



**FRONTIER IP GROUP PLC**  
**(“Frontier IP” or the “Group” or the “Company”)**

**UNAUDITED HALF YEARLY REPORT 2019/20**



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## UNAUDITED HALF-YEAR RESULTS FOR THE SIX MONTHS TO 31 DECEMBER 2019

Frontier IP builds value by working in partnership with universities, investors and industry to commercialise intellectual property (“IP”).

### KEY POINTS

Frontier IP enjoyed strong progress during the first half of the year. Highlights included an oversubscribed placing to raise £3.8 million (net of expenses) which completed in December 2019, a move which significantly strengthened the balance sheet and diversified the shareholder base with a significant number of new institutions participating in the fundraise. The Group also took steps to deepen and expand its industrial partnerships with the appointment of its first senior advisers, covering the defence and food and agritech sectors. One new portfolio company was incorporated, being Elute Intelligence and the first from an existing business, and one new industry partnership within the portfolio was announced. There has also been strong news flow post period end.

The fair value of the portfolio rose by 25 per cent. to £17.1 million at 31 December 2019 (30 June 2019: £13.7 million). Unrealised profit on the revaluation of investments rose by 52 per cent. to £3.0 million (2018: £2.0 million) and pre-tax profits rose by 67 per cent. to £2.1 million (2018: £1.2 million).

Post period end, we face the challenges of the impact of the COVID-19 outbreak on the Group and its portfolio companies. The continuity of our business and the well-being of our staff is paramount. Our team has been working remotely without significant interruption to our service so far and the team is working closely with our portfolio companies to try to mitigate the risks posed to their businesses.

### PORTFOLIO AND OPERATIONAL HIGHLIGHTS

The six months to 31 December 2019 saw encouraging commercial progress with momentum continuing strongly after the period end.

- Oversubscribed equity placing for Frontier IP raised £3.8 million (net of expenses) for the Group from existing and a significant number of new institutional investors, ensuring a strong balance sheet
- Two senior advisers appointed to deepen and expand industry partnerships: Air Vice-Marshal Gary Waterfall CBE is Senior Defence Adviser; John Price, former Mars, Incorporated Vice-President Operations Europe and Chairman of Mars Pension Trustees is Senior Food and Agritech Adviser
- Nplus1 Singer Advisory LLP (“N+1 Singer”) appointed as the Group’s sole broker; Allenby Capital Limited retained as Nominated Adviser



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- Elute Intelligence incorporated to develop novel artificial intelligence (“AI”) software tools to search and compare complex documents. First portfolio business which is not a university spin out, formed from existing company CFL Software and Frontier IP intellectual property
  - Exscientia entered into drug discovery collaboration with Rallybio, a US-based drug development company focused on rare diseases
  - Post period end:
    - First equity funding round raised £680,000 for The Vaccine Group to accelerate development and expand the range of its novel animal vaccine technology. The Company has subsequently started work on animal vaccines to tackle COVID-19 and related coronaviruses following strong progress and validation of its herpesvirus-based vaccine platforms
    - Exscientia announced world’s first AI designed drug to enter clinical trials in a joint development with Sumitomo Dainippon Pharma; entered into collaboration agreement worth up to €240 million in upfront and milestone payments with Bayer AG
    - Fieldwork Robotics raised £298,000 in first equity funding round, which implied a valuation of £1.36 million for Frontier IP’s equity stake at 31 December 2019
    - The Group increased its stake in Celerum Limited from 10 per cent to 33.8 per cent to accelerate development of AI software, initially to improve logistics and supply-chain efficiency
    - Cambridge Raman Imaging awarded EU Graphene Flagship grant to accelerate development of graphene-enabled scanning Raman microscope

## **FINANCIAL HIGHLIGHTS**

- Fair value of the portfolio increased by 25 per cent. to £17,141,000 at 31 December 2019 (30 June 2019: £13,689,000), an increase of 49 per cent. year on year (31 December 2018: £11,508,000)
- Unrealised profit on the revaluation of investments increased 52 per cent. to £3,024,000 (2018: £1,983,000)
- Revenue from services decreased 12 per cent. to £170,000 (2018: £193,000) – the decrease reflecting a lower level of technical services provided
- Profit before tax increased 67 per cent. to £2,088,000 (2018: £1,247,000) – the increase reflecting the higher gain on revaluation of investments and accounting for greater administrative costs, which rose to £1,121,000 (2018: £939,000)



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- Basic earnings per share increased by 46 per cent. to 4.66p (2018: 3.18p)
  - Net assets per share increased to 46.6p as at 31 December 2019 (30 June 2019: 41.4p; 31 December 2018: 38.8p)
  - Cash balances stood at £4,022,000 as at 31 December 2019 (30 June 2019: £1,466,000; 31 December 2018: £2,528,000) following a placing which completed in December 2019 and which raised £3,769,000 (net of expenses) for the Group.

