ALLIED MINDS PLC

ANNUAL REPORT AND ACCOUNTS
For the year ended 31 December 2022

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STRATEGIC REPORT

Highlights

Investment & Financial Highlights

- $64.0 million invested in portfolio companies, of which $63.0 million was raised from third-party investment.
- Cash and cash equivalents at 31 December 2022: $7.8 million (FY21: $9.7 million), of which $7.8 million is held within Allied Minds plc, Allied Minds LLC and Allied Minds Securities Corp (FY21: $9.0 million).
- Revenues of $1.6 million (2021: $1.5 million) mainly from non-recurring engineering (NRE) and service contracts within BridgeComm, reflecting the early-stage nature of our portfolio companies.

Selected Portfolio Company Highlights –

- BridgeComm ("BCI") (equity accounted investment):
    - Closed a $2 million Series B-2 financing on September 9 that provides a new ownership structure that will enable BridgeComm ('BCI') to qualify as a US company and bid for US Space Development Agency business as a prime contractor.
    - The revised structure reduced Allied Minds' fully-diluted ownership to 39.77%, leading to the company being deconsolidated from the group accounts as of September 9. The new ownership structure sets up BCI to potentially deliver substantial upside return.
    - BCI's focus is now on productizing and commercialising its technology – which will require more time and capital
    - BCI has identified a pipeline of revenue opportunities worth $1.7bn. These include commercial inter-satellite connections, terrestrial telecoms connections and US defense opportunities.
    - Allied Minds and Aeroequity Industrial Partners ("AEI") have each committed an additional $1m of capital to BCI to finance its activities during the capital raise period.
    - Following the period end on March 24, BCI secured a $1.5 million convertible note from a strategic investor.

- Federated Wireless ("Federated") (equity accounted investment):
    - Federated closed a $72 million in Series D financing, giving the business an increased post-money valuation of $302 million.
    - Allied Minds' bridge financing fully converted following the 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%.
    - Federated Wireless deployed its private wireless and shared spectrum technology to deliver industry-first solutions and use cases.

- OcuTerra (ordinary and preference share holding investment held at fair value):
    - OcuTerra commenced the Phase 2 trial of its non-invasive eyedrops (OTT166), an important milestone in its efforts to develop the first, topical eye drop treatment for diabetic retinopathy.
    - Enrolment has been held back by an adverse environment for clinical trials in the US. However, the company targets completion of enrolment by the end of Q3 2023 with topline data read out in the first half of 2024.
    - OcuTerra continued to strengthen its managerial and clinical team with the appointment of eye care industry veteran, Majid Andersi, MD, as Vice President of Clinical and Medical Affairs.
    - OcuTerra agreed a $14 million extension of its Series B funding on December 16 that is expected to close in Q2 2023.

- Orbital Sidekick ("OSK") (preference share holding investment held at fair value):
    - Orbital Sidekick raised a $11 million extension of its Series A round.
    - 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.
    - Entered an agreement with In-Q-Tel ("IQT") to deliver timely and relevant insights to IQT's government partners.
    - In March 2023 OSK won a contract from the National Reconaissance Office ("NRO") for its latest focus area study of commercial space-based hyperspectral imaging (HSI) capabilities.
    - OSK launched two satellites, GHOSt 1 and 2 on 15 April 2023 and launched GHOSt 3 on 8 June 2023. They are currently in the process of being commissioned which is expected to take approximately 2 months.

- Touch Bistro (ordinary share holding 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 CAD$5.5m ($4.4m USD) in line with its strategy of monetising its investment portfolio.
    - On 23 August 2022, the remainder of the shares held in escrow were released, resulting in cash received of CAD$0.53m.

- Concirrus (preferred share holding investment held at fair value)
    - In Q4 2022, Concirrus initiated a sale process that completed in Q1 2023. The consideration did not generate a return to common stock. This position was written down to zero at 31 December 2022.

Corporate Developments

- Reshaped the board following the departure of Harry Rein (Non-Executive Chairman) and Mark Lerdal (Non-Executive Director); Bruce Failing appointed Interim Non-executive Chairman while Sam Dobbyn and Juan Morera joined as Non-Executive Directors.
- On 30 November 2022 the Company announced that the listing of ordinary shares on the Official List of the Financial Conduct Authority and admission to trading on the Main Market for listed securities of the London Stock Exchange was cancelled.

- In line with the Board's strategy to reduce its expense base and preserve cash the Company has outsourced its finance and administration function. As a result of actions taken to reduce the expense base, including the delisting of the Company, the Board expects run rate expenses to be less than $2 million in future years.
- On 17 November 2022, the Company announced the launch of a share repurchase programme. This was required to meet the Company's contractual obligations with staff and directors without diluting shareholders. A total of 2,176,229 shares were purchased for a total cost of $0.2 million.

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.

There are currently four portfolio investments 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. Following the recent changes to the board of Allied Minds, Bruce Failing currently sits on the board of Federated Wireless. Sam Dobbyn has been appointed director of Federated Wireless and Orbital Sidekick. Juan Morera sits on the boards of both BridgeComm and OcuTerra.

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. In March 2022, the Company announced that it was undertaking a formal strategic review, aimed at creating and / or realising shareholder value. As part of this strategic review, the Board has sought to ensure that the Company is being managed in as cost-efficient manner as possible. In conducting this review, the Board determined that the costs of maintaining a premium listing on the Official List and the Main Market of the London Stock Exchange was prohibitively high relative to Allied Minds' current size and on 30 November 2022 the Company announced that the listing of ordinary shares on the Official List of the Financial Conduct Authority and admission to trading on the Main Market for listed securities of the London Stock Exchange was cancelled.

Outlook

There was good technical and commercial progress from certain portfolio companies during the year ended 31 December 2022, including a successful funding round at Federated Wireless at an improved valuation. The milestones achieved demonstrate the innovative nature of the products and services within the portfolio, which address a range of large potential markets and provide a strong platform for creating shareholder value.

The Board of Allied Minds continually assesses its portfolio of investments and takes informed decisions supported by up-to-date information. As part of this process, a member of the Allied Minds board sits on the boards of all our material investments, and this remains the case following the recent departure and appointment of certain directors at Allied Minds.

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

Management continuously monitors and reviews international risks such as economic headwinds, including inflationary pressures, interest rates and component price increases, as well as changes in political and regulatory requirements. The failure of Silicon Valley Bank ("SVB"), and other US regional banks, in March 2023 had no material impact on either the Group, or its portfolio companies, due to the actions taken by the FDIC to protect depositors. However, the failure of SVB, as well as recent increases in US interest rates, has increased economic uncertainty and made for a more challenging fund raising environment. As a result, the Directors are focusing on ensuring that the Group and its portfolio companies appropriately manage their cash resources. The Directors have also put in measures to mitigate against the risks to the business such as the wider cost of living challenges, re-emergence of COVID-19 and uncertainty caused by the situation in Ukraine. Furthermore, the directors have determined the dynamics will not affect Allied Minds from a going concern perspective.

Portfolio Company Valuation

Of the Company's four active portfolio companies, the Company holds a significant influencing minority stake in three of these companies and non-significant position in OcuTerra. In each case, where Allied Minds holds a significant minority stake, it is able to exercise its 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 both BridgeComm and Federated Wireless, these investments are accounted for under IAS 28 and is classified by the Company as investments in associates. Accordingly, since Allied Minds has significant influence over these entities through the voting rights held, it gives access to the returns associated with an ownership interest in these associates. 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 (when provided by the portfolio company), 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 31 December 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.*** *(BCI) (equity accounted investment)*

BCI is developing high-speed optical wireless communications to provide fast, secure, enterprise-grade broadband service for space, terrestrial and 5G connectivity. It has created in the lab, and demonstrated over 100 meters, high-capacity, secure, one-to-many optical communications capabilities that may represent a paradigm shift in the low earth orbiting satellite constellations communications and battlefield communications. This technology offers a potential low-cost alternative to laying fiber optic cable in underserved and hard to reach cellular geographies.

As previously announced, in order to ensure BCI can bid for US Space Development Agency business as a prime contractor, BCI could not be majority owned by a foreign company. Allied Minds therefore agreed to a new ownership structure with Aeroequity Industrial Partners ("AEI"). In order to implement this structure, $2 million of existing Allied Minds debt with BCI was not converted. Allied Minds' fully diluted ownership prior to the transaction was 62.92%.

Further, BCI closed a $2 million Series B-2 financing in which both AEI and Allied Minds invested $1 million each (inclusive of previous bridge loans), in order for the company to continue operations whilst it seeks to raise further funds from interested investors. The result is Allied Minds' ownership being 39.77% on a fully diluted basis.

