences of the coronavirus pandemic, we continue to closely monitor, assess, and respond to the impacts of the pandemic. The Group took several actions to enable Allied Minds and its portfolio companies to continue operating safely and effectively, including implementing remote working environments, using virtual meeting platforms, and reducing travel.

While the consequences of the coronavirus pandemic have had varying degrees of commercial impact across the portfolio in the past year, the actions and mitigation put in place by the Group enabled day-to-day operations to continue effectively across the portfolio. Allied Minds remains in close communication with all customers, suppliers and partners to collaborate on how to best support each other's needs in the post-pandemic environment.

Ukraine

The Board has considered the potential impact on the Group of the current situation in Ukraine. The Group has no operations in Russia, Ukraine or Belarus and, as such, does not expect and direct, material impact on its business. Any possible impact to the Group would likely manifest itself in inflationary pressure, and deterioration in global economic performance and confidence. These impacts are being monitored closely by the Board.

Corporate and Social Responsibility

Details on the Group's policies, activities and aims with regard to its corporate and social responsibilities, including diversity, are included in the Sustainability section on pages 53 to 56 and are incorporated into this Strategic Report by reference.

This Strategic Report has been approved by the Board of Directors.

ON BEHALF OF THE BOARD

Harry Rein
Chairman
14 June 2022

MANAGEMENT AND GOVERNANCE

The Board

Non-Executive Directors

Harry Rein – Non-Executive Chairman (stepping down from the Board upon publication of these accounts)

Harry joined Allied Minds as an independent Non-Executive Director in November 2017, and has served as the Non-Executive Chairman since March 2020.

Harry Rein has over 50 years business experience. Starting his career in manufacturing and strategic consulting positions before joining General Electric Company in 1978 and directed several of GE's lighting businesses as general manager before joining the GE's venture capital subsidiary as President and CEO.

Harry then led the spin out of GE's Venture business in 1987 which became the foundation of Canaan Venture Partners, where he was founder and managing partner raising $1.65bn and investing into venture capital opportunities. Harry retired from Canaan in 2002. Canaan still thrives today, and at this time the firm has raised 12 Funds for an excess of $6.0bn.

At the time of retiring from Canaan, Harry became general partner of Foundation Medical Partners ("FMP"), a venture capital firm focused on early-stage healthcare venture capital companies. FMP started life as a small affiliated venture fund of The Cleveland Clinic Foundation. Harry was instrumental in the conception and creation of the firm. Harry stepped back from his role at FMP in 2012. The firm continues to operate successfully out of Boston under the name of Flare Capital.

Harry has served on the board of directors of over 20 public and private entrepreneurial companies, including: Anadigics (NASDAQ: ANAD), Cell Pathways, OraPharma (acquired by Johnson & Johnson), National MD (acquired by GE), OmniSonics, GenVec (NASDAQ: GNVC), CardioNet (NASDAQ: BEAT) and Spine Wave, and was an investor in Praecis Pharmaceuticals (NASDAQ: PRCS).

In addition to serving as Chairman of the Board of Allied Minds, Harry is also chairman of the board of Federated Wireless, and also serves on the board of DeliverCareRx.

Harry Rein attended Emory University and Oglethorpe College (1968) and holds an M.B.A. from the Darden School at the University of Virginia (1973).

Bruce Failing – Senior Independent Director

Bruce joined Allied Minds as the Senior Independent Director in March 2020. Bruce has over 40 years of management and investment experience in the areas of media and consumer products, applied technology and logistics management. He founded and currently is the General Partner of Alerion Partners and serves on the Boards of Directors of Grand Brands, Enviroscent and DeliverCareRX. Previously, he was CEO of Productivity Solutions, Electronic Retailing Systems and Actmedia, and Executive Chairman of ScentAir Technologies and Lamaze Publishing & the Newborn Channel. Bruce attended Tufts University (1971) and holds an MBA from Harvard Business School (1973). Bruce serves on each of the Audit, Nomination and Remuneration (Chair) Committees.

Mark Lerdal - Independent Non-Executive Director (resigned effective from 10 March 2022)

Mark joined Allied Minds as an independent Non-Executive Director in December 2019. Mark brings more than 30 years of executive leadership to his role at Allied Minds, as well as numerous executive and non-executive board directorships at public and private companies. Mark currently serves as the executive chairman of Leaf Clean Energy Company. Previously, Mark has served as managing director of MP2 Capital, LLC, president of Hydrogen Energy California, a developer of a carbon capture and sequestration facility, and a managing director at KKR Finance in its debt securities division. Mark served on the Boards of Directors of Trading Emissions plc (LSE: TRE) until January 2019, TerraForm Global Inc. (NASDAQ: GLBL) until December 2017, and TerraForm Power (NASDAQ: TERP) until November 2015. Mark also serves on a number of private company boards, including Empower Energies, Southern Current, Cotton Plains Holding III and Canadian Breaks. Mark attended Stanford University (1981) and holds a JD from Northwestern University Pritzker School of Law (1984). Mark served on each of the Audit (Chair), Nomination and Remuneration Committees.

Table of Board Attendance

The table below summarises the attendance of the Directors at the scheduled meetings held during the year:

	Meetings Attended			
Director	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Harry Rein (1)	4 of 4	1 of 1	1 of 1	1 of 1
Mark Lerdal (2)	3 of 4	1 of 1	1 of 1	1 of 1
Bruce Failing	4 of 4	1 of 1	1 of 1	1 of 1

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1. Mr. Rein resigned from the Board effective as of the date of these accounts.
2. Mr. Lerdal resigned from the Board effective as of 10 March 2022.

Directors' Report

The Directors present their report together with the audited financial statements for Allied Minds plc and its subsidiaries for the year ended 31 December 2021. The Company was incorporated on 15 April 2014 under the UK Companies Act 2006 (Companies Act).

Directors

The Directors of the Company as at 31 December 2021 were those listed on pages 26 to 27 and these pages are incorporated into this Directors' Report by reference. During the year, Joseph Pignato resigned as an Executive Director on 14 January 2021. Post-period end, Mark Lerdal resigned as a Non-Executive Director on 10 March 2022 and Harry Rein is due to step down from the Board upon publication of these accounts.

The Directors are conscious of the recent board changes and the need to appoint additional directors to the board of the Company. The Directors are working closely with the Company's largest shareholders to identify and recruit new directors to the board of the Company.

The Directors' interests in the share capital of the Company are as shown in the Directors' Remuneration Report on pages 56 to 59. None of the Directors were materially interested in any significant contract to which the Company or any of its portfolio companies were party during the year.

Corporate Governance

Information that fulfils the requirements of the corporate governance statement can be found in the Corporate Governance Report on pages 36 to 45, the Directors Remuneration Report on pages 56 to 59, and the Audit Committee Report on pages 81 to 85, and is incorporated into this Report of the Directors by reference.

Directors' Compensation for Loss of Office and Payments to Past Directors

During the year, Joe Pignato, was paid a severance package following his resignation as a Director of the Company on 14 January 2021 and the details of this package are set out on page 70 of the Directors' Report below. Save for the severance package for Joe Pignato following his resignation as a Director of the Company on 14 January 2021 and save for payments to past directors and loss of office payments previously disclosed in our 2019 Annual Report and Accounts, no payments to past directors were made during the last financial year.

Employees

The Group's policies in relation to employees are disclosed on pages 54 to 55, and these pages are incorporated into this Directors' Report by reference.

Results and Dividends

During the period, the Group generated a net comprehensive loss after taxation for the year ended 31 December 2021 of $16.3 million (2020: $55.6 million). The Directors do not recommend the payment of an ordinary dividend for 2021 (2020: nil).

Strategic Report

The Group's Strategic Report can be found on pages 3 to 69, and includes information as to the Group's activities in the field of research and development, and as to the likely future development of the Group. Financial key performance indicators can be found on pages 13-14.

The Strategic Report contains forward-looking statements with respect to the business of Allied Minds. These statements reflect the Board's current view, are subject to a number of material known and unknown events, risks and uncertainties, and could change in the future. Factors that could cause or contribute to such changes include, but are not limited to, anticipated changes to senior management of the Company, general economic climate and trading conditions, as well as specific factors relating to the financial or commercial prospects or performance of the Group's individual portfolio companies, and the ability to consummate expected fundraising and other transactions.

Strategic review

Allied Minds is focused on supporting its existing portfolio companies and maximising monetisation opportunities for portfolio company interests. For some time, the Board has been reviewing the range of strategic options available to it in order to return value to shareholders and following the successful first close of the Series D fundraising by Federated Wireless announced in February 2022, thanks he Board resolved, in March 2022, to undertake a formal review of the Company's strategic options (the "Strategic Review") including, but not limited to, a sale of the Company itself, which the Board intends to conduct under the framework of a "Formal Sale Process" in accordance with Rules 2.4 and 2.6 of the Takeover Code, alternatively, to seek to distribute certain assets and any cash reserves directly back to shareholders through a re-structure. The Strategic Review is solely aimed at creating and/or realising shareholder value.

Subject to conclusion of the Strategic Review, the Board will continue to aim to monetise the Group's ownership positions at the appropriate time, recognising the value and benefit in achieving well-timed risk-adjusted returns for the benefit of shareholders. Upon the event of successful monetisation events from the sale of portfolio companies or portfolio company interests, Allied Minds anticipates distributing the net proceeds to its shareholders, after due consideration of potential follow-on investment opportunities within the existing portfolio and working capital requirements.

The Board aims to ensure that the Group is being managed in as cost efficient manner as possible, regularly reviewing the on going costs associated with being a listed company. The Board notes that the costs of maintaining a premium listing on the London Stock Exchange are prohibitive for a company of Allied Minds' current size and maintaining a public listing is expensive with more than 50 per cent of the Company's annual budget devoted to meeting the requirements of being a listed company.

Principal and Emerging Risks and Uncertainties and Financial Instruments

The Group, through its operations, is exposed to a number of risks. The Group's risk management objectives and policies are described on pages 19 to 25 and in the Corporate Governance Report on 36 to 45. Further information on the Group's financial risk management objectives and policies, including those in relation to credit risk, liquidity risk and market risk, is provided in note 21 to the consolidated financial statements, along with further information on the Group's use of financial instruments. The pages referenced in this paragraph are incorporated into this Directors' Report by reference.

Significant Agreements

The Group has not entered into any significant agreements which may be impacted by a change of control following a takeover bid.

Share Capital

Details of the structure of the Company's share capital and the rights attaching to the Company's shares are set out in note 14 to the consolidated financial statements. Other than the minimum share ownership policy adopted by the Board in April 2016 with respect to Executive Directors, there are no specific restrictions on the holding of securities or on the transfer of shares, which are both governed by the general provisions of the Company's Articles of Association (Articles) and prevailing legislation. None of the ordinary shares carry any special rights with regard to control of the Company and there are no restrictions on voting rights.

At the last Annual General Meeting of the Company held on 12 May 2021 (2021 AGM), authority was given to the Directors, pursuant to the relevant provisions of the Companies Act, to allot unissued relevant securities in the Company up to a maximum amount equivalent to approximately two thirds of the issued ordinary share capital on 2 April 2021 at any time up to the earlier of the conclusion of the next Annual General Meeting (AGM) of the Company and 31 May 2022. In addition, at the 2021 AGM, the Directors were also given authority, effective for the same period as the aforementioned authority, to allot relevant securities in the Company up to a maximum of approximately one-third of the total ordinary share capital in issue on 2 April 2021 in connection with an offer by way of a fully pre-emptive rights issue. The Company did not allot any shares under these authorities during the past year. The Directors do not intend to issue any new ordinary shares over the coming year and do not propose to renew these authorities at the Company's next AGM.

Under the Companies Act, the Company has the power to purchase its own shares in accordance with Part 18, Chapter 5 of the Companies Act. At the 2021 AGM, a special resolution was passed which granted the Directors authority to make market purchases of the Company's shares pursuant to these provisions of the Companies Act up to a maximum of approximately 10% of the Company's issued share capital on 2nd April 2021 provided that the authority granted set a minimum and maximum price at which purchases can be made and is exercisable at any time up to the earlier of the conclusion of the next AGM and 31 May 2022.

On 23 June 2021, the Company announced the launch of a share buyback programme to buy back up to $3.0 million of the Company's shares to run until 15 October 2021 or, if earlier, the date of the announcement of the Group's interim results for the six months ending 30 June 2021. Pursuant to the share buyback programme, the Company bought back a total of 2,537,712 shares at a cost of $0.7 million.

The Directors will seek to renew the authority within similar parameters and for a similar period at the next AGM, expected to be held on 27 July 2022.

Articles of Association

The Company's Articles may be amended by a special resolution of the shareholders.

Substantial Shareholders

As at 31 December 2021, the Company had been advised of the following notifiable interests in the Company's voting rights under DTR 5. Other than as shown, so far as the Company (and its directors) are aware, no other person holds or is beneficially interested in a disclosable interest in the Company.

Shareholder	Number of Shares	Percentage
Crystal Amber Fund Limited	43,378,770	18.10%
Invesco	39,537,697	16.50%
GIC	19,382,360	8.09%
Mr Mark Pritchard	19,382,360	5.53%
Hargreaves Lansdown Asset Mgt	11,466,271	4.78%
Invesco (OppenheimerFunds)	10,170,033	4.24%
Janus Henderson Investors	9,250,000	3.86%
Partners Group	7,721,846	3.22%
Castellain Capital	7,349,772	3.07%

Between the year end and 31 May 2022 (the latest practicable date prior to publication), Metage Capital has accrued a notifiable interest of 3.63% and Charles Stanley has accrued a notifiable interest of 3.55% in the voting rights of Allied Minds.

Research and Development

Details of the Group's research and development activities are included in the Portfolio Review and Developments section on pages 9 to 13.

Stakeholder Engagement

Details of the Group's engagement with key stakeholders, including suppliers, customer and other business relationships are included in the Stakeholder Engagement section on pages 50 to 55.

Political and Charitable Donations

The Group did not make any political or charitable donations in 2020 or 2021.

Corporate and Social Responsibility

Details on the Group's policies, activities and aims with regard to its corporate and social responsibilities are included in the Sustainability section on pages 46 to 50, and are incorporated into this Directors' Report by reference.

Greenhouse Gas Emissions

Details on the greenhouse gas emissions associated with the Group's operations are included in the Sustainability section on pages 46 to 50.

Directors' Indemnity and Liability Insurance

During the year, the Company has maintained liability insurance in respect of its directors who held office during the period. Subject to the provisions of the Companies Act, the Articles provide that every director is entitled to be indemnified out of the funds of the Company against any liabilities incurred in the execution or discharge of his or her powers or duties.

Issuance of Equity by Major Subsidiary Undertaking

None of the Company's major subsidiary undertakings (as defined in the Listing Rules) issued equity in 2021.

Requirements of the Listing Rules

The following table provides references to where the information required by Listing Rule 9.8.4R is disclosed:

Section	Listing Rule requirement	Location
1	Interest capitalised	Not applicable
2	Publication of unaudited financial information	Not applicable
4	Details of long-term incentive schemes for an individual director	Not applicable
5	Waiver of emoluments by a director	Not applicable
6	Waiver of future emoluments by a director	Not applicable
7	Non pre-emptive issues of equity for cash	Notes to the Consolidated Financial Statements, Note 15
8	Non pre-emptive issues of equity for cash by any major subsidiary undertaking	Not applicable
9	Parent participation in a placing by a listed subsidiary	Not applicable
10	Contract of significance with director	Not applicable
11	Contract of significance with a controlling shareholder	Not applicable
12	Provision of services by a controlling shareholder	Not applicable
13	Shareholder waivers of dividends	Not applicable
14	Shareholder waivers of future dividends	Not applicable
15	Relationship agreements with the controlling shareholder	Not applicable

Viability Statement

While the financial statements and accounts have been prepared on a going concern basis, provision 31 of the 2018 version of the UK Corporate Governance Code (Code) requires the Directors to make a statement in the Annual Report with regard to the viability of the Group, including explaining how they have assessed the prospects of the Group, the period of time for which they have made the assessment, and why they consider that period to be appropriate. Accordingly, the Directors conducted this assessment over a three year period, taking into account the Group's current position and capital allocation strategy. This considered sensitivities around the Company's operating costs, particularly as a premium listed company on the London Stock Exchange, and the future capital requirements of its portfolio companies. As stated in the Company Overview on pages 7 to 9, the Directors remain focused on supporting our six existing portfolio companies and maximising monetisation opportunities for portfolio company interests, and not to deploy any capital into new portfolio companies. This approach reflects the continuation of the Company's existing strategy and, taken together with significant reductions of its central costs, allows the Company to remain viable for the next three years. This strategy, pursued to its conclusion, would see the Group's existing assets continue to be managed and eventually monetised, with no new investments being taken on and with a view to returning surplus proceeds to shareholders. As described in the Directors' report on pages 28 to 35 above, the Directors have also initiated a Strategic Review aimed at a Formal Sale Process in accordance with Rules 2.4 and 2.6 of the Takeover Code, alternatively, to seek to distribute certain assets and any cash reserves directly back to shareholders through a re-structure. While this review may affect the Directors' assessment of viability, at the date of this report, the Directors still expect the Company to remain viable over the three year viability period.

Consequently, in terms of reporting on the viability of the Group as required under the Code, the Directors have prepared projections running out three years as, in their view, this remains an appropriate period, notwithstanding the eventual conclusion to the strategy and Strategic Review as outlined above.

The Directors are conscious of the recent board changes and the need to appoint additional directors to the board of the Company. The Directors are working closely with the Company's largest shareholders to identify and recruit new directors to the board of the Company.

The Directors also carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, and the other principal and emerging risks detailed in the Strategic Report. The three-year period includes the assumption that further funding is not required by the Group in the form of proceeds from either the sale of individual portfolio companies, the sale of certain portfolio company interests in secondary market transactions, or a combination thereof. The Directors believe that a three-year assessment is most appropriate as it aligns with the Group's normal and well-established budgeting process. In making their assessment, the Directors considered a wide range of information, including present and future economic conditions, future projections of profitability, cash flows and capital requirements, and the potential sale of certain portfolio company interests in secondary market transactions.

The Group's annual budgeting process builds into a robust three-year plan, which is the period the Directors consider as an appropriate period to be covered by the viability statement. This plan forms the basis for strategic decisions across the Group. The consolidated plan is reviewed and approved annually by the Directors at the beginning of the year. Progress against the original plan is reviewed quarterly by the Directors, and adjustments to the plan can be made if needed to address new risks or to take advantage of new opportunities.

In summary, the Directors have assessed the viability of the Group over the three year period. As part of this assessment they intend to continue to take proactive steps to manage cash expenses, consider capital allocation decisions, careful control over how working capital requirements are met, and careful budgeting by the Group for such period. The Directors recognise the pressing need for the appointment of additional board members to support the future management of the Company, but do not consider this position to impact the viability of the Company. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period.

Disclosure of Information to Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act.

Annual General Meeting

The Annual General Meeting (AGM) will be held at 14:00 EDT on 27 July 2022 at Allied Minds' headquarters located at 374 Congress Street, Suite 308, Boston, Massachusetts 02210, USA. The Notice of AGM circulated with this Report and Accounts contains a full explanation of the business to be conducted at that meeting.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the appointment of BDO LLP as auditor of the Company is to be proposed at the forthcoming AGM.

Directors' Responsibilities Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements, in accordance with applicable law and UK adopted internation accounting standards.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of their profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the group will continue in business; and
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. The Directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company’s website is the responsibility of the Directors. The Directors’ responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- the consolidated and Parent Company financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The annual report includes a fair review of the development and performance of the business and the financial position of the group and the parent company, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position, performance, business model and strategy.

ON BEHALF OF THE BOARD

Harry Rein
Chairman
14 June 2022

Corporate Governance Report

Compliance with the UK Corporate Governance Code

The Directors are committed to a high standard of corporate governance and have prepared this Annual Report with reference to the 2018 UK Corporate Governance Code (Code) which was published by the Financial Reporting Council (FRC) in July 2018. The Code is available at the FRC website at www.frc.org.uk. During the year ended 31 December 2021, the Directors consider that the Company has been in compliance with the provisions set out in the Code with the following exceptions:

- Contrary to Principle G of the Code, the Board solely comprises Non-Executive Directors, given the strategic shift of the Group and the stated objective of the Group for the next two to three years.
- Contrary to provision 34 of the Code, certain Non-Executive Directors hold restricted stock units (RSUs) that vest over time. These RSUs were granted to the Non-Executive Directors in 2016, 2017, 2018, 2019, 2020 and 2021 and do not have performance conditions. After careful consideration, given that the level of the awards are limited, do not have performance-based vesting, and effectively operate like cash remuneration, the Board does not believe that ownership of these RSUs impacts the independence of the Non-Executive Directors.
- Contrary to provision 24 of the Code, the Chairman, Harry Rein, was a member of the Audit Committee in 2021. The Board believes that Mr. Rein’s professional background and experience made him a valuable member of the Audit Committee and that his membership was in the best interests of our shareholders. Further, this appointment was made in good faith to conserve Company cash resources rather than potentially seeking to appoint an additional Non-Exective Director.
- Contrary to provision 20, an external search consultancy was not used to identify and recruit Mr. Failing as a Non-Executive Director. Mr. Failing was proposed as a director candidate by a Non-Executive Director on the Board. After careful consideration of Mr. Failing’s qualifications and upon recommendation by the Nomination Committee, Mr. Failing was appointed to the Board on 10 March 2020 and his appointment was approved by shareholders at the AGMs held in June 2020 and May 2021.
- Effective as of 14 January 2021, the Company no longer employs a chief executive officer. Given the strategic shift of the Group, the Company’s Board and management determined that the most effective and efficient path to execute upon such strategy is to eliminate the chief executive officer role and to have direct participation by the Board on the boards of the portfolio companies. This is contrary to provision 9 of the Code.
- Contrary to provision 21 of the Code, the Board does not intend to engage in an externally facilitated board evaluation every three years. The Board is of the view that this would be contrary to the Company’s objective to effectively manage costs.

Further explanation as to how the principles and provisions set out in the Code have been applied by the Company is provided in the following statements, the Directors’ Remuneration Report, the Audit Committee Report and the Strategic Report.

The Board

Role and Responsibilities of the Board

The Board is responsible to shareholders for the overall management of the Group as a whole, providing entrepreneurial leadership within a framework of controls for assessing and managing risk; defining, challenging and interrogating the Group’s strategic aim, direction and culture; maintaining the policy and decision-making framework in which such strategic aims are implemented; ensuring that the necessary financial and human resources are in place to meet strategic aims; monitoring performance against key financial and non-financial indicators; succession planning; overseeing the system of risk management; setting values and standards in governance matters; and monitoring policies and performance on corporate social responsibility. The Directors are also responsible for ensuring that obligations to shareholders and other stakeholders are understood and met, and a satisfactory dialogue with shareholders is maintained. All Directors are equally accountable to the Company's shareholders for the proper stewardship of its affairs and the long-term success of the Group.

The responsibility of the Directors is collective. The Directors are responsible for constructively developing and challenging proposals on strategy, scrutinising the performance of management of portfolio companies, determining levels of remuneration and for succession planning for the senior management of the company and portfolio companies. The Non-Executive Directors must also satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust.

The Board reviews strategic issues on a regular basis and exercises control over the performance of the Group by agreeing on budgetary targets and monitoring performance against those targets. The Board has overall responsibility for the Group's system of internal controls and risk management, as described on pages 50 to 52. Any decisions made by the Board on policies and strategy to be adopted by the Group or changes to current policies and strategy are made following presentations by the Directors or senior management at the Company and a detailed process of review and challenge by the Board. Once made, the Directors are fully empowered to implement those decisions.

Except for a formal schedule of matters which are reserved for decision and approval by the Board, the Board has delegated the day-to-day management of the Group to the Chairman who is supported by members of the senior management team. The schedule of matters reserved for Board decision and approval are those significant to the Group as a whole due to their strategic, financial or reputational implications.

This schedule is reviewed and updated regularly and currently includes those matters set forth below:

- Approval and monitoring of the Group's strategic aims and objectives, and approval of the annual operating budget.
- Strategic acquisitions by the Group.
- Major disposals of the Group's assets or subsidiaries.
- Changes to the Group's capital structure, the issue of any securities and material borrowing of the Group.
- Approval of the annual report and half-year results statement, accounting policies and practices or any matter having a material impact on future financial performance of the Group.
- Ensuring a sound system of internal control and risk management.
- Approval of all circulars, prospectuses and other documents issued to shareholders governed by the FCA's Listing Rules, Disclosure Guidance and Transparency Rules or the City Code on Takeovers and Mergers.
- Approving Board appointments and removals, and approving policies relating to Directors' remuneration.
- Approval of terms of reference and membership of Board Committees.
- Considering and, where appropriate, approving Directors' conflicts of interest.
- Approval, subject to shareholder approval, of the appointment and remuneration of the auditors.
- Major changes in employee share schemes.

- Insurance and litigation.

The schedule of matters reserved to the Board is available on request from the Company Secretary or within the Investors section of the Group's website at www.alliedminds.com.

The Board delegates specific responsibilities to certain Committees that assist the Board in carrying out its functions and ensure independent oversight of internal control and risk management. The three principal Board Committees (Audit, Nomination and Remuneration) play an essential role in supporting the Board in fulfilling its responsibilities and ensuring that the highest standards of corporate governance are maintained throughout the Group. Each Committee has its own terms of reference which set out the specific matters for which delegated authority has been given by the Board. The initial terms of reference for each of the Committees, which are fully compliant with the provisions of the Code and which reflect both best practice and the recommendations arising from the external evaluation process undergone by the Board and its Committees in connection with the Company's IPO, were adopted by the Board during 2014. These were reviewed in in 2021 and will be reviewed annually on an ongoing basis and updated where necessary. All of these are available on request from the Company Secretary or within the Investors section of the Group's website at www.alliedminds.com.

Board Size and Composition

As at 31 December 2021, there were three Directors on the Board: the Non-Executive Chairman, and two Non-Executive Directors. During the year, Joseph Pignato resigned as an Executive Director on 14 January 2021. Post-period end, Mark Lerdal resigned as a Non-Executive Director on 10 March 2021. On 31 March 2022 , the Company announced that Harry Rein, informed the Board that he did not intend to stand for re-election at this year's AGM. As announced on 31 May 2022, Harry Rein will leave the Board on the day following the publication of these annual report and accounts for the year ended 31 December 2021.

The Directors recognise the pressing need for the appointment of additional board members to support the future management of the Company, but do not consider this position to impact the viability of the Company.

The biographies of all of the Directors are provided on pages 26 to 27.

The Company's policy relating to the terms of appointment and the remuneration of both Executive and Non-Executive Directors is detailed in the Directors' Remuneration Report on pages 56 to 80.

The size and composition of the Board is regularly reviewed by the Board, and in particular the Nomination Committee, to ensure there is an appropriate and diverse mix of skills and experience on the Board.

The Company's Articles allow appointment of Directors by ordinary resolution and require all Directors to submit themselves for re-election by the shareholders at the Company's AGM following their first appointment and thereafter at each AGM in respect of which they have held office for the two preceding AGMs and did not retire at either of them. In addition, each director who has held office with the Company for a continuous period of nine years or more must retire and offer themselves up for re-election at every AGM. The Directors have carefully considered the composition of the board of directors following the resignation of Mark Lerdal on 10 March 2022 and the forthcoming departure of Harry Rein from the board. This position means that, unless additional board members are appointed in the meantime, Bruce Failing will become the sole Director of the Company. A process is currently underway to restore the appropriate number of non-executive directors to the board. Nevertheless, given this position, and after consultation with the Company's largest shareholders, the Directors have concluded that Bruce Failing shall not stand for re-election at this year's AGM in order to avoid a situation where the Company could potentially have not Directors if Bruce Failing were not re-elected.

Diversity

The Board is committed to a culture that attracts and retains talented people to deliver outstanding performance and further enhance the success of the Company. In that culture, diversity across a range of criteria is valued, primarily in relation to skills, knowledge and experience and also in other criteria such as gender and ethnicity. The Company will give careful consideration to issues of overall Board balance and diversity in making new appointments to the Board. In identifying suitable candidates, the Nomination Committee will seek candidates from a range of backgrounds, with the final decision being based on merit against objective criteria. In addition, the terms of reference of the Nomination Committee include a requirement for the Committee to consider diversity, including gender, age, professional background, and ethnicity, in evaluating the composition of the Board and in identifying suitable candidates for Board appointments. A breakdown of employee gender showing the percentage of persons who were Directors of the Company and senior managers during the period covered by this Annual Report can be found on page 55.