**Chief Executive Neil Crabb said:** *“Our business model is different. We earn equity in our portfolio businesses by providing a wide range of commercialisation services and support - we do not invest significant sums ourselves.*

*Our focus is to identify strong intellectual property and then prove its commercial value by working closely with universities, academics and industry. Only when we are confident the technology works, can be scaled up, and meets a market need or demand, will we ask third-party investors to make significant commitments to the portfolio companies.*

*This means portfolio company valuations are underpinned by an independent view when funding rounds happen. It also means the cash burn in our portfolio businesses is carefully controlled.*

*The first half of the year provided further evidence our novel approach and the increasing maturity in our portfolio is gaining traction with our stakeholders and the world beyond. A year-on-year increase of 49 per cent in the fair value of our portfolio and a 67 per cent increase in profit before tax demonstrates our approach is working.*

*A significant number of new institutional investors became shareholders when we successfully raised £3.8 million (net of expenses) through an oversubscribed placing, which was strongly supported by our existing investors too.*

*We appointed our first two senior advisers to deepen and expand our industry partnerships. I was delighted to welcome Air Vice-Marshal Gary Waterfall and John Price, former Vice-President Operations Europe for Mars, Incorporated, and Chairman of Mars Pension Trustees into our team. Gary will use his extensive contacts in defence to support our work in the sector, while John is focused on food and agritech. Both are already making an invaluable contribution.*

*In the portfolio, we incorporated one new company Elute Intelligence. It is an exemplar of our approach. The company’s software intelligently searches and compares highly complex documents, such as patents, across huge datasets. In return for providing time and expertise via hands-on technical and business support, we have earned a 43 per cent equity stake in a business we believe has major potential.*

*Exscientia continues to perform strongly. During the period, it entered into a collaboration with Rallybio. Post period end, the company announced the first AI-designed drug to enter human*



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*clinical trials and a collaboration with Bayer AG worth up to €240 million in upfront and milestone payments.*

*Post period end, we also increased our equity holding in Celerum from 10 per cent to 33.8 per cent, and successfully completed two initial equity fund raisings for Fieldwork Robotics and The Vaccine Group.*

*We've always sought to be candid about the risks facing our business. Among these, we must now count the coronavirus outbreak and its global impact socially, industrially, and on economies and financial markets. It is too early to assess the long-term effect on Frontier IP and our portfolio companies. However, we are implementing risk analysis and control procedures, both within the Group and in our portfolio to understand and mitigate specific risks facing our portfolio companies from the COVID-19 outbreak.*

*The broad risks we are facing include an impact on the timing of equity funding rounds and on the valuations our portfolio companies might be able to achieve. There may also be delays to decisions made by our industrial and commercial partners as they formulate their own responses to the crisis. As a result, the timings of future realisations, whether through IPO or trade sales, could also be delayed. We are seeing universities shutting down laboratories not focused on COVID-19 research for the duration, which could affect the ability of academics to progress with research on the technologies we are striving to commercialise and potentially impacting our existing portfolio and new spin outs.*

*From a Group perspective, our business is underpinned by some strong fundamentals. Having raised £3.8 million net of expenses last December, our balance sheet is strong. We also operate a very capital efficient business model, both in Frontier IP and across our portfolio.*

*We are working very closely with our portfolio companies to understand and mitigate the specific risks they are facing. There are a number of potential steps we can take to ensure they are in a position to flourish once the crisis has passed. Our portfolio companies control cash tightly, and in many instances the academics behind the technology retain their posts at their universities.*

*The UK government's response has also been encouraging. We welcome the wide-ranging package of support measures being put forward, assuming they can be delivered in a timely fashion. They include the stated desire to help small businesses manage cashflow through a dedicated lending scheme and the job retention scheme to support the salaries of furloughed workers. The increased emphasis on and funding for research and innovation outlined in the budget earlier this month is also welcome. We will work with our portfolio companies to ensure that these funding and support measures are well understood and provide the help needed to maximise the chances of a successful application, subject to details being finalised and individual portfolio company circumstances.*