In addition to the ownership percentage held by Allied minds being reduced below 50% enabling BCI to qualify as a company with US ownership, BCI will also benefit from the significant US government contacts and aerospace knowledge that AEI brings to the company. Also, Boeing, a significant BCI customer is an investor through Space X in AEI. Allied Minds believes that taking an economic write-down now sets the company up for future success and the potential for a significant total return.

BridgeComm now needs to productise and commercialise its technology. BCI will seek to raise $10m from interested investors and is in the later stages of bidding on two contracts. Either of those contracts is capable of providing funding of up to $30m of the required $40m through non-recurring engineering fees paid for by the customer. In the meantime, Allied Minds and AEI have each committed an additional $1m of capital to BCI to finance its activities during the capital raise period.

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

Holdings and valuation:

- Date of Last Funding Round: September 2022
- Post-Money Valuation: $11.5 million
- Co-Investors: AE Industrial HorizonX Venture Fund I, LP
- Allied Minds' Issued and Outstanding Ownership: 49.55%. As a result of its smaller equity position, Allied Minds no longer controls BCI but continues to have significant influence and board representation.
- Allied Minds' Fully-Diluted Ownership: 39.77%

2) ***Federated Wireless Inc.*** *(Federated) (equity accounted investment and preferred share investment held at fair value)*

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 the United States in enabling, commercialising, 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.

In H1 2022, 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. The Series D funding was completed at a pre-new-money valuation of $230 million, resulting in a post-new-money valuation of $302 million, up from the Series C post-money valuation of $215 million published in the Allied Minds' Annual Report and Accounts for the year ended 31 December 2020. Allied Minds fully diluted ownership following this transaction was 23.96%, reduced from 36.61%.

Federated Wireless entered a joint industry collaboration with Blue White Robotics and Intel to automate agricultural solutions. This first-of-a-kind implementation greatly reduces the barriers for growers to adopt automation that can improve business outcomes while addressing labour shortages. Partnering with a California winery, the collaborators adapted existing farm equipment to perform autonomous tasks and connected the fleet over a private wireless network. Federated Wireless deployed a private wireless network in less than three days which covered the vineyard's 2.1 square miles. The network leveraged Intel Smart Edge and an edge server with a six-core Intel Xeon D-1528 processor to successfully connect a mix of autonomous tractors, sensors and other data points.

Federated Wireless also partnered with leading IoT distributor CalChip Connect to deliver end-to-end solutions and services to power plug-and-play decentralized 5G networks. The strategic collaboration provides an end-to-end service for consumers and small enterprises to rapidly implement a plug-and-play decentralized 5G network solution that can be setup in as little as 20 minutes.

The Board of Federated expects continued growth into 2023. These expectations come with the usual risks commensurate with high growth businesses of this nature.

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' Issued and Outstanding Ownership: 32.79%
- 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.

Following the completion of a $35 million Series B funding in November 2021, the company commenced a Phase 2 trial in Q3 2022 of its non-invasive eyedrops (OTT166) for use in early active management of Diabetic Retinopathy. The trial is studying the treatment of moderate to severe non-proliferative and mild proliferative Diabetic Retinopathy, a disease that results in loss of vision for diabetic patients.

In August 2022, OcuTerra announced the first patient had been dosed in its Phase 2 DR:EAM (Diabetic Retinopathy: Early Active Management) clinical trial. OTT166 is a novel small molecule selective integrin inhibitor that is designed with purpose engineering to have the required physiochemical characteristics to be able to reach the retina from eye drop application.

In April 2023, following the period end, the company had enrolled half of its required number of patients. Full enrollment is expected by the end of Q3 2023, with topline data available in H1 2024.

OTT166 has been specifically designed to be administered as an eye drop by the patient at home before diabetic retinopathy has advanced to a vision-threatening complication, such as diabetic macular edema. By potentially enabling earlier non-invasive treatment, OcuTerra's goal is to prevent progression, thereby delaying or completely eliminating the need for intravitreal injections and/or destructive laser procedures.

Phase 1b clinical trials of OTT166 eye drops in patients with diabetic retinopathy and wet AMD previously demonstrated safety, tolerability and clear clinical evidence of biological activity. If the Phase 2 trial is successful, the next step would be a Phase 3 trial involvin6g more patients and if successful in meeting the clinical end points application to the FDA for approval.

In line with the company's previously stated strategy to build out its managerial and clinical team, OcuTerra appointed eye care industry veteran Majid Anderesi, MD, as Vice President of Clinical and Medical Affairs in April 2022.

Allied Minds is the largest shareholder in OcuTerra.

OcuTerra agreed a $14 million extension of the Series B funding in December 2022, which is expected to complete in Q2 2023.

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: 11.20%

*4) **Orbital Sidekick Inc.** (OSK) (preference share holding)*

OSK has developed a proprietary analytics platform based upon its hyperspectral technology that allows it to take a proprietary "chemical fingerprint" from space. Initially, OSK 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 while helping to minimise environmental damage.

In June 2022, the company 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 also signed a significant work program contract with In-Q-Tel (IQT) to deliver timely and relevant insights to IQT's government partners as part of a rapidly growing hybrid architecture of technology solutions. In March 2023 OSK won a contract from the National Reconaissance Office ("NRO") for its latest focus area study of commercial space-based hyperspectral imaging (HSI) capabilities. The contract aims to evaluate and integrate emerging commercial remote sensing capabilities for their ability to support the

Intelligence Community and Department of Defence mission areas. In addition, the company is developing products for the mining and agriculture industries, along with fire fuel and carbon mapping capabilities.

As previously announced, OSK was seeking to raise $40m which it had hoped to close in mid-2022. Although this was not achieved due to extraneous market events, OSK continued to have investor support and a bank facility to allow it to continue operating. The business has strong interest from a number of clients wishing to participate in its alpha/beta launch of six satellites in 2023.

OSK launched two satellites, GHOSt 1 and 2 on 15 April 2023 and launched GHOSt 3 on 8 June 2023. They are currently in the process of being commissioned which is expected to take approximately 2 months. If commissioning is successful the business should be well placed for additional follow-on funding.

In January 2023, Orbital Sidekick announced a $12 million extension of its Series A round, which will allow the Company to launch additional satellites in Q3 and Q4 2023.

Holdings and valuation:

- Date of Last Funding Round: January 2023
- Post-Money Valuation: $66.6 million
- Co-Investors: Temasek, Energy Innovation Capital and 11.2 Capital
- Allied Minds' Issued and Outstanding Ownership in respect of preference shares: 20.48%
- Allied Minds' Fully-Diluted Ownership: 15.76%

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

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. All of the sale proceeds had been received as of 23 August 2022 when the remaining shares held in escrow were released.

6) ***Concirrus Limited (acquirer of Spark Insights, Inc)*** *(preferred share investment)*

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 in which Concirrus acquired 100% of the shares of Spark in exchange for the issuance of Concirrus' Series A1 preferred shares. Allied Minds' ownership percentage in Concirrus is 0.87% at 31 December 2022.

In Q4 2022, Concirrus initiated a sale process that completed on 6 March 2023. The consideration received was de minimis. This position was written down to zero at 31 December 2022.

Key Performance Indicators

The following Key Performance Indicators (KPIs) were selected to measure the performance of the Company in 2022.

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 $5.2 million (2021: $5.7 million).

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 2022, $64.0 million was invested into existing portfolio companies. This included $1.0 million invested by Allied Minds, with $63.0 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	2022 $ '000	2021 $ '000
Revenue	1,577	1,544
Cost of revenue	(571)	(443)
Selling, general and administrative expenses	(6,703)	(10,569)
Research and development expenses	(1,408)	(2,650)
Finance loss, net	(3,865)	(2,788)
Other income/(expense)	8,480	(1,338)
Other comprehensive loss	(187)	(41)
Total comprehensive loss	(2,677)	(16,285)
of which attributable to:		
Equity holders of the parent	(2,648)	(15,575)
Non-controlling interests	(29)	(710)

Revenue increased by $0.1 million, to $1.6 million in 2022 (2021: $1.5 million). This increase is primarily attributable to revenue from existing and new contracts in 2022 at BridgeComm. Cost of revenue at $0.6 million (2021: $0.4 million) was higher 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 decreased by $3.9 million, to $6.7 million (2021: $10.6 million). This decrease was mainly due to the deconsolidation of a subsidiary in 2022.

Research and development (R&D) expenses decreased by $1.2 million, to $1.4 million (2021: $2.6 million). The decrease was primarily due to the deconsolidation of a subsidiary in 2022. The remainder of the decrease reflects the net effect from there being no R&D spend at the remaining subsidiaries.