Non-Executive Directors

The Non-Executive Directors provide a wide range of skills and experience to the Group. They bring their own senior level of experience in each of their respective fields, robust opinions and an independent judgement on issues of strategy, performance, risk and people. They are well-placed to constructively challenge and scrutinise the performance of management at Board and Committee meetings. The Code sets out the circumstances that should be relevant to the Board in determining whether each Non-Executive Director is independent. The Board considers Non-Executive Director independence on an annual basis as part of each Non-Executive Director's performance evaluation. Having undertaken this review and with due regard to provision 10 of the Code, the Board has concluded this year that all of the Non-Executive Directors are considered by the Board to be independent of management and free of any relationship or circumstance which could materially influence or interfere with, or affect, or appear to affect, the exercise of their independent judgement.

Non-Executive Directors are required to obtain the approval of the Chairman before taking on any further appointments and the Chairman and any Executive Directors require the approval of the Board before adding to their commitments. In all cases, the Directors must ensure that their external appointments do not involve excessive time commitment or cause a conflict of interest.

The Role of Chairman

On 31 March Harry Rein informed the Board that he does not intend to stand for re-election at this year's AGM. On 31 May 2021, it was announced that Harry Rein would step down from the board of directors with effect from the day following the publication of these annual report and accounts for the year ended 31 December 2021.

Until that date, Harry Rein has been working closely with Bruce Failing, the Senior Independent Director and the Company's largest shareholders to ensure an orderly transition to any new Independent Directors.

The Chairman is responsible for the leadership and conduct of the Board, the conduct of the Group's affairs and strategy and for ensuring effective communication with shareholders. The Chairman facilitates the full and effective contribution of Non-Executive Directors at Board and Committee meetings, ensures that they are kept well informed and ensures a constructive relationship between the Non-Executive Directors. The Chairman also ensures that the Board Committees carry out their duties, including reporting back to the Board either orally or in writing following their meetings at the next Board meeting. The Chairman was deemed to be independent of management upon his appointment to the role.

Senior Independent Director

Bruce Failing is the current Senior Independent Director, succeeding Harry Rein upon his assumption of the Chairman role. A key responsibility of the Senior Independent Director is to be available to shareholders in the event that they may feel it inappropriate to relay views through the Chairman or Executive Directors. In addition, the Senior Independent Director serves as an intermediary between the rest of the Board and the Chairman where necessary and takes the lead when the Non-Executive Directors assess the Chairman's performance and when the appointment of a new Chairman is considered. Further, the Senior Independent Director will lead the Board in its deliberations on any matters on which the Chairman is conflicted.

Given the resignation of Mark Lerdal on 10 March 2022 and the planned retirement of Harry Rein upon publication of these accounts, the Directors recognise the urgent need for the appointment of additional board members to support the future management of the Company. Unless additional board members are appointed in the meantime, Bruce Failing will become the sole Director of the Company . Given this position, and after consultation with the Company's largest shareholders, the Directors have concluded that Bruce Failing shall not stand for re-election at this year's AGM in order to avoid a situation where the Company could potentially have not Directors if Bruce Failing were not re-elected.

After consultation with the Company's largest shareholders, it is intended that Bruce Failing shall serve as Chairman of the Company pending appointment of additional board members.

Board Support

The Company Secretary is responsible to the Board for ensuring Board procedures are followed, applicable rules and regulations are complied with and that the Board is advised on governance matters and relevant regulatory matters. All Directors have access to the impartial advice and services of the Company Secretary. There is also an agreed procedure for directors to take independent professional advice at the Company's expense. In accordance with the Company's Articles and a contractual Deed of Indemnity, Directors have been granted an indemnity issued by the Company to the extent permitted by law in respect of liabilities incurred to third parties as a result of their office. The indemnity would not provide any coverage where a director is proved to have acted fraudulently or with willful misconduct. The Company has also arranged appropriate insurance coverage in respect of legal action against its directors and officers.

Board Meetings and Decisions

The Board meets regularly during the year, as well as when required by business needs. The Board had four scheduled Board meetings in 2021. During their term of service, each of the Directors were present at the meetings during the year as set out in the table on page 27.

The schedule of Board and Committee meetings each year is, so far as is possible, determined before the commencement of that year and all Directors or, if appropriate, all Committee members are expected to attend each meeting. Supplementary meetings of the Board and/or the Committees are held as and when necessary. Each member of the Board receives detailed Board packs, including an agenda based upon the schedule of matters reserved for its approval, appropriate reports and briefing papers in advance of each scheduled meeting. If a director is unable to attend a meeting due to exceptional circumstances, he or she will still receive the supporting papers and is expected to discuss any matters he or she wishes to raise with the Chairman in advance of the meeting. The Board, Chief Financial Officer and Company Secretary work together to ensure that the Directors receive relevant information to enable them to discharge their duties and that such information is accurate, timely and clear. This information includes quarterly management accounts containing analysis of performance against budget and other forecasts. Additional information is provided as appropriate or if requested. At each meeting, the Board receives information, reports and presentations from members of senior management as required. This ensures that all Directors are aware of, and are in a position to monitor effectively, the overall performance of the Group, its development and implementation of strategy and its management of risk.

Any matter requiring a decision by the Board is supported by a paper analysing the relevant aspects of the proposal including costs, benefits, potential risks involved and proposed executive management action and recommendations.

The Board meetings give members of the Company's senior management team, as well as the senior managers of the portfolio companies, the opportunity to formally present to the Board. This assists the Board in gaining a deeper understanding of the breadth, stage of development and diversity of the Group's portfolio companies.

Directors' Conflicts of Interest

Each director has a statutory duty under the Companies Act to avoid a situation in which he or she has or can have a direct or indirect interest that conflicts or may potentially conflict with the interests of the Company. This duty is in addition to the continuing duty that a director owes to the Company to disclose to the Board any transaction or arrangement under consideration by the Company in which he or she is interested. The Company's Articles permit the Board to authorise conflicts or potential conflicts of interest. The Board has established procedures for managing and, where appropriate, authorising any such conflicts or potential conflicts of interest. It is a recurring agenda item at all Board meetings and this gives the directors the opportunity to raise at the beginning of every Board meeting, any actual or potential conflict of interests that they may have on the matters to be discussed, or to update the Board on any change to a previous conflict of interest already declared. In deciding whether to authorise any conflict, the directors must have regard to their general duties under the Companies Act and their overriding obligation to act in a way they consider, in good faith, will be most likely to promote the Company's success. In addition, the directors are able to impose limits or conditions when giving authorisation to a conflict or potential conflict of interest if they think this is appropriate. The authorisation of any conflict matter, and the terms of any authorisation, may be reviewed by the Board at any time. The Board believes that the procedures established to deal with conflicts of interest are operating effectively.

Induction, Awareness and Development

A comprehensive induction process is in place for new directors. The programme is tailored to the needs of each individual director and agreed with him or her so that he or she can gain a better understanding of the Group and its businesses. This will generally include an overview of the Group and its businesses, structure, functions and strategic aims; site visits to the Group's head office in Boston, Massachusetts, USA; and, upon request, site visits to a number of the Group's portfolio companies, which will include meeting with such companies' management and a presentation from them on their businesses. In addition, the Company facilitates sessions as appropriate with the Group's advisers, in particular its corporate broker, Numis Securities Limited, as well as with appropriate governance specialists, to ensure that any new directors are fully aware of and understand their responsibilities and obligations as a director of a listed company and of the governance framework within which they must operate. A new director may also seek to meet major shareholders.

In order to ensure that the Directors continue to further their understanding of the issues facing the Group, the Board may also receive presentations at Board meetings by relevant members of the Group's or portfolio company staff. In addition, other members of senior management present to the Board to enhance the Board's awareness of how the Group operates on a day-to-day basis and how such functions operate so as to assist in the execution of the Group's strategy of maximising total returns to all shareholders through monetisation of its existing portfolio.

As a further aspect of their ongoing development, each Director also receives feedback on his or her performance following the Board's performance evaluation in each year and, through the Company Secretary, access is facilitated to relevant training and development opportunities including those relevant to the Non-Executive Directors' membership on the Board's Committees.

Board Effectiveness and Performance Evaluation

A performance evaluation of the Board and its Committees is carried out annually to ensure that they continue to be effective and that each of the Directors demonstrates commitment to his or her respective role and has sufficient time to meet his or her commitment to the Company. The Board conducts an internally facilitated Board evaluation led by the Chairman, assisted by the Company Secretary, and covering the effectiveness of the Board as a whole, its individual Directors and its Committees. This review includes each of the Board and Committee members completing a detailed questionnaire. A summary of the results of the questionnaire and review, together with the Chairman and Company Secretary's observations and recommendations, are prepared and shared with members of the Board. The Board engages in a discussion of these results, provides feedback on the observations and recommendations, and develops a list of proposed improvements and actions, as deemed necessary. In addition to the aforementioned annual reviews, the performance of the Executive Director is reviewed by the Board on an ongoing basis, as deemed necessary.

During the 2021 financial year, the Board assessed its own effectiveness through an internal Board evaluation process. This process was based on: a review of documentation including Board and Committee terms of reference, the completion of a survey to Directors comprising quantitative and qualitative questions; and discussions with all Board members and a number of stakeholders who regularly interact with the Board, including the Company Secretary.

The results were analysed by the Chairman and the Company Secretary, and a detailed discussion was facilitated with the Board to outline the observations and recommendations. Overall it was concluded that the Board continues to work effectively. The changes to the Board composition in recent years have resulted in a well-balanced Board with a range of skills and experience. Following the resignation of Mark Lerdal on 10 March 2022 and the forthcoming retirement of Harry Rein, the Company is currently undertaking a recruitment process with the intention to restore the appropriate number of non-executive directors to the Board. As such, the size of the Board will continue to be appropriate given the Group's current position and capital allocation strategy to focus exclusively on supporting our six existing portfolio companies and maximising monetisation opportunities for portfolio company interests, and not to deploy any capital into new portfolio companies. The Board did not recommend any changes it considered necessary.

Committees of the Board

The composition of the three Committees of the Board and the attendance of the members throughout the year is set out in the table on page 27. The terms of reference of each Committee are available on request from the Company Secretary or within the Investors section of the Group's website at www.alliedminds.com.

Remuneration and Audit Committees

Separate reports on the role, composition, responsibilities and operation of the Remuneration Committee and the Audit Committee are set out on pages 56 to 59, and pages 81 to 85, respectively, and are incorporated by reference into this Corporate Governance Report.

Nomination Committee

The Nomination Committee leads the process for Board appointments, re-election and succession of directors and the

Chairman. Its key objective is to ensure that the Board is comprised of individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its duties. It is responsible for making recommendations to the Board and its Committees concerning the composition and skills of the Board including any changes considered necessary in the identification and nomination of new directors, the reappointment of existing directors and the appointment of members to the Board's Committees. It also assesses the roles of the existing directors in office to ensure there continues to be a balanced Board in terms of skills, knowledge, experience and diversity. In addition, the Nomination Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nomination Committee also advises the Board on succession planning for Executive Director appointments, although the Board itself is responsible for succession generally.

The Committee was chaired by Harry Rein and its other members as at 31 December 2021 were Bruce Failing and Mark Lerdal, being a majority of independent Non-Executive Directors as prescribed by the Code. The Nomination Committee meets as and when required or as requested by the Board. The Nomination Committee met once during 2021 to review the structure, size and composition of the Board, following which it discussed the conclusions with the Chairman. Messrs. Rein, Failing, and Lerdal, were present at all meetings during the year, as applicable.

Before selecting new appointees to the Board, the Nomination Committee shall consider the balance, skill, knowledge, independence, diversity (including gender) and experience on the Board to ensure that a suitable balance is maintained. The Committee shall adopt a formal, rigorous and transparent procedure for the appointment of new directors to the Board. Consideration shall always be given as to whether identified candidates have sufficient time available to devote to the role. When searching for appropriate candidates, the Committee shall give consideration to using an external search company, but may also consider candidates who are proposed by existing Board members or employees of the Group. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board. The appointment of a candidate is the responsibility of the whole Board following recommendation from the Committee. The Committee did not use the services of an external search company in 2021.

The Committee and the full Board fulfilled its duties in 2021.

Internal control

The Board fully recognises the importance of the guidance contained in Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (FRC). The Group's internal controls and risk management systems, which are Group wide, were in place during the whole of 2021, were reviewed by the Board and Audit Committee. After careful consideration and discussion of the Group's financial statements and underlying control systems by the Board and Audit Committee, including extensive review and collaboration with the Company's executive team to remedy issues identified, the Group's internal controls and risk management systems were considered to be effective throughout the year ended 31 December 2021 and up to the date of approval of the Annual Report and Accounts.

The Board and Audit Committee are responsible for establishing and monitoring internal control systems and for reviewing the effectiveness of these systems. The Board views the effective operation of a rigorous system of internal control as critical to the success of the Group; however, it recognises that such systems are designed to manage rather than eliminate risk of failure and can provide only reasonable and not absolute assurance against material misstatement or loss. The key elements of the Group's internal control system, all of which have been in place during the financial year and up to the date these financial statements were approved, are as follows:

Control environment and procedures

The Group has a clear organisational structure with defined responsibilities and accountabilities. It adopts the highest values surrounding quality, integrity and ethics, and these values are documented and communicated clearly throughout the whole organisation.

Detailed written policies and procedures have been established covering key operating and compliance risk areas. These are reviewed and updated at least once a year. The effectiveness of the systems of internal control is reviewed at least annually by the Board. The Board reviews and evaluates the internal control policies and procedures in place against the nature of the Group's business, the size of its workforce and the competing risks and interests being managed. Through these actions and considerations, the Board has satisfied itself that the controls been effective for the year ended 31 December 2021.

Identification and evaluation of risks

The Board actively identifies and evaluates the risks inherent in the business, and ensures that appropriate controls and procedures are in place to manage these risks. The Board obtains an update regarding the portfolio companies on a regular basis, and reviews the performance of the Group and its portfolio companies on a quarterly basis, although performance of specific investments may be reviewed more frequently if deemed appropriate. The Board also obtains a risk management report from members of senior management on a regular basis. The key risks and uncertainties faced by the Group, as well as the relevant mitigations, are set out on pages 19 to 25.

Information and financial reporting systems

The Group evaluates and manages significant risks associated with the process for preparing consolidated accounts by having in place systems and controls that ensure adequate accounting records are maintained and that transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The Board approves the annual operating budgets and each quarter receives details of actual performance measured against the budget.

Principal and emerging risks and uncertainties

The operations of the Group and the implementation of its objectives and strategy are subject to a number of key risks and uncertainties. Risks are formally reviewed by the Board and Audit Committee at least annually and appropriate procedures are put in place to monitor and, to the extent possible, mitigate these risks. Were more than one of the risks to occur together, the overall impact on the Group may be compounded. A summary of the key risks affecting the Group and the steps taken to manage these is set out on pages 19 to 25.

Relations with shareholders

The Company is committed to a continuous dialogue with shareholders as it believes that this is essential to ensure a greater understanding of and confidence amongst its shareholders in the medium and longer term strategy of the Group. It is the responsibility of the Board as a whole to ensure that a satisfactory dialogue does take place.

The Board's primary shareholder contact is through the Chairman. The Senior Independent Director and other Directors, as appropriate, make themselves available for contact with major shareholders and other stakeholders in order to understand their issues and concerns. The Chairman and the other Directors met with major shareholders, IP commercialisation sector brokers and analysts, and other stakeholders, on numerous occasions throughout the year in order to discuss the Company and its business as well as to receive feedback on the Company's remuneration programme and other related matters.

The Company uses the AGM as an opportunity to communicate with its shareholders. Notice of the AGM, which will be held at 14:00 EDT on 27 July 2022 at the Company's headquarters located at 374 Congress Street, Suite 308, Boston, MA 02210 USA, is enclosed with this Report and Accounts. In accordance with the Code, the Notice of AGM is sent to shareholders at least 20 working days before the meeting. Details of the resolutions and the explanatory notes thereto are included with the Notice. To ensure compliance with the Code, the Board proposes separate resolutions for each issue and proxy forms which allows shareholders who are unable to attend the AGM to vote on each resolution. The results of all proxy voting shall be published on the Group's website after the meeting and at the meeting itself to those shareholders who attend. Shareholders who attend the AGM will have the opportunity to ask questions and the Chairman and the Directors are expected to be available to take questions.

The Group's website at www.alliedminds.com is the primary source of information on the Group. The website includes an overview of the activities of the Group, details of its portfolio companies, and details of all recent Group and portfolio company announcements.

Political expenditure

It is the Board's policy not to incur political expenditure or otherwise make cash contributions to political parties and it has no intention of changing that policy.

Going concern

The Directors acknowledge that the current global socio-economic situation has the potential to disrupt all aspects of the Group's business, including potential negative impacts on the Group's financial position. However, the Directors are closely monitoring these with portfolio company management in order to mitigate against such impact, including careful financial planning to allow for continued operations. The Directors confirm that, after taking all applicable factors into consideration, they have a reasonable expectation that the Group will have adequate resources to continue operations for a period of not less than 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements. For further explanation, see note 1 of the financial statements on page 102.

ON BEHALF OF THE BOARD

Harry Rein
Chairman
14 June 2022

Sustainability

The Directors note the obligation for Allied Minds to report on its climate-related risk in line with the recommendations of the global Taskforce on Climate-related Financial Disclosures (TCFD).

The group has not included the following recommended disclosures:

- Disclosure of the organisations governance around climate-related risks and opportunities
- Disclosure of the actual and potential impacts of climate-related risks and opportunities on the group's business, strategy and financial planning where such information is material
- Disclosure of how the group identifies, assesses and manages climate-related risks
- Disclosure of the metrics and targets used to assess, manage and report relevant climate-related risks and opportunities where such information is material

The group has not been able to collate the necessary information for the group for the current period as it was not considered appropriate, in line with the group's current strategy, and prior to the forthcoming changes to the Board.

The Group is currently in the process of evaluating those risks relating to its portfolio companies and intends to incorporate TCFD disclosures into its future reporting over the next calendar year. This will be taken forward by the Board under its new composition following the conclusion of the current recruitment process.

Policy Statement

Allied Minds aims to conduct its business in a socially responsible manner, to contribute to the communities in which it operates and to respect the needs of its employees and all of its stakeholders.

The Group is committed to operating the business while ensuring a safe environment for employees as well as minimising the overall impact on the environment.

Allied Minds endeavours to conduct its business in accordance with established best practice, to be a responsible employer and to adopt values and standards designed to help guide staff in their conduct and business relationships.

Greenhouse Gas (GHG) Emissions

Given the overall size of the Group, we consider the direct environmental impact of the Group as relatively low. However, we firmly recognise our responsibility to ensure that our business operates in an environmentally responsible and sustainable manner. The Group complies with all current regulations on emissions including GHG emissions, where such regulation exists in our markets.

Though the Group's day-to-day operational activities have a relatively limited impact on the environment, we do recognise that the more significant impact occurs indirectly through the nature and operations of the companies that we choose to support with human and financial capital.

The Group therefore considers it important to establish and nurture businesses that comply with existing applicable environmental, ethical and social legislation. It is also important that these businesses can demonstrate that an appropriate strategy is in place to meet future applicable legislative and regulatory requirements and that these businesses can operate to specific industry standards, striving for best practice.

The section below includes our first year of reporting under the new Streamlined Energy & Carbon Reporting requirements. The reporting period is the same as the Group's financial year, 1st January 2021 to 31st December 2021.

Organisation Boundary and Scope of Emissions

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2018. These sources fall within the Group's consolidated financial statement.

An operational control approach has been used in order to define our organisational boundary. This is the basis for determining the Scope 1 and 2 emissions for which the Group is responsible.

Methodology

For the Group's reporting, the Group has employed the services of a specialist adviser, Verco, to quantify and calculate the Greenhouse Gas (GHG) emissions associated with the Group's operations.

The following methodology was applied by Verco in the preparation and presentation of this data:

- the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development and the World Resources Institute (the "WBCSD/WRI GHG Protocol");
- application of appropriate emission factors from Defra, eGrid and EPA to the Group's activities to calculate GHG emissions;
- scope 2 reporting methods – application of location-based and market-based emission factors for electricity supplies;
- inclusion of all the applicable Kyoto gases, expressed in carbon dioxide equivalents, or CO_2e;
- presentation of gross emissions as the Group does not purchase carbon credits (or equivalents);
- presentation of annual energy use; and
- where data was missing, values were estimated using an extrapolation of available data.

Absolute Emissions

The total Scope 1 and 2 GHG emissions from the Group's operations in the year ending 31st December 2021 were:

- **13.5** tonnes of CO_2 equivalent (tCO_2e) using a 'location-based' emission factor methodology for Scope 2 emissions; and
- **13.8** tonnes of CO_2 equivalent (tCO_2e) using a 'market-based' emission factor methodology for Scope 2 emissions.

Scope 1 emissions from onsite combustion of natural gas and refrigerant gas losses have been included in the reporting scope, although there was no such consumption and therefore no Scope 1 emissions have been reported.

Scope 2 emissions included purchased electricity using the location-based and market-based method.

Intensity Ratio

As well as reporting the absolute emissions, we express the Group's GHG emissions as tonnes of CO_2 equivalent per full-time (FTE) employee, excluding remote workers, and as tonnes of CO_2 equivalent per square foot of occupied office space. These were decided as the most appropriate metrics for the Group.

The intensity metrics have been calculated as follows:

- 0.795 tCO_2e per full-time employee (FTE) using the location-based method and 0.812 tCO_2e per full-time employee (FTE) using the market-based method; and
- 0.001 tCO_2e per ft^2 using the location-based method and 0.001 tCO_2e per ft^2 using the market-based method.

Target and Baselines

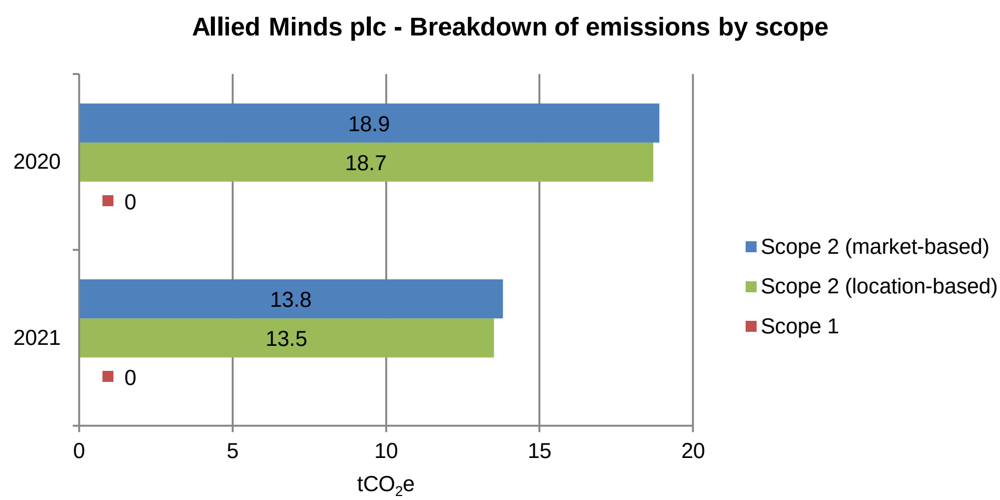
The Group's objective is to maintain or reduce its GHG emissions per FTE and per square footage of occupied office space each year, and to report each year on whether it has been successful in this regard.

The Company's absolute emissions have seen a decrease of 28% using the location-based method for Scope 2 emissions, and a decrease of 27% using the market-based method for Scope 2 emissions. This was due to a decrease in electricity consumption.

There was an increase in emissions per full-time employee using both location-based and market-based methods. This was due to a decrease in the number of employees.

There was a decrease in emissions per ft^2 of occupied space using both location-based and market-based methods. This was due to decrease in total emissions with no change in the associated footage.

Key Figures



GHG emissions	2021			2020		
	Tonnes CO_2e	**tCO_2e / emp.** [4]	**tCO_2e / sq. ft.** [5]	**Tonnes CO_2e**	**tCO_2e / emp.** [4]	**tCO_2e / sq. ft.** [5]
Scope 1[1]	-	-	-	-	-	-
Scope 2[2]	13.5	0.795	0.001	18.7	0.720	0.002
Scope 2[3]	13.8	0.812	0.001	18.9	0.727	0.002
Total GHG emissions (Location-based Scope 2)	**13.5**	**0.795**	**0.001**	**18.7**	**0.720**	**0.002**
Total GHG emissions (Market-based Scope 2)	**13.8**	**0.812**	**0.001**	**18.9**	**0.727**	**0.002**

1 Scope 1 being emissions from the Group's combustion of fuel and operation of facilities.
2 Scope 2 being electricity emissions (from location-based calculations), heat, steam and cooling purchased for the Group's own use.
3 Scope 2 being electricity emission (from market-based calculations), heat, steam and cooling purchased for the Group's own use.
4 Employee numbers (FTE excluding remote workers): 17 (FY2021), 26 (FY2020)
5 Occupied office space: 9,866 ft^2 (FY2021 and FY2020)

Total Energy Use

The total energy use for the Company for FY2021 was 44,191 kWh.

	Energy Use		
	Electricity (kWh)	Gas (kWh)	**Total Energy Use (kWh)**
2021	44,191	-	**44,191**
2020	70,532	-	**70,532**

Energy Efficiency Actions

The Group did not implement any new energy efficiency actions during the reporting year. Each of the businesses had its employees working from home for a large portion of the year.

Understanding the Indirect Environmental Impacts of our Business Activities

The Group's day-to-day operational activities have a limited impact on the environment. The Group does recognise that the more significant impact occurs indirectly, through the investment decisions made and the operation of the companies that the Group chooses to invest in. The Group therefore considers it important to establish and invest in businesses that comply with existing applicable environmental, ethical and social legislation. It is also important to the Group that these businesses can demonstrate that an appropriate strategy is in place to meet future applicable legislative and regulatory requirements and that these businesses can operate to specific industry standards, striving for best practice.

Our Business Ethics and Social Responsibility

The Group seeks to conduct all of its operating and business activities in an honest, ethical and socially responsible manner. We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate, and for the Group's directors and staff to have due regard to the interest of all of its stakeholders including investors, partners, employees, customers, suppliers and the businesses in which the Group invests. We expect our entire workforce to maintain high standards in accordance with our internal policies on conduct. The Company has in place avenues through which employees can raise matters confidentially or anonymously and the Board, through the Audit Committee, regularly reviews whistleblowing reports provided by the whistleblowing officer and the Chairman of the Audit Committee.

We take a zero tolerance approach to bribery and corruption and implement and enforce effective systems to counter bribery. The Group is bound by the laws of the UK, including the Bribery Act 2010, and has implemented policies and procedures to address such laws, as well as the laws in each jurisdiction where the Group operates, including the US.

The Group's management and employees are fundamental to our success and as a result we are committed to encouraging the ongoing development of our staff with the aim of maximising the Group's overall performance. Emphasis is placed on staff development through work-based learning, with senior members of staff acting as coaches and mentors. Allied Minds has continued to employ regular all-staff update meetings as the main source of employee communication.

Stakeholder Engagement

Section 172 of the Companies Act requires Directors to take into consideration the interests of stakeholders in their decision making. The Board is committed to understanding and engaging with all key stakeholder groups of the Company in order to maximise value and promote long-term Company success in line with its strategic objectives. The Board recognises its duties under Section 172 and continuously has regard to the likely consequences of any decision for the long term, how the Company's activities and decisions will impact employees, those with which it has a business relationship, the community and environment, and its reputation for high standards of business conduct. In weighing all of the relevant factors, the Board, acting in good faith and fairly between members of the Company, makes decisions and takes actions that it considers will best lead to the long-term success of the Company in accordance with its strategy. The Board strives to be a good employer to its workforce, responds to shareholder feedback, supports its communities and focuses on maintaining strong partner relationships.

During the year, the Board assessed its current activities between the Board and its stakeholders through direct conversations with investors, receiving reports from the executive team regarding workforce feedback, direct engagement with portfolio company management teams, and review of key partners at Board meetings throughout the course of the year, all of which demonstrated that the Board actively engages with its stakeholders and takes their various objectives into consideration when making decisions. Furthermore, in its decision-making, the Board evaluates and considers the long-term effects and consequences resulting from such decisions. For example, in line with the Group's strategy to focus exclusively on funding and operating its existing portfolio companies with the objective of maximising value for its shareholders, the Board considers how the decision to invest additional capital in Federated Wireless and protect its ownership in such company was an appropriate action after considering the interests of its shareholders, impact to the rest of the portfolio, partnership relationships, and other long-term operational impact. This statement also focuses on how the Directors have had regard during the year to the matters set out in Section 172(1)(a) through (f) of the Act as considered further below.

The Board identified that its key stakeholders include shareholders, employees, portfolio companies, partners, advisors and communities. Specifically, actions the Board has taken to engage with its stakeholders in 2021 include:

SHAREHOLDERS (Companies Act 2006, sections 172(1)(a) and (f))	
Why they matter to us	They are our investors and we measure success through delivering value to our shareholders. Our shareholders play an important role in monitoring and safeguarding the governance of the Group.
What matters to them	Broad range of issues spanning from financial and operational performance, strategic execution, investment plans and capital allocation.