*Furthermore, we are heartened by the way industry is beginning to adapt to the crisis by using technology to overcome the challenges they are facing and to assess new technologies and*



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*ideas. Although some are now introducing hiring freezes and redundancy programmes, this in fact reduces competition for the talent we are seeking to recruit.*

*COVID-19 has brought into sharp focus some of the global challenges our portfolio companies are rising to meet. The Vaccine Group is already working on animal vaccines intended to prevent COVID-19 and related coronaviruses from re-emerging, or emerging, from animal populations to infect humans again – the so-called spillover threat.*

*Amprologix is developing new classes of antibiotics to help tackle another global threat to human health, antimicrobial resistance. Molendotech’s technology to swiftly detect harmful bacteria in water is already being commercialised by Palintest, a subsidiary of FTSE 100 group Halma.*

*There are less obvious ways our portfolio companies can help too: Elute Intelligence, for example, with its novel artificial intelligence to rapidly search and compare complex documents, can support researchers trying to filter through reams of academic papers to find the most relevant. Another example is Fieldwork Robotics, which is developing robotic technology to harvest soft fruit and vegetables. Farmers globally were already suffering human labour shortages, a problem that could become more acute if the clampdowns now being put in place affect the ability of seasonal migrant labour to travel.*

*Setting aside the impact from the coronavirus, our other portfolio companies continue to make strong progress. Alusid has now proved it can scale up its patented processes and formulations to mass produce its sustainable tiles, made from almost 100 per cent recycled industrial waste. It has also recently secured a number of new prestige clients and attracted very strong interest from the broader market, but progress depends on how the current crisis develops. Pulsiv Solar’s patented technology to improve the efficiency of power converters is also garnering strong interest from industry, as is Celerum’s nature-inspired artificial intelligence for improving the operational efficiency of logistics and supply chains.*

*COVID-19 poses significant uncertainty. However, we are working to understand the risks and how best to mitigate them on a company by company basis, putting in place the most appropriate support. Given the speed with which the outbreak has developed and continues to develop, the help we are providing will continue to evolve and will remain in place for as long as necessary. We are confident we are managing the challenges the coronavirus presents.*

*We remain confident in the long-term prospects for the Group.”*



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## INTERIM MANAGEMENT STATEMENT

### SUMMARY

Frontier IP made good progress in pursuing growth and creating value for shareholders by:

- Identifying IP with strong commercial potential to build the portfolio – Elute Intelligence incorporated during period
- Developing industry partnerships to validate technology and scale up: senior advisers appointed to develop and expand partnerships in food and agritech, and defence sectors; the Exscientia collaboration with Rallybio
- Supporting fund raising for further development – initial equity fundraisings completed for Fieldwork Robotics and The Vaccine Group post period end
- Generating strong financial results: fair value of portfolio increased by 25 per cent. to £17.1 million, unrealised profit on the revaluation of investments by 52 per cent. to £3.0 million, and pre-tax profits by 67 per cent. to £2.1 million. Cash balances at period end of £4.0 million after placing of £3.8 million (net of expenses) in the period under review.

### OPERATIONAL REVIEW

The Group and its portfolio companies made good progress during the half year to 31 December 2019. We continued to build our portfolio, further developed our relationships with university, government and industry partners, and strengthened our team. Much of the work undertaken during the half resulted in strong positive news flow post period end.

#### Portfolio developments

We incorporated one new portfolio company during the period, Elute Intelligence Holdings. Exscientia entered into a collaboration agreement with Rallybio, a US-based drug development company focused on rare diseases. Post period end, The Vaccine Group and Fieldwork Robotics completed their first equity fund raisings and Cambridge Raman Imaging won a grant from the EU Graphene Flagship. Exscientia later entered a collaboration with Bayer AG and announced the first AI-designed drug to enter human clinical trials.

#### The new portfolio company was:

Elute Intelligence Holdings: Frontier IP stake 43 per cent

Elute Intelligence Holdings is developing novel software tools able to search and compare complex documents, such as patents and contracts, intelligently. It is also able to detect evidence of plagiarism, collusion and copyright infringement. The company is the first in the portfolio to be formed from an existing business, CFL Software Limited. Existing customers of the software include the Universities and Colleges Admissions Service, other academic institutions,





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commercial researchers and lawyers. Frontier IP has injected some complementary intellectual property. The Group will also be providing commercialisation services, facilitating scale up and direct, hands-on support for technical development.