Net finance cost increased by $1.0 million in 2022 to $3.8 million (2021: $2.8 million). The increase in the net cost reflects the impact from the $0.4 million decrease of a convertible note payable due to the fair value adjustment. This decrease was offset by the $4.1 million increase of the subsidiary preferred shares liability balance at BridgeComm as a result of IFRS 13 fair value accounting up to the point of deconsolidation. Lastly, interest expense, net of interest income, was $0.1 million in 2022 (2021: $0.2 million).

Other income increased to $8.4 million (2021: expense of $1.3 million) reflecting $11.4 million of gain on deconsolidation of BridgeComm as well as the company's share of profit of $2.6 million from its associates, offset by $5.6 million loss on investments held at fair value.

As a result of these factors, total comprehensive loss decreased by $13.6 million to $2.7 million (2021: $16.3 million). Total comprehensive loss attributed to the equity holders of the Group was $2.6 million

(2021: loss of $15.6 million) and $0.1 million loss (2021: $0.7 million) was attributable to the owners of non-controlling interests.

Consolidated Statement of Financial Position

As of 31 December	2022 *$ '000*	2021 $ '000
Non-current assets	34,771	35,229
Current assets	7,961	20,672
Total assets	42,732	55,901
Non-current liabilities	—	213
Current liabilities	1,152	11,033
Equity	41,580	44,655
Total liabilities and equity	42,732	55,901

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 $0.7 million to $0.1 million (2021: $0.8 million) The decrease reflects the depreciation expense of $0.3 million as well as impact from the deconsolidation of BridgeComm of $0.5 million in the second half of the year. This was offset by purchases of approximately $0.1 million.

Investments held at fair value decreased to $31.7 million (2021: 33.9 million). The change reflects the recognition of a $3.2 million investment as a result of the deconsolidation of BridgeComm as well as the recognition of $4.2 million in investment as a result of the latest financing round at Federated Wireless. This was offset by a loss of $5.3 million of the fair value accounting for other investments held at fair value as well as the $4.3 million reduction in investments as a result of the disposal of TouchBistro.

Investments in associates increased to $2.8 million (2021: nil). As a result of the deconsolidation of BridgeComm, the company recorded $2.8 million in investments in associates which includes the share of profits of $2.6 million generated by BridgeComm as of the date of deconsolidation.

Right-of-use assets decreased to $0.1 million (2021: $0.4 million) primarily related to depreciation of $0.2 million and deconsolidation of BridgeComm of $0.1 million.

Current assets

Cash and cash equivalents decreased by $1.9 million to $7.8 million (2021: $9.7 million). The decrease is mainly attributed to $4.9 million of net cash used in operations, offset by $3.0 million cash provided by investing activities and $0.003 million cash used in financing activities.

Trade and other receivables decreased by $5.8 million to $0.1 million (2021: $5.9 million) primarily due to a cumulative decrease in trade receivables and prepaid expenses of $5.6 million as a result of deconsolidation of BridgeComm in the second half of 2022.

Other financial assets have decreased by $5.0 million to $0.1 million (2021: $5.1 million) primarily due to the conversion of Federated Wireless's SAFE of $4.3 million into preferred shares upon the closing of the Series D funding and a loss of $0.2 million of the fair value accounting for the note recorded prior to conversion. Lastly, the disposal of TouchBistro's remaining shares held in an escrow worth $0.4 million has also contributed to the overall decrease.

Current liabilities

Subsidiary preferred shares decreased by $1.3 million to $nil (2021: $1.3 million) as a result of deconsolidation of BridgeComm in the second half of 2022.

Deferred revenue decreased by $4.9 million to $nil (2021: $4.9 million) as a result of deconsolidation of BridgeComm in the second half of 2022.

Loans decreased by $3.1 million (2021: $3.1 million) primarily due to note conversion as a result of BridgeComm's latest financing event in the second half of 2022.

Non-current liabilities

Lease liabilities decreased by $0.7 million to $0.1 million (2021: $0.8 million) primarily due to deconsolidation of BridgeComm and lease payments.

Equity

Net equity decreased by $3.1 million to $41.6 million (2021: $44.7 million) reflecting the combination of comprehensive loss for the period of $2.7 million, repurchase of ordinary shares of $0.3 million and the effect of deconsolidation of BridgeComm of $0.1 million.

Consolidated Statement of Cash Flows

For the years ended 31 December	2022 $ '000	2021 $ '000
Net cash outflow from operating activities	(4,926)	(9,060)
Net cash inflow/(outflow) from investing activities	3,037	(18,749)
Net cash (outflow)/inflow from financing activities	(3)	13,030
Net decrease in cash and cash equivalents	(1,892)	(14,779)
Cash and cash equivalents in the beginning of the year	9,710	24,489
Cash and cash equivalents at the end of the year	7,818	9,710

The Group's net cash outflow from operating activities of $4.9 million in 2022 (2021: $9.1 million) was primarily due to the losses for the year of $2.5 million and 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 $8.0 million, offset by the net effect from movement in working capital of $2.1 million, other finance charges of $3.5 million.

The Group had a net cash inflow provided by investing activities of $3.0 million in 2022 (2021: outflow of $18.7 million). This inflow was predominately related to the $4.3 million proceeds from sale of TouchBistro's investment offset by the $1.2 million investment made in BridgeComm's Series B-2 funding derecognized on deconsolidation of the subsidiary.

The Group's net cash outflow from financing activities of $0.003 million in 2022 (2021: inflow of $13.0 million) reflects, in part, proceeds from issuance of preferred shares in subsidiaries of $0.5 million and $0.4 million in proceeds from issuance of convertible notes at BridgeComm. The decrease was offset by $0.7 million in lease payments and $0.2 million payments to repurchase the company's own shares.

The Group's strategy is to maintain highly liquid cash balances that cover its operating expenses while focusing on maximising monetisation opportunities for portfolio company interests. The Group does not have any enforceable financial or working capital commitments to any of the portfolio companies. The Directors will not 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.

To further minimise its exposure to risks the Group does not maintain any material borrowings in foreign currency.

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.

<u>Impact</u>: 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 along with senior management and independent directors and/or advisors, as appropriate, of such portfolio company.
- Within the Board 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.

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 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, related to trademarks and patent development.

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 US' 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.

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.

Mitigation:

6. The Non-Executive Directors are working with shareholders to ensure that appropriate compensation and incentive packages are in place to ensure continuity of key personnel. 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 20% of the voting securities in two of its portfolio companies, which from a value perspective represent the majority of the portfolio and for which it continues to maintain significant influence. .
- 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. This should also be seen in the light of the ongoing cost of living crisis and the impact of high levels of inflation in the US and UK and subsequent increases in interest rates, which may have an impact on the performance and valuation of individual portfolio companies.

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.
- The Board is taking steps to ensure that individual portfolio companies conserve cash and cut costs taking into account the current wider economic environment.

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 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 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.

COVID-19

We continue to closely monitor, assess, and respond to the potential re-emergence of the COVID-19. 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.

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.

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

ON BEHALF OF THE BOARD

Bruce Failing
Interim Chairman
21 June 2023

MANAGEMENT AND GOVERNANCE

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 2022. 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 2022 included Bruce Failing, Sam Dobbyn, and Juan Morera. Casey McDonald resigned as a Non-Executive Director on 9 December 2022.

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.

Employees

Following the period end, the Board announced the termination of its employees and the appointment of a third party company, Ocorian, to undertake administrative and financial roles.

Results and Dividends

During the period, the Group generated a net comprehensive loss after taxation for the year ended 31 December 2022 of $2.7 million (2021: $16.3 million). The Directors do not recommend the payment of an ordinary dividend for 2022 (2021: nil).

Strategic Report

The Group's Strategic Report can be found on pages 3 to 22 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 page 12.

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. In early 2022 the Board reviewed strategic options available to it in order to return value to shareholders. The Board conducted a "Formal Sale Process" in accordance with Rules 2.4 and 2.6 of the Takeover Code and explored other strategic options such as seeking to distribute certain assets and any cash reserves directly back to shareholders through a re-structure. No interest was forthcoming as part of the formal sale process. As part of this strategic review, the Board has sought to ensure that the Company is being managed in as cost-efficient manner as possible. In conducting this review, the Board considered that the costs of maintaining a premium listing on the Official List and the Main Market of the London Stock Exchange prohibitively high relative to Allied Minds' current size and deemed maintaining a public listing was no longer in the best interests of the Company and its Shareholders as a whole. As a result Shareholders voted on 2 November 2022 to delist the Company and trading on the Official List and the Main Market of the London Stock Exchange was cancelled on 30 November 2022. Given the 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.

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 16 to 22. 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 20 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.

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 2022 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 14 June 2022 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 30 September 2023.