How the Board engaged	Engaged with our major shareholders and discussed their viewpoints and concerns, including via teleconference and email correspondence throughout the year. In particular we discussed with our shareholders the commencement of the on market share buyback programme launched on 23 June 2021. Chairman actively contacts and make himself available to shareholders who have questions, issues or concerns to raise.
How they influenced the Board's decision making	Shareholder feedback, opinions and concerns are taken into consideration throughout the year as the Board makes decisions on the Company's strategy, investment decisions, capital allocation, remuneration and other key matters. The Board actively engages with shareholders for such feedback ahead of making key decisions when appropriate and in accordance with regulatory requirements.

EMPLOYEES (Companies Act 2006, section 172(1)(b))	
Why they matter to us	Our talented, dedicated and experienced workforce is a key asset to the Group and critical for the Group's success.
What matters to them	Opportunities for career development, culture of inclusion and diversity, compensation and benefits, acknowledgement for high performance and ability to meaningfully contribute to the Group's success.
How the Board engaged	Monitored company culture, including NEDs visiting and interacting with the Company's employee base, and received reports from senior executives on morale throughout the year. For additional information on employee retention, rewarding our workforce and diversity, please see page 61.
How they influenced the Board's decision making	The Board is committed to creating a positive working environment in line with the Company's culture that retains and rewards our workforce. For additional information on steps taken, please see page 60.

PORTFOLIO COMPANIES (Companies Act 2006, sections 172(1)(a) and (c))	
Why they matter to us	The success of our portfolio companies is what enables us to bring value to our shareholders. We

	are invested in supporting our portfolio companies, the management teams at those companies, and helping them achieve their operational and strategic goals.
What matters to them	Achieving strategic objectives, meeting performance milestones, fundraising, growth, and overall company success.
How the Board engaged	Met with executive teams of multiple portfolio companies in person or via video teleconference to better understand such companies' objectives, strategies, and goals and provide feedback and offer ongoing assistance to help further such companies' progress and growth. Active engagement through representation on portfolio company boards to assist companies with fundraising activities and partnership opportunities.
How they influenced the Board's decision making	Understanding the various objectives of our portfolio companies allows the Board to make informed and thoughtful decisions regarding the portfolio as a whole for the overall benefit of the Group.

PARTNERS AND CUSTOMERS (Companies Act 2006, sections 172(1)(c) and (e))	
Why they matter to us	Strategic partners throughout the portfolio help the Group succeed as a whole. Their points of view provide unique perspectives in the various markets in which our portfolio companies operate. Key customer relationships through the portfolio are critical to our portfolio companies' success and ability to generate revenue. Customer satisfaction, demands and requirements help define success for our companies.
What matters to them	These partners have invested in our portfolio companies and/or have strategic partnerships in place with our portfolio companies. They want our companies to succeed and for their partnership arrangements to be well-executed. Customers want products and services that will bring them value and fulfill their business needs. Successful relationships with our companies will in turn bring success to such customers.

How the Board engaged	Direct engagement with key partners of the Company and its portfolio companies by Executive Director participation and interaction on strengthening relationships and understanding objectives. Working with portfolio company management teams to understand customer needs that in turn dictate certain aspects of how to further develop or grow such company's technology and products.
How they influenced the Board's decision making	The Board routinely considered the interests of our various partners to ensure that they are aligned with the Company's strategy, values and objectives. The Board considers the needs and interests of key customers to better understand the portfolio company businesses and to influence key strategic decisions through its representation on the portfolio company boards of directors.

ADVISORS (Companies Act 2006, sections 172(1)(c) and (e))	
Why they matter to us	Independent and third party perspectives allow the Board to make better decisions on behalf of all of its stakeholders.
What matters to them	Good communication and the ability to work closely with the Company to enable them to provide strategic and thoughtful advice and excellent service to help guide the Board and provide support to the Group across its operations.
How the Board engaged	Direct engagement with advisors and key service providers to discuss Company strategy and to receive advice and recommendations from such advisors on a variety of matters.
How they influenced the Board's decision making	The Board considers and values the objective input and advice provided by its trusted advisors and relies on such advice in various aspects of decision making when determining how to navigate the various transactions, issues, strategic shifts, regulatory matters, and other matters facing the Board.

COMMUNITIES / ENVIRONMENT (Companies Act 2006, section 172(1)(d))	
Why they matter to us	We are committed to maintaining strong ethical and corporate responsibility principles. We care about doing business responsibly.

What matters to them	Sustainability and environmental impact resulting from operations.
How the Board engaged	Through the Group's sustainability strategy, aimed to make a positive contribution to the community and environment by reducing our carbon footprint and energy use. Please see pages 53 to 56 for additional information.
How they influenced the Board's decision making	The Board aims to reduce the direct environmental impact of the Group's operations.

The Board believes that appropriate steps and considerations have been taken during the year so that each Director has an understanding of the various key stakeholders of the Company.

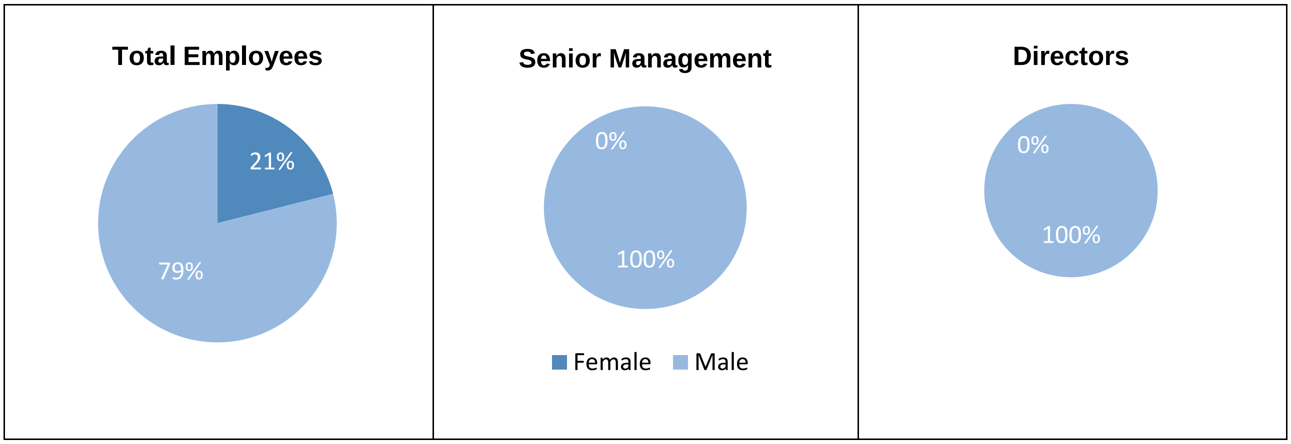
The Board recognises its responsibility to contemplate all such stakeholder needs and concerns as part of its discussions, decision-making, and in the course of taking actions and will continue to make stakeholder engagement a top priority in the coming years.

Focus on Culture

The Company is committed to maintaining a dynamic culture focused on bringing value to its shareholders by taking a hands-on approach in supporting its portfolio companies, and in particular, working directly with the management teams at such companies to help them achieve milestones, accelerate growth and realise monetisation opportunities. Our workforce maintains the appropriate balance of skills, capabilities, experience and training that allows it to effectively execute on its strategy. Our Non-Executive Directors have decades of experience in venture capital investing and are well-positioned to assist our portfolio companies towards achieving successful exits. Our culture is critical to our success and we strive to align our workforce through the way we conduct our business. Over the course of the year, we have continued to embed our values by offering career development opportunities throughout our workforce, providing direct access and engagement between executives and senior management with the rest of the workforce, and rewarding high performance, all of which encourages our employees to be engaged and invested in the execution of our strategy.

Employee Diversity and Employment Policies

The Group seeks to operate as a responsible employer and has adopted standards which promote corporate values designed to help and guide employees in their conduct and business relationships. The Group seeks to comply with all laws, regulations and rules applicable to its business and to conduct the business in line with applicable and established best practice. The Group's policy is one of equal opportunity in the selection, training, career development and promotion of employees, regardless of age, gender, sexual orientation, ethnic origin, religion and whether disabled or otherwise. The Group is committed to recruitment and retention of the talent required to execute on maximising shareholder value, as described above. Specifically, in line with company culture, the Group is committed to providing a working environment that allows its workforce to succeed, including providing career advancement opportunities internally within the Group and providing flexible work arrangements that allow employees to earn additional degrees. The Group engages with its workforce throughout each year to receive feedback and evaluate whether practices and behaviour throughout the business are aligned with the Group's purpose, values and strategies. When issues are identified, the Group takes corrective actions such as revising policies and implementing changes collaboratively with its workforce to improve alignment and overall culture. Allied Minds and its consolidated companies had 19 employees as at 31 December 2021. A breakdown of employees by gender as at 31 December 2021 can be seen in the illustrations below. Allied Minds supports the rights of all people as set out in the UN Universal Declaration of Human Rights and ensures that all transactions the Group enters into uphold these principles.



Directors' Remuneration Report

Statement by Chairman of the Remuneration Committee

I am pleased to present, on behalf of the Board, the Directors' Remuneration Report for the year ended 31 December 2021.

What's in this report?

The Directors' Remuneration Report sets out: (i) an annual statement by the Chairman of the Remuneration Committee on pages 62 to 65; (ii) the current Remuneration Policy for the Company on pages 60 to 69, and an Annual Report on Remuneration on pages 70 to 85 which describes the implementation of the current Remuneration Policy during 2021, and expected implementation in 2022. It has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended. The current Remuneration Policy was developed taking into account the principles of the UK Corporate Governance Code 2018, the Listing Rules and shareholders' executive remuneration guidelines.

The Statement by Chairman of the Remuneration Committee on pages 56 to 59, together with the Annual Report on Remuneration on pages 70 to 85, will be subject to an advisory vote at the 2021 AGM.

Remuneration Overview

Our current Remuneration Policy received 85.13% shareholder support at our 2019 AGM, took effect from that date, and has operated for the past three years. In accordance with section 439A of the Companies Act, the Remuneration Policy is subject to shareholder vote every three years and will be subject to binding shareholder vote at the forthcoming AGM of the Company expected to be held on 27 July 2022. The Remuneration Committee reviewed the approach to remuneration for the senior management to assess whether it continues to (i) meet its design objectives, (ii) support the ongoing business strategy, and (iii) balance good governance practice in the UK-listed company environment with the ability to attract and retain US-based management and employees of the highest calibre to execute on this business strategy. The Remeneration Committee determined that the overall remuneration structure continues to be broadly appropriate and it would seek renewal of the current Remuneration Policy.

The Company believes that remuneration should be weighted toward rewarding entrepreneurial achievement and the creation of value over time. In 2019, after engaging in extensive discussions with its major shareholders, the Remuneration Committee approved a number of changes to the remuneration programme, as detailed in our 2019 Annual Report and Accounts, to better align remuneration with the Company's revised strategy focused on supporting its existing portfolio companies and maximising monetisation opportunities. During 2021, we continued to execute upon such strategy and evaluate the appropriateness of the remuneration programme as such changes came into effect in 2021.

The 2020 Directors' Remuneration Report received a 61.06 % vote in favour at the 2021 AGM, as detailed on page 79. While this resolution was passed, the Committee was disappointed that there was a significant minority of votes against the advisory resolutions.

Overall, the Committee considered that the remuneration programme, including the changes implemented in 2019, continued to be broadly appropriate and aligned with the Company's revised strategy while balancing typical UK-listed market practice with US practice in our market for talent. In line with our commitment to maintaining an open and transparent dialogue with shareholders, the Company consulted with its major shareholders in the second half of 2021 to gain their input.

After extensive engagement with its major shareholders, the Board noted that shareholder concerns were primarily focused on remuneration schemes in place for 2021 and prior which have since been addressed through the substantial amendments the Company made to its remuneration programme for 2021 and onwards, as described on pages 66 to 69 and further detailed in the Group's 2019 Annual Report and Accounts. The Committee believes that such changes have and continue to appropriately address shareholder concerns while supporting the Company's strategy and aligning Executive Directors' interests directly with shareholders.

The Committee will continue to monitor the alignment and effectiveness of the Remuneration Policy and its implementation in light of the Company's current strategy and developments in the UK remuneration environment. The Committee remains conscious of the current external economic environment, and will be mindful of this when determining 2022 out-turns.

Resignation of Joseph Pignato

With effect from 14 January 2021, Mr. Pignato resigned as Chief Executive Officer and as an Executive Director of the Company. He continued to serve as Chief Financial Officer of the Company for an interim period until 14 April 2021, and has remained a paid consultant as part of the finance function of the Company.

Performance and Reward for 2021

No performance-based LTIP awards vested to the Executive Director in 2021.

The Work of the Remuneration Committee

The Remuneration Committee has responsibility for setting the Remuneration Policy for, and determining remuneration of, the Executive Directors and senior management, and reviewing pay and conditions of the wider workforce.

The Committee met once during the year. All members were present at all meetings during the year. In addition, Bruce Failing, the Chairman of the Committee, met several times during the year with members of senior management in order to review all elements of remuneration and their operation. The Committee also received professional advice from Deloitte LLP where appropriate.

During the year, the key activities carried out by the Committee were:

Review of Remuneration Programme

- Conducted a review of all elements of remuneration for the senior management to determine their alignment and effectiveness in light of the Company's strategy;
- Obtained and reviewed feedback received from major shareholders and shareholder advisory services, in connection with each of the implementation of the current Remuneration Policy and the subsequent changes to the remuneration programme in late 2019;

Remuneration for 2021

- Determined the 2021 cash incentive bonus and prior LTIP award outcomes for employees;
- Reviewed the remuneration reporting regulations in connection with the review of the Group's Remuneration Policy and preparation of the Directors' Remuneration Report;

- Reviewed remuneration and related policies for the wider workforce, including taking into consideration the impact of COVID-19;
- Approved the delivery of a proportion of 2021 fees to Non-Executive Directors in the form of equity-based payments (subject to time-based vesting only);
- Reviewed and approved the remuneration elements of the resignation of Joseph Pignato, details of which are provided on pages 80 to 81. As set out elsewhere in the Annual Report, effective as of 14 January 2021, Mr. Pignato stepped down as an Executive Director. In furtherance of its focused strategy, the Company's Board and management determined that the most effective and efficient path forward is for the Company to be a Non-Executive Board-led company. The Company does not have any current intention of appointing a new Chief Executive Officer. The scope of the Directors' Remuneration Report going forward will therefore be limited to reporting on the remuneration of non-executive directors and details of any payments to past executive directors.

Remuneration for 2022

- Determined base salaries of the senior management, for the period starting 1 January 2022;
- Determined the 2022 cash incentive bonus award performance targets;

Exercise of Discretion

No discretion has been exercised in relation to the formulaic outturns under the Company's incentive plans for Executive Directors.

Alignment to the UK Corporate Governance Code Principles

When reviewing the appropriateness of the Remuneration Policy and determining its operation for 2021, the Committee took into consideration, and feels it has appropriately addressed, the following design principles set out in the revised Corporate Governance Code:

Clarity	• The Committee welcomes open and frequent dialogue with shareholders on the approach to remuneration. • We have sought to clearly explain how we have implemented the Remuneration Policy in the year and how the Committee intends to operate it for the year ahead.
Simplicity	• Following the cancellation of all outstanding performance awards and the future operation of the LTIP for Executive Directors, in addition to the Executive Directors voluntarily forfeiting their interests in the MIP and outstanding stock options awards, the only performance-based incentive plans in operation for the Executive Director are the annual Incentive Bonus Awards and the Phantom Plan. • The remuneration approach taken for our Executive Director is cascaded down the organisation as appropriate.
Risk	• The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk-taking. • Under the Incentive Bonus Awards, discretion may be applied where formulaic outturns are not considered reflective of overall performance. • No bonus payments arising under the Phantom Plan will be made to participants until the Company has generated $109.2 million of gross proceeds (plus any future additional invested capital made after October 1, 2019) in one or more future liquidity events. • Malus and clawback provisions apply to the Incentive Bonus Awards.

Predictability	• Our Remuneration Policy contains details of threshold and maximum opportunity levels under our Incentive Bonus Awards, with actual outcomes dependent on performance achieved against predetermined measures and target ranges.
Proportionality	• The Committee's ability to apply discretion ensures appropriate outcomes in the context of long-term performance. • The Committee is satisfied that the Remuneration Policy does not reward poor performance. Our performance measures and target ranges under the Incentive Bonus Awards, and the construct of the Phantom Plan, are aligned to Company strategy.
Alignment to culture	• Our reward arrangements are designed to reward delivery of the Group's strategy which is focused on supporting our six existing portfolio companies and maximising monetisation opportunities for portfolio company interests. This is achieved through our Incentive Bonus Award MBOs and the operation of the Phantom Plan. • Our remuneration structure for Executive Directors cascades as appropriate throughout the Company.

We continue to appreciate any feedback shareholders may have.

Bruce Failing
Chairman of the Remuneration Committee
14 June 2022

Remuneration Policy (pages 60 to 69)

The Remuneration Policy for the Executive and Non-Executive Directors (Policy) was approved by shareholders at the 2019 AGM and is proposed for shareholder approval at the 2022 AGM. If approved, the Policy will take effect from the date of the 2022 AGM. If the Policy is not approved, the current policy will remain in effect.

The Committee will consider the Policy annually to ensure that it continues to align with the Company's strategic objectives; however, it is intended that the Policy will apply for three years from the 2022 AGM.

Where appropriate, commentary has been added to the policy to reflect the changes to the remuneration program in late 2019 as described above.

The Remuneration Policy Table for Executive and Non-Executive Directors

The table below sets out the Policy for each element of remuneration for Executive and Non-Executive Directors and how they support the Company's short- and long-term strategic objectives.

Element of remuneration and how it supports the Company's objectives	Operation	Opportunity	Performance metrics
Salary Provides an appropriate level of salary in order to be competitive and to maintain the ability to recruit and retain Executive Directors of the required calibre.	An Executive Director's basic salary is considered by the Committee on appointment and normally reviewed once per year or when there is a significant change to role or responsibility. Salary will normally be paid twice per month in cash. In exceptional circumstances, part of the salary may be deferred at the request of the individual and become payable at a later date. Salaries and salary increases are set taking into consideration a number of factors including (but not limited to): • scale, scope and responsibility of the role; • skills and experience of the individual; • individual and Company performance; • the impact on other remuneration elements and the total remuneration package; • the individual's marketability; • pay and conditions across the Company; • the wider economic environment; and • market-appropriate pay positioning against relevant US and UK listed peers and other companies of a similar size and complexity.	There is no prescribed maximum annual salary or increase, however annual increases will normally be in line with those of the wider workforce. More significant increases may be made from time to time, for example to recognise an increase to the individual's role and responsibilities, or a significant increase in the scale or size of the Company.	There are no performance conditions attached to the payment of salary, although there are a number of performance-based factors both at the individual and Company level that influence the level of salaries provided to Executive Directors.
Benefits Provides a benefits package in line with US employment market practice.	The main benefits provided to Executive Directors include (but are not limited to): • life insurance; • disability insurance; • medical benefits and dental care; • a car allowance; and • an annual payment to cover personal legal and tax advice. Executive Directors may also participate in any all-employee share plans that may be operated by the Group from time to time on the same terms as other employees. Additional benefits, which may include relocation expenses, housing allowance or other benefits-in-kind, may be provided in certain circumstances if considered appropriate and reasonable by the Committee, for example on recruitment.	The cost of benefits provided varies from year to year in accordance with market conditions, therefore there is no prescribed monetary limit.	N/A

Element of remuneration and how it supports the Company's objectives	Operation	Opportunity	Performance metrics
Pension Provides pension benefits in line with US employment market practice. The Company is not required to provide pension benefits in order to be competitive and to ensure its ability to recruit and retain Executive Directors.	A consistent pension policy operates for all employees across the Company, creating alignment between Executive Directors and the wider workforce. In line with US market practice, no element of the Executive Directors' remuneration is pensionable, and the Company does not operate any pension scheme or other scheme providing retirement or similar benefits. However, in line with the approach taken for all employees, the Company offers a retirement plan in accordance with subsection 401(k) of the Internal Revenue Code in which Executive Directors may make voluntary pre-tax contributions toward their own retirement. The Company does not make any payments or contributions to such 401(k) Plan.	N / A	N / A
Incentive Bonus Awards Incentivises the achievement of pre-determined strategic goals – management by objectives (MBOs) – over a single year period.	Annual MBOs and their respective weightings and targets, are set at or around the start of each financial year. An Executive Director's incentive bonus award is considered by the Committee upon completion of each financial year. The decision to provide any award and the amount and terms of any such award, are determined based on the level of achievement against the MBOs set at the start of the year. The Committee may exercise its discretion and make adjustments to the formulaic payout level (both upwards and downwards, including a reduction to zero) if the formulaic outcome is not considered to be appropriate. When making this judgement, the Committee will consider a number of factors, including (but not limited to) the overall shareholder experience, underlying business performance (including financial, operational and technical performance) and individual performance during the year.	Incentive Bonus opportunities are capped at 225% of salary per annum, which is only achieved if performance significantly exceeds expectations across all MBOs set for the year. The level of annual bonus payable for on-target performance is set at a level significantly below the maximum opportunity, and will be disclosed each year in the Annual Report on Remuneration. ***Operation for 2020 onwards: Incentive Bonus opportunities will be capped at 150% of salary per annum.***	The Committee and senior management review the Group's MBOs annually prior to the start of each financial year to ensure the detailed performance measures and weightings are appropriate and continue to support the business strategy. MBOs may include financial, operational, technical and other performance targets. The MBOs will be weighted primarily towards Group, and not individual, MBO performance.
Allied Minds Long Term Incentive Plan (LTIP) Incentivises and rewards the achievement of the Company's long-term strategic objectives. Provides alignment with shareholders through long-term time horizons and the facilitation of share ownership.	An award over Company stock is typically made to Executive Directors annually, subject to pre-determined performance measures which are typically tested over a period of three years. The specific performance measures, weightings and targets are set at or around the start of each financial year. Performance will normally be tested after three years, subject to the Committee's assessment of the extent to which the performance measures have been met. This assessment may take into account any additional relevant factors, at the Committee's discretion. A further two-year holding period will typically apply to awards, giving a total period between the date of the initial award was made and the end of the holding period of five years. Awards are subject to malus and clawback provisions, as described in the notes to this Policy table. ***Operation for 2020 onwards: the LTIP has been retired for Executive Directors, senior management and other employees, with no further awards to be made under this plan to these persons. In addition, the Executive Directors voluntarily agreed to forfeit the performance-based LTIP awards made to them in 2017 and 2018, and no LTIP awards were made in 2019 to them.***	LTIP awards are normally granted to an individual each financial year and are capped at 300% of salary. The award will only vest in full if performance significantly exceeds expectations over the performance period. The proportion of the award that will vest for threshold performance will be 16.67%. When attracting a new executive director of the required calibre, an additional LTIP award of up to 300% of salary may be granted in the executive's first year of appointment if deemed appropriate by the Committee. Thereafter, LTIP awards granted to the executive would be made under the normal policy maximum above.	The Committee may vary specific measures and targets applicable to LTIP awards from year to year, to ensure they continue to support the achievement of the Company's strategy and to ensure that the target range remains sufficiently stretching. In respect of the LTIP awards to be granted in 2019, 60% of vesting will be based on the Company's relative total shareholder return (rTSR) performance in respect of a three-year performance period, and 40% of vesting will be based upon the monetisation of portfolio companies over such period.

Element of remuneration and how it supports the Company's objectives	Operation	Opportunity	Performance metrics
Allied Minds Phantom Plan Rewards participants for a successful portfolio company liquidity event, a key strategic objective of the Group and its shareholders, thereby providing alignment between the interests of participants and shareholders. Operation of such plans is common practice amongst our peers in the venture creation / IP commercialisation sectors, therefore the Phantom Plan allows the Company to provide a market-competitive remuneration offering within the relevant market for talent across this industry.	The Phantom Plan is a performance-based, cash settled bonus plan for Allied Minds' Executive Directors and management. The Plan is triggered by a successful portfolio liquidity event, including (i) a portfolio company IPO, (ii) the sale of all or substantially all of a portfolio company's assets, (iii) the sale of at least two-thirds of the outstanding shares of a portfolio company's voting equity, (iv) the merger or consolidation of a portfolio company with or into another entity, or (v) a portfolio company's liquidation. Upon a liquidity event, Allied Minds will deduct the amount it invested in such portfolio company and deduct the accrued interest in respect of such investment, and will then allocate 10% of the remaining net proceeds to the Phantom Plan account for allocation among the participants. Participants receive "units", which equates to a pro-rata share of the Phantom Plan pool. Vesting of units is determined at the time of grant of the units. ***Operation for 2020 onwards: the Phantom Plan will not be available to any new unitholders nor will any companies be added to the Plan.***	The maximum aggregate number of units that may be awarded under the Phantom Plan is 200,000 units. Awards to Executive Directors under the Phantom Plan may not exceed 30,000 units. Upon a liquidity event Allied Minds will distribute 80% of the Phantom Plan account to the participants based on their pro rata share of all vested units on the date of the applicable liquidation event, and the remaining 20% of the Phantom Plan account will be distributed to participants at the discretion of the Committee. ***Operation forrom 2020 onwards: Executive Directors are subject to a cap of 25% of any allocated proceeds in connection with a specific liquidity event.***	No amounts accrue under the Phantom Plan, and no amounts are distributed to participants, until and unless a successful portfolio company liquidity event occurs, and the cash generated in such liquidity event exceeds the amount Allied Minds invested in such portfolio company, plus accrued interest and expenses in respect of such investment. No other performance metrics apply. ***Operation for 2020 onwards: an additional underpin has been introduced, such that no payments arising under the Phantom Plan will be made to participants until the Company has generated $109.2 million of gross proceeds (plus any future additional invested capital) in one or more future liquidity events.***
Share ownership requirement Encourages Executive Directors to build a meaningful shareholding in the Company, providing alignment between the long-term interests of Executive Directors and shareholders.	Executive Directors are required to acquire and maintain a minimum ownership level of ordinary shares in the Company. This minimum level is set at the equivalent of 400% of salary for the CEO.	N/A	N/A
Non-Executive Directors' Fees Provides an appropriate level of fees in order to be competitive and to maintain the ability to recruit and retain Non-Executive Directors of the required calibre and experience. Partial delivery in Company stock encourages alignment of interests with shareholders.	Non-Executive Directors receive an annual fee, with additional fees paid to reflect additional time commitment and responsibilities for certain roles, e.g. Chairmanship of a Board Committee / the Board. Non-Executive Directors' fee levels are typically reviewed annually, taking into consideration a number of factors, including (but not limited to): • scale, scope and responsibility of the role; • relevant skills and experience required; and • market-appropriate pay positioning against relevant US and UK listed peers and other companies of a similar size and complexity. Non-Executive Directors are not entitled to participate in any Company pension scheme or to receive benefits, other than the reimbursement of reasonable and properly documented expenses incurred in performing the duties of their office (and any associated taxes).	There is no prescribed maximum fee or increase, however total fees payable are subject to the limits set out in the Articles of Association.	N/A

Element of remuneration and how it supports the Company's objectives	Operation	Opportunity	Performance metrics
	Non-Executive Directors do not receive any performance-related awards. Given the US-based nature of the Group's business, and the need to attract and retain independent directors with significant US business and leadership experience, a proportion of the fees are paid in stock (with the remainder paid in cash). The stock element is subject to time-based vesting over a three-year period, however no performance conditions are applied. Careful consideration has been given as to whether including an equity component would affect the independence of the Non-Executive Directors, and the conclusion was reached that it would not, given the level of the awards and the fact that they are not performance-related.		

Common award terms

The Committee will operate the LTIP in accordance with the Policy table above and the respective rules. Awards under these schemes:

- will normally take the form of restricted share units (RSUs) in respect of shares in Allied Minds, although instruments with similar economic effect may be used if considered appropriate;
- may incorporate the right to receive an amount (paid in cash or additional shares) equal to the value of dividends that would have been paid on the shares under the award that vests up to the time of vesting (and where awards are subject to a holding period, the end of the holding period). This amount may be calculated assuming the dividends have been reinvested in the Company's shares;
- may exceptionally be cash-settled at the Committee's discretion;
- may have the applicable performance conditions amended or substituted by the Committee if an event occurs which causes the Committee to determine an amended or substituted performance condition would be more appropriate and not materially less difficult to satisfy; and
- may be appropriately adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the Company's share price.

Any use of these discretions above would, where relevant, be explained in the relevant year's Annual Report on Remuneration and may (if deemed appropriate) be subject to prior consultation with the Company's major shareholders.

As noted, the Committee has determined that no further awards will be made under the LTIP to Executive Directors, senior management or other employees.

Minor amendments

The Committee may make minor amendments to the Policy set out in this report (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for the amendment(s).