**Other portfolio developments included:**

Exscientia: Frontier IP stake 3.25 per cent

Exscientia, a leader in using AI in drug discovery, entered into a drug discovery collaboration with US-based drug development company Rallybio. Rallybio is aiming to transform the lives of patients with rare diseases. Post period end, Exscientia entered into a collaboration agreement with Bayer AG worth up to €240 million including upfront and research payments, and for meeting milestones. The company may also receive sales royalties. Exscientia also announced the world's first AI-designed drug to enter human clinical trials in a joint development with Sumitomo Dainippon Pharma.

Exscientia's other partnerships include collaborations with Celgene, Sanofi, GT Aperion and Evotec.

**Post period end portfolio developments:**

The Vaccine Group: Frontier IP stake 17 per cent

The Vaccine Group successfully completed an initial equity funding round in January, raising £680,000 to accelerate development of its novel animal vaccine technology. The company has subsequently started work on vaccines to tackle COVID-19 and related coronaviruses for use in the animals from which the disease originally emerged to infect humans. The aim is to prevent the disease re-emerging to infect humans again and the emergence of new diseases. It follows the strong progress made by the company on vaccines to fight bovine tuberculosis and African Swine Fever. Successful rabbit trials of a prototype bovine mastitis vaccine revealed significant potential for new intellectual property and demonstrated the technology's ability to deliver strong, targeted immune responses. The company and its international partners are backed by more than £9 million in grant funding from the UK, US and Chinese governments.

Fieldwork Robotics: Frontier IP stake 26.9 per cent

Fieldwork Robotics raised £298,000 through an initial equity funding round completed in January to accelerate development and scale of its novel robotics technology for harvesting soft fruit and vegetables. The move resulted in a material increase to the value of the Group's equity stake which was valued at £1,355,000 at 31 December 2019. Fieldwork completed successful field trials of a raspberry-harvesting robot last year.

Cambridge Raman Imaging: Frontier IP stake 33.3 per cent

The prestigious EU Graphene Flagship awarded Cambridge Raman Imaging a €140,000 grant to accelerate development of its innovative graphene-enabled scanning Raman microscope. The



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company, a spin out from the University of Cambridge and the Politecnico di Milano in Italy is looking to create a microscope able to produce real-time images of fresh tissue samples to detect and show the extent of tumours, their response to drug treatments and to allow surgeons to see if a cancer has been completely removed.

### **Post-period end corporate developments**

Although it is still too early to understand the full impact of the rapidly developing COVID-19 crisis on the Group and its portfolio companies, Frontier IP is taking the necessary steps to understand and mitigate the risks. These include establishing a comprehensive risk register for each portfolio company to tailor dedicated support packages and exploring the use of the extensive government help on offer where appropriate. The Group is following government guidelines. All employees are currently working from home.

Frontier IP increased its stake in portfolio company Celerum from 10 per cent to 33.8 per cent in return for investment, a loan conversion and for providing strategic, business and hands-on software development services. The company, a spin out from Robert Gordon University, Aberdeen, is developing novel nature-inspired AI to help businesses improve the operational efficiency of logistics and supply chains. It has already attracted strong industry interest and has already helped one of Scotland's biggest privately-owned hauliers ARR Craib to maximise vehicle use and fleet effectiveness.

### **OUTLOOK**

Our business made strong progress during the first half of the year, progress further reflected in the strong news flow after the period end.

The rapidly developing COVID-19 outbreak is a cause of significant uncertainty, including the ways it could delay equity funding rounds for portfolio companies. This means we may have to consider extending further financial support if necessary. The outbreak could also hinder the progress of projects as academic institutions shut down or limit access to research facilities, as well as the broader economic impacts.

We are putting in place mechanisms to support our portfolio companies by understanding the specific risks they are facing and taking steps to mitigate them. These include maintaining tight control of cash outflow and seeking to make use of government support measures where appropriate. Obviously, given the speed with which the outbreak has developed and continues to develop, this is work in progress.

A number of our portfolio companies are helping to address a number of global challenges, including those highlighted by the COVID-19 outbreak. Most directly, The Vaccine Group is developing COVID-19 vaccines for use in animals, based on its novel vaccine technology to prevent diseases from spreading from animals into humans. Amprologix is developing new



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classes of antibiotics to help reduce the threat from antimicrobial resistance, and Molendotech's rapid water tests can help reduce the risk from secondary infections. Exscientia is a leader in using artificial intelligence to discover new drugs.