On 17 November 2022, the Company announced the launch of a share buyback programme to repurchase shares. This was required to meet the Company's contractual obligations with staff and directors without diluting shareholders. A total of 2,176,229 shares were purchased for a total cost of $0.2 million. Following the delisting of its shares from the London Stock Exchange, the Board is not able to repurchase additional shares but will seek authority to do so at its forthcoming Annual General Meeting.

Articles of Association

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

Research and Development

Details of the Group's research and development activities are included in the Portfolio Review and Developments section on pages 7 to 11.

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.

Going concern

The financial statements and accounts have been prepared on a going concern basis. In determining this judgement, and assessed as a period of 12 months from the date the financial statements are approved, the directors assess the group's working capital needs and irrevocably committed financial obligations. This considered sensitivities around the Company's operating costs, taking into account its delisting at the end of 2022, and the future capital requirements of its portfolio companies. As stated in the Company Overview on pages 5 to 7, the Directors remain focused on supporting our four 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 going concern period. 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.

The Directors carried out an 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 period under review 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 their 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.

In summary, the Directors have assessed the Going Concern of the Group over the 12 month period from the date of the annual report's approval. 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.

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.

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 on 26 July 2023. 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 international accounting standards ("IFRS").

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.

ON BEHALF OF THE BOARD

Bruce Failing
Interim Chairman
21 June 2023

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 2022 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 2022 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.

Independence

We are 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditor's report to the members of Allied Minds Plc *(continued)*

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.

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 or 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.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, 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.

Other Companies Act 2006 reporting

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 the 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.

Independent auditor’s report to the members of Allied Minds Plc *(continued)*

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 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 Statement of Directors Responsibilities, 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:

Independent auditor's report to the members of Allied Minds Plc *(continued)*

- 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; 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 https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Allied Minds Plc *(continued)*

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
Date: 21 June 2023

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the year ended 31 December	Note	2022 $ '000	2021 $ '000
Revenue	3	1,577	1,544
Operating expenses:			
Cost of revenue	4,5	(571)	(443)
Selling, general and administrative expenses	4,5	(6,703)	(10,569)
Research and development expenses	4,5	(1,408)	(2,650)
Operating loss		(7,105)	(12,118)
Other income:			
Gain on deconsolidation of subsidiary	10	11,408	14,213
Loss on investments held at fair value (net)	10	(5,596)	(13,894)
Other income	17	—	705
Other income		5,812	1,024
Finance income	7	64	45
Finance cost	7	(201)	(255)
Finance cost from IFRS9/ fair value accounting	7	(3,728)	(2,578)
Finance loss, net		(3,865)	(2,788)
Share of net income/(loss) of associates accounted for using the equity method	9	2,668	(2,362)
Loss before taxation		(2,490)	(16,244)
Taxation	21	—	—
Loss for the period		(2,490)	(16,244)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		(187)	(41)
Other comprehensive loss, net of taxation		(187)	(41)
Total comprehensive loss for the period		(2,677)	(16,285)
Loss attributable to:			
Equity holders of the parent		(2,461)	(15,534)
Non-controlling interests	13	(29)	(710)
		(2,490)	(16,244)
Total comprehensive loss attributable to:			
Equity holders of the parent		(2,648)	(15,575)
Non-controlling interests	13	(29)	(710)
		(2,677)	(16,285)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December

	Note	2022 $ '000	2021 $ '000
Non-current assets			
Property and equipment	*8*	33	787
Investment at fair value	*9,18*	31,734	33,984
Investments in associates	*9*	2,848	—
Right-of-use assets	*17*	118	414
Other financial assets	*18*	38	44
Total non-current assets		34,771	35,229
Current assets			
Cash and cash equivalents	*10*	7,818	9,710
Trade and other receivables	*11*	61	5,912
Other financial assets	*18*	82	5,050
Total current assets		7,961	20,672
Total assets		42,732	55,901
Equity			
Share capital	*12*	3,767	3,767
Treasury shares	*12*	(983)	(738)
Translation reserve	*12*	1,115	1,302
Accumulated profit	*12*	37,681	40,156
Equity attributable to owners of the Company		41,580	44,487
Non-controlling interests	*12,13*	—	168
Total equity		41,580	44,655
Non-current liabilities			
Lease liabilities	*17*	—	213
Total non-current liabilities		—	213
Current liabilities			
Trade and other payables	*15*	1,017	1,061
Deferred revenue	*3*	—	4,948
Loans	*15*	—	3,109
Preferred shares	*14*	—	1,255
Lease liabilities	*17*	135	660
Total current liabilities		1,152	11,033
Total liabilities		1,152	11,246
Total equity and liabilities		42,732	55,901

Allied Minds Plc

Registered number: 08998697

The financial statements on pages 34 to 91 were approved by the Board of Directors and authorised for issue on 21 July 2023 and signed on its behalf by:

Bruce Failing

Interim Chairman

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Note	Share capital		Treasury shares		Translation reserve	Accumulated (Deficit)/ Earnings	Total parent equity	Non-controlling interests	Total equity
		Shares	**Amount** $' 000	**Shares** '000	**Amount** $' 000	$' 000	$' 000	$' 000	$' 000	$' 000
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 year										
Loss from continuing operations		—	—	—	—	—	(15,534)	(15,534)	(710)	(16,244)
Foreign currency translation		—	—	—	—	(41)	—	(41)	—	(41)
Total comprehensive loss for the year		—	—	—	—	(41)	(15,534)	(15,575)	(710)	(16,285)
Loss arising from change in non-controlling interest	*13*	—	—	—	—	—	—	—	(96)	(96)
Repurchase of ordinary shares	*13,12*	—	—	(2,538)	(738)	—	—	(738)	—	(738)
Deconsolidation of subsidiary	*13*	—	—	—	—	—	—	—	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
Total comprehensive loss for the period										
Loss from continuing operations		—	—	—	—	—	(2,461)	(2,461)	(29)	(2,490)
Foreign currency translation		—	—	—	—	(187)	—	(187)	—	(187)
		—	—	—	—	(187)	(2,461)	(2,648)	(29)	(2,677)
Total comprehensive loss for the period										
Loss arising from change in non-controlling interest	*13*	—	—	—	—	—	—	—	(98)	(98)
Repurchase of ordinary shares	*13,12*	—	—	(2,176)	(245)	—	—	(245)	—	(245)
Deconsolidation of subsidiary	*13*	—	—	—	—	—	—	—	(18)	(18)
Equity-settled share based payments	*6*	—	—	—	—	—	(14)	(14)	(23)	(37)
Balance at 31 December 2022		242,187,985	3,767	(4,714)	(983)	1,115	37,681	41,580	—	41,580

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2022 $ '000	'2021 $ '000
Cash flows from operating activities:			
Loss for the year		(2,490)	(16,244)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	*8,17*	507	839
Impairment losses on property and equipment	*8*	—	458
Share-based compensation expense	*5,6*	(37)	281
Forgiveness of Paycheck Protection Program (PPP) loan	*16*	—	(443)
Loss on investments held at fair value	*9,18*	5,596	13,894
Gain on deconsolidation of subsidiary	*9*	(11,408)	(14,213)
Share of net (income)/loss of associate	*9*	(2,668)	2,362
Other income	*8*	—	(262)
Changes in working capital:			
Decrease/(increase) in trade and other receivables	*11*	289	(96)
Decrease in other assets		539	693
Increase/(decrease) in trade payables	*15*	207	(78)
Increase/(decrease) in accrued expenses	*15*	413	(691)
Increase in deferred revenue	*3*	573	1,386
Increase in other liabilities		12	517
Unrealised gain on foreign currency transactions		(187)	(41)
Other finance expense	*7*	3,728	2,578
Net cash used in operating activities		(4,926)	(9,060)
Cash flows from investing activities:			
Purchases of property and equipment, net of disposals	*8*	(71)	(185)
Purchase of investments at fair value	*9*	—	(5,283)
Receipt of payment for finance sub-lease	*17*	8	45
Proceeds from sale of investments at FV	*9*	4,322	—
Cash derecognised upon loss of control over subsidiary		(1,222)	(13,326)
Net cash provided by/(used in) investing activities		3,037	(18,749)
Cash flows from financing activities:			
Proceeds from issuance of convertible notes	*16*	400	—
Receipt of PPP loan	*16*	—	259
Payment of lease liability	*17*	(688)	(1,100)
Payments to repurchase ordinary shares	*12*	(245)	(738)
Proceeds from issuance of preferred shares in subsidiaries	*14*	530	14,609
Net cash (used in)/provided by financing activities		(3)	13,030
Net decrease in cash and cash equivalents, and restricted cash		(1,892)	(14,779)
Cash and cash equivalents, beginning of the period		9,710	24,489
Cash and cash equivalents, end of the period		7,818	9,710

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

(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 2022. 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 2022. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

On 2 November 2022, Allied Minds passed a matter to cancel the listing of the ordinary shares of the Company ("Shares") on the Official List of the Financial Conduct Authority ("FCA") and the trading thereof on the main market of the London Stock Exchange (the "Delisting Resolution") was voted on by way of a poll and was duly passed by the requisite majority of the Company's shareholders. Following the passing of the Delisting Resolution the last day of dealings of the Shares on the Main Market was Tuesday 29 November 2022. Cancellation of the listing of the Shares on the Official List of the FCA took effect at 8:00 am on Wednesday 30 November 2022.