Malus and clawback

Awards under the annual Incentive Bonus and the LTIP are subject to malus provisions (allowing for the reduction of deferred awards) and clawback provisions (the recovery of awards to which the participants are entitled) in the case of:

- Material misstatement of the Group accounts;
- A material correction of any figures used to assess satisfaction of any performance conditions;
- A participant's gross misconduct;
- Serious reputational damage; or
- Corporate failure.

Under both plans, the clawback provision applies for the two-year period following vesting.

Legacy awards

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Policy set out in the table on the previous pages, where the terms of the payment were agreed:

- before the 2016 AGM (being the date on which the previous Policy came into effect);
- before the Policy set out above came into effect at the 2019 AGM, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes "payments" include the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Consideration of employee remuneration arrangements and policies elsewhere in the company

Although the Policy set out above applies only to Executive and Non-Executive Directors of the Company, in practice the Committee is responsible for setting the policy for, and determining remuneration of, the Company's senior management team, and reviewing workforce remuneration and related policies. In considering changes to the remuneration of the Executive Directors, for example when determining salary increases, the Committee is mindful of pay and conditions in the wider Group.

The Group's senior management team also participate in the components of remuneration set out above (i.e. salary, benefits, pension, Incentive Bonus, LTIP and Phantom Plan). The operation of the incentive schemes for senior management varies from Executive Directors where appropriate, for example award maxima and vesting criteria.

All US employees at the Allied Minds (parent company) level are eligible for discretionary incentive bonus awards. While a range of bonus plans are operated at the portfolio company level, appropriate to the relevant business, the main drivers of these portfolio company plans, in common with the annual Incentive Bonus awards to Executive Directors, are the achievement of company milestones, and other company and individual objectives.

In addition, the Company remains committed to fostering alignment with shareholders. Therefore, equity incentive plans are operated within the portfolio companies, with the aim of incentivising and rewarding employees of those companies to achieve long-term shareholder value and the delivery of the Company's long-term strategic and business objectives.

As noted, in light of the Company's revised strategy, the LTIP has been retired for all Executive Directors, senior management and other employees, and the Phantom Plan has been closed to new participants and new portfolio companies.

How the views of shareholders and employees are taken into account

Through the Board, the Committee is regularly updated as to employees' views on remuneration generally and receives periodic updates in relation to salary and bonus reviews across the Company. As set out above, in setting remuneration for the Executive Directors, the Committee takes note of the overall approach to reward employees in the Company and salary increases will ordinarily be considered in light of those of the wider workforce. Thus, the Committee is satisfied that the decisions made in relation to Executive Directors' pay are made with an appropriate understanding of the wider workforce.

The Committee values the input of shareholders and is committed to dialogue on material matters. Any feedback received from time to time from shareholders, and the AGM voting results in respect of remuneration-related resolutions, are considered as part of the Committee's annual review of the Policy. When developing the 2019 Policy, a key part of the process was the engagement with the Company's major shareholders and proxy voting agencies on the proposed remuneration changes, prior to finalising the Policy.

The Committee will seek to engage formally with shareholders and their representative bodies when it is proposed that any material changes are to be made to the Policy, and also welcomes and appreciates feedback at any other time. Extensive shareholder meetings were undertaken ahead of changes to the remuneration program in late 2019.

Approach to recruitment remuneration

The Committee will apply the principles set out in the Policy table above for any new Executive Director recruited to the Board, in particular:

- Providing a remuneration package that attracts, retains and motivates individuals of the required calibre, while at all times ensuring that the Company pays no more than necessary;

- Taking into consideration a number of factors when determining the appropriate package on recruitment, including the individual’s skills and experience, scale, scope and responsibility of the role, and pay conditions across the Company;

- Ongoing remuneration arrangements for the individual will be limited to those elements listed within the Policy table above;

- Additional benefits in kind, pensions and other allowances, such as relocation, education and tax equalisation, may be provided in order to recruit the intended candidate; and

- Full disclosure will be made of the recruitment package provided to the individual within the next Annual Report on Remuneration, including rationale for the decisions made where appropriate.

Salaries may be set below market levels on appointment with a view to increase them to broad market levels, subject to individual performance and progression within the role, by making phased salary increases above inflation levels.

The maximum level of variable remuneration under the annual Incentive Bonus and LTIP that may be awarded will be within the usual maximums set out in the Remuneration Policy, subject to the exceptional limit provided under the LTIP. However, as noted, in light of the Company's revised strategy, the LTIP has been retired for all Executive Directors, senior management and other employees.

The Committee may make awards on hiring an external candidate to buy out remuneration arrangements forfeited on leaving a previous employer. In doing so, the Committee will seek to structure buyout awards on a comparable basis to awards forfeited, taking into account relevant factors including any performance conditions attached to these awards and the likelihood of achieving these conditions, the form in which they were granted (e.g. cash or shares) and the timeframe of awards. It is intended that the value awarded would be no higher than the expected value of the forfeited awards. The Committee would seek as far as possible to make such buyout awards under the Company’s existing share plans but, if necessary, may rely on the Listing Rules provision which allows for the grant of awards to facilitate, in exceptional circumstances, the recruitment of a Director without seeking prior shareholder approval.

In addition to the above principles, the following additional considerations may be applied as appropriate depending on the circumstances:

- In the case of internal promotion, any pre-existing arrangements arising from an individual’s previous role will continue to be honoured in line with their original terms and conditions.

- In the case of promotion to Executive Director following an acquisition or other business combination, the Committee may permit equity-based incentive arrangements to continue in force if they can be “rolled-up” into awards over Allied Minds’ shares provided the performance and vesting conditions are considered appropriate.

- In the case of the recruitment of an executive at a time of the year when it would be inappropriate or not possible to provide an LTIP award for that year (for instance due to price sensitive information or if there is insufficient time to assess performance), the quantum in respect of the months employed during the year may be transferred to and amalgamated with the subsequent year’s award if considered reasonable to do so by the Committee.

Similarly, the Remuneration Policy for a new Chairman or Non-Executive Director would be to apply the same remuneration elements as applicable to existing Non-Executive Directors under the Remuneration Policy.

Remuneration Policy on payment for loss of office

The Directors believe the policy on payments for loss of office detailed below are aligned with UK corporate governance expectations and local market practice, and appropriate to attract and retain senior management of the highest calibre.

The Committee reserves the right to make payments where they are made in good faith in discharge of an existing obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment where they are in the best interests of Allied Minds and its shareholders and reflecting the directors' contractual and legal rights.

If an Executive Director's employment is terminated by the Company for "Cause", the Director shall only be entitled to amounts that are accrued or owing but not yet paid and reimbursement of any properly incurred business expenses but excluding any bonus payments or other compensation provided pursuant to the Company's incentive compensation plan (such amounts, the "Standard Benefit").

If the Executive Director terminates the service contract for "Good Reason" or the Company terminates the service contract without Cause, the Executive Director shall be entitled to:

- payment of twelve (12) months' base salary in accordance with regular payroll;
- an annual incentive award equal to the product of: (A) the level of Group and individual MBO performance during the current year, as determined by the Committee; and (B) a fraction based on the number of days in which the Executive Director was employed during that year; or, alternatively, an annual incentive award equal to the product of: (A) the Executive Director's average bonus for the prior three (3) years; and (B) a fraction based on the number of days in which the Executive Director was employed during that year;
- payment of the portion of the premiums paid by the Company at the time of such termination under COBRA for medical, dental, hospitalisation and other employee welfare benefit plans, programs and arrangements covered by COBRA, for a period of twelve (12) months for the Director and eligible dependents; and
- payment of the Standard Benefit.

In the event of death or disability, similar payments will be made as those payable as a termination for Good Reason save that the payment of base salary shall only continue for 90 days after the death of the Executive Director and/or until the commencement of long term disability payments in the case of termination due to disability.

If the Executive Director terminates employment with Allied Minds without Good Reason (and not because of death or due to disability), the Executive Director shall be entitled solely to payment of the Standard Benefit.

LTIP participants who cease to be employees, directors or service providers to the Group will normally forfeit any unvested awards. However, if a participant leaves as a result of death, disability, dismissal other than for cause or any other reason determined by the Committee, awards will normally vest on the normal vesting date on a pro-rata basis taking into account performance and the period of time during the applicable performance measurement period in which the participant continuously provided services. The Committee may in its discretion determine that there are exceptional circumstances justifying vesting to a greater or lesser extent. The Committee also has discretion to determine that awards will vest at the time of cessation of employment, taking into account performance up to that time, and pro-rated to reflect the time worked in the performance period (with discretion to determine vesting to a greater or lesser extent).

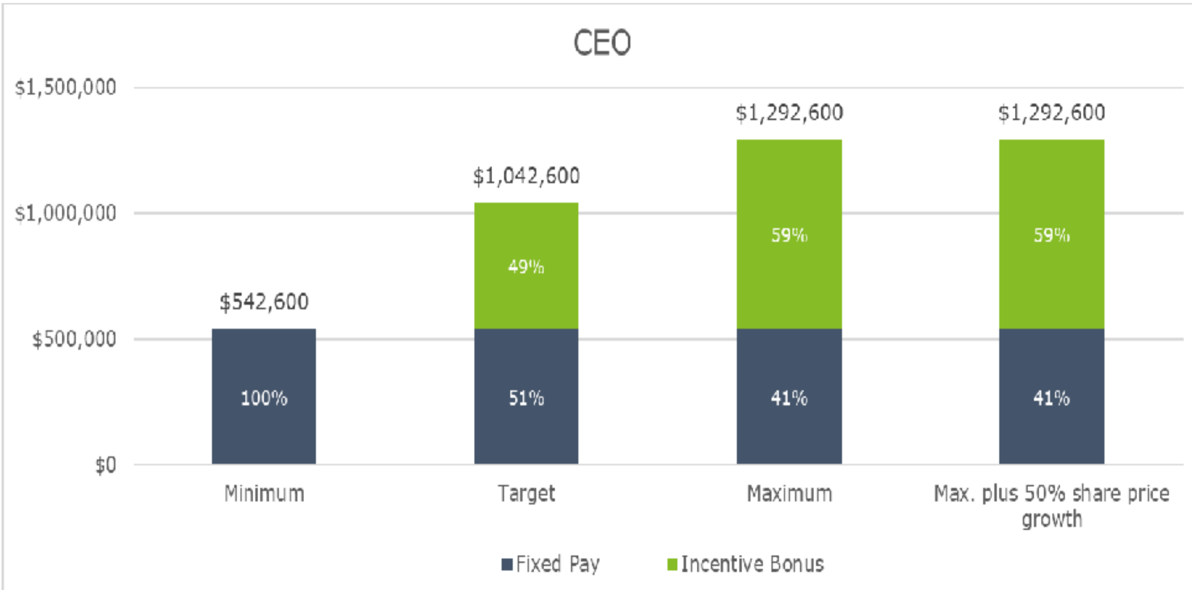
Impact of change of control on awards under LTIP

If there is a change of control of the Company, the number of ordinary shares over which awards will vest will be calculated on the basis of the extent to which the performance criteria applicable to those awards have been satisfied as at the date of the change of control. The resulting number of shares will then be reduced on a pro-rata basis to reflect the reduced period between the date the award was made and the date of the change of control, unless the Committee decides otherwise. In exceptional circumstances, the Committee may recommend full vesting with respect to a change of control. This discretion to accelerate vesting upon a change of control is included in the LTIP to meet the expectations of a US-based workforce.

Illustration of application of the Remuneration Policy – updated for implementation in respect of 2020

The value and composition of the Executive Director’s remuneration package for the year ending 31 December 2020 is illustrated in the chart below under the following four scenarios:

	Minimum	**On-target**	**Maximum**	**Maximum plus 50% share price growth**
Fixed Pay	2020 salary ($500,000) plus estimated value of benefits			
Incentive Bonus	-	Two-thirds of maximum opportunity	100% of the maximum opportunity	100% of the maximum opportunity
LTIP	-	None	None	None


CEO
$1,500,000
$1,000,000
$500,000
$0
$542,600
$1,042,600
$1,292,600
$1,292,600
100%
51%
49%
41%
59%
41%
59%
Minimum
Target
Maximum
Max. plus 50% share price growth
Fixed Pay
Incentive Bonus

Annual Report on Remuneration (pages 70 to 85)

The Annual Report on Remuneration will be subject to an advisory vote at the AGM.

Single Total Figure of Remuneration for Each Director (audited information)

The following table sets out the single total figure for remuneration for Directors for the financial years ended 31 December 2021 and 2020.

	Base salary/ fees[1]		**Benefits[2]**		**Incentive Bonus[3]**		**EBP[4]**		**Pension[5]**		**Total Fixed**		**Total Variable**		**Total**	
In $'000	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	**2021**	**2020**
Executive Directors																
Joe Pignato[6]	17	500	1.4	43	—	375	—	105	—	—	18.4	543	—	480	**18.4**	**1,023**
Non-Executive Directors																
Harry Rein	160	150	—	—	—	—	—	14	—	—	160	150		14	**160**	**164**
Mark Lerdal[7]	100	95	—	—	—	—	—	—	—	—	100	95	—	—	**100**	**95**
Bruce Failing	85	69	—	—	—	—	—	—	—	—	85	69	—	—	**85**	**69**

Notes:

(1) Actual Executive Directors' and Non-Executive Directors' fees, pro-rated for the portion of the year they served on the Board.

(2) Includes, where applicable, car allowance and/or Company contribution to medical, dental and other insurance premiums, pro-rated for the portion of the year they served on the Board.

(3) Incentive bonus includes annual cash incentive bonus awards, pro-rated for the portion of the year serving as Executive Directors.

(4) Equities based payments for Non-Executive Directors represent the portion of the fees paid in stock and granted to the Non-Executive Directors in 2015, 2016, 2017, 2018, and 2019 which vested in 2019 and 2020 (based on the value on the date the awards vested (on a time-

only basis) and the shares were issued). The amount of these awards which is attributable to share price appreciation is nil (2020) (2019: nil).

(5) No payments for pension entitlements were made to Directors during the last financial year. The Company offers a retirement plan in accordance with subsection 401(k) of the Internal Revenue Code in which Executive Directors may make voluntary pre-tax contributions toward their own retirement. The Company does not make any payments or contributions to such Plan.

(6) Mr. Pignato resigned as Chief Executive Officer and Executive Director on 13 January 2021. Details of the effect of his resignation on outstanding payments and benefits are given on pages 80 to 81. Mr Pignato was appointed as Chief Finance Officer on a full time basis on 14 January 2021 and resigned from this post on 13 April 2021. During this tenure, Mr Pignato received a salary of $121,917, a car stipend of $3,000, and $9,625 in benefits. Mr Pignato was appointed as Chief Finance Officer on a part-time basis on 14 April 2021 and remains an employee of the Company in this capacity. As part-time Chief Financial Officer, Mr Pignato received a salary of $180,136, a car stipend of $4,000, and $28,445 in benefits.

(7) Mr. Lerdal resigned from the Board effective as of 10 March 2021.

Individual Elements of Remuneration

Share awards made during 2021 (audited information)

Long Term Incentive Plan Vesting during 2021 (audited information)

Non-Executive Director Awards

Equity-based awards were granted to the Non-Executive Directors in 2015, 2016, 2017, 2018, and 2019, subject to time-based vesting in three equal instalments over a three year period. The LTIP was used as the mechanism to grant these awards, however they are not subject to performance conditions. These awards partially vested in 2019, 2020 and 2021. As a result of such vesting in 2019, ordinary shares were allotted and issued to Mr. Rohr (22,913) and Mr. Rein (24,170). As a result of such vesting in 2020, ordinary shares were allotted and issued to Mr. Rein (36,154). As a result of such vesting in 2021, ordinary shares were allotted and issued to Mr Rein (74,100), Mr Failing (36,857) and Mr Lerdal (36,857). As a result of such vesting in 2022, ordinary shares are due to be allotted and issued to Mr Rein (136,113) and Mr Failing (90,742).

Payments to Past Directors and Loss of Office Payments (audited information)

With the exception of payments to past directors and loss of office payments previously disclosed in our 2019 Annual Report and Accounts, no payments to past directors were made during the last financial year.

During the year, Joe Pignato, was paid a severance package following his resignation as a Director of the Company on 14 January 2021 and the details of this package are set out on pages 77 to 78 of the Directors' Report below.

Total Pension Entitlements (audited information)

No payments for pension entitlements were made to Directors during 2021. The Company offers a retirement plan in accordance with subsection 401(k) of the Internal Revenue Code (401(k) Plan) in which Executive Directors may make voluntary pre-tax contributions toward their own retirement. The Company does not make any payments or contributions to such 401(k) Plan.

Statement of Directors' Shareholding and Share Interests (audited information)

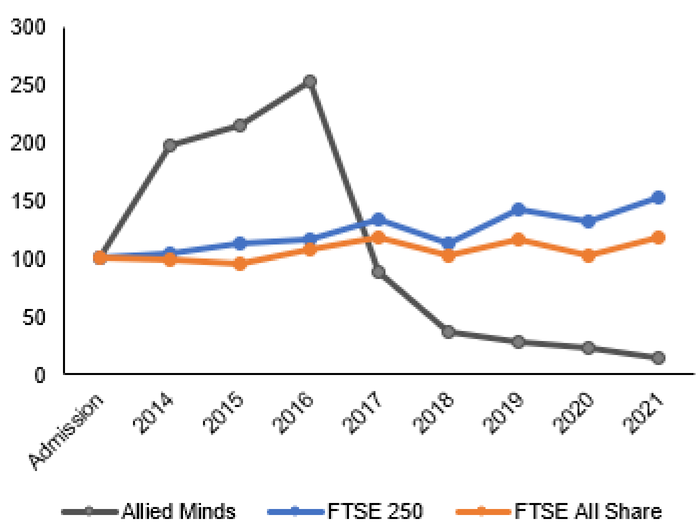
Share ownership plays a key role in the alignment of our executives with the interests of shareholders, therefore the Committee operates a share ownership policy for Executive Directors. The policy currently requires Executive Directors to acquire and maintain a minimum ownership level of ordinary shares in the capital of the Company equal to 400% of base salary. At 31 December 2021, the Executive Director was making progress against this requirement. Given the changes to the management structure of the Company, it was considered appropriate that no post-cessation shareholding requirements policy should be developed.

The table below sets out the number of shares held by Directors as at 31 December 2021.

	Shares held outright	Total
Non—Executive Directors		
Harry Rein	222,824	222,824
Mark Lerdal	-	-
Bruce Failing	454,300	454,300

Performance Graph

The graph below illustrates the Company's Total Shareholder Return (TSR) performance relative to the constituents of the FTSE 250 index excluding investment companies and the FTSE All Share index, from the Admission date of 25 June 2014 to 31 December 2021. These indices were chosen since the Company was / is a constituent for a significant proportion of the relevant period. The graph shows performance of a hypothetical £100 invested and its performance over that period.



Historical CEO remuneration outcomes

The table below summarises the Chief Executive Officer single total figure for total remuneration, annual incentive bonus award, LTIP vesting as a percentage of maximum opportunity, payments made under the Phantom Plan, if any, and US Stock Plan share award vesting as a percentage of maximum opportunity, for the last seven financial years. As the company listed in 2014, the comparative begins with the 2014 period.

	2021	2020	2019	2018	2017	2016	2015	2014
CEO single total figure for remuneration ($'000) (1)				$1,192	$1,328	$9,178	$1,067	$15,942
Joe Pignato(2)	$0,019	$1,023	$1,543					
Annual incentive bonus award pay-out (% of maximum)(3)	n/a	50.0%	58.40%	42.67%	87.33%	74.13%	n/a	n/a
LTIP award vesting (% of maximum)(4)	0.00%	0.00%	0.00%	33.00%	94.33%	n/a	n/a	n/a
US Stock Plan award vesting (% of maximum)(5)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%

Notes:

(1) With respect to 2019, the figures represent the remuneration to Joseph Pignato his appointment as Co-CEOs on 10 June 2019. With respect to 2020, the figures represent the remuneration for Joseph Pignato for the full year.

(2) The 2019 figures for Mr. Pignato include the payments made to him under the Phantom Plan resulting from a successful portfolio company liquidity event in 2019 (as further described on page 86 of the 2019 Annual Report and Accounts). As illustrated on in the 2019 Annual Report and Accounts, the single total figure of remuneration excluding the Phantom Plan payment for each such individual was $673,000.

(3) With respect to 2015, 2014 and 2013, the percentage of maximum is not applicable because the Company did not have any cap on incentive bonus award payments in those financial years. As a percentage of base salary, the award was 65.7% in 2013, 125.0% in 2014 and 105.0% in 2015.

(4) No performance-based equity awards vested to the CEO under the LTIP during 2020, 2019, 2016, 2015, 2014 or 2013.

(5) All equity awards, including stock options and restricted stock, under the US Stock Plan became vested and fully exercisable, or vested and fully transferable, in connection with the IPO.

Change in remuneration of Chief Executive Officer compared to US Group employees

The table below sets out the increase in total remuneration of the Chief Executive Officer (Mr. Pignato), Non-Executive Directors and that of our US Group employees (excluding Directors) from 2020 to 2021. Our US Group employees were chosen since they are exposed to the same economic factors as the Chief Executive Officer, who is also US-based.

	2020 to 2021		
	Salary/fees	**Taxable benefits**	**Incentive Bonus**
Executive Directors	(50%)	-	
Joe Pignato	0.00%	17.44%	1.63%
Non-Executive Directors			
Harry Rein	6.67%	—	—
Mark Lerdal(3)	5.26%	—	—
Bruce Failing	23.19%	—	—
Average of all US Group employees	(6.66)%	28.72%	(51.76)%

*Note, the percentages in the chart above are calculated based on actual fees paid to each individual. There have been several changes to the Board of Directors and management team as set forth below. The base salary for the Executive Director and the NED fees for 2020 and 2021 remain constant, as further detailed on page 76 below.

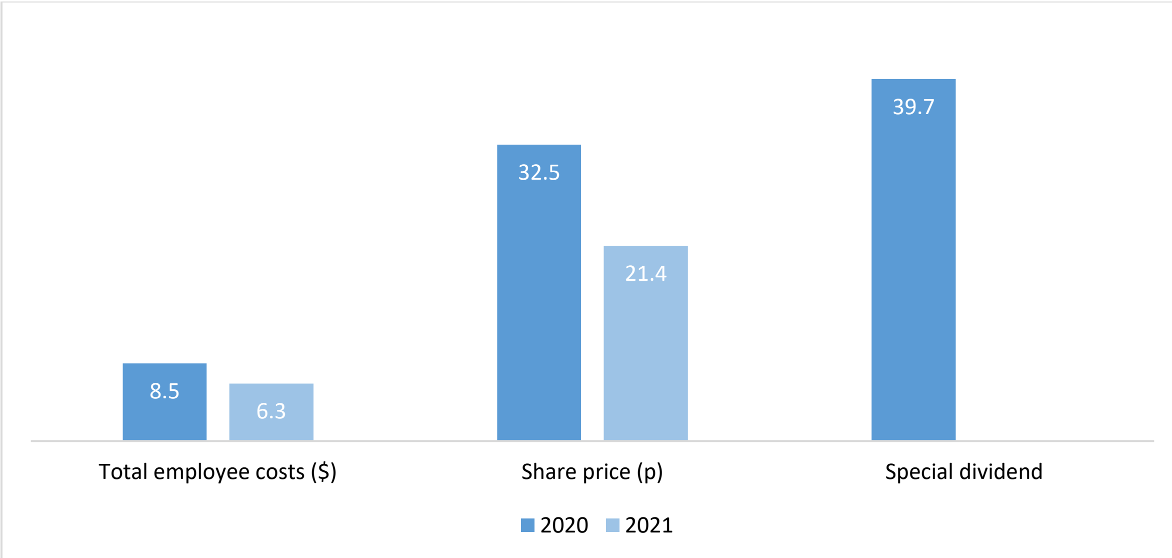
(1) Mr. Lerdal resigned as a Non-Executive Director effective as of 10 March 2021.

Relative importance of spend on pay

The chart below shows the total employee costs, and change in share price from 2020 to 2021.

The information shown in this chart is based on the following:

- Total employee pay: Total US Group employee staff costs from note 5 to the consolidated financial statements, including salaries and wages, payroll taxes, healthcare benefit, and share-based payments.
- Returns to shareholders: Since the Group does not currently pay an annual dividend, returns to shareholders are represented by the change in the Group's share price over the period from 31 December 2020 to 31 December 2021.



Statement of implementation of remuneration policy in the following financial year (2021)

The Committee reviewed the remuneration approach in the year, including the implementation of the changes to the operation of the remuneration programme made in 2019 and their continued appropriateness, and input was received from the Executive Director while ensuring that conflicts of interest were suitably mitigated. The approach to operation for 2021 has been set out below.

Executive Director

Given the announced departure of the Executive Director, no changes were made to the individual's remuneration in 2021. Details of the resignation arrangements for the Executive Director are set out on pages 77 to 78.

Chairman and Non-Executive Directors

The 2021 fee arrangements of the Chairman and Non-Executive Directors remain unchanged from 2020:

	2020
Cash Component	
Non-Executive Director Annual Fee	$75,000
Audit Committee Chair Annual Fee	$25,000
Remuneration Committee Chair Annual Fee	$10,000
Nomination Committee Chair Annual Fee	$10,000
Chairman of the Board Annual Fee	$75,000
Equity Component	
Non-Executive Director LTIP Award Value	$50,000
Chairman of the Board LTIP Award Value	$75,000

The additional fee for serving as Chairman shall only be payable where the Chairman is a Non-Executive Director. Given the US-based nature of the Group's business, and the need to attract and retain independent directors with significant US business and leadership experience, the fees above include an equity component, which is subject to time-based vesting over three years.

Service Contracts and Letters of Appointment

The Executive Director's contracts do not provide for extended notice periods or compensation in the event of a change of control. Details on the treatment of remuneration on loss of office or on a change of control are provided in the Remuneration Policy.

The Non-Executive Directors have letters of appointment, which are for an initial fixed term of three years. The letters are reviewed and may be extended, and are terminable on one months' notice by either party.

The letters of appointment do not provide for any compensation on termination, other than payment of fees accrued or owing but not yet paid.

The letters of appointment and service contracts are available for inspection at the Company's registered office. In accordance with the Code, all Directors submit themselves for election at the first AGM following their appointment to the Board, and for annual re-election by shareholders at each AGM.

Resignation of Joseph Pignato

As previously noted, with effect from 14 January 2021, Mr. Pignato resigned as Chief Executive Officer and as an Executive Director of the Company. He continued to serve as Chief Financial Officer of the Company for an interim period until 14 April 2021.

The Remuneration Committee approved the arrangements below which are in line with the terms of the agreements with Mr. Pignato and the Company's Remuneration Policy approved by the Company's shareholders at the 2019 AGM, and as disclosed in full in the Company's Section 430(2B) announcement on 15 January 2021.

Pursuant to the terms of Mr. Pignato's service contract, he will be entitled to:

- payment of one year's salary equal to $500,000 based on his rate of annual base salary;
- an annual incentive award for 2021 which will be equal to the product of: (A) $373,360 (his average annual bonus for the three full years preceding his resignation) and (B) a fraction, the numerator of which is the number of days he was employed by the Company during 2021 and the denominator of which is the number of days in such year; and
- participation at the Company's expense under COBRA for six months for him and each of his eligible dependents in all medical, dental, hospitalization and other employee welfare benefit plans, programmes and arrangements covered by COBRA.

Prior to the Resignation Date, Mr. Pignato had outstanding awards in the form of units ("Phantom Units") granted under the Allied Minds Phantom Plan ("Phantom Plan"), details of which are set out in the Company's Annual Report and Accounts for the year ended 31 December 2019. The Phantom Units are settled in cash.

As set out in the Annual Report and Accounts for the year ended 31 December 2019, during 2019, Executive Directors and all current employees voluntarily agreed to introduce an underpin that $109.2 million of gross proceeds (plus any future additional invested capital) must be generated from one or more liquidity events prior to any future allocations of proceeds in connection with an individual liquidity event under the Phantom Plan and to a personal cap (set at 25% for Executive Directors) of any allocated proceeds in connection with an individual liquidity event under the Phantom Plan. As of the date hereof, Mr. Pignato's total units would entitle him to his capped amount of 25% of any allocated bonus proceeds. In accordance with the terms of his Phantom Units, for the period ending on the date falling 24 months after his employment terminates, Mr. Pignato will remain entitled to a proportion of the payment he would have received on a Liquidity Event had he remained an employee. That proportion is 90% if the Liquidity Event occurs within 6 months after his employment termination date, 75% if 7-12 months after his employment termination date; 50% if 13-18 months after his employment termination date; 25% if 19-24 months after his employment termination date, and 0% if later than 24 months after his employment termination date.

As at 31 December 2021, no payments were due to Mr. Pignato under the Phantom Plan.

No further payments will be made to Mr. Pignato in connection with his resignation.