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 10 and 15 – 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 10 – 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 10 – as the entities in the group progress they may 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 15 and 19 – 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:

Going Concern

The financial statements and accounts have been prepared on a going concern basis. In determining this judgement, and assessed as a period of 12 months from the date the financial statements are approved, the directors assess the group's working capital needs and irrevocably committed financial obligations. This considered sensitivities around the Company's operating costs, taking into account its delisting at the end of 2022, and the future capital requirements of its portfolio companies. As stated in the Company Overview on pages 5 to 7, the Directors remain focused on supporting our four 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 going concern period. 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.

The Directors carried out an 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 period under review 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 their 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.

In summary, the Directors have assessed the Going Concern of the Group over the 12 month period from the date of the annual report's approval. 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.

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 2022 and 2021 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 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, treasury shares, 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.

Further information regarding the right of use asset and lease liability can be found in Note 17.

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.

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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 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)

(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 2023	IFRS 17 *Insurance Contracts*
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

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:	2022 $'000	2021 $'000
Service revenue (and transferred over time)	1,577	1,544
Total revenue in Consolidated Statement of Loss	1,577	1,544

Revenues of $1.6 million (2021: $1.5 million) mainly from non-recurring engineering (NRE) and service contracts within Bridgecomm, reflecting the early stage nature of our portfolio companies. As of 9 September 2022 ("closing date"), BridgeComm was deconsolidated from the Group's financial statements as a result of its Series B-2 and Series B-3 Preferred Stock financing round. As a result of the deconsolidation, total revenue in the Consolidated Statements of Comprehensive Loss for 2022 was presented as of the closing date.

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:	2022 $'000	2021 $'000
Deferred revenue, current	—	(4,948)

(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 2022, this operating segment includes BridgeComm, Inc. profit and loss for the period up to deconsolidation on 9 September 2022.

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

- BridgeComm, Inc., one of the company's subsidiaries that was deconsolidated during the second half of 2022 as a result of financing events at the company.

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 2022 and 2021, respectively:

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2022	Minority Holdings	Other Operations	Consolidated
Statement of Comprehensive Loss			
Revenue	1,577	—	1,577
Cost of revenue	(571)	—	(571)
Selling, general and administrative	(1,456)	(5,247)	(6,703)
Research and development expenses	(1,408)	—	(1,408)
Other expense	11,705	(5,893)	5,812
Finance cost, net	(184)	(3,681)	(3,865)
Share of net loss of associates accounted for using the equity method	—	2,668	2,668
Profit/(Loss) for the period	9,663	(12,153)	(2,490)
Other comprehensive loss	—	(187)	(187)
Total comprehensive profit/(loss)	9,663	(12,340)	(2,677)
Total comprehensive loss attributable to:			
Equity holders of the parent	9,692	(12,153)	(2,461)
Non-controlling interests	(29)	—	(29)
Total comprehensive profit/(loss)	9,663	(12,153)	(2,490)
Statement of Financial Position			
Non-current assets	—	34,771	34,771
Current assets	—	7,961	7,961
Total assets	—	42,732	42,732
Non-current liabilities	—	—	—
Current liabilities	—	1,152	1,052
Total liabilities	—	1,152	1,052
Net assets/(liabilities)	—	41,580	41,580

2021	Later	Minority Holdings	Other Operation	Consolidated
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

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. No companies support this definition in 2022.

Later Stage companies comprise those that have graduated from Early Stage by way of further advancements in their development as described above. In 2022, BridgeComm was the only subsidiary that fell under the Later Stage category. On 9 September 2022, BridgeComm was deconsolidated from the Group's financial statements. Therefore, as of 31 December 2022, no companies fall under Early Stage or Later Stage categories.

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 2022 and 2021 is as follows:

	2022		**2021**	
	Service revenue	**Total**	**Service revenue**	**Total**
Early Stage	—	—	—	—
Later Stage	—	—	1,544	1,544
Minority	1,577	1,577	—	—
Total revenue	1,577	1,577	1,544	1,544

In 2022, Cost of revenue and Selling, general and administrative expenses of Later Stage, Minority Holdings and Other Operations segments included depreciation and amortisation expense of $nil, $173,099, and $109,950, respectively (2021: $374,240, $9,239, and $166,626, respectively).

The proportion of net assets shown above that is attributable to non-controlling interest is disclosed further in note 14.

Geographic Information

The Group revenues and net operating losses for the years ended 31 December 2022 and 2021 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:	2022	2021
Selling, general and administrative	13	16
Research and development	8	14
Total	21	30

The aggregate payroll costs of these persons were as follows:

For the year ended 31 December:	2022 $'000	2021 $'000
Selling, general and administrative	2,775	4,959
Research and development	985	1,378
Total	3,760	6,337

Total operating expenses were as follows:

For the year ended 31 December:	2022 $'000	2021 $'000
Salaries and wages	2,770	4,669
Payroll taxes	239	333
Healthcare benefit	744	1,020
Other payroll cost	44	34
Share-based payments	(37)	281
Total	3,760	6,337
Cost of revenue	571	443
Other SG&A expenses	3,928	5,610
Other R&D expenses	423	1,272
Total operating expenses	8,682	13’662

	2022 $'000	2021 $'000
Auditor's remuneration		
Audit of these financial statements	360	430
Audit-related assurance services	105	96
	465	526

The Group recorded an impairment charge on property and equipment of $nil (2021: $0.4 million).

See note 6 for further disclosures related to share-based payments and note 21 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 2022 (2021: nil Ordinary shares).

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 2022 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 2022 related to the UK LTIP was $0.1 million (2021: $0.3 million).

On 17 November 2022, ALM's Board of Directors (the "Board") approved a new share buyback programme ("Buyback Programme"). The purpose of the buyback programme is to satisfy the Company's obligations arising from its 2014 LTIP.

The programme is expected to purchase up to a maximum aggregate consideration of £225,000 of the Company's ordinary shares. Share purchases took place in open market. As of 31 December 2022, the Company purchased 2,176,229 of its Ordinary Shares of £0.01 each ("Ordinary Shares") for a total value of $245,027. The Ordinary Shares purchased will be held in treasury until transferred by the Company to the directors and employees in satisfaction of awards under the 2014 LTIP.

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 2022 and 2021 under the Allied Minds 2008 Plan.

As of 31 December 2022 no options were exercised (2021: nil) resulting in $nil (2021: $ 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 2022 and 2021. 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 2022.

Share-based Payment Expense

The Group recorded share-based payment credit/ charge related to stock options of approximately $36,463 and $281,471 for the years ended 31 December 2022 and 2021, respectively. There was no income tax benefit recognised for share- based payment arrangements for the years ended 31 December 2022 and 2021, 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:	**2022** $'000	**2021** $'000
Selling, general and administrative	(46)	270
Research and development	9	11
Total	(37)	281

(7) Finance Cost, Net

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

For the year ended 31 December:	**2022** $'000	**2021** $'000
Interest income on:		
– Bank deposits	62	45
Foreign exchange gain	2	—
Finance income	64	45
Interest expense on:		
– Financial liabilities at amortised cost	(113)	(250)
Foreign exchange loss	(88)	(5)
Finance cost contractual	(201)	(255)
Loss on fair value measurement of subsidiary preferred shares	(3,728)	(2,578)
Finance cost	(3,929)	(2,833)
Total finance cost, net	(3,865)	(2,788)

See note 14 for further disclosure related to subsidiary preferred shares.

(8) 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	Total
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
Additions	44	—	—	27	—	71
Disposals	(17)	—	(846)	(273)	—	(1,136)
Deconsolidation of subsidiaries (1)	(642)	(1)	—	(432)	(212)	1,287
Balance as of 31 December 2022	6	70	25	11	—	112

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 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)
Depreciation	(94)	(14)	(86)	(89)	—	(283)
Disposals	17	—	846	273	—	1,136
Deconsolidation of subsidiaries(1)	420	1	—	324	—	745
Balance as of 31 December 2022	(6)	(44)	(19)	(10)	—	(79)

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 2021	272	40	92	171	212	787
Balance as of 31 December 2022	—	26	6	1	—	33

(1) BridgeComm, Inc., one of the company's subsidiaries was deconsolidated during the second half of 2022 as a result of financing events at the company.