Staff retention plan

During 2021 the Board put in place a retention plan for the remaining full time employees at Allied Minds. They were paid a retention bonus of 50% of their base salaries payable in two tranches. The first half was paid assuming they were still employed on 30 September 2021 and the second half will be paid assuming they are still employed on 30 April 2022.

The Board has also put a similar program in place for 2022. All employees will be paid a retention bonus of 100% of their base salaries assuming they are still employed on 30 April 2023.

Limits on the number of shares used to satisfy share awards (dilution limits)

All of the Group's incentive schemes that contain an element that may be satisfied in Allied Minds plc shares incorporate provisions that in any ten-year period (ending on the relevant date of grant), the maximum number of the shares that may be issued or issuable under all such schemes shall not exceed 10% of the issued ordinary share capital of the Company from time to time (excluding shares issued pursuant to awards granted prior to IPO under the US Stock Plan).

The Committee regularly monitors the position and prior to the making of any share-based award, considers the effect of potential vesting of outstanding awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. No treasury shares were held or utilised in the year ended 31 December 2021.

Remuneration Committee: details and governance

The full terms of reference of the Committee, which are reviewed annually, are available on the Group's website at www.alliedminds.com. In summary, the Remuneration Committee has specific responsibility for advising the Board on the remuneration and other benefits of the Executive Director and senior management, an overall policy in respect of remuneration of other employees of the Group and establishing the Group's policy with respect to employee incentivisation schemes.

The Remuneration Committee is currently comprised of the following independent Non-Executive Directors, whose backgrounds and experience are summarised on pages 26 to 27:

- Bruce Failing (Chair)
- Harry Rein

Messrs. Rein and Failing served during the entire financial year. Mr. Lerdal resigned from the Board effective as of 10 March 2022.

Committee meetings are administered and minuted by the Company Secretary.

Key activities carried out by the Committee during 2021 are set out in the Committee Chairman's statement on pages 56 to 59.

External advisers

The Remuneration Committee is authorised, if it wishes, to seek independent specialist services to provide information and advice on remuneration at the Company's expense, including attendance at Committee meetings.

During the year, the Remuneration Committee continued its review of executive remuneration and took into consideration professional advice from Deloitte LLP. Fees paid to Deloitte LLP in connection with advice to the Remuneration Committee in 2021 were $27,744 USD (2020: $30,242). Deloitte provided no other services or advice to the Group during the year. The Remuneration Committee is satisfied that the advice given is objective and independent. Deloitte LLP is a founding member of the Remuneration Consultants Group and adhere to its Code of Conduct in relation to executive remuneration consulting in the UK.

Statement of voting at general meeting

The table below sets out the proxy results of the vote on the Group's Remuneration Report at the Group's 2021 AGM and the Remuneration Policy at the Group's 2019 AGM:

	Votes for		**Votes against**			
	Number	**% of cast votes**	**Number**	**% of cast votes**	**Votes cast**	**Votes withheld**
Remuneration Report	93,703,754	61.06 %	59,747,294	38.94 %	153451048	2,781,471
Remuneration Policy	129,448,525	85.13%	22,612,862	14.87%	152,061,387	19,409,374

As set out in the Statement of the Committee Chairman, the Committee was disappointed that there was a significant minority of votes against the Remuneration Report at the 2021 AGM.

Overall, the Committee considered that the remuneration programme, including the changes implemented in 2019 that came into effect for 2020, continued to be broadly appropriate and aligned with the Company's revised strategy while balancing typical UK-listed market practice with US practice in our market for talent. In line with our commitment to maintaining an open and transparent dialogue with shareholders, the Company consulted with its major shareholders in the second half of 2020 to gain their input.

After extensive engagement with its major shareholders, the Board noted that shareholder concerns were primarily focused on remuneration schemes in place for 2019 and prior which have since been addressed through the substantial amendments the Company made to its remuneration programme for 2020 and onwards. The Committee believes that such changes have and continue to appropriately address shareholder concerns while supporting the Company's strategy and aligning Executive Directors' interests directly with shareholders.

Approval

This Directors' Remuneration Report, including both the Remuneration Policy and Annual Report on Remuneration has been approved by the Board of Directors.

Bruce Failing
Chairman of the Remuneration Committee
14 June 2022

Audit Committee Report

The Audit Committee plays an integral role in assisting the Board in fulfilling its oversight responsibilities, and as a whole, has the competence relevant to the sector in which the Company operates. In performing its duties, the Committee strives to maintain effective working relationships with the Board, the Company's management and the external auditors. The Committee reviews the integrity of the financial statements of the Group, reviews all proposed half-yearly and annual results, and advises the Board whether it believes the annual report and accounts, taken as a whole, fairly present the Company's financial position and provide the necessary information to the shareholders of the Company to assess the Company's position and performance, business model, and strategy.

Membership

The Committee comprises two independent Non-Executive Directors. Members of the Committee are appointed by the Board. The appropriate members of the Company and the external auditors also participate in Committee meetings by invitation. Following the resignation of Mr Lerdal, Mr Failing had been appointed as Chair of the Audit Committee on an interim basis pending the recruitment of a new non-executive director to step into this role in due course.

During the year under review, the Chair of the Audit Committee was Mr. Lerdal who had relevant, recent financial experience with over thirty years of senior management and executive experience. Messrs. Rein and Lerdal served on the Audit Committee during the entire financial year.

The Committee met once in 2021, and the external auditors participated in this meeting. Reflecting the meetings for which each member was then appointed to the Committee, all members were present at all meetings during the year during their term of service.

Responsibilities

The Committee's main responsibilities are to monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and accounts and any other formal announcement relating to its financial performance; and reviewing and reporting to the Board on significant financial reporting issues and judgements made and matters communicated to it by the auditor. The roles and responsibilities of the Audit Committee additionally include to:

- Review the Company's internal financial controls and the Company's internal control and risk management systems;
- Advise on the need for and monitor and review the effectiveness of the Company's internal audit function;
- Make recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;

- Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken;
- Conduct a performance evaluation of the Committee annually, including review of Committee member experience and background, and discussion by the Board of each Committee member as further described on page 42, to ensure that it continues to be effective and that each of the Directors on the Committee demonstrates commitment to his or her respective role and has sufficient time to meet his or her commitment to the Company; and
- Report to the Board on how it has discharged its responsibilities.

As a whole, the Committee has the relevant experience and skills necessary to effectively execute its responsibilities. The Committee carries out these duties for the Company, major subsidiary undertakings and the Group as a whole, as appropriate. In 2021, the Committee discharged all such duties as further described below, including, without limitation, completing an annual review of its internal controls and risk management systems with its external auditors and reviewing the Financial Position, Prospects and Procedures of the Company on an ongoing basis throughout the year to enable the Board to make proper judgements.

Activities during the year

The Committee's activities for the year ended 31 December 2021 included the responsibilities set forth above, as well as the items set forth below:

Financial reporting

- Reviewed and approved the appropriate audit plan, before the start of the annual audit cycle;
- Reviewed and provided comments and recommendations in respect of the financial statements in the half-yearly report for the period ended 30 June 2021, and the financial statements in the Annual Report and Accounts for the year ended 31 December 2021;
- Reviewed the Company's approach and methodology for determining the fair value of investments and the preferred share liability. Considered and recommended the involvement of an external valuation specialist firm to assist management and the Board in deriving the fair value of the subsidiary undertakings; and
- Considered significant matters, risk areas, and areas of judgement in relation to the Group's financial statements taking into account the areas highlighted by the external auditors in their presentations to the Committee, and challenged where necessary.

The Committee is satisfied with the integrity of the financial statements of the Company in all material aspects, including the application of significant accounting policies, the methods used to account for significant transactions, use of judgements and estimates made by management, including those made in deriving the fair value of the subsidiary undertakings, and the quality and completeness of the disclosures in the financial statements of the Company.

The Committee is satisfied that this Annual Report as a whole is fair, balanced and understandable, and provides the information necessary for a reasonable shareholder to assess the Company's position and performance, business model and strategy.

Internal controls and risk management systems

- Reviewed the principal elements of the Company's risk management framework as set out on pages 19 to 25 of this Annual Report. The Committee gives consideration and provides guidance on enhancing the internal controls and risk management framework, as needed;
- Reviewed the established procedures, which provide a reasonable basis for the Board to make proper judgements on an ongoing basis as to the Financial Position, Prospects and Procedures (FPPP) of the Company following the adopted risk approach; and
- Reviewed the whistleblower policy that was established and approved by the Board in 2014, which has been communicated to employees. The Audit Committee is satisfied that the policy has been designed to encourage staff to report suspected wrongdoing as soon as possible, provide staff with guidance on how to raise those concerns, and ensure staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken.

Significant areas reported to the Board

Fair value of financial assets and liabilities held under IFRS9

Significant judgements are made in valuing the assets and liabilities and complex models are used to give a fair value, which present a high risk for the financial statements.

Judgment on whether the Company has significant influence under IAS28

There is a significant judgement in relation to whether the shares are accounted for as an investment in associate per IAS 28. This judgement includes, among others, an assessment of whether the Company has representation on the board of directors of the investee, whether the Company participates in the policy making processes of the investee, whether there is any interchange of managerial personnel, whether there is any essential technical information provided to the investee and if there are any transactions between the Company and the investee.

Accounting treatment of investments under IFRS10

It has been determined that the Group no longer has control as defined in IFRS 10 but has maintained significant influence over some of its former subsidiaries and due to the fact that the Group holds a variety of instruments in these entities, which have varying risks and rights, there is significant judgement in relation to the accounting for these instruments. The valuation of these financial assets also includes a significant level of judgement and external valuation specialists are utilised in this process. The Committee believes that the Group considered the pertinent terms and accurate accounting of each of the financial instruments (and sought external expertise as well).

Viability

The Committee reviewed the Company's viability as further stated in the Overview on pages 32 to 33. As previously reported, the Company's strategic objective is to focus exclusively on its existing portfolio companies and to maximise total returns to all shareholders from monetisation of such portfolio. The Board resolved, in March 2022, to undertake a formal review of the Company's strategic options (the "Strategic Review") including, but not limited to, a sale of the Company itself, which the Board intends to conduct under the framework of a "Formal Sale Process" in accordance with Rules 2.4 and 2.6 of the Takeover Code, alternatively, to seek to distribute certain assets and any cash reserves directly back to shareholders through a re-structure. The Strategic Review is solely aimed at creating and/or realising shareholder value. In line with this strategy, the Board anticipates delivering such returns within the next three years. After careful assessment of the Company's cash position and projections through such period, the Committee reasonably expect the Group to continue in operation and meet its liabilities as they fall due in order to execute on this strategy during such period.

Impact of coronavirus pandemic and Going concern

There is judgement relating to whether the Group and Company have sufficient financial resources to continue as a going concern based on the Group and Company's business model and other applicable factors that may impact such determination. As previously noted, the impact of the coronavirus pandemic has the potential to negatively impact the Group's and the Company's financial position. However, the Group continues to closely monitor the pandemic, its impact on its workforce, the global economy and its suppliers, customers and partners in order to make decisions and take meaningful actions to mitigate against disruption to operations across the portfolio and the potential negative financial impact. Taking all factors into consideration, management have assessed that the Group and Company continue to be a going concern and the Committee is satisfied with the assessment made.

External audit

- Engaged in competitive process for determining the Group's new independent auditor, including assessing and performing diligence on various independent audit firms.
- Recommended the appointment of BDO LLP to the Board as the Group's independent auditor for the financial year ending 31 December 2021.
- Reviewed and approved the scope of the procedures over the half-yearly report for the period ended 30 June 2021, and the Annual Report and Accounts for the year ended 31 December 2021;
- Discussed with management and agreed upon the terms of the engagement of the external auditors and the auditors' remuneration for audit and non-audit services. In assessing independence, the Audit Committee received the auditor's presentation and confirmation that in its professional judgment, BDO LLP (from its engagement on 12 May 2021), are independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired. The Committee was satisfied that throughout the year that the objectivity and independence of BDO LLP, as applicable, was not in any way impaired by the non-audit services they provided to the Group during the year, by the amounts of non-audit fees, or by any other factors;
- Assessed the independence, objectivity and qualifications of BDO LLP as the external auditor and evaluated the quality and effectiveness of the audit procedures. In doing so, the Committee reviewed the audit plan and monitored performance against the plan, reviewed the periodic reports of BDO LLP to the Committee that highlighted key areas of focus during the audit and the

applied audit approach, and obtained feedback from the finance department in respect to quality and status of BDO LLP work in the course of the audit. The Committee concluded that the audit process during the year was effective; and

- Reviewed and discussed the principal areas of financial reporting risk, as highlighted above, and reported to the Board.

In 2021, the Committee reviewed the performance of the independent auditor and after careful consideration and deliberation, the Committee determined that BDO LLP's performance asindependent auditor was satisfactory and recommended to the Board that the retention of BDO LLP as independent auditors of the Company remained in the best interests of the Company's shareholders. Accordingly, upon recommendation by the Committee, which was free from influence by any third party, the Board approved the appointment of BDO LLP as the Company's auditor for the financial year ending 31 December 2021. No contractual term of the kind under the Audit Regulations was imposed on the Company. The total fees to BDO LLP for the year ended 31 December 2021 were $526,000 USD (see note 5 of the consolidated financial statements, which includes the breakdown of audit and non-audit related fees). Given the appointment of BDO LLP in 2021, the next anticipated requirement to tender audit will be for the 2030 calendar year. As such, the Company is complying with the Statutory Audit Services Order.

Internal audit

Given the size and composition of the Group, taking into account relevant significant matters, risk areas, areas of judgement in relation to the Group's financial statements, and that all Group financial systems, transactions, and processes are conducted at the central office, the Board did not consider it necessary to have an internal audit function during the year. The Board will keep this decision under annual review.

Bruce Failing
Chairman of the Audit Committee
14 June 2022

Independent auditor's report to the members of Allied Minds Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Allied Minds Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive (Loss), the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 4 August 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2020 to 31 December 2021. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- a detailed audit of forecasts prepared by the Directors for a period of at least 12 months from the date of approval of the financial statements;
- a review of stressed forecasts, as prepared by the Directors, which detailed the changes of key assumptions which would lead to the business no longer being a going concern.

As part of this we reviewed the likelihood of these changes against documentation provided by the Directors and from external sources;

- We have assessed the accuracy of the Directors' forecasts by confirming the accuracy of historic forecasts, corroborating the inputs to supporting documentation and agreeing expected changes from historic actuals; and
- we carried out discussions with management and board members to challenge the future outlook (including the impact of recent board resignations) and cash commitments of the Group and how these had been included within the forecasts reviewed and further potential impacts on the forecasts.

Further details of the Directors' assessment of going concern is provided in note 1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage[1]	100% (2020: 100%) of Group profit before tax 100% (2020: 100%) of Group revenue 100% (2020: 99%) of Group total assets		
Key audit matters ('KAM')		2021	2020
	KAM 1 Valuation of investments and preference share liabilities	*X*	*X*
	KAM 2 Deconsolidation of entities previously consolidated	*X*	-
	KAM 3 Consolidation accounting and judgement of the Group not meeting the criteria for an investment entity (*2020 only: as it was adequately addressed in the prior year audit and there have been no changes expected to be made or actually made to management's judgement in the year).*	-	*X*
Materiality	Group financial statements as a whole $1.141m (2020: $1.1662m) based on 2% (2020: 2%) of net assets		

[1] These are areas which have been subject to a full scope audit by the group engagement team

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group comprises 4 components: one incorporated UK company, being a holding company and, which were deemed significant components and 3 significant non-UK (and all USA) components; the remaining entities were deemed non-significant.

In establishing the overall approach to the Group audit, we assessed the audit significance of each component in the Group by reference to both its individual financial significance to the Group or other specific nature or circumstances. The four identified individually significant components, makes up 100% of Group loss before tax and also covers 100% of the total assets of the Group. Separate to the four significant components we carried out specified audit procedures on the one investment which is equity accounted for, to Group materiality.

The significant components were located in the UK and the USA. The significant component incorporated in the UK had its books and records held in the USA alongside the entities incorporated in the USA and therefore, all the entites were subject to a full scope audit, with the support of our network member firm in the USA, with the oversight of the Group auditor.

For components of the Group not considered to be significant components the component audtior performed specified audit procedures over areas considered to be significant risks to the Group audit. Furthermore, the Group auditor has been responsible for directing all the audit work completed, the audit risks identified, the audit of the consolidation and the contents of the annual report and disclosures accompanying the consolidated and Parent Company financial statements.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

We provided instructions to the component auditor setting out the risks and procedures to be performed as part of their full scope audit, reporting to us on the significant components and equity investments accounted for in this territory, and determined appropriately scoped risks, procedures and agreed responses to those risks with the component audit team.

We held planning meetings with the component team to discuss the component risk assessment including materiality, and overall reporting process that was then communicated formally in Group audit instructions. Our instructions required a number of reporting deliverables including the component auditor opinion that was received and reviewed. We took an active part in reviewing the work performed; this was performed both on site and remotely with the component auditor in attendance or both methods.

This, together with the additional procedures performed at Group level over the consolidation process gave us the evidence we needed for our opinion on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Valuation of investments and preference share liabilities Note 1 – Financial instruments and Fair value measurement policies, Note 11 and 16	The financial statements include significant investment assets and preference share liabilities which are held at fair value under IFRS 9. Due to the number of significant judgements and estimates made by management in valuing the assets and liabilities, as well complexity of the models used to give a fair value, there is a high risk of material misstatement. Due to the complexity of the disclosure in the financial statements, the disclosures made are considered to be a significant risk of material misstatement This was identified as a significant risk as part of the audit planning and a key audit matter to be included in the audit report.	The work carried out on the risk identified was a follows: • Use of an auditor's internal expert in valuations prepared under IFRS9 to review the models used to value the investments and preference share liability in order to determine whether they were aligned with recognised valuation models and that they were appropriate for valuing the underlying investment or liability. • A re-performance of the numerical and arithmetic accuracy of the model compared with the inputs used to ensure the final output value was accurately calculated. • A review of the inputs into the models and agreement to supporting evidence to corroborate whether the inputs were reasonable and appropriate. • Challenged management on all judgemental or estimated inputs into the models to determine whether they appear reasonable in respect of corroborating information from management and third party sources. • Carried out sensitivity analysis in respect of the key and judgemental inputs into the models to understand potential impacts on the valuation of the underlying instruments. • Reviewed the disclosure in the annual report to understand if this was aligned with the underlying calculation from the models used and that all information of importance to the users of the accounts was adequately disclosed in accordance with the accounting standards. We have also agreed the disclosure is aligned to the accounting policy as disclosed in the annual report. **Key observations:** Based on the work performed we consider that investments and the

		preference share liability have been valued appropriately and in accordance with the Group's accounting policy for these financial statement areas.
Deconsolidation of entities no longer consolidated Note 11	During the period the Group lost control and significant influence over one of the consolidated entities following a funding round, further to this the Group also disposed of and deconsolidated an entity following their share of the business being sold in a stock for stock exchange. There are a significant number of judgements and estimates made by management as part of the accounting treatment, including the value of the residual investment held, whether they maintain any significant influence in the entities, the value of assets and liabilities at the date of the deconsolidation. Due to the complexity of the disclosure in the financial statements, the disclosures made are considered to be a significant risk of material misstatemetn This was identified as a significant risk as part of the audit planning and a key audit matter to be included in the audit report.	The work carried out on the risk identified was a follows: • Use of an auditor's internal expert in valuations prepared under IFRS 9 to review the models used to value the residual investments held which have been used to calculate the gain on disposal and deconsolidation of the entities. By determining that the valuations were aligned with recognised valuation models and that they were appropriate for valuing the underlying investment as at the transaction date we have reperformed the calculation for the fain on reconcolidation. • Audit procedures on the fair value of the assets and liabilities disposed of at the transaction date in the former subsidiary company. • A reperformance and recalculation of the journal entries required to correctly recognise the transactions in the consolidated financial statements and corroboration of all journals posted in the consolidationfor reasonableness in line with the understanding of the transactions obtained.. • Agreed that the transactions are accurately and clearly disclosed in the financial statements. **Key observations:** Based on the work performed we consider that the deconsolidation of the entities bas been treated correctly and disclosed correctly in the financial statements.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Materiality	1,118	1,166	31	36
Basis for determining materiality	2% of net assets	2% of net assets	2% of net assets	2% of net assets
Rationale for the benchmark applied	The performance of the Group is measured by management based on the performance of the underlying investments. Further, as noted above, one of the significant risk areas is the valuation of investments and preference share liabilities in the Group. These two balances make up the majority of the statement of financial position, indicating net assets as the appropriate benchmark.		The Parent Company benchmark was set in line with that of the Group for the individual Parent entity.	
Performance materiality	671	699	19	22
Basis for determining performance materiality	Performance materiality was determined to be 60% of materiality in our work. This level was chosen based on our understanding on the business and the nature of the underlying activity. Therefore, a a lower level of performance materiality was used to ensure sufficient audit work is completed to ensure sufficient and appropraite audit work was carried out on the Group.		Performance materiality was determined to be 60% of materiality in our work. This level was chosen basedon our understanding of the company and it's activity, therefore a lower level of performance materiality was used to ensure sufficient audit work is completed on the Parent Company.	

C*omponent materiality*

We set materiality for each significant component of the Group based on a percentage of between 20% and 90% (2020: 20% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $923k to $155k (2020: $1,166k to $233k). In the audit of each component, we further applied performance materiality levels of 60% (2020: 60%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of $34k (2020:$35k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 45; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 32 and 83.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 36; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 44; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 83; and • The section describing the work of the audit committee set out on page 81.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

	In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
    - Enquiries of management regarding: the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations;
    - We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and the component auditor, who were all deemed to have appropriate competence and capabilities, to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
    - Obtaining an understanding of the legal and regulatory framework in which the Group operates. The key laws considered are accounting standards, the Companies Act 2006 and tax legislation.

- We have responded to risks identified by performing procedures including the following:
    - Enquiry of management and review of legal correspondence concerning actual and potential litigation and claims;
    - Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud;
    - Reading the minutes of meetings of those charged with governance; and
    - Review of financial statements disclosures and testing to supporting documentation.

- We have also considered the risk of fraud through management override of controls by:
    - Testing on a sample basis the appropriateness of journal entries and other adjustments; and
    - Assessing whether the judgements made in making accounting estimates are indicative of potential bias.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Iain Henderson
0175AA0DF993437

Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
14 June 2022

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 31 December	Note	2021 $ '000	2020 $ '000
Revenue	3	1,544	480
Operating expenses:			
Cost of revenue	4,5	(443)	(210)
Selling, general and administrative expenses	4,5	(10,569)	(10,497)
Research and development expenses	4,5	(2,650)	(4,712)
Operating loss		(12,118)	(14,939)
Other income:			
Gain on deconsolidation of subsidiary	11	14,213	—
Loss on investments held at fair value (net)	11	(13,894)	(31,934)
Other income	18	705	—
Other income /(expense)		1,024	(31,934)
Finance income	7	45	291
Finance cost	7	(255)	(314)
Finance cost from IFRS9/ fair value accounting	7	(2,578)	(1,763)
Finance loss, net		(2,788)	(1,786)
Share of net loss of associates accounted for using the equity method	11	(2,362)	(6,845)
Loss before taxation		(16,244)	(55,504)
Taxation	23	—	—
Loss for the period		(16,244)	(55,504)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(41)	(116)
Other comprehensive loss, net of taxation		(41)	(116)
Total comprehensive loss for the period		(16,285)	(55,620)
Loss attributable to:			
Equity holders of the parent		(15,534)	(53,025)
Non-controlling interests	15	(710)	(2,479)
		(16,244)	(55,504)
Total comprehensive loss attributable to:			
Equity holders of the parent		(15,575)	(53,141)
Non-controlling interests	15	(710)	(2,479)
		(16,285)	(55,620)
Loss per share		$	$
Basic	8	(0.06)	(0.22)
Diluted	8	(0.06)	(0.22)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December	Note	2021 $ '000	2020 $ '000
Non-current assets			
Property and equipment	*9*	787	1,596
Investment at fair value	*11,20*	33,984	41,588
Right-of-use assets	*19*	414	651
Other financial assets	*20*	44	581
Total non-current assets		35,229	44,416
Current assets			
Cash and cash equivalents	*12*	9,710	24,489
Trade and other receivables	*13*	5,912	5,816
Other financial assets	*20*	5,050	2,279
Total current assets		20,672	32,585
Total assets		55,901	77,000
Equity			
Share capital	*14*	3,767	3,767
Treasury shares	*14*	(738)	—
Translation reserve	*14*	1,302	1,343
Accumulated profit	*14*	40,156	55,440
Equity attributable to owners of the Company		44,487	60,550
Non-controlling interests	*14,15*	168	(2,264)
Total equity		44,655	58,286
Non-current liabilities			
Lease liabilities	*19*	213	806
Loans	*17,18*	—	1,440
Total non-current liabilities		213	2,246
Current liabilities			
Trade and other payables	*17*	1,061	2,101
Deferred revenue	*3*	4,948	3,697
Loans	*18*	3,109	3,149
Preferred shares	*16*	1,255	6,497
Lease liabilities	*19*	660	1,024
Total current liabilities		11,033	16,468
Total liabilities		11,246	18,714
Total equity and liabilities		55,901	77,000

Allied Minds Plc

Registered number: 08998697

The financial statements on pages 98 to 159 were approved by the Board of Directors and authorised for issue on 14 June 2022 and signed on its behalf by:

Harry Rein

Non-Executive Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	Share capital		Treasury shares		Translation reserve $' 000	Accumulated (Deficit)/ Earnings $' 000	Total parent equity $' 000	Non-controlling interests $' 000	Total equity $' 000
		Shares	Amount $' 000	Shares	Amount $' 000					
Balance at 31 December 2019		241,563,123	3,759	—		1,459	147,238	152,456	115	152,571
Total comprehensive loss for the year										
Loss from continuing operations		—	—	—	—	—	(53,025)	(53,025)	(2,479)	(55,504)
Foreign currency translation		—	—	—	—	(116)	—	(116)	—	(116)
Total comprehensive loss for the year						(116)	(53,025)	(53,141)	(2,479)	(55,620)
Issuance of ordinary shares	*14*	624,862	8	—	—	—	—	8	—	8
Loss arising from change in non-controlling interest	*15*	—	—	—	—	—	—	—	(18)	(18)
Dividend payment	*14*	—	—	—	—	—	(39,707)	(39,707)	—	(39,707)
Equity-settled share based payments	*6*	—	—	—	—	—	934	934	118	1,052
Balance at 31 December 2020		242,187,985	3,767	—	—	1,343	55,440	60,550	(2,264)	58,286
Total comprehensive loss for the period										
Loss from continuing operations		—	—	—	—	—	(15,534)	(15,534)	(710)	(16,244)
Foreign currency translation		—	—	—	—	(41)	—	(41)	—	(41)
Total comprehensive loss for the period		—	—	—	—	(41)	(15,534)	(15,575)	(710)	(16,285)
Loss arising from change in non-controlling interest	*15*	—	—	—	—	—	—	—	(96)	(96)
Repurchase of ordinary shares	*14,15*	—	—	(2,538)	(738)	—	—	(738)	—	(738)
Deconsolidation of subsidiary	*15*	—	—	—	—	—	—	—	3,207	3,207
Equity-settled share based payments	*6*	—	—	—	—	—	250	250	31	281
Balance at 31 December 2021		242,187,985	3,767	(2,538)	(738)	1,302	40,156	44,487	168	44,655

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2021 $ '000	2020 $ '000
Cash flows from operating activities:			
Loss for the year		(16,244)	(55,504)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	*9,19*	839	819
Amortisation	*10*	—	197
Impairment losses on property and equipment	*9*	458	—
Share-based compensation expense	*5,6*	281	1,052
Forgiveness of Paycheck Protection Program (PPP) loan	*18*	(443)	—
Loss on investments held at fair value	*11,20*	13,894	31,934
Gain on deconsolidation of subsidiary	*11*	(14,213)	—
Share of net loss of associate	*11*	2,362	6,845
Other income	*9*	(262)	—
Changes in working capital:			
Increase in trade and other receivables	*13*	(96)	(114)
Decrease/(increase) in other assets		693	(874)
Decrease in trade payables	*17*	(78)	(876)
Decrease in accrued expenses	*17*	(691)	(1,643)
Increase in deferred revenue	*3*	1,386	240
Increase/(decrease) in other liabilities		517	(780)
Unrealised gain on foreign currency transactions		(41)	(116)
Other finance expense	*7*	2,578	1,763
Net cash used in operating activities		(9,060)	(17,057)
Cash flows from investing activities:			
Purchases of property and equipment, net of disposals	*9*	(185)	(564)
Purchase of investments at fair value	*11*	(5,283)	(10,855)
Receipt of payment for finance sub-lease	*19*	45	78
Cash derecognised upon loss of control over subsidiary	*11*	(13,326)	—
Net cash used in investing activities		(18,749)	(11,341)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes	*18*	—	2,981
Receipt of PPP loan	*18*	259	184
Payment of lease liability	*19*	(1,100)	(1,150)
Dividend payment	*14*	—	(39,707)
Payments to repurchase ordinary shares	*14*	(738)	—
Proceeds from issuance of share capital	*6,14*	—	8
Proceeds from issuance of preferred shares in subsidiaries	*16*	14,609	—
Net cash provided by /(used in) financing activities		13,030	(37,684)
Net decrease in cash and cash equivalents, and restricted cash		(14,779)	(66,082)
Cash and cash equivalents, beginning of the period		24,489	90,571
Cash and cash equivalents, end of the period		9,710	24,489

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

(1) Accounting Policies

Basis of Preparation

Allied Minds Plc ("Allied Minds" or the "Company") is a company incorporated and domiciled in the UK. The Annual Report and Accounts of Allied Minds and its subsidiaries (together referred to as the "Group") are presented for the year ended 31 December 2021. The Group financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards ("IFRS") for the year ended 31 December 2021. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investments held at fair value and financial instruments classified as fair value through the profit or loss.

Use of Judgments and Estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively. The effects on the amounts recognised in the consolidated financial statements, or on other alternative performance measures, is included in the following notes:

Significant estimates made include:

- Note 11 and 16 – Valuation of financial instruments measured at fair value through profit/loss: There is uncertainty in estimating the fair value of subsidiary note payables, subsidiary preferred shares, and convertible note assets and investments carried at fair value through profit and loss (FVTPL) according to IFRS 9 at initial recognition and upon subsequent measurement. This includes determining the appropriate valuation methodology and making certain estimates including future earnings potential of the subsidiary businesses, appropriate discount rate and earnings multiple to be applied, marketability, the probability weighting of the scenarios and other industry and company specific risk factors.

Significant judgements made include:

- Note 11 – there is judgement in considering whether the power to control the subsidiary exists or retaining significant influence as it is dependent on certain factors including the voting power the entity exercises over the company, the proportion of seats the company controls on the board and the investees dependence on the investor for funding, knowledge and its operations. Further to the above the group has considered its position under IFRS10 in respect of whether it is an investment entity for the purposes of this standard. Management have reviewed the operations of the group in line with the standard, and whilst there are characteristics which indicate the group could be considered an investment company, the underlying measurement of success for the consolidated portfolio investments is progress in relation to key strategic milestones in bringing their products to market and not the fair value of the business. Based on this management have judged the business to not be an investment entity and consolidate its subsidiaries under IFRS10.

- Note 11 – as the entities in the group progress they require further external funding which in some scenarios reduces the Group's shareholding to an extent that it loses control under IFRS 10 which results in them no longer being able to consolidate the entity. There is a further significant judgement in relation to whether the shares are accounted for as an investment in associate per IAS 28 or as a financial asset per IFRS 9 and therefore held at fair value, i.e. whether the Group maintain significant influence over the Company. This judgement includes, among others, an assessment of whether the Company has representation on the board of directors of the investee, whether the Company participates in the policy making processes of the investee, whether there is any interchange of managerial personnel, whether there is any essential technical information provided to the investee and if there are any transactions between the Company and the investee.

- Note 16 and 20 – financial instrument liability classification: when determining the classification of financial instruments in terms of liability or equity. These judgements include an assessment whether the financial instrument include any embedded derivative features, whether they include a contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party, and whether that obligation will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. Further information about these critical judgments is included below under Financial Instruments.

- Note 3 – revenue recognition: in determining the correct amount of revenue to be recognised, the Directors make estimates of the fair values of each component of a contract to be able to allocate the overall consideration to each component based on the relative fair value method or make estimates of future costs when applying the inputs method.
- Note 3 – timing of revenue recognition: making certain judgements when determining the appropriate accounting treatment of key customer contract terms in accordance with the applicable accounting standards and in determining whether revenue should be recognised at a point in time or over a period of time.

Other estimates and judgments:

- Note 19 – discount rate used in lease treatment: in determining the appropriate discount rate to calculate the present value of lease payments. These judgements include an assessment of what Group's incremental borrowing rate is where there is no rate implicit within the lease. The incremental borrowing rate will take into account the credit standing of the lessee, the length of the lease, the nature and quality of the collateral provided and the economic environment in which the transaction occurs.

Going Concern

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 six existing portfolio companies , albeit do not make or have and enforceable financial or working capital commitments, and maximising monetisation opportunities for portfolio company interests, and not to deploy any capital into any new portfolio companies. In the event of successful monetisation events from the sale of portfolio companies or portfolio company interests, the Directors anticipate distributing the net proceeds to shareholders, after due consideration of potential follow-on investment opportunities within the existing portfolio and working capital requirements. The Directors expect this strategy to take at least two years to be fully implemented, and as a matter of good governance, will continue to keep this strategy under review at appropriate intervals. They have prepared trading and cash flow forecasts for the parent through 2025. Reflecting this revised strategy, although the Group is currently loss making and is likely to continue to be so, at least in the short term, after making enquiries and considering the impact of risks and opportunities on expected cash flows, and given the fact that the Group has $9.7 million of available funds in the form of cash and cash equivalents as at 31 December 2021, and added to this with the sale if the holding in TouchBistro post year end for consideration of $3.9 million, 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 financial statements. Furthermore, the directors have considered the timeline of when it plans to dispose of, divest or reinvest in its portfolio companies and there is no intention to cease trading or liquidate the business for the period under the going concern review.

Though the majority of the Company's operations are in the United States and the functional currency of the group is the U.S. dollar, Allied Minds is based in the United Kingdom and therefore susceptible to various international risks such as economic headwinds, including inflationary pressure, interest rates and component price increases, as well as changes in political and regulatory requirements. These risks are continuously monitored and reviewed by management. The Group cannot predict all future events or conditions, however, the directors have concluded that there are no material uncertainties that could cast significant doubt over the ability of the Group to continue as a going concern for at least the going concern period as assessed above and the Company's existing measures are sufficient to mitigate the inherent risks to its business model.

The Directors have also put in measures to mitigate against the risks to the business due to the continued impact of COVID-19. Any continued impact from COVID-19 or the situation in Ukraine will not affect Allied Minds from a going concern perspective. In fact, it is expected that the impact of COVID-19 will continue to add cost savings during 2022 as a result of suspension of most travel for board meetings, investor meetings and the 2022 Annual General Meeting. These savings have a positive impact on Allied Minds as a going concern.

The Directors are conscious of the recent board changes and the need to appoint additional directors to the board of the Company. The Directors are working closely with the Company's largest shareholders to identify and recruit new directors to the board of the Company.

The directors' judgement concludes there is no material uncertainty in relation to going concern. For this reason, they have adopted the going concern basis in preparing the financial statements.

Basis of Consolidation

Allied Minds Plc was formed on 15 April 2014 and the consolidated financial statements for each of the years ended 31 December 2021 and 2020 comprises the financial statements of Allied Minds Plc and its subsidiaries.

Subsidiaries

The financial information of the subsidiaries is prepared for the same reporting period as the parent Company, using consistent accounting policies. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with 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 under IFRS 9 when control is lost and it will be assessed whether significant influence remains. Where this is the case the ongoing accounting will be under IAS 28, if significant influence is also lost, the remaining investment is accounted for under IFRS 9.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. It is also evidenced in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to $nil or up to additional losses are provided for, and a liability is recognised, to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate. Recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee. To the extent the Group holds interests in associates that are not providing access to returns underlying ownership interests and are more akin to debt like securities, the instrument held by Allied Minds is accounted for in accordance with IFRS 9.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra- group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes of non-controlling interests

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.

Changes of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Functional and Presentation Currency

These consolidated financial statements are presented in US dollars, which is the functional currency of most of the entities in the Group. The parent has a functional currency of GBP. All amounts have been rounded to the nearest thousand unless otherwise indicated.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to the Group's presentational currency (US dollar) at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non- controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence (as the case may be) is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a subsidiary or an associate that includes a foreign operation while still retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

Financial Instruments

Classification – Financial Assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model, in which assets are managed, and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid as a whole is assessed for classification.

Under IFRS 9 all fair value changes of assets designated as at fair value through profit or loss are generally presented in profit or loss.

Cash and cash equivalents: Represent basic cash balances in banks used to fund operations. These are classified as assets at amortised cost under IFRS 9.

Trade Receivables: Under IFRS 9 trade receivables that do not have a significant financing component have to be initially recognised at their transaction price rather than at fair value. The Group initially recognises receivables and deposits on the date that they are originated at their transaction price, which is the same as their fair value. As such, Trade and other receivables are classified as assets at amortised cost under IFRS 9.

Short-term notes: The short-term note from an associate, since its contractual terms do not consist solely of cash flow payments of principal and interest on the principal amount outstanding, is initially and subsequently measured at fair value, with changes in fair value recognized through profit or loss under IFRS 9. The Group designates the SAFE note assets at FVTPL under IFRS 9. Hence, any gains and losses on the these notes are recognised in profit or loss and are measured in the same way as investments as fair value above.

Security and other deposits: These generally represent security deposits paid by the Group to landlords as part of operating lease commitments. As the Company's objective is that those deposits will be collected back, they are classified as assets at amortised cost under IFRS 9.

Investments at fair value: Reflect investments made by the Group in non-derivative instruments of the investees that are designated in this category or not classified in any other category. These financial assets are initially measured at fair value and subsequently re-measured at fair value at each reporting date, and on derecognition. The Company elects if the gain or loss will be recognised in the Consolidated Statements of Comprehensive Income/ (Loss) in Other Comprehensive Income/(Loss) or through the profit and loss on an instrument by instrument basis. Investments at fair value are presented in the Consolidated Statements of Financial Position as non-current assets, unless the Group intends to dispose of them within 12 months after the end of the reporting period. If the investments at fair value continue to be held for the same long-term strategic purposes, per the application of IFRS 9, the Group may elect then to classify them as FVOCI or FVTPL. The Group classifies them as FVTPL. In this case, all fair value gains and losses would be recognised in profit or loss as they arise, increasing volatility in the Group's profits. These financial assets do not have exposure to credit risk and are not considered credit-impaired. As a result, there are no adjustments considered for movement in credit risk as this is not applicable within the specific valuation frameworks utilised for the fair values of the Group's preferred stock assets. To the extent the Group holds interests in associates that are not providing access to returns underlying ownership interests and are more akin to debt like securities, the instrument held by Allied Minds is accounted for in accordance with IFRS 9.

Classification – Financial Liabilities

Under IFRS 9 all fair value changes of liabilities designated as at fair value through profit or loss are generally presented in profit or loss.

The Group designates the subsidiary preferred shares liability at FVTPL under IFRS 9. Hence, any gains and losses on the preferred shares liability are recognised in profit or loss, unless they relate to changes in the entity's own credit risk for financial liability designated as at fair value through profit or loss. The effect of changes in the entity's own credit risk in the fair value of the financial liabilities are presented in other comprehensive income. For the underlying financial instruments no adjustments are considered for movement in credit risk as this is not applicable within the specific valuation frameworks utilized for the fair values of the Group's preferred share liability.

Trade and other payables and loans are designated at amortised cost under IFRS 9.

Impairment

IFRS 9 includes a 'forward looking expected credit loss' ("ECL") model. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial Instruments Issued by the Group

Under IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial instrument is classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in the financial information for share capital and merger reserve account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

Paycheck Protection Program (PPP) loan

The US CARES Act created the Paycheck Protection Program (PPP) to provide qualifying small businesses with necessary funds to support their operations during the COVID-19 pandemic. Entities have to meet certain eligibility requirements to receive PPP loans, and they must maintain specified levels of payroll and employment to have the loans forgiven. The conditions are subject to audit by the US government, but entities that borrow less than $2 million will be deemed to have met the initial eligibility requirements.

Under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, the initial receipt of PPP loans is recognized as a liability. This liability can be derecognized when there is "reasonable assurance" that the loan conditions will be met and forgiveness will be granted. Once forgiven, the company records the amount as other income.

Share Capital

Ordinary shares are classified as equity. The Group considers its capital to comprise share capital, share premium, merger reserve, translation reserve, and accumulated deficit.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets under construction represent machinery and equipment to be used in operations, R&D activities, or to be leased to customers once completed.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets:

Computers and electronics	3 years
Furniture and fixtures	5 years
Machinery and equipment	5 -20 years
Under construction	Not depreciated until transferred into use
Leasehold improvements	Shorter of the lease term or estimated useful life of the asset
Right-of-Use Assets	Shorter of the lease term or estimated useful life of the asset

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted if appropriate.

The Directors have considered the value of fixed assets without revaluing them.

The Directors are satisfied that the aggregate value of those assets at the time in question is or was not less than aggregate amount at which they are or were for the time being stated in the company's accounts.

Intangible Assets

Software

Software intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Finite-lived intangible assets are amortised on a straight-line basis over their estimated useful lives, from the date that they are available for use. Intangible assets which are not yet available for use (and therefore not amortised) are tested for impairment at least annually.

Amortisation

Amortisation is charged to the consolidated statement of comprehensive loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. Amortisation methods, useful lives and residual values are reviewed at least annually and adjusted if appropriate.

The estimated useful lives of the Group's intangible assets are as follows:

Software	2 years

Leases

IFRS 16 is a single, on-balance sheet lease accounting model for lessees and 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 recognises a corresponding right-of-use asset related to this right.

Upon adoption, the Group 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 accounts 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 remaining lease payments at the transition date or date of entering the lease, 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. In November 2020 the Company relocated its corporate headquarters as part of management's initiative to minimise headquarters expenses. As a result, starting November 2020, the Company entered into a sublease for the remaining period of the head lease.

Under IFRS 16, this sublease led to the de-recognition of the right of use asset and the recognition of an investment receivable in respect of this sublease. The lease liability remains in respect of the head lease as a lease liability on the balance sheet.

The Group recognised lease liabilities of $0.9 million and $0.4 million in lease assets at 31 December 2021. Those rights and obligations are primarily related to operating leases for office and laboratory space.

BridgeComm entered into a new lease in 2021. Further information regarding the right of use asset and lease liability can be found in Note 19.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current Income Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Income Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities where the Group intends to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Impairment

Impairment of Non-Financial Assets

Non-financial assets consist of property and equipment and intangible assets with finite lives and such intangible assets which are not yet available for use.

The Group reviews the carrying amounts of its property and equipment and finite-lived intangibles at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets which are not yet available for use are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (''CGUs'').

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit and loss if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are allocated to reduce the carrying amounts of assets in a CGU on a pro rata basis.

Impairment of Financial Assets

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Share-based Payments

Share-based payment arrangements in which the Parent receive goods or services as consideration for their own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group or its subsidiaries. Grants of equity instruments under the subsidiary stock option incentive plans are accounted for as equity-settled in the consolidated accounts of the parent and are reflected in equity as a credit to Non-Controlling Interest.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option pricing valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market or non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Employee Benefits

Short-term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Phantom Plan

The Phantom Plan is a cash settled bonus plan. Expense is accrued when it is determined that it is probable that a payment will be made and when the amount can be reasonably estimated.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue Recognition

The Group recognises revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods. In order to achieve this, the Group uses the five step model outlined in IFRS 15: 1) to identify the contract with the customer; 2) identify the performance obligation(s) in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligation(s); and 5) recognise revenue when (or as) we satisfy the performance obligation(s).

IFRS 15 implements a uniform method of recognising revenue based on the actual contract and performance obligation. Under IFRS 15, revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to its customer. As such, the amount of revenue recognised is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer).

Determining the timing of the transfer of control – at a point in time or over time – requires judgement. Based on Group's assessment, it was concluded that the majority of the Company's projects that:

- *Render a service* is performed on a time and materials basis and revenue is recognised as services are provided based on actual hours worked for a set period. The performance obligations identified within these projects are distinct and meet the criteria resulting in transfer of control over time.
- *Sell goods*, revenue is recognised when the control of the products were transferred to the customer. The performance obligations identified within these projects are distinct and meet the criteria resulting in transfer of control at a point in time.

Refer to Note 3, "Revenue Recognition," for additional information related to the revenue recognised in the consolidated statements of operations.

Finance Income and Finance Costs

Finance income mainly comprises interest income on funds invested and foreign exchange gains. Finance costs mainly comprise fair value movements on preferred share liabilities, loan interest expense and foreign exchange losses. Interest income and interest payable are recognised as they accrue in profit or loss, using the effective interest method.

Fair Value Measurements

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The carrying amount of cash and cash equivalents, accounts receivable, deposits, accounts payable, accrued expenses and other current liabilities in the Group's Consolidated Statements of Financial Position approximates their fair value because of the short maturities of these instruments.

Operating Segments

Allied Minds determines and presents operating segments based on the information that internally is provided to the executive management team, the body which is considered to be Allied Minds' Chief Operating Decision Maker (''CODM'').

An operating segment is a component of Allied Minds that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Allied Minds' other components. The operating segment's operating results are reviewed regularly by the CODM to make decisions about resources to be allocated to the segment, to assess its performance, and for which discrete financial information is available.

Newly adopted standards

New standards and interpretations adopted in the current year that did not have a material impact on the Company's financial statements were as follows:

Effective date	**New standards or amendments**
1 January 2021	*Amendments to References to Conceptual Framework in IFRS Standards*
	Definition of a Business (Amendments to IFRS 3)
	Definition of Material (Amendments to IAS 1 and IAS 8)
	Amendments to IFRS 9, IAS 39 and IFRS 17: Interest Benchmark reform

(2) New Standards and Interpretations not yet effective

There are a number of new standards, amendments to standard, and interpretations which have been issued by the IASB that are effective in future periods that the group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2022:

Effective date	**New standards or amendments**
1 January 2022	Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

	References to Conceptual Framework (Amendments to IFRS 3)
	Property, Plant and Equipment: Proceeds before Intended Use (amendments to IAS16
	Annual Improvements to IFRS Standards 2018-2020 *(Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)*
1 January 2023	IFRS 17 *Insurance Contracts*

The Group does not expect any other standard issued by the IASB, but not yet endorsed by the UK Endorsement Board ("UKEB"), to have a material impact on the group.

(3) Revenue

Revenue recorded in the Statement of Comprehensive Loss consists of the following:

For the year ended 31 December:	**2021**	**2020**
	$'000	$'000
Service revenue (and transferred over time)	1,544	480
Total revenue in Consolidated Statement of Loss	1,544	480

Contract Balances

Contract liabilities represent the Group's obligation to transfer products or services to a customer for which consideration has been received. When applicable, contract assets and liabilities are reported on a net basis at the contract level, depending on the contracts position at the end of each reporting period. Contract liabilities are included within deferred revenue on the Consolidated Statement of Financial Position. At the point of inception all contracts were expected to be completed within 12 months and therefore, no discounting of the contract liabilities has been accounted for.

As of 31 December:	**2021**	**2020**
	$'000	$'000
Deferred revenue, current	(4,948)	(3,697)

(4) Operating Segments

Basis for Segmentation

For management purposes, the Group's principal operations are currently organised in three types of activities:

(i) Early stage companies – subsidiary businesses that are in the early stage of their lifecycle characterised by incubation, research and development activities;

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

(iii) Minority holdings companies – reflects the activity related to portfolio companies other than consolidated subsidiary businesses where the Group has made a minority investment and does not control or exercise joint control over the financial and operating policies of those entities. This segment will only include the results of entities which were deconsolidated during the accounting period. As of 31 December 2021, this operating segment includes OcuTerra Therapeutics, Inc. profit and loss for the period up to deconsolidation on 27 April 2021 as well as Spark Insights, Inc. profit and loss for the period up to its disposal on 29 October 2021.

Minority holdings: During the period there was one deconsolidation and one disposal. The results of the two companies up to the point of deconsolidation and disposal, respectively, is included in the Minority Holdings segment below and included the following:

- OcuTerra Therapeutics, Inc., one of the company's subsidiaries that was deconsolidated during the first half of 2021 as a result of financing events at the company.
- Concirrus LTD (Spark Insights, Inc.) a company in which Allied Minds holds a minority stake. Spark was disposed of during the second half of 2021 as a result of the sale of the subsidiary to Concirrus.

The Group's CODM reviews internal management reports on these 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.

Information about Reportable Segments

The following provides detailed information of the Group's reportable segments as of and for the years ended 31 December 2021 and 2020, respectively:

	Later	Minority Holdings	Other Operation	Consolidate
Statement of Comprehensive Loss				
Revenue	1,544	—	—	1,544
Cost of revenue	(443)	—	—	(443)
Selling, general and administrative	(3,089)	(1,875)	(5,605)	(10,569)

Research and development expenses	(2,026)	(624)	—	(2,650)
Other expense	520	14,398	(13,894)	1,024
Finance cost, net	15,889	(8,089)	(10,588)	(2,788)
Share of net loss of associates accounted for using the equity method	—	—	(2,362)	(2,362)
Loss for the period	12,395	3,810	(32,449)	(16,244)
Other comprehensive loss	—	—	(41)	(41)
Total comprehensive loss	12,395	3,810	(32,490)	(16,285)
Total comprehensive loss attributable to:				
Equity holders of the parent	12,209	4,706	(32,449)	(15,534)
Non-controlling interests	186	(896)	—	(710)
Total comprehensive loss	12,395	3,810	(32,449)	(16,244)
Statement of Financial Position				
Non-current assets	820	—	34,409	35,229
Current assets	6,262	—	14,410	20,672
Total assets	7,082	—	48,819	55,901
Non-current liabilities	(75)	—	(138)	(213)
Current liabilities	(12,820)	—	1,787	(11,033)
Total liabilities	(12,895)	—	1,649	(11,246)
Net assets/(liabilities)	(5,813)	—	50,468	44,655

			2020 $'000		
	Early Stage	**Later**	**Minority Holdings**	**Other Operation**	**Consolidate**
Statement of Comprehensive Loss					
Revenue	—	480	—	—	480
Cost of revenue	—	(210)	—	—	(210)
Selling, general and administrative	(526)	(2,788)	—	(7,183)	(10,497)
Research and development expenses	(1,420)	(3,292)	—	—	(4,712)
Other expense	—	—	—	(31,934)	(31,934)
Finance cost, net	(20)	(5,241)	—	3,475	(1,786)
Share of net loss of associates accounted for using the equity method	—	—	—	(6,845)	(6,845)
Loss for the period	(1,966)	(11,051)	—	(42,487)	(55,504)
Other comprehensive loss	—	—	—	(116)	(116)
Total comprehensive loss	(1,966)	(11,051)	—	(42,603)	(55,620)
Total comprehensive loss attributable to:					
Equity holders of the parent	58	(10,596)	—	(42,487)	(53,025)
Non-controlling interests	(2,024)	(455)	—	—	(2,479)
Total comprehensive loss	(1,966)	(11,051)	—	(42,487)	(55,504)
Statement of Financial Position					
Non-current assets	320	1,288	—	42,808	44,416
Current assets	502	7,105	—	24,977	32,584
Total assets	822	8,393	—	67,785	77,000
Non-current liabilities	(105)	(1,380)	—	(761)	(2,246)
Current liabilities	(3,756)	(27,707)	—	14,995	(16,468)
Total liabilities	(3,861)	(29,087)	—	14,234	(18,714)
Net assets/(liabilities)	(3,039)	(20,694)	—	82,019	58,286

Early Stage companies comprise those that receive an array of business support resources and services from Allied Minds in order to successfully develop early stage technologies. In addition, all closed or dissolved subsidiaries were presented in the Early Stage segment up to the time at which they were all dissolved.

Later Stage companies comprise those that have graduated from Early Stage by way of further advancements in their development as described above. This currently includes BridgeComm Inc.

The results of the management function of the head office at the parent level of Allied Minds are reported separately as Other Operations. As the investment in associate is a parent activity, the share of loss, gain on deconsolidation, remeasurement of the investments to fair value and investment in associate are disclosed in the Other Operations segment.

Summarised information related to the Company's operating revenues by reporting segment for the years ended 31 December 2021 and 2020 is as follows:

	2021			**2020**		
	Service revenue	**Software revenue**	**Total**	**Service revenue**	**Software revenue**	**Total**
Early Stage	-	-	-	-	-	-
Later Stage	1,544	-	1,544	480	-	480
Minority	-	-	-	-	-	-
Total revenue	1,544	-	1,544	480	-	480

In 2021, Cost of revenue and Selling, general and administrative expenses of Early Stage, Later Stage, Minority Holdings and Other Operations segments included depreciation and amortisation expense of $nil, $374,240, $9,239, and $166,626, respectively (2020: $10,100, $460,880, $0, and $179,637, respectively).

The proportion of net assets shown above that is attributable to non-controlling interest is disclosed further in notes 11 and 15.

Geographic Information

The Group revenues and net operating losses for the years ended 31 December 2021 and 2020 are considered to be entirely derived from its operations within the United States and accordingly no additional geographical disclosures are provided.

(5) Operating Expenses

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

For the year ended 31 December:	**2021**	**2020**
Selling, general and administrative	16	28
Research and development	14	46

Total	30	74

The aggregate payroll costs of these persons were as follows:

For the year ended 31 December:	**2021** $'000	**2020** $'000
Selling, general and administrative	4,959	5,873
Research and development	1,378	2,619
Total	6,337	8,492

Total operating expenses were as follows:

For the year ended 31 December:	**2021** $'000	**2020** $'000
Salaries and wages	4,669	5,903
Payroll taxes	333	158
Healthcare benefit	1,020	1,338
Other payroll cost	34	41
Share-based payments	281	1,052
Total	6,337	8,492
Cost of revenue	443	210
Other SG&A expenses	5,610	4,624
Other R&D expenses	1,272	2,093
Total operating expenses	13,662	15,419

	2021 $'000	**2020** $'000
Auditor's remuneration		
Audit of these financial statements	430	419
Audit-related assurance services	96	96
	526	515

The Group recorded an impairment charge on property and equipment of $0.4 million (2020: $ nil million).

See note 6 for further disclosures related to share-based payments and note 22 for management's remuneration disclosures.

(6) Share-Based Payments

UK Long Term Incentive Plan

Under the UK Long Term Incentive Plan ("LTIP"), awards of Ordinary Shares may be made to employees, officers and directors, and other individuals providing services to the Company and its subsidiaries. Awards may be granted in the form of share options, share appreciation rights, restricted or unrestricted share awards, performance share awards, restricted share units, phantom-share awards and other share-based awards. Vesting is subject to the achievement of certain performance conditions and continued services of the participant.

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

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

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

No shares were issued in respect of historic awards under the LTIP during 2021 (2020: 387,000 Ordinary shares). A summary of stock option activity under the UK LTIP for the years ended 31 December 2021 and 2020, respectively, is shown below:

For the year ended 31 December:	2021			2020		
	rTSR	SVM	Time	rTSR	SVM	Time
Number of shares granted at maximum ('000)	—	—	—	—	—	387
Weighted average fair value ($)	—	—	—	—	—	0.36
Fair value measurement basis	Monte Carlo	Market value of ordinary share	Market value of ordinary share	Monte Carlo	Market value of ordinary share	Market value of ordinary share

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

The share grants that vest only upon the occurrence of a non-market performance condition (i.e. the SVM grants) and service condition or upon passage of time were valued at the fair value of the shares on the date of the grants the vesting conditions are taken into account. The number of instruments included in the measurement of the transaction amount is subsequently adjusted so that, ultimately, the amount of recognised share-based expense is based on the number of instruments that eventually vest. None of the outstanding awards under the LTIP as of 31 December 2021 are subject to SVM vesting.

The accounting charge does not necessarily represent the intended value of share-based payments made to recipients, which are determined by the Remuneration Committee according to established criteria. The share-based payment charge for the fiscal year ended 31 December 2021 related to the UK LTIP was $0.3 million (2020: $0.9 million).

U.S. Stock Option/Stock Issuance Plan

The U.S. Stock Option/Stock Issuance Plan (the "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. Pursuant to the Company's IPO 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 2021 and 2020 under the Allied Minds 2008 Plan. A summary of stock option activity in the U.S. Stock Plan is presented in the following table:

For the twelve months ended:	**31 December 2021**		**31 December 2020**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding as of 1 January	—	—	230,000	$ 2.49
Exercised during the period	—	—	—	—
Forfeited during the period	—	—	(230,000)	$ 2.49
Outstanding as of period end	—	—	—	—
Exercisable at period end	—	—	—	—
Intrinsic value of exercisable	$ nil		$ nil	

As of 31 December 2021 no options were exercised (2020: nil) resulting in $nil (2020: $ nil) additional share premium for the period.

Allied Minds Phantom Plan

In 2007, Allied Minds established a cash settled plan for Allied Minds employees, also known as its Phantom Plan. In 2012, the Board of Directors adopted the Amended and Restated 2007 Phantom Plan. Under the terms of the Amended and Restated Plan, upon a liquidity event Allied Minds will allocate 10% of the value (after deduction of the amount invested by Allied Minds and accrued interest at a rate not exceeding 5% per annum) of the invested capital owned by Allied Minds of each operating company to the plan account. Upon a liquidity event, plan participants holding units will receive their proportionate share of the plan account. The allocated shares at all times remain the sole and exclusive property of Allied Minds and holders of units have no rights or interests in Allied Minds.