Impairment of property and equipment of $nil and $0.5 million for the years ended 31 December 2022 and 2021, 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.

(9) Investments

Group Subsidiaries, associates and investments

As of 31 December 2022, Allied Minds has five portfolio companies, including associates and investments and two holding companies. As at the 31 December 2022 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	The Group has consolidated the company up to the point it lost control in BridgeComm 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. 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.
Concirrus, LTD	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 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.

FINANCIAL STATEMENTS

The following outlines the formation of each subsidiary and evolution of Allied Minds' ownership interest over the two year period ended 31 December 2022:

	Inception Date	Location (2)	Issued and Outstanding Ownership percentage at 31 December (1) 2022	2021
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%
Number of active subsidiaries at 31 December:			2	2
Associates				
Federated Wireless, Inc. (3)	08/08/12	Arlington, VA	32.79%	42.72%
BridgeComm, Inc. (3)	09/02/15	Denver, CO	49.55%	81.15%
Other investments				
Orbital Sidekick, Inc. (3)	02/08/16	San Francisco, CA	21.58%	26.29%
OcuTerra Therapeutics, Inc. (3)(4)	14/12/10	Cambridge, MA	17.06%	17.06%
Concirrus, LTD. (Spark Insights, Inc.) (3)	10/29/21	London, UK	0.87%	0.98%

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 91.82%, 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. Orbital Sidekick Inc. has a registered office at Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808. Concirrus, LTD. has a registered 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 table summarises 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 for the year ended 2021. None was applicable for year-ended 2022 due to the Group's last standing subsidiary, BridgeComm, being deconsolidated from its financials as of 9 September 2022.

FINANCIAL STATEMENTS

As of and for the year ended 31 December:

	2021 $000	
	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

Investment in Associates

At 31 December 2022, the Group has two associates, Federated Wireless and BridgeComm, which are material to the Group and are equity accounted.

Federated Wireless: As of 31 December 2022, Allied Minds' ownership percentage went from 42.72% to 32.79% and continues to be subject to the equity method accounting. No further adjustments were made to the investment balance at 31 December 2022. 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 2022	31 December 2021
Federated Wireless, Inc.	Arlington, VA	32.79%	42.72%

	31 December 2022	31 December 2021
	$'000	$'000
Group's interest in net assets of investee, beginning of period	—	—
Addition in the year	—	—
Share of loss from continuing operations	—	—
Carrying amount for equity accounted investees	—	—
Unrecognised share of losses in associate	(82,855)	(53,169)
Total outstanding	(82,855)	(53,169)

BridgeComm: As of 9 September 2022, BridgeComm was deconsolidated from the Group's financial statements as a result of the first closing of its Series B-2 and Series B-3 Preferred Stock financing round. Specifically, BridgeComm closed a $2.0 million Series B-2 financing in which both Aeroequity Industrial Partners ("AEI") and Allied Minds invested $1 million each (inclusive of previous bridge loans), in order for the company to continue operations whilst it seeks to raise further funds from interested investors. In order to implement the new ownership structure with AEI, $2.0 million of existing Allied Minds debt with BridgeComm was not converted. On that date Allied Minds' issued and outstanding ownership percentage dropped from 81.15% to 49.55%.

Consequently, since the Company no longer holds a majority of the voting rights in BridgeComm and it does not hold a majority on its board of directors, Allied Minds does not exercise effective control over BridgeComm and therefore, does not meet the criteria for consolidation under IFRS 10. Upon deconsolidation, Allied Minds recognised the fair value of the Series A Preferred Stock and Series B Preferred Stock (collectively the "BridgeComm Preferred Stock") held in BridgeComm, classified as an investment at fair value of $3.2 million in accordance with IFRS 9. 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.

Due to Allied Minds Common Stock holdings that have equity-like characteristics, the company's ordinary share capital ownership means that the group has significant influence but not control over the entity. As such, the investment is accounted for under IAS 28 and is classified by the Company as an investment in associate at an initial balance of $0.2 million. At 31 December 2022, Allied Minds' investment in common stock for BridgeComm was brought to $2.8 million after it was adjusted by the share of income of $2.6 million generated by the associate for the period September 9- December 31, 2022. As a result of the deconsolidation, Allied Minds recorded an unrealised gain of $11.4 million in the Consolidated Statements of Comprehensive Loss.

	Location	Ownership percentage 31 December 2022	Ownership percentage 31 December 2021
BridgeComm, Inc.	Denver, CO	49.55%	81.15%

	31 December 2022 $'000	31 December 2021 $'000
Group's interest in net assets of investee, beginning of period	—	—
Addition in the year	180	—
Share of income from continuing operations	2,668	—
Carrying amount for equity accounted investees	2,848	—
Total outstanding	2,848	—

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

	BridgeComm $'000		Federated Wireless $'000	
	2022	2021	2022	2021
Revenue	2,817	—	19,272	11,021
Profit/(loss) for the period	799	—	(32,372)	(36,788)
Total non-current assets	617	—	7,966	10,067
Total current assets	9,181	—	44,666	24,209
Total assets	9,798	—	52,632	34,276
Total non-current liabilities	(75)	—	(2,210)	(4,516)
Total current liabilities	(18,211)	—	(136,818)	(86,607)
Net liabilities	(8,488)	—	(86,396)	(56,847)

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 2022	Disposals	Finance (income)/cost from IFRS 9 fair value accounting	Additions[3]	31 December 2021
	$'000	$'000	$'000	$'000	$'000
Federated Wireless, Inc.	17,922	—	(515)	4,283	14,154
BridgeComm, Inc.	2,866	—	(366)	3,232	—
Orbital Sidekick, Inc.	6,633	—	(1,895)	—	8,528
TouchBistro, Inc.	—	(4,321)	(9)	—	4,330
OcuTerra Therapeutics, Inc.	4,313	—	(1,963)	—	6,276
Concirrus, LTD[1]	—	—	(623)	—	696
Total investments at fair value	**31,734**	**(4,321)**	**(5,371)**[2]	**7,515**	**33,984**

(1) Concirrus balance is adjusted by foreign currency changes for the period.

(2) The total balance does not reflect the fair market value change for Federated Wireless's SAFE of $0.2 million prior to conversion of the note into Series D preferred shares. See below for more details.

(3) Of the total amount presented in the additions column, only $0.5 million was cash used in investing activities related to BridgeComm's latest financing and the remaining balance represents note conversion. See below for more details.

Federated Wireless: The Company's investment at fair value in Federated Wireless has changed from $14.2 million, as reported at 31 December 2021, to $17.9 million at 31 December 2022. The increase in investment balance primarily relates to the conversion of Federated Wireless's SAFE of $4.3 million into preferred shares upon the closing of the Series D funding and $0.5 million in the IFRS 9 fair value accounting during the period. Series A and Series C preferred shares were also adjusted following the anti-dilution protection option in the event of a down round financing. As such, this resulted in 258,839 more shares, Series A and C combined, issued to Allied Minds.

BridgeComm: As of 9 September 2022, BridgeComm was deconsolidated from the Group's financial statements as a result of the first closing of its Series B-2 and Series B-3 Preferred Stock financing round. On that date Allied Minds' issued and outstanding ownership percentage dropped from 81.15% to 49.55%.

Consequently, since the Company no longer holds a majority of the voting rights in BridgeComm and it does not hold a majority on its board of directors, Allied Minds does not exercise effective control over BridgeComm and therefore, does not meet the criteria for consolidation under IFRS 10. Upon deconsolidation, Allied Minds recognised the fair value of the Series A Preferred Stock and Series B Preferred Stock (collectively the "BridgeComm Preferred Stock") held in BridgeComm, classified as an investment at fair value of $3.2 million in accordance with IFRS 9. 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 $11.4 million in the Consolidated Statements of Comprehensive Loss. As of 31 December 2022, Allied Minds investment held at fair value related to its Preferred Shares in BridgeComm was valued at $2.9 million.

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.

As of 31 December 2022, Allied Minds' ownership of Orbital Sidekick's issued share capital is 21.58% compared to 26.29% at 31 December 2021. As of 31 December 2022, Allied Minds investment held at fair value related to its Preferred Shares in Orbital Sidekick was valued at $6.6 million (31 December 2021: $8.5million).

TouchBistro: On 28 March 2022, Allied Minds has completed the disposal of its residual shareholding in TouchBistro for $5.5 million CAD ($4.3 million USD) in line with its strategy of monetising its investment portfolio. Of the sale proceeds, $3.9 million has been received at the time of the sale. On 23 August 2022 the remaining TouchBistro shares were released from the escrow account and as a result Allied Minds received $0.4 million in proceeds from the pre-arranged sale of these shares.

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%.

As of 31 December 2022, Allied Minds' ownership of OcuTerra's issued share capital stayed at 17.06% at 31 December 2021. The Company's investment held at fair value related to its Preferred Shares and Common Shares in OcuTerra was valued at $4.3 million (31 December 2021: $6.3 million).

Concirrus: 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 in which Concirrus acquired 100% of the shares of Spark in exchange for the issuance of Concirrus' Series A1 preferred shares. Allied Minds' ownership percentage in Concirrus is 0.87% at 31 December 2022. Based upon the poor performance in 2022 experienced by Concirrus the capital the directors determined that the value of the Concirrus stock at31 December 2022 was nil.

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:	2022	2021
Volatility	54.0%-72.9%	51.8%-81.2%
Time to Liquidity (years)	0.65 - 2.75	0.75 - 2.75
Risk-Free Rate	4.27% - 4.73%	0.29% - 0.89%
IPO/M&A/Sale Probability	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:		2022	2021
		$'000	$'000
Input	**Sensitivity range**	**Financial assets increase/(decrease)**	
Enterprise Value	-2%	(700)	(780)
	+2%	768	677
Volatility	-10%	406	171
	+10%	(199)	(79)
Time to Liquidity	-6 months	(78)	534
	+6 months	(173)	(1,756)
Risk-Free Rate (1)	-0.1%/-0.23%	(78)	809
	5% /0.18%	(173)	(465)

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

(10) Cash and Cash Equivalents

As of 31 December:	2022 $'000	2021 $'000
Bank balances	7,818	9,710
Total cash and cash equivalents	**7,818**	**9,710**

(11) Trade and Other Receivables

As of 31 December:	2022 $'000	2021 $'000
Trade receivables	—	434
Prepayments and other current assets	61	5,478
Total trade and other receivables	61	5,912

(12) Equity

On 17 November 2022, ALM's Board of Directors (the "Board") approved a new share buyback programme ("Buyback Programme"). The purpose of the buyback programme is to satisfy the Company's obligations arising from its 2014 Long Term Incentive Plan ("LTIP").

The programme is expected to purchase up to a maximum aggregate consideration of £225,000 of the Company's ordinary shares. Share purchases took place in open market. As of 31 December 2022, the Company purchased 2,176,229 of its Ordinary Shares of £0.01 each ("Ordinary Shares") for a total value of $245,027. The Ordinary Shares purchased will be held in treasury until transferred by the Company to the directors and employees in satisfaction of awards under the 2014 LTIP.

During 2022 and 2021, there were no options exercised under the U.S. Stock Plan. Additionally, no shares (2021: nil shares) were issued to existing and former employees of the Group during the year as result of vesting of RSUs under the LTIP.

The table below explains the composition of equity:

As of 31 December:	**2022** $'000	**2021** $'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	(983)	(738)
Translation reserve	1,115	1,302
Accumulated profit	37,681	40,156
Equity attributable to owners of the Company	41,580	44,487
Non-controlling interests	—	168
Total equity	41,580	44,655

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 in 2022.

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

(13) 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	**(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**
Share of comprehensive loss	—	(29)	(29)
Effect of change in Company's ownership interest	—	(98)	(98)
Equity-settled share based payments	—	(23)	(23)
Deconsolidation of subsidiaries[(1)]	—	(18)	(18)
Non-controlling interest as of 31 December 2022	—	—	—

(1) BridgeComm, Inc., one of the company's subsidiaries was deconsolidated during the second half of 2022 as a result of financing events at the company.

(14) 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 9 September 2022, BridgeComm was deconsolidated from the Group's financial statements as a result of the first closing of its Series B-2 and Series B-3 Preferred Stock financing round. As a result, BridgeComm closed a $2.0 million Series B-2 financing in which both Aeroequity Industrial Partners ("AEI") and Allied Minds invested $1 million each (inclusive of previous bridge loans). On that date Allied Minds' issued and outstanding ownership percentage dropped from 81.15% to 49.55%. BridgeComm Inc. had outstanding preferred shares which were classified as subsidiary preferred shares in current liabilities in accordance with IFRS 9 as BridgeComm has a contractual obligation to deliver cash or other assets to the holders under certain future liquidity events, and/or a requirement to deliver an uncertain number of common shares upon conversion. Upon deconsolidation, Allied Minds recognised the fair value of the Series A Preferred Stock and Series B Preferred Stock (collectively the "BridgeComm Preferred Stock") held in BridgeComm and were classified as an investment at fair value of $3.2 million in accordance with IFRS 9. 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.

The following summarises the subsidiary preferred shares balance:

As of 31 December:	**2022** $'000	**Fair value loss under IFRS 9** $'000	**Disposals** $'000	**Additions**(1) $'000	**2021** $'000
BridgeComm	—	3,728	(9,117)	4,134	1,255
Total subsidiary preferred shares	—	3,728	(9,117)	4,134	1,255

(1) Of the total amount presented in the additions column, only $0.5 million was cash used in financing activities related to BridgeComm's latest financing and the remaining balance represents note conversion.

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:	**2022** $'000	**2021** $'000
BridgeComm	—	1,260
Total liquidation preference	—	1,260

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 2022, the change in fair value of the subsidiary preferred shares is recorded in Finance cost, net in the consolidated statement of comprehensive loss.

(15) Trade and Other Payables

As of 31 December:	**2022** $'000	**2021** $'000
Trade payables	224	210
Accrued expenses	792	525
Other current liabilities	1	326
Trade and other payables, current	1,017	1,061

(16) Loans

As of 31 December:	2022 $'000	2021 $'000
Current liabilities - Loans:		
Unsecured loans	—	3,109
Total loans	—	3,109

The terms and conditions of outstanding loans are as follows:

				2022 $'000		2021 $'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%	2021-22	—	—	2,500	3,109
Total interest bearing liabilities				—	—	2,500	3,109

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"). 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. 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.
On 9 September 2022, BridgeComm closed a $2.0 million Series B-2 financing in which both AEI and Allied Minds invested $1 million each including the conversion of previous bridge loans with HorizonX. As a result of this change in ownership holding Allied Minds no longer controls BridgeComm and at the date of the transaction it has been deconsolidated from the Group.

(17) 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

	2022 $000s	2021 $000s
Balance at 1 January	414	651
Additions	—	192
Depreciation	(224)	(316)
Deconsolidation	(72)	(113)
Balance at 31 December	**118**	**414**

Lease liability

	2022	2021
	$000s	$000s
Balance at 1 January	873	1,830
Additions	—	192
Cash paid	(688)	(1,100)
Interest expense	25	71
Deconsolidation	(75)	(120)
Balance at 31 December	**135**	**873**

The following details the short term and long-term portion of the lease liability as at 31 December 2022:

	Total lease liability
	$000s
Lease liability released in < 1 year	135
Lease liability released in over 1 year	—
Total Lease Liability	135

Amounts recognised in profit or loss

In thousands of $	**31 December 2022**
2022 – Leases under IFRS 16	
Interest on lease liabilities	688
Income from sub-leasing right-of-use assets presented in 'interest income'	8

(18) 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 2022:

		$'000			
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit or loss					
Investments at fair value	31,734	—	—	31,734	31,734
Loans and receivables					
Cash and cash equivalents	7,818				
Trade and other receivables	61				
Security and other deposits	120				
Total	39,733			31,734	31,734
Financial liabilities measured at amortised cost					
Trade and other payables	1,017				
Lease liability	135				
Total	1,152				

As of 31 December 2021:

		$'000			
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets designated as fair value through profit or loss					
Investments at fair value	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

Total other financials assets were as follows:

For the year ended 31 December:	2022 $'000	2021 $'000
Deposits	38	44
Total	38	44
Convertible note receivable	—	4,500
Other current assets	82	550
Total	82	5,050
	120	5,094

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 10 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 17.

For assumptions used in the fair value measurement of the Group's subsidiary preferred shares liability designated as Level 3, see note 15. For assumptions used in the fair value measurement of Investments at fair value designated as Level 3, see note 10.