Allied Minds has not accrued any expense relating to the Phantom Plan as of 31 December 2021 and 2020. Management records an expense relating to this plan when it is probable that a subsidiary will be sold and the amount of the payout is reasonably estimable or will be paid out in accordance with the plan. Given the current valuation of the investments and the thresholds required for payments to be made, management has judged that is unlikely there will be any future payouts in respect of this plan based on the position at 31 December 2021.

Share-based Payment Expense

The Group recorded share-based payment charge/ credit related to stock options of approximately $281,471 and $1,052,000 for the years ended 31 December 2021 and 2020, respectively. There was no income tax benefit recognised for share- based payment arrangements for the years ended 31 December 2021 and 2020, respectively, due to operating losses.

The following table provides the classification of the Group's consolidated share-based payment expense/ income as reflected in the Consolidated Statement of Loss:

For the year ended 31 December:	**2021** $'000	**2020** $'000
Selling, general and administrative	270	991
Research and development	11	61
Total	281	1,052

(7) Finance Cost, Net

The following table shows the breakdown of finance income and cost:

For the year ended 31 December:	**2021** $'000	**2020** $'000
Interest income on:		
– Bank deposits	45	292
Foreign exchange gain	—	(1)
Finance income	45	291
Interest expense on:		
– Financial liabilities at amortised cost	(250)	(313)
Foreign exchange loss	(5)	(1)
Finance cost contractual	(255)	(314)
Loss on fair value measurement of subsidiary preferred shares	(2,578)	(1,763)
Finance cost	(2,833)	(2,077)
Total finance cost, net	(2,788)	(1,786)

See note 16 for further disclosure related to subsidiary preferred shares.

(8) Loss Per Share

The calculation of basic and diluted loss per share as of 31 December 2021 was based on the loss attributable to ordinary shareholders of $15.5 million (2020: $53.0 million) and a weighted average number of ordinary shares outstanding of 242,187,985 (2020: 241,901,871), calculated as follows:

Loss attributable to ordinary shareholders:

	2021 $'000		**2020** $'000	
	Basic	Diluted	Basic	Diluted
Loss for the year attributed to the owners of the Company	(15,534)	(15,534)	(53,025)	(53,025)
Loss for the year attributed to the ordinary shareholders	(15,534)	(15,534)	(53,025)	(53,025)

Weighted average number of ordinary shares:

	2021		**2020**	
	Basic	Diluted	Basic	Diluted
Issued ordinary shares on 1 January	242,187,985	242,187,985	241,563,123	241,563,123
Effect of RSUs issued	—	—	338,748	338,748
Effect of dilutive shares	—	—	—	—
Weighted average ordinary shares	242,187,985	242,187,985	241,901,871	241,901,871

Loss per share:

	2021 $		**2020** $	
	Basic	Diluted	Basic	Diluted
Loss per share	(0.06)	(0.06)	(0.22)	(0.22)

(9) Property and Equipment

Information regarding the cost and accumulated depreciation of property and equipment, net, consists of the following:

Cost

in $'000	**Machinery and Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Computers and Electronics**	**Under Construction**	**Tota l**
Balance as of 31 December 2019	1,049	71	871	355	208	554
Additions	64	—	—	353	147	564
Transfers	(454)	—	—	—	454	0

Balance as of 31 December 2020	659	71	871	708	809	3,118
Additions	309	—	—	15	—	324
Disposals	(347)	—	—	—	(139)	(486)
Impairment	—	—	—	—	(458)	(458)
Deconsolidation of subsidiaries	—	—	—	(34)	—	(34)
Balance as of 31 December 2021	621	71	871	689	212	2,464

Accumulated Depreciation and Impairment loss

in $'000	Machinery and Equipment	Furniture and Fixtures	Leasehold Improvements	Computers and Electronics	Under Construction	Total
Balance as of 31 December 2019	(300)	(3)	(493)	(273)	—	(1,069)
Depreciation	(175)	(14)	(143)	(121)	—	(453)
Impairment loss	—	—	—	—	—	—
Disposals	—	—	—	—	—	—
Balance as of 31 December 2020	(475)	(17)	(636)	(394)	—	(1,522)
Depreciation	(221)	(14)	(143)	(144)		(523)
Disposals	347	—	—	—	—	347
Deconsolidation of subsidiaries	—	—	—	21	—	21
Balance as of 31 December 2021	(349)	(31)	(779)	(518)	—	(1,677)

Property and equipment, net

in $'000	Machinery and Equipment	Furniture and Fixtures	Leasehold Improvements	Computers and Electronics	Under Construction	Total
Balance as of 31 December 2020	184	54	235	314	809	1,596
Balance as of 31 December 2021	272	40	92	171	212	787

Impairment of property and equipment of $0.5 million and $ nil for the years ended 31 December 2021 and 2020, respectively, is mainly attributed to the closing of subsidiary companies, which resulted in the associated assets being impaired. Impairment of property and equipment is included in selling, general and administrative expenses in the consolidated statement of comprehensive income.

Property and equipment under constructions represents assets that are in the process of being built and not placed in service as of the reporting date.

(10) Intangible Assets

Information regarding the cost and accumulated amortisation of intangible assets is as follows:

Cost
in $'000

	Software	Total
Balance as of 31 December 2019	926	926
Additions - Acquired separately	—	—
Disposals	—	—

Balance as of 31 December 2020	926	926
Additions - Acquired separately	—	—
Disposals	—	—
Balance as of 31 December 2021	926	926

Accumulated amortisation and Impairment loss

in $'000	**Software**	**Total**
lance as of 31 December 2019	(729)	(729)
Amortisation	(197)	(197)
Balance as of 31 December 2020	(926)	(926)
Amortisation	—	—
Impairment loss	—	—
Balance as of 31 December 2021	(926)	(926)

Intangible assets, net
in $'000

	Software	**Total**
Balance as of 31 December 2020	—	—
Balance as of 31 December 2021	—	—

Amortisation expense is included in selling, general and administrative expenses in the consolidated statement of comprehensive loss. Amortisation expense, recorded using the straight-line method, was approximately $nil and $197,000 for the years ended 31 December 2021 and 2020, respectively. This is mainly attributed to software assets being fully amortized.

Impairment of intangible assets was $nil for the years ended 31 December 2021 and 2020. Impairment expense is included in selling, general and administrative expenses in the Consolidated Statement of Comprehensive Loss.

At each reporting period, management considers qualitative and quantitative factors that define the future prospects of the respective investment and assesses whether it supports the value of the underlying intangible.

(11) Investments

Group Subsidiaries, associates and investments

As of 31 December 2021, Allied Minds has six portfolio companies, including subsidiaries, associates and investments and two holding companies. As at the 31 December 2021 the investments in each of the companies and the accounting treatment is summarized below:

Portfolio company	**Financial instruments held**	**Accounting treatment of financial instruments**
Allied Minds LLC	Ordinary shares	Consolidated by the group in line with IFRS 10 and following management assessment of significant control.

Allied Minds Securities Corp.	Ordinary shares	Consolidated by the group in line with IFRS 10 and following management assessment of significant control.
BridgeComm, Inc.	Ordinary share capital and preferred shares	Consolidated by the group in line with IFRS 10 and following management assessment of significant control. Preferred shares are eliminated on consolidation between group companies, preferred shares held by third parties are fair valued through profit and loss under IFRS 9.
Concirrus, LTD (Spark Insights, Inc.)	Preferred shares	The Group has a minority stake in the investment and does not have significant influence over the company. The investment in preferred shares is accounted for at fair value through the profit and loss under IFRS 9.
OcuTerra Therapeutics, Inc.	Ordinary share capital and preferred shares	The Group has consolidated the company up to the point it lost control in OcuTerra due to its latest financing event and was no longer a majority owner. As a result, the company was deconsolidated and it retained a minority stake in the investment. As of the year end, the Group does not have significant influence over the company. Therefore, the investment in ordinary shares is accounted for at fair value through the profit and loss under IFRS 9. Preferred share holdings are accounted for at fair value through profit and loss as investments held by the Group under IFRS 9.
Federated Wireless, Inc.	Ordinary share capital and preferred shares	The ordinary share capital ownership means that the group has significant influence but not control over the entity. Therefore, the investment in ordinary shares is accounted for by the equity method of accounting

		under IAS 28. Preferred share holdings are accounted for at fair value through profit and loss as investments held by the Group under IFRS 9.
Orbital sidekick, Inc.	Preferred shares	No ordinary shares are owned by Allied Minds and the directors have judged, at the year end, that the group does not have significant influence over the entity through its preferred share holding. Preferred share holdings are accounted for at fair value through profit and loss as investments held by the Group under IFRS 9.
TouchBistro, Inc.	Ordinary shares	The group has a minority stake in the investment and does not have significant influence over the company. Therefore, the investment in ordinary shares is accounted for at fair value through the profit and loss under IFRS 9.

The following outlines the formation of each subsidiary and evolution of Allied Minds' ownership interest over the two year period ended 31 December 2021:

	Inception Date	Location [2]	Issued and Outstanding Ownership percentage at 31 December [1] 2021	2020
Active subsidiaries				
Holding companies				
Allied Minds, LLC	19/06/14	Boston, MA	100.00%	100.00%
Allied Minds Securities Corp.	21/12/15	Boston, MA	100.00%	100.00%
Later stage company				
BridgeComm, Inc. [3]	09/02/15	Denver, CO	81.15%	81.15%
Number of active subsidiaries at 31 December:			3	3
Associates				
Federated Wireless, Inc. [3]	08/08/12	Arlington, VA	42.72%	43.11%
Spin Memory, Inc.	03/12/07	Fremont, CA	N/A	43.01%
Other investments				
TouchBistro, Inc [4]	08/05/20	Boston, MA	1.40%	1.52%
Orbital Sidekick, Inc. [3]	02/08/16	San Francisco, CA	26.29%	33.23%
OcuTerra Therapeutics, Inc. [3][4]	14/12/10	Cambridge, MA	17.06%	62.67%
Concirrus, LTD. (Spark Insights, Inc.) [3]	10/29/21	London, UK	0.98%	70.59%

Notes:

(1) Represents ownership percentage held by Allied Minds Plc based on the equity interest owned in ordinary shares plus potential equity interest owned in convertible preference shares. The current percentage ownership of each company ordinary share capital is as follows: Allied Minds LLC 100%, Allied Minds Securities Corp. 100%, BridgeComm, Inc. 98.47%, OcuTerra Therapeutics, Inc. 75.26%, Federated Wireless 91.71%, TouchBistro 1.40%, Orbital Sidekick 0%;
(2) Allied Minds LLC, BridgeComm, Inc., OcuTerra Therapeutics, Inc., Federated Wireless, Inc. and Federated Wireless Government Solutions, Inc. have a registered office address at CT Corporation System, Corporation Trust Center, and 1209 Orange Street, Wilmington, DE 19801, United States. Allied Minds Securities Corp. has a registered office address at CT Corporation System, 155 Federal Street, Suite 700, Boston, MA 02110, United States. TableUp Inc. have a registered office address at 1209 Orange Street, Wilmington, DE 19801. Orbital Sidekick Inc. has a registered office at Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808. Concirrus, LTD. has a registred office address at New City Court, 20 St. Thomas Street, London SE1 9RS.
(3) The preferred shares that Allied Minds has in these companies are accounted for under IFRS 9.
(4) The common shares that Allied Minds has in these companies are accounted for under IFRS 9.

The following tables summarise the financial information related to the Group's subsidiaries with material non-controlling interests, aggregated for interests in similar entities, and before intra-group eliminations.

As of and for the year ended 31 December:

		2021 $'000	
	Early Stage	**Later Stage**	**Minority Holdings**
Statement of Comprehensive Loss			
Revenue	-	1,544	-
Income for the year	-	12,395	3,810
Other comprehensive income	-	-	-
Total comprehensive income	-	12,395	3,810
Comprehensive (loss)/ income attributed to NCI	-	186	(896)
Statement of Financial Position			
Non-current assets	-	820	-
Current assets	-	6,262	-
Total assets	-	7,082	-
Non-current liabilities	-	(75)	-
Current liabilities	-	(12,820)	-
Total liabilities	-	(12,895)	-
Net liabilities	-	(5,813)	-
Carrying amount of NCI	-	168	-
Statement of Cash Flows			
Cash flows from operating activities	-	(2,089)	13,916
Cash flows from investing activities	-	(184)	-
Cash flows from financing activities	-	1,387	(1,186)
	-	(886)	12,730

	2020 $'000		
	Early stage	Later stage	Minority holdings
Statement of Comprehensive Loss			
Revenue	-	480	-
Loss for the year	(1,966)	(11,051)	-
Other comprehensive loss	-	-	-
Total comprehensive loss	(1,966)	(11,051)	-
Comprehensive loss attributed to NCI	(2,024)	(455)	-
Statement of Financial Position			
Non-current assets	320	1,288	
Current assets	502	7,105	-
Total assets	822	8,393	
Non-current liabilities	(105)	(1,380)	
Current liabilities	(3,756)	(27,707)	-
Total liabilities	(3,861)	(29,087)	-
Net liabilities	(3,039)	(20,694)	-
Carrying amount of NCI	(3,441)	1,180	
Statement of Cash Flows			
Cash flows from operating activities	(1,953)	(6,621)	-
Cash flows from investing activities	(20)	(538)	-
Cash flows from financing activities	184	4,707	-
	(1,789)	(2,452)	-

Investment in Associates

At 31 December 2021, the Group has one associate, Federated Wireless, which is material to the Group and is equity accounted. During the year, the group held Spin Memory as an equity accounted for associate. Its operations were ceased in the period as the board made the decision to liquidate this company.

Spin Memory: : As of 31 December 2020, Allied Minds' ownership percentage went from 42.69% to 43.01% as a result of the entity's latest financing round in July 2020. In accordance with IAS 28, once the share of losses of an associate equals or exceeds its "interest in the associate", the investor discontinues recognising its share of further losses. Once Allied Minds' interest in Spin Memory was reduced to zero no further adjustments were made to the investment balance at 31 December 2020. As of 31 December 2021, Allied Minds' ownership percentage remained at 43.01%.

On 23 June 2021, the Board of Spin Memory has taken the decision to liquidate the company. Allied Minds first invested $1.5 million in Spin Memory in November 2007 and continued to provide funding in subsequent fundraising rounds. Allied Minds' total investment in Spin Memory is $50.5 million. As indicated at the full year results in March, and due to the fact the company was not able to secure further investment from third parties, despite shareholders providing operational and financial support, Spin Memory faced significant liquidity issues. These were due to challenges in securing new customers, alongside the impact of COVID-19 which significantly delayed the required testing of its development chip with ARM. In light of these challenges and the significant quantum of capital committed to Spin Memory to date, the Board of Allied Minds has concluded that it is no longer prepared to make any further investment into Spin Memory. As of 31 December 2021, the liquidation process is pending final environmental issues and is expected to be completed in Q2 2022. Based on the Assignments For The Benefit Of Creditors (ABC) proceedings Allied Minds expects to get no payment from the process.

		Ownership percentage	
	Location	31 December 2021	31 December 2020
Spin Memory, Inc.	Fremont, CA	43.01%	43.01%

	31 December 2021 $'000	31 December 2020 $'000
Group's interest in net assets of investee, beginning of period	—	—
Share of loss from continuing operations	—	—
Carrying amount for equity accounted investees	—	—
Unrecognised share of losses in associate	(37,393)	(37,393)
Total outstanding	(37,393)	(37,393)

Federated Wireless: As of 31 December 2020, Allied Minds' ownership percentage went from 42.57% to 43.11% and the investment in Federated Wireless continues to be subject to the equity method accounting. In accordance with IAS 28, the Company's investment was adjusted by the share of profits and losses generated by Federated Wireless subsequent to the date of deconsolidation. As a result, Allied Minds recorded a share of loss of $6.8 million in the Consolidated Statements of Comprehensive Loss for the year ended 31 December 2020, that reduced the investment in Federated to a zero balance.

As of 31 December 2021, Allied Minds' ownership percentage went from 43.11% to 42.72% and continues to be subject to the equity method accounting. No further adjustments were made to the investment balance at 31 December 2021. If Federated Wireless subsequently reports profits, Allied Minds will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

		Ownership percentage	
	Location	31 December 2021	31 December 2020
Federated Wireless, Inc.	Arlington, VA	42.72%	43.11%

	31 December 2021 $'000	31 December 2020 $'000
Group's interest in net assets of investee, beginning of period	—	6,845
Addition in the year	—	—
Share of loss from continuing operations	—	(6,845)
Carrying amount for equity accounted investees	—	—
Unrecognised share of losses in associate	(53,169)	(19,432)
Total outstanding	(53,169)	(19,432)

The following is summarised financial information for Federated Wireless, based on their perspective consolidated financial statements prepared in accordance with IFRS:

	Federated Wireless $'000	
	2021	**2020**
Revenue	11,021	2,882
Loss for the period	(36,788)	(28,073)
Total non-current assets	10,067	17,948
Total current assets	24,209	30,597
Total assets	34,276	48,545
Total non-current liabilities	(4,516)	(5,804)
Total current liabilities	(86,607)	(133,917)
Net assets	(56,847)	(91,176)

Investments at fair value

The Group's investments at fair value represent securities of portfolio companies where Allied Minds holds preferred shares or 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 and on derecognition.

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

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

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

Other valuation approaches

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

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

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

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.

Those investments are presented in the below table:

	31 December 2021	**Disposals**	**Finance (income)/cost from IFRS 9 fair value accounting**	**Additions***	**31 December 2020**
	$'000	$'000	$'000	$'000	$'000
Federated Wireless, Inc.	14,154	—	(14,378)	—	28,532
Spin Memory, Inc.	-	—	(4,821)	—	4,821
Orbital Sidekick, Inc.	8,528	—	564	2,500	5,464
TouchBistro, Inc.	4,330	—	1,559	—	2,771
OcuTerra Therapeutics, Inc.	6,276	—	2,965	3,311	—
Concirrus, LTD	696	—	—	696	—
Total investments at fair value	**33,984**	**—**	**(14,111)**	**6,507**	**41,588**

* Of the total amount presented in the additions column, $1.0 million was cash used in investing activities. related to Orbital Sidekick's latest financing. As such, on the cash flow statement, the total cash used for purchase of investments consists of that $1.0 million and the $4.3 million noted below related to Federated Wireless SAFE.

Federated Wireless: The Company's investment at fair value in Federated Wireless has changed from $28.5 million, as reported at 31 December 2020, to $14.2 million at 31 December 2021. The decrease in investment balance primarily relates to the IFRS 9 fair value accounting during the period.

In November 2021, Allied Minds invested $4,283,000 in the form of SAFEs (simple agreements for equity) in Federated Wireless, which will convert into shares of preferred stock in the company's next equity financing round. The entire instrument is measured at fair value through profit or loss. The SAFE is classified as a current receivable on Allied Minds' financial position. At 31 December 2021, the entire instrument was adjusted by a fair market gain of $0.2 million.

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

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

On 13 April 2021, Orbital Sidekick, Inc. ("OSK") completed the closing of its $16 million Series A funding round led by Temasek, an investment company headquartered in Singapore, with participation from Energy Innovation Capital, Syndicate 708, and existing investors Allied Minds and 11.2 Capital. Out of the total financing capital raised, Allied Minds invested $2.5 million (including the conversion of its SAFE of $1.5 million). As of 31 December 2021, Allied Minds' ownership of Orbital Sidekick's issued share capital is 26.29% compared to 33.23% at 31 December 2020. As of 31 December 2021, Allied Minds investment held at fair value related to its Preferred Shares in Orbital Sidekick was valued at $8.5 million (31 December 2020: $5.5 million).

TouchBistro: On 6 April 2018, Allied Minds made an investment in TableUp, a software provider enabling end-to-end transparency through the restaurant supply chain to enable more effective inventory and operations management. On 5 August 2020, TableUp was acquired by TouchBistro, Inc. ("TouchBistro"). The acquisition was structured as a stock-for-stock transaction in which TouchBistro acquired 100% of the shares of TableUp in exchange for the issuance of TouchBistro common shares to the shareholders of TableUp. As such, Allied Minds's investment in preferred stock, along with the convertible note, was fully converted into common shares in TouchBistro. A total of 2,542,662 common shares of TouchBistro was paid to Allied Minds valued at $5.99 million at the time of the transaction. As a result of the acquisition, Allied Minds' ownership percentage was 1.52% at 31 December 2020. Allied Minds does not have significant influence over the investee as it does not hold 20% or more of the voting power of the investee as well as it does not have any board representation. As such, the investment does not meet the definition of an associate under IAS 28 Equity Accounting ("IAS 28") and therefore, the common shares are classified as an investment at fair value, under IFRS 9 Financial Instruments ("IFRS 9"). As of 31 December 2021, Allied Minds' ownership of TouchBistro's issued share capital is 1.40% compared to 1.52% at 31 December 2020. At 31 December 2021, the fair value of Allied Minds' investment in TouchBistro was measured at $4.3 million (31 December 2020: $2.8 million).

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

Consequently, since the Company no longer held a majority of the voting rights in OcuTerra Therapeutics and did not hold a majority on its board of directors, Allied Minds did not exercise effective control over OcuTerra Therapeutics. However, even after the transaction, Allied Minds was able to exercise significant influence over the entity by virtue of its large, albeit minority, stake in the company and its representation on the OcuTerra Therapeutics's board of directors. As such, only the profits and losses generated by OcuTerra Therapeutics through April 2021 were included in the Group's Consolidated Statements of Comprehensive Loss. Upon the date of deconsolidation, Allied Minds recognised an investment in OcuTerra Therapeutics related to its common shares of $2.4 million. Series A Preferred Stock and Series B Preferred Stock (collectively the "OcuTerra Therapeutics Preferred Stock") held by Allied Minds are not equity-like and therefore these fall under the guidance of IFRS 9 and will be treated as a financial asset held at fair value where all movements to the value of Allied Minds' share in the preferred stock will be recorded through the Consolidated Statements of Comprehensive Loss. At the date of deconsolidation these were classified as an investment at fair value of $3.3 million. The fair value of the investment in associate at the date of deconsolidation was based on the value implied from the third party funding round which lead to the loss of control. This is a market based valuation approach. As a result of the deconsolidation, Allied Minds recorded an unrealised gain of $14.2 million in the Consolidated Statements of Comprehensive Loss. The gain was calculated by taking the difference between the fair value of the interest retained in the former subsidiary at the date control is lost less the carrying amount of net assets adjusted for the non-controlling interests of the former subsidiary.

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

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

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

		Ownership percentage	
	Location	**31 December 2021**	**31 December 2020**
OcuTerra Therapeutics, Inc.	Cambridge, MA	17.06%	62.67%

	31 December 2021	**31 December 2020**
	$'000	$'000

Group's interest in net assets of investee, beginning of period	—	—
Addition in the year	2,362	—
Share of loss from continuing operations	(2,362)	—
Carrying amount for equity accounted investees	—	—
Unrecognised share of losses in associate	(1,406)	—
Total outstanding	(1,406)	—

Spark Insights: On 29 October 2021, Allied Minds Plc has disposed of its portfolio company, Spark Insights, Inc. to Concirrus, a private UK-based insurance technology company. The acquisition was structured as a stock-for-stock transaction in which Concirrus acquired 100% of the shares of Spark in exchange for the issuance of Concirrus' Series A1 preferred shares. As such, Allied Minds's investment in preferred stock, along with the promissory notes, was fully converted into preferred shares in Concirrus. A total of 61,252 Series A1 preferred shares of Concirrus was paid to Allied Minds, valued at $700,000. As at 29 October 2021, Allied Minds' issued and outstanding ownership of Spark Insights was 70.44% and fully-diluted ownership was 60.00%. As a result of the acquisition, Allied Minds' ownership percentage in Concirrus is 0.98%. Allied Minds has not retained any board representation as it waived that with the disposal of Spark Insights. As such, the company does not exercise effective control over Spark and as a result was deconsolidated from the Group's financial statements.

Allocation Model Inputs

Allied Minds holds shares of preferred stock in Federated Wireless and Orbital sidekick and has significant influence over financial and operating policies of the investee by virtue of its stake in the companies and representation on the entity's board of directors. Allied Minds holds a minority interest in the ordinary share capital of TouchBistro and a minority interest in the preferred share of Concirrus, where significant influence is not held. It also hold a minority interest in the ordinary share capital and preferred stock of OcuTerra Therapeutics. The preferred shares and ordinary share capital in the investments noted above fall under the guidance of IFRS 9 and will be treated as a financial asset held at fair value and all movements to the value of Allied Minds' share of these assets will be recorded through the Consolidated Statements of Comprehensive Income/(Loss). 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 31 December:	**2021**	**2020**
Volatility	51.8%-81.2%	38.8%-73.5%
Time to Liquidity (years)	0.75 - 2.75	1.50 - 3.27
Risk-Free Rate	0.29% - 0.89%	0.10% - 0.2%
IPO/M&A/Sale Probability	0%/ 100%/ n/a	0%/ 100%/ n/a

Sensitivity Analysis

The following summarises the sensitivity from the assumptions made by the Company in respect to the unobservable inputs used in the fair value measurement of the Group's financial assets. The sensitivities provided reflect reasonably possible changes to the key assumptions:

As of 31 December:	**2021**	**2020**
	$'000	$'000

Input	Sensitivity range	Financial assets increase/(decrease)	
Enterprise Value	-2%	(780)	(451)
	+2%	677	613
Volatility	-10%	171	602
	+10%	(79)	(290)
Time to Liquidity	-6 months	534	445
	+6 months	(1,756)	(198)
Risk-Free Rate (1)	-0.23%/-0.09%	809	445
	0.18% /0.02%	(465)	(198)

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

(12) Cash and Cash Equivalents

As of 31 December:	2021 $'000	2020 $'000
Bank balances	9,710	24,489
Total cash and cash equivalents	9,710	24,489

(13) Trade and Other Receivables

As of 31 December:	2021 $'000	2020 $'000
Trade receivables	434	394
Prepayments and other current assets	5,478	5,422
Total trade and other receivables	5,912	5,816

(14) Equity

ALM's Board of Directors (the "Board") approved a new programme to buy back up to $3.0 million of the Group's shares ("Buyback Programme") during 2021. Share purchases took place in open market transactions and were made from time to time depending on market conditions, share price, trading volume and other factors. The Buyback Programme ran from the date of the announcement to 6 October 2021. The Buyback Programme was in accordance with Allied Minds' general authority to purchase a maximum of 24,218,799 Ordinary Shares, granted by its shareholders at the Annual General Meeting held on 12 May 2021 and the purpose was to reduce share capital. Shares purchased under the Buyback Programme will be cancelled. As of 31 December 2021, the company has repurchased 2,537,712 of its own shares for a total value of $737,678.

During 2021 and 2020, there were no options exercised under the U.S. Stock Plan. Additionally, no shares (2020: 624,862 shares) were issued to existing and former employees of the Group during the year as result of vesting of RSUs under the LTIP.

As of 31 December 2021, 11,551,496 ordinary shares were reserved under the U.S. Stock Plan and 24,781,174 were reserved under the LTIP, see note 6 for further discussion of the share-based payment plans.

The table below explains the composition of equity:

As of 31 December:	2021 $'000	2020 $'000
Equity		
Share capital, $0.01 par value, issued and fully paid 242,187,985 and 242,187,985, respectively	3,767	3,767
Treasury shares	(738)	—
Translation reserve	1,302	1,343
Accumulated profit	40,156	55,440
Equity attributable to owners of the Company	44,487	60,550
Non-controlling interests	168	(2,264)
Total equity	44,655	58,286

Holders of Ordinary Shares are entitled to vote, on all matters submitted to shareholders for a vote. Each Ordinary Share is entitled to one vote. Each ordinary share is entitled to receive dividends when and if declared by the Company's Board of Directors. The Company has not declared any dividends prior to 2020. In February 2020, Allied Minds made a special cash dividend payment to shareholders of $39.7 million as a result of the sale of Allied Minds' share in HawkEye in the second half of 2019.

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(15) Changes in Non-Controlling Interest ("NCI")

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

	Early Stage $'000	Later Stage $'000	Consolidated $'000
Non-controlling interest as of 31 December 2019	**(1,418)**	**1,533**	**115**
Share of comprehensive loss	(2,024)	(455)	(2,479)
Effect of change in Company's ownership interest	—	(18)	(18)
Equity-settled share based payments	1	117	118
Non-controlling interest as of 31 December 2020	**(3,441)**	**1,177**	**(2,264)**
Share of comprehensive loss	2,714	(3,424)	(710)
Effect of change in Company's ownership interest	(58)	(38)	(96)
Equity-settled share based payments	(1)	32	31
Deconsolidation of subsidiaries	786	2,421	3,207

Non-controlling interest as of 31 December 2021	**—**	**168**	**168**

(16) 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 events, and/or a requirement to deliver an uncertain number of common shares upon conversion. The preferred shares do not contain mandatory dividend rights. The preferred shares are convertible into common stock of the subsidiary at the option of the holder and mandatorily convertible into common stock of the subsidiary upon a qualified public offering at or above certain value and gross proceeds specified in the agreements or upon the vote of the holders of a majority of the subsidiary preferred shares. Under certain scenarios the number of common stock shares receivable on conversion will change. The Group has elected not to bifurcate the variable conversion feature as a derivative liability, but account for the entire instrument at fair value through the income statement.

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

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

The following summarises the subsidiary preferred shares balance:

As of 31 December:	**2021**	**Fair value gain or loss under IFRS 9**	**Disposals**	**Additions**	**2020**
	$'000	$'000	$'000	$'000	$'000
BridgeComm	1,255	(5,242)	—	—	6,497
OcuTerra Therapeutics	—	7,704	(21,841)	14,137	—
Total subsidiary preferred shares	1,255	2,462	(21,841)	14,137	6,497

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

As of 31 December:	2021 $'000	2020 $'000
BridgeComm	1,260	6,500
Total liquidation preference	1,260	6,500

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

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

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

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

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

PWERM and OPM

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

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

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

Allocation Model Inputs

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

As of 31 December:	2021	2020
Volatility	77.7%	53.6%
Time to Liquidity (years)	2.00	2.00
Risk-Free Rate	0.73%	0.10%
Probability M&A	n/a	100%

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 subsidiary preferred shares liability. Option Pricing Model and Probability Weighted Expected Return Method Inputs for Investments Held at Fair Value at 31 December 2021 and 2020 respectively:

	OPM Measurement Date		
As of:		**2021**	**2020**
		$'000	$'000
Input	**Sensitivity range**		
Enterprise Value	-2%	(3)	(112)
	+2%	35	114
Volatility	-10%	35	266
	+10%	(3)	(264)
Time to Liquidity	-6 months	35	117
	+6 months	(3)	(112)
Risk-Free Rate	-0.17/-0.02	35	117
	0.12/ 0.02	(3)	(112)

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

The subsidiary preferred shares are measured at fair value through profit/loss (FVTPL) according to IFRS 9 at initial recognition and upon subsequent measurement. Hence, any gains and losses on the preferred shares liability are recognised in profit or loss, unless they relate to changes in the entity's own credit risk for financial liability designated as at fair value through profit or loss. The effect of changes in the entity's own credit risk in the fair value of the financial liabilities are presented in other comprehensive income. There were no adjustments considered for movement in credit risk as this is not applicable within the specific valuation frameworks utilized for the fair values of the Group's preferred share liability. The subsidiary preferred shares values and movement in credit risk, if applicable, are being constantly monitored as new information becomes available. For the year ended 31 December 2021, the change in fair value of the subsidiary preferred shares is recorded in Finance cost, net in the consolidated statement of comprehensive loss.

(17) Trade and Other Payables

As of 31 December:	2021 $'000	2020 $'000
Trade payables	210	319
Accrued expenses	525	1,457
Other current liabilities	326	325
Trade and other payables, current	1,061	2,101

(18) Loans

As of 31 December:	2021 $'000	2020 $'000
Current liabilities - Loans:		
Unsecured loans	3,109	2,965
Paycheck Protection Program (PPP) loans*	—	184
Non- Current liabilities - Loans:		
Unsecured loans	—	1,440
Total loans	3,109	4,589

*Two subsidiaires of the Group during the year, Spark Insights and BridgeComm, have received PPP loans under the CARES Act in 2020 ($0.2 million) and 2021 ($0.2 million). At 31 December 2021, the full PPP balance decreased from $443 thousand to $nil due to PPP loan forgiveness in current period.

The terms and conditions of outstanding loans are as follows:

				2021 $'000		2020 $'000	
As of 31 December:	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Unsecured loan(1)	USD	5.0%	2020-22	2,500	3,109	2,500	2,862
Unsecured loan(2)	USD	12.0%	2021-21	—	—	100	103
Unsecured loan(3)	USD	8.0%	2020-22	—	—	1,325	1,440
Total interest bearing liabilities				2,500	3,109	3,825	4,589

BridgeComm convertible note (1)

On 16 December 2020, BridgeComm secured $1.0 million of funding through the issuance of a convertible bridge note to Boeing HorizonX Ventures, LLC ("Boeing"). All principal and accrued interest shall be due and payable on 30 June 2022. In August 2021, as a result of achieving certain development milestones under the JDA with Boeing, BridgeComm secured the remaining $1.5 million of convertible debt from

Boeing. The $2.5 million promissory note was issued at a 5.0% interest rate that will be compounded monthly and computed on the basis of a year of 365 days for the actual number of days elapsed and shall be paid on the maturity date. The loan balance is due to amortize withinthe 12 months following the reporting date and will be classed as a current liability**.** The entire instrument is measured at fair value through profit or loss due to the conversion feature being an embedded derivative. At 31 December 2021, the entire instrument was adjusted upward by a fair market change of $0.1 million.

OcuTerra Therapeutics promissory note (2)
On 23 September 2020, OcuTerra Therapeutics secured $0.1 million of funding through the issuance of a promissory note to multiple investors at annual interest rate of 12.0% payable within one year from the date of issuance. The note was issued at an interest rate that will accrue on the unpaid Principal Amount at the rate of twelve (12%) per annum computed on the basis of a 365-day year. The note converted into preferred shares upon the closing of the Series B funding in April 2021.

OcuTerra Therapeutics convertible note (3)
On 5 November 2020, OcuTerra Therapeutics secured $0.95 million of funding through the issuance of a convertible bridge note to multiple investors at annual interest rate of 8.0%. On 10 January 2021, OcuTerra Therapeutics raised an additional $0.4 million in the second closing of its convertible note financing. The note was issued at an interest rate that will accrue on the unpaid Principal Amount at the rate of eight (8%) per annum, payable at the maturity date (36 month anniversary of the closing date). All accrued interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and shall be payable on the date the outstanding principal amount shall become due and payable, whether on the Maturity Date or by acceleration or otherwise, or upon conversion. The entire instrument and the offsetting discount will be measured at fair value through profit or loss as the conversion feature fails the fixed for fixed equity classification. The convertible note of $1.5 million converted into preferred shares upon the closing of the Series B funding in April 2021.

(19) Leases

Office and laboratory space is rented under non-cancellable operating leases. These lease agreements contain various clauses for renewal at the Group's option and, in certain cases, escalation clauses typically linked to rates of inflation.

Right of use asset

	2021	2020
	$000s	$000s
Balance at 1 January	651	1,016
Additions	192	-
Depreciation	(316)	(365)
Deconsolidation	(113)	-
Balance at 31 December	**414**	**651**

Lease liability

	2021	2020
	$000s	$000s
Balance at 1 January	1,830	2,854
Additions	192	-
Cash paid	(1,100)	(1,150)
Interest expense	71	126
Deconsolidation	(120)	-
Balance at 31 December	**873**	**1,830**

The following details the short term and long-term portion of the lease liability as at 31 December 2021:

	Total lease liability
	$000s
Lease liability released in < 1 year	660
Lease liability released in over 1 year	213
Total Lease Liability	873

During 2019, the Group relocated its corporate headquarters and as a result it sub-leased the office space that has been presented as part of a right-of-use asset. As the sub-lease is for all of the remaining useful economic life of the right-of-use asset, the sub-lease is classified as a finance lease.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under IAS 17, the Group did not have any finance leases as a lessor.

In thousands of $	**31 December 2021**
Less than 1 year	438
Between 1 and 5 years	-
More than 5 years	-
Total undiscounted lease receivable	438
Unearned finance income	(24)
Net investment in the lease	414

Additions in the period relate to site leases that were entered into by Allied Minds' consolidated subsidiaries during 2021. Amounts were arrived at using the contractual minimal lease payments, present valued using the applicable incremental borrowing rate of 5.0%.

Amounts recognised in profit or loss

In thousands of $	**31 December 2021**
2021 – Leases under IFRS 16	
Interest on lease liabilities	71
Income from sub-leasing right-of-use assets presented in 'interest income'	45

(20) 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 31 December: **2021** $'000

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit or loss					
Investments at fair value	33,984	—	—	33,984	33,984
Convertible note receivable	4,500	—	—	4,500	4,500
Loans and receivables					
Cash and cash equivalents	9,710				
Trade and other receivables	5,912				
Security and other deposits	594				
Total	54,700	—	—	38,484	38,484
Financial liabilities designated as fair value through profit or loss					
Convertible notes	3,109	—	—	3,109	3,109
Subsidiary preferred shares	1,255	—	—	1,255	1,255
Financial liabilities measured at amortised cost					
Trade and other payables	1,061				
Lease liability	873				
Total	6,298	—	—	4,364	4,364

As of 31 December: **2020** $'000

	Carrying Amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit or loss					
Investments at fair value	41,588	—	—	41,588	41,588
Convertible note receivable	1,500	—	—	1,500	1,500
Loans and receivables					
Cash and cash equivalents	24,489				
Trade and other receivables	5,816				
Security and other deposits	1,360				
Total	74,753	—	—	43,088	43,088
Financial liabilities designated as fair value through profit or loss					
Convertible notes	4,590	—	—	4,590	4,590
Subsidiary preferred shares	6,497	—	—	6,497	6,497

Financial liabilities measured at amortised cost					
Trade and other payables	2,101				
Lease liability	1,830				
Total	15,018	—	—	11,087	11,087

Total other financials assets were as follows:

For the year ended 31 December:	**2021**	**2020**
	$'000	$'000
Deposits	44	81
Other long term assets	—	500
Total	44	581
Convertible note receivable	4,500	1,500
Other current assets	550	779
Total	5,050	2,279
	5,094	2,860

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. See the assumptions for the valuation of the Convertible note receivable as disclosed in note 11 of the financial statements. As such, for assumptions used in the fair value measurement of the Group's convertible notes designated as Level 3, see note 18.

For assumptions used in the fair value measurement of the Group's subsidiary preferred shares liability designated as Level 3, see note 16. For assumptions used in the fair value measurement of Investments at fair value designated as Level 3, see note 11.

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

The movement in the convertible loan note assets are presented in the below table:

	31 December 2021	**Disposals**	**Movement from IFRS 9 fair value accounting**	**Additions**	**31 December 2020**
	$'000	$'000	$'000	$'000	$'000
Federated Wireless, Inc.	4,500	—	217	4,283	—
Orbital Sidekick, Inc.	—	(2,500)	—	1,000	1,500
Total convertible loan note assets at fair value	4,500	(2,500)	**217**	**5,283**	1,500

(21) Capital and Financial Risk Management

The Group's policy is to maintain a strong asset base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the level of capital deployed and available for deployment in subsidiary projects. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of deployed capital and the advantages and security afforded by a sound capital position.

The Group's executive management and Board of Directors have overall responsibility for establishment and oversight of the Group's risk management framework. The Group is exposed to certain risks through its normal course of operations. The Group's main objective in using financial instruments is to promote the commercialisation of intellectual property through the raising and investing of funds for this purpose. The Group's policies in calculating the nature, amount and timing of funding are determined by planned future investment activity. Due to the nature of activities and with the aim to maintain the investors' funds secure and protected, the Group's policy is to hold any excess funds in highly liquid and readily available financial instruments and reduce the exposure to other financial risks.

The Group has exposure to the following risks arising from financial instruments:

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents, investments held at fair value, and trade and other receivables.

The Group held following balances:

As of 31 December:	**2021** $'000	**2020** $'000
Cash and cash equivalents	9,710	24,489
Investments held at fair value	33,984	41,588
Trade and other receivables	5,912	5,816
	49,606	71,893

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to credit ratings (if available) or to historical information about counterparty default rates.

Group policy is to maintain its funds in highly liquid deposit accounts with reputable financial institutions.

The Group's investments in preferred stock are accounted for at fair value through profit or loss (FVTPL) in accordance with IFRS 9. This measurement is appropriate as these financial assets are not held with the objective to collect contractual cash flows which are solely payments of principal and interest (SPPI) on the principal amount outstanding. The entity is primarily focused on fair value information and uses that information to assess the asset's performance and to make decisions. The subsidiary preferred shares values and movement in credit risk are being constantly monitored as new information becomes available.

The Group has a concentration of credit risk in respect of its financial assets held at fair value through the profit or loss which relate to ordinary and preferred share investments with movements in fair value of $14.1 million. Of this balance $14.4 million in losses relates specifically to the preferred shares held in Federate Wireless for the period. These investments are reviewed in detail in note 11. The Group assesses the credit quality of customers, taking into account their current financial position.

The aging of trade receivables that were not impaired was as follows:

As of 31 December:	**2021** $'000	**2020** $'000
Neither past due nor impaired	434	135
Past due 30-90 days	—	259
Past due over 90 days	—	—
Reserve for bad debt	—	—
	434	394

An analysis of the credit quality of trade receivables that are neither past due nor impaired is as follows:

As of 31 December:	**2021** $'000	**2020** $'000
Customers with less than three years of trading history with the Group	434	394
	434	394

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group seeks to manage liquidity risk, ensuring that sufficient liquidity is available to meet foreseeable requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As of 31 December 2021:		**Contractual cash flows**			
$'000	**Carrying amount**	**Total**	**Less than 1 year**	**2-5 years**	**More than 5 years**
Trade and other payables	1,061	1,061	1,061	—	—

Convertible loan notes	3,109	3,109	3,109	—	—
Subsidiary preferred shares	1,255	1,255	1,255	—	—
Lease liability	873	873	660	213	—
	6,298	6,298	6,085	213	—

As of 31 December 2020:

$'000	Carrying amount	Contractual cash flows Total	Less than 1 year	2-5 years	More than 5 years
Trade and other payables	2,101	2,101	2,101	—	—
Convertible loan notes	4,590	4,590	3,150	1,440	—
Subsidiary preferred shares	6,497	6,497	6,497	—	—
Lease liability	1,830	1,830	1,830	—	—
	15,018	15,018	13,578	1,440	—

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group maintains the exposure to market risk from such financial instruments to insignificant levels. The Group exposure to changes in interest rates is determined to be insignificant.

Capital Risk Management

The Group is funded by equity finance and long term borrowings. Total capital is calculated as 'total equity' as shown in the consolidated statement of financial position.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares or borrow new debt. The Group has some external debt in the form of preferred shares and no material externally imposed capital requirements. The Group's share capital is set out in note 16.

(22) Related Parties

Transactions with Key Management Personnel

Key Management Personnel Compensation

Key management personnel compensation received comprised the following:

For the year ended 31 December:	2021 $'000	2020 $'000
Short-term employee benefits	18	1,022
Share-based payments	—	105
Total	18	1,127

Short-term employee benefits of the Group's key management personnel include salaries and bonuses, health care and other non-cash benefits.

Share-based payments include the value of awards granted under the LTIP during the year. Share-based payments under the LTIP are subject to vesting terms over future periods. See further details of the two plans in note 6.

Key Management Personnel Transactions

Directors' remuneration for the year comprised the following:

For the year ended 31 December:	2021 $'000	2020 $'000
Executive Directors' fees	18	1,127
Non-executive Directors' fees	345	359
Total	363	1,486

Executive management and Directors of the Company control 0.6% of the voting shares of the Company as of 31 December 2021 (2020: 0.6 %).

The Group has not engaged in any other transactions with key management personnel or other related parties.

(23) Taxation

Amounts recognised in profit or loss

No current income tax expense was recorded for the years ended 31 December 2021 and 2020 due to accumulated losses.

For the year ended 31 December:	2021 $'000	2020 $'000
Net income/(loss)	(15,534)	(53,025)

Income taxes	—	—
Net income/(loss) before taxes	(15,534)	(53,025)

Reconciliation of Effective Tax Rate

The Group is primarily subject to taxation in the US, therefore the reconciliation of the effective tax rate has been prepared using the US statutory tax rate. A reconciliation of the US statutory rate to the effective tax rate is as follows:

	2021	**2020**
	%	%
US federal statutory rate	21.0	21.0
Effect of state tax rate in US	5.7	5.3
Research credits	1.4	0.7
Share-based payment remeasurement	(0.5)	(0.4)
Permanent differences from consolidation	52.7	1.2
Other permanent differences	2.2	(0.7)
Current year income/(losses) for which no deferred tax asset/(liability) is recognised	(82.5)	(27.1)
	—	—

Factors that may affect future tax expense

The Group is subject to taxation in the US and UK. Additionally, the Group is exposed to state taxation in various jurisdictions throughout the US. Changes in corporate tax rates can change both the current tax expense (benefit) as well as the deferred tax expense (benefit). A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 23 May 2021, increasing the rate from 19% to 25% for future periods.

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items, due to history of operating losses and no convincing evidence that future taxable profit will be available against which the Group can use the benefits therefrom, as well as due to potential permanent restrictions under Internal Revenue Code Section 382 rules:

As of 31 December:	**2021** $’000	**2020** $'000
Tax loss carry forward	74,282	79,285
Research credits	5,201	7,022
Temporary differences	24,291	15,494
Deferred tax assets	103,774	101,801
Other temporary differences	—	—
Deferred tax liabilities	—	—
Deferred tax assets, net, not recognised	103,774	101,801

Deferred tax is measured at the rates that are expected to apply in the period when the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the statement of financial position date.

As of 31 December 2021 the Company had United States federal net operating losses carry forwards (“NOLs”) of approximately $277.6 million (2020: $292.7 million) available to offset future taxable income, if any. These carryforwards start to expire in 2024 and are subject to review and possible adjustment by the Internal Revenue Service. The Company may be subject to limitations under Section 382 of the Internal Revenue Code as a result of changes in ownership. The Company’s preliminary analysis on the impact from Section 382 limitations suggests that there is unlikely to be a material restriction on NOLs. A detailed exercise is ongoing. Upon the completion of the study, there may or may not be limitations on the Company’s ability to utilise its current NOLs against future profits, although these are not expected to be material.

(24) Subsequent Events

On 28 March 2022, Allied Minds plc (LSE: ALM) has completed the disposal of its residual shareholding in TouchBistro for $5.5 million CAD ($4.4 million USD) in line with its strategy of monetising its investment portfolio. Of the sale proceeds, $5.0 million CAD has been received and $0.5 million CAD is to be held in escrow, with an initial release date in the third quarter of 2022, subject to any then outstanding claims.

On 2 May 2022, Federated Wireless, Inc., ("Federated"), the industry leader in enterprise shared spectrum 5G private wireless, completed a $72.0 million in Series D funding at a pre new-money valuation of $230.0 million. Participants in Federated's latest financing round include an affiliate of Cerberus Capital Management, L.P. ("Cerberus"), a new investor, alongside existing investors GIC (Singapore's sovereign wealth fund) and Allied Minds.

On 8 June 2022, Allied Minds and AE Industrial HorizonX Venture Fund I, LP (HorizonX), jointly contributed an aggregate of $0.8 million of convertible bridge financing to BridgeComm, each contributing $0.4 million. The bridge financing will be applied to support the business to the completion of a new financing round.

COMPANY BALANCE SHEET

As of 31 December	***Note***	**2021** **$ '000**	**2020** **$ '000**
Non-current assets			
Loan to subsidiary	*3*	53,271	92,648
Total non-current assets		53,271	92,648
Current assets			
Cash and cash equivalents	*2*	1,682	1,756
Trade and other receivables		307	284

Total current assets		1,989	2,040
Total assets		55,260	94,688
Equity			
Share capital	*4*	3,767	3,767
Treasury shares	*4*	(738)	—
Translation reserve	*4*	(55,215)	(59,394)
Accumulated reserves	*4*	107,357	150,080
Total equity	*4*	55,171	94,453
Current liabilities			
Trade and other payables		89	235
Total current liabilities		89	235
Total liabilities		89	235
Total equity and liabilities		55,260	94,688

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's loss for the year was $38,177,000 (2020: $55,917,000).

Registered number:

The financial statements on pages 98 to 159 were approved by the Board of Directors and authorised for issue on 14 June 2022 and signed on its behalf by:

Harry Rein
Non-Executive Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021	Share capital		Treasury shares		Share	Translation	Accumulated	Total
	Shares	Amount	Shares	Amount $' 000	premium	reserve	reserves	equity
		$'000			$'000	$'000	$'000	$'000
Balance at 31 December 2019	241,563,123	3,759	—	—	—	(54,612)	239,876	189,023
Total comprehensive loss for the year								
Loss for the year	—	—	—	—	—	—	(55,917)	(55,917)
Foreign currency translation	—	—			—	(4,782)	4,894	112
Total comprehensive loss for the year						(4,782)	(51,023)	(55,805)
Issuance of ordinary shares	624,862	8	—	—	—	—	—	8
Dividend payment	—	—	—	—	—	—	(39,707)	(39,707)
Equity-settled share based payments	—	—	—	—	—	—	934	934
Balance at 31 December 2020	242,187,985	3,767	—	—	—	(59,394)	150,080	94,453
Total comprehensive loss for the year								
Loss for the year	—	—	—	—	—	—	(38,177)	(38,177)
Foreign currency translation	—	—	—	—	—	4,179	(4,796)	(617)
Total comprehensive loss for the year						4,179	(42,973)	(38,794)
Issuance of ordinary shares	—	—	—	—	—	—	—	—
Repurchase of ordinary shares	—	—	(2,538)	(738)	—	—	—	(738)
Equity-settled share based payments	—	—	—	—	—	—	250	250
Balance at 31 December 2021	242,187,985	3,767	(2,538)	(738)	—	(55,215)	107,357	55,171

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December:	Note	2021 $ '000	2020 $ '000
Cash flows from operating activities:			
Net operating loss for the year		(38,177)	(55,917)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation expense		250	934
Impairment loss in loan to subsidiary	3	36,674	53,755
Changes in working capital:			
Increase in trade and other receivables		(23)	(199)
Decrease in trade and other payables		(147)	(340)
Other finance income /(cost)		19	(2,086)
Net cash used in operating activities		(1,404)	(3,853)
Cash flows from investing activities:			
Proceeds from issuance of note receivable	3	1,070	1,910
Repayments of note receivable from subsidiary		(3,138)	(45,133)
Net cash provided by investing activities		2,068	43,223
Cash flows from financing activities:			
Payments to repurchase ordinary shares		(738)	—
Proceeds from issuance of share capital	4	—	8
Dividend payment	4	—	(39,705)
Net cash used in financing activities		(738)	(39,697)
Net decrease in cash and cash equivalents		(74)	(328)
Cash and cash equivalents at beginning of the period		1,756	2,082
Cash and cash equivalents at end of the period		1,682	1,756

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2021

(1) Accounting Policies

Basis of Preparation and Measurement

The financial statements of the parent company have been prepared under the historical cost convention, in accordance with international accounting standards as applied inaccordance with the provisions of the Companies Act 2006 and in accordance with UK Adopted International Accounting Standards (”IFRS”). A summary of the more important accounting policies which have been applied consistently throughout the year are set out below.

Functional and Presentation Currency

The functional currency of the parent company is British Pounds. The financial statements of the parent company are presented in US dollars to the nearest $’000s.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of the parent company at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

On translation of the Company financial statements from functional currency to presentational currency the assets and liabilities are translated at the closing exchange rates. Profit and loss accounts are translated at the average rates of exchange during the year. Gains and losses arising on these translations are taken to reserves. Each reporting date, the retained earnings reserve, as measured in the functional currency, is translated to the presentational currency using the closing exchange rate. The retained earnings balance represents the deemed amount in US Dollars, measured at the reporting date, equivalent to the functional currency Great British Pounds available for distrubtion to the shareholders from the parent company’s distributable reserves. Any differences between this amount and the aggregate of the opening retained earnings measured at the opening rate and the profit in the period measured at the average rate are recognised in the Translation reserve.

Intercompany Loans

All intercompany loans are initially recognised at fair value and subsequently measured at amortised cost. Where intercompany loans are intended for use on a continuing basis in the Company’s activities and there is no intention of their settlement in the foreseeable future, they are presented as non-current assets.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid instruments with original maturities of three months or less.

Impairment

If there is an indication that an asset might be impaired, the Company will perform an impairment review. An asset is impaired if the recoverable amount, being the higher of net realisable value and value in use, is less than its carrying amount. Value in use is measured based on future discounted cash flows ("DCF") attributable to the asset. In relation to the investment held in subsidiaries and intra group receivable balance the net realisable value is the fair value of the underlying subsidiaries. In such cases, the carrying value of the asset is reduced to recoverable amount with a corresponding charge recognised in the profit and loss account. The underlying assumptions in determining the fair value of the subsidiaries are key estimates and include the determination of the fair value as described in note 11 and 16 of the group financial statements.

Financial Instruments

Currently the Company does not enter into derivative financial instruments. Financial assets and financial liabilities are recognised and cease to be recognised on the basis of when the related titles pass to or from the Company.

Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company's share based payment scheme, which awards shares in the parent entity, includes recipients who are not employees the company, but in its subsidiaries. Where beneficiaries are employees in a subsidiary, their element of the share based payment charge would usually be capitalized to recognize the service received by the subsidiary. To the extent that these amounts will not be recovered the charge has continued to be expensed by the Company.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(2) Cash and Cash Equivalents

As of 31 December:	**2021**	**2020**
	$'000	$'000
Bank balances	1,682	1,756
Cash and cash equivalents	1,682	1,756

(3) Loan to Subsidiary

	2021 $'000	2020 $'000
Balance at 1 January	92,648	187,431
Additions	1,070	1,910
Impairment	(36,674)	(53,755)
Repayments	(3,138)	(45,133)
Effect from currency translation	(635)	2,195
Balance at 31 December	53,271	92,648

The Company has loaned its excess cash to its operating subsidiary Allied Minds, LLC ('the subsidiary') , as part of its continuing working capital investment programme in the wider group, and to be further deployed by the subsidiary, to enable the group to deliver its strategic plans. The note bears an interest of 1.25% and in the foreseeable future, repayment is neither planned nor likely to occur.

During 2021, the Directors reviewed the value of the underlying business and concluded an impairment charge of $36.7 million should be recorded. The asset's recoverable amount is determined to be based on the fair value of the company's subsidiaries together with its associates, preferred shares held and the recoverable cash. This has been recorded against the loan to subsidiary balance (this note).

(4) Share Capital and Reserves

Allied Minds Plc was incorporated with the Companies House under the Companies Act 2006 as a public company on 15 April 2014. Full detail of the share capital and reserves activity for the year can be found in note 16 to the consolidated financial statements.

As of 31 December:	2021 $'000	2020 $'000
Equity		
Share capital, $0.01 par value, issued and fully paid 242,187,985 and 242,187,985, respectively	3,767	3,767
Treasury Shares	(738)	—
Translation reserve	(55,215)	(59,394)
Accumulated deficit	107,357	150,080
Total equity	55,171	94,453

In December 2016, the Company issued 17,457,015 ordinary shares of one pence at 367 pence, which were admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the LSE's Main Market for listed securities. This resulted in approximately $78.1 million of net proceeds from the equity placing (net of issue cost of $2.2 million). The amounts subscribed for share capital in excess of the nominal value in relation to this transaction are reflected in the merger reserve balance as of 31 December 2016.

ALM's Board of Directors (the "Board") approved a new programme to buy back up to $3.0 million of the Group's shares ("Buyback Programme") during 2021. Share purchases took place in open market transactions and were made from time to time depending on market conditions, share price, trading volume and other factors. The Buyback Programme ran from the date of the announcement to 6 October 2021. The Buyback Programme was in accordance with Allied Minds' general authority to purchase a maximum of 24,218,799 Ordinary Shares, granted by its shareholders at the Annual General Meeting held on 12 May 2021 and the purpose was to reduce share capital. Shares purchased under the Buyback Programme will be cancelled. As of 31 December 2021, the company has repurchased 2,537,712 of its own shares for a total price of $737,678.

Holders of Ordinary Shares are entitled to vote, on all matters submitted to shareholders for a vote. Each Ordinary Share is entitled to one vote. Each ordinary share is entitled to receive dividends when and if declared by the Company's Board of Directors.

The share-based payment credit for the fiscal year ended 31 December 2021 included in accumulated deficit was $0.3 million (2020 charge: $0.9 million).

In the period, management have calculated that an amount of $4,796k foreign exchange on converting their functional currency retained earnings to the presentation currency retained earnings. The cumulative, foreign exchange, amount recorded in retained earnings is $8,045k.

(5) Profit and Loss Account

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Company's loss for the year was $38,177,000 (2020: $55,917,000).

(6) Directors' Remuneration, Employee Information and Share-based Payments

The remuneration of the Directors of the Company is disclosed in note 23 to the consolidated financial statements. Full details for their remuneration can be found in the Directors' Remuneration Report on pages 56 to 59. Full detail of the share-based payment charge and related disclosures can be found in note 6 to the consolidated financial statements.

The Company had no employees during 2021 (2020: none).

Company Information

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(Non-Executive Chairman)

Bruce Failing
(Senior Independent Director)

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