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 $'000	Disposals $'000	Movement from IFRS 9 fair value accounting $'000	Additions $'000	31 December 2022 $'000
Federated Wireless, Inc.	4,500	(4,283)	(217)	—	—
Total convertible loan note assets at fair value	4,500	(4,283)	**(217)**	—	—

(19) 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:	**2022** $'000	**2021** $'000
Cash and cash equivalents	7,818	9,710
Investments held at fair value	31,734	33,984
Trade and other receivables	61	5,912
Security and other deposits	120	594
	39,733	50,200

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 $5.4 million. These investments are reviewed in detail in note 10. 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:	**2022**	**2021**
	$'000	$'000
Neither past due nor impaired	—	434
Past due 30-90 days	—	—
Past due over 90 days	—	—
Reserve for bad debt	—	—
	—	434

An analysis of the credit quality of trade receivables that are neither past due nor impaired is as follows:

As of 31 December:	**2022**	**2021**
	$'000	$'000
Customers with less than three years of trading history with the Group	—	434
	—	434

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 2022:		Contractual cash flows			
$'000	**Carrying amount**	**Total**	**Less than 1 year**	**2-5 years**	**More than 5 years**
Trade and other payables	1,017	1,017	1,017	—	—
Lease liability	135	135	135	—	—
	1,152	1,152	1,152	—	—

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	—

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 15.

(20) 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:	2022 $'000	2021 $'000
Short-term employee benefits	271	18
Share-based payments	—	—
Total	271	18

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:	2022 $'000	2021 $'000
Executive Directors' fees	—	18
Non-executive Directors' fees	271	345
Total	271	363

Executive management and Directors of the Company control 0.6% of the voting shares of the Company as of 31 December 2022 (2021: 0.6 %).

The Group has not engaged in any other transactions with key management personnel or other related parties.

(21) Taxation

Amounts recognised in profit or loss

No current income tax expense was recorded for the years ended 31 December 2022 and 2021 due to accumulated losses.

For the year ended 31 December:	**2022** $'000	**2021** $'000
Net income/(loss)	(2,490)	(16,244)
Income taxes	—	—
Net income/(loss) before taxes	(2,490)	(16,244)

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:

	2022 %	**2021** %
US federal statutory rate	21.0	21.0
Effect of state tax rate in US	6.5	5.7
Research credits	—	1.4
Share-based payment remeasurement	0.5	(0.5)
Permanent differences from consolidation	131.6	52.7
Other permanent differences	(15.9)	2.2
Current year income/(losses) for which no deferred tax asset/(liability) is recognised	(143.7)	(82.5)
	—	—

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 2022, 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:	**2022** $'000	**2021** $'000
Tax loss carry forward	80,719	74,282
Research credits	4,328	5,201
Temporary differences	10,487	24,291
Deferred tax assets	95,534	103,774
Other temporary differences	—	—
Deferred tax liabilities	—	—
Deferred tax assets, net, not recognised	95,534	103,774

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 2022 the Company had United States federal net operating losses carry forwards ("NOLs") of approximately $258.6 million (2021: $277.6million) 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. Additionally, at 31 December 2022 the Company has capital loss carry forwards in the amount of $57.0 million (2021: $8.8 million). These capital loss carryforwards start to expire in 2023 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.

(22) Subsequent Events

On 6 March 2023, Concirrus Holdings Limited Concirrus) has purchased Allied Minds' entire issued share capital of 61,252 Ordinary Shares in the Company at a total consideration of £0.46 per share. As a result, this transaction fully liquidates Allied Minds' investment in Concirrus.

On 6 March 2023, Orbital Sidekick, Inc. (OSK) issued an additional 903,276 shares of Series A Preferred Stock, pursuant to that certain Series A Preferred Stock Purchase Agreement, dated September 30, 2022, raising additional external capital totaling $2.7 million.

On 24 March 2023, BridgeComm issued $1.5million in convertible notes to AE Industrial HorizonX Venture Fund I, LP (HorizonX). The financing will be applied to support the business to the completion of a new financing round.

FINANCIAL STATEMENTS

COMPANY BALANCE SHEET

As of 31 December	Note	2022 $ '000	2021 $ '000
Non-current assets			
Loan to subsidiary	3	45,737	53,271
Total non-current assets		45,737	53,271
Current assets			
Cash and cash equivalents	2	1,523	1,682
Trade and other receivables		17	307
Total current assets		1,540	1,989
Total assets		47,277	55,260
Equity			
Share capital	4	3,767	3,767
Treasury shares	4	(983)	(738)
Translation reserve	4	(50,054)	(55,215)
Accumulated reserves	4	94,120	107,357
Total equity	4	46,850	55,171
Current liabilities			
Trade and other payables		427	89
Total current liabilities		427	89
Total liabilities		427	89
Total equity and liabilities		47,277	55,260

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 $2,316,000 (2021: $38,177,000).

Registered number:

The financial statements on pages 34 to 91 were approved by the Board of Directors and authorised for issue on 21 July 2023 and signed on its behalf by:

Bruce Failing
Interim Chairman

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022	Share capital		Treasury shares		Share	Translation	Accumulated	Total
	Shares	Amount	Shares	Amount	premium	reserve	reserves	equity
		$'000	‘000	$' 000	$'000	$'000	$'000	$'000
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
Total comprehensive loss for the year								
Loss for the year	—	—	—	—	—	—	(2,316)	(2,316)
Foreign currency translation	—	—	—	—	—	5,161	(10,907)	(5,746)
Total comprehensive loss for the year						5,161	(13,223)	(8,062)
Repurchase of ordinary shares	—	—	(2,176)	(245)	—	—	—	(245)
Equity-settled share based payments	—	—	—	—	—	—	(14)	(14)
Balance at 31 December 2022	242,187,985	3,767	(4,714)	(983)	—	(50,054)	94,120	46,850

COMPANY STATEMENT OF CASH FLOWS

For the year ended 31 December:	Note	2022 $ '000	2021 $ '000
Cash flows from operating activities:			
Net operating loss for the year		(2,316)	(38,177)
Adjustments to reconcile net loss to net cash used in operating activities:			
Share-based compensation expense		(14)	250
Impairment loss in loan to subsidiary	*3*		36,674
Changes in working capital:			
Decrease/(increase) in trade and other receivables		291	(23)
Increase/(decrease) in trade and other payables		335	(147)
Other finance income /(cost)		(92)	19
Net cash used in operating activities		(1,796)	(1,404)
Cash flows from investing activities:			
Proceeds from issuance of note receivable	*3*	(716)	(1,070)
Repayments of note receivable from subsidiary		2,598	3,138
Net cash provided by investing activities		1,882	2,068
Cash flows from financing activities:			
Payments to repurchase ordinary shares		(245)	(738)
Net cash used in financing activities		(245)	(738)
Net decrease in cash and cash equivalents		(159)	(74)
Cash and cash equivalents at beginning of the period		1,682	1,756
Cash and cash equivalents at end of the period		1,523	1,682

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

(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 in accordance 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 distribution 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 9 and 14 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:	**2022**	**2021**
	$'000	$'000
Bank balances	1,523	1,682
Cash and cash equivalents	1,523	1,682

(3) Loan to Subsidiary

	2022 $'000	2021 $'000
Balance at 1 January	53,271	92,648
Additions	716	1,070
Impairment	—	(36,674)
Repayments from subsidiaries	(2,598)	(3,138)
Effect from currency translation	(5,652)	(635)
Balance at 31 December	45,737	53,271

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 2022, the Directors reviewed the value of the underlying business and concluded no impairment charge 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 12 to the consolidated financial statements.

As of 31 December:	2022 $'000	2021 $'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	(983)	(738)
Translation reserve	(50,054)	(55,215)
Accumulated deficit	94,120	107,357
Total equity	46,850	55,171

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.

On 17 November 2022, ALM's Board of Directors (the "Board") approved a new share buyback programme ("Buyback Programme"). The purpose of the buyback programme is to satisfy the Company's obligations arising from its 2014 Long Term Incentive Plan ("LTIP"). Following the passing of the Delisting Resolution the last day of dealings of the Shares on the Main Market was Tuesday 29 November 2022. Cancellation of the listing of the Shares on the Official List of the FCA took effect at 8:00 am on Wednesday 30 November 2022.

The programme was expected to purchase up to a maximum aggregate consideration of £225,000 of the Company's ordinary shares. Share purchases took place in open market. As of 31 December 2022, the Company purchased 2,176,229 of its Ordinary Shares of £0.01 each ("Ordinary Shares") for a total value of $245,027. The Ordinary Shares purchased will be held in treasury until transferred by the Company to the directors and employees in satisfaction of awards under the 2014 LTIP.

In the period, management have calculated that an amount of $10.9 million 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 $5.7 million.

(5) Directors' Remuneration, Employee Information and Share-based Payments

The remuneration of the Directors of the Company is disclosed in note 20 to the consolidated financial statements. 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 2022 (2021: none).

Company Information

Company Registration Number 08998697

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Board of Directors
Bruce Failing
(Non-Executive Interim Chairman)

Sam Dobbyn
(Non-Executive Director, Audit Committee Chair)
Juan Morera
(Non-Executive Director, Remuneration Committee Chair)

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