The Group's balance sheet is strong after we raised £3.8 million net of expenses last December. Frontier IP is confident it can meet the challenges posed by COVID-19. We remain confident in the long-term prospects for the Group.

**Neil Crabb**

**Chief Executive Officer**

## **RESULTS SUMMARY**

Financial assets at fair value through profit and loss at 31 December 2019 increased to £17,141,000 (30 June 2019: £13,689,000; 31 December 2018: £11,508,000). Unrealised profit on the revaluation of investments over the first half increased by 52 per cent. to £3,024,000 (2018: £1,983,000) while revenue from services decreased to £170,000 (2018: £193,000). The profit before tax increased by 67 per cent. to £2,088,000 (2018: £1,247,000) reflecting the higher investment revaluations, partially offset by the higher administrative expenses. Administrative expenses increased by 19 per cent. to £1,121,000 (2018: £939,000) primarily reflecting increased staff numbers, salaries and associated costs. Basic earnings per share was 4.66p (2018: 3.18p).

Cash balances stood at £4,022,000 as at 31 December 2019 (30 June 2019: £1,466,000; 31 December 2018: £2,528,000) following a placing which completed in December 2019 which raised £3,769,000 net of expenses. Net assets per share as at 31 December 2019 were 46.6p (30 June 2019: 41.4p; 31 December 2018: 38.8p). Debt investments reflecting loans made to portfolio companies stood at £790,000 as at 31 December 2019 (30 June 2019: £437,000).



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2019

	Notes	Six months ended 31 December 2019 (unaudited) £'000	Six months ended 31 December 2018 (unaudited) £'000	Year ended 30 June 2019 (audited) £'000
<b>Revenue</b>				
Revenue from services		170	193	418
<b>Other operating income</b>				
Unrealised profit on the revaluation of investments	7	3,024	1,983	3,850
Grant income		5	-	-
		<u>3,199</u>	<u>2,176</u>	<u>4,268</u>
Administrative expenses		(1,121)	(939)	(1,932)
Dividend income on financial assets at fair value through profit or loss		-	-	2
<b>Profit from operations</b>		<u>2,078</u>	<u>1,237</u>	<u>2,338</u>
Interest income on short-term bank deposits		10	10	12
<b>Profit from operations and before tax</b>		<u>2,088</u>	<u>1,247</u>	<u>2,350</u>
Taxation	5	-	-	-
<b>Profit and total comprehensive income attributable to the equity holders of the Company</b>		<u><u>2,088</u></u>	<u><u>1,247</u></u>	<u><u>2,350</u></u>
<b>Profit per share attributable to the equity holders of the parent</b>				
Basic earnings per share	6	4.66p	3.18p	5.77p
Diluted earnings per share	6	4.47p	3.03p	5.51p

All the Group's activities are classed as continuing and there were no comprehensive gains or losses in any period other than those included in the statement of comprehensive income.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

		As at 31 December 2019 (unaudited) £'000	As at 31 December 2018 (unaudited) £'000	As at 30 June 2019 (audited) £'000
<b>ASSETS</b>	<b>Notes</b>			
<b>Non-current assets</b>				
Tangible fixed assets		6	5	7
Goodwill		1,966	1,966	1,966
Financial assets at fair value through profit and loss				
Equity investments	7	16,351	11,403	13,252
Debt investments	7	40	105	40
Trade receivables and other non-current assets		153	84	114
		<u>18,516</u>	<u>13,563</u>	<u>15,379</u>
<b>Current assets</b>				
Financial assets at fair value through profit and loss				
Debt investments	7	750	-	397
Trade receivables and other current assets		505	373	488
Cash and cash equivalents		4,022	2,528	1,466
		<u>5,277</u>	<u>2,901</u>	<u>2,351</u>
<b>Total assets</b>		<u>23,793</u>	<u>16,464</u>	<u>17,730</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		(192)	(128)	(139)
		<u>(192)</u>	<u>(128)</u>	<u>(139)</u>
<b>Net assets</b>		<u>23,601</u>	<u>16,336</u>	<u>17,591</u>
<b>EQUITY</b>				
Called up share capital		5,068	4,211	4,243
Share premium account		12,828	9,739	9,791
Reverse acquisition reserve		(1,667)	(1,667)	(1,667)
Share based payment reserve		353	225	293
Retained earnings		7,019	3,828	4,931
<b>Total equity</b>		<u>23,601</u>	<u>16,336</u>	<u>17,591</u>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-months ended 31 December 2019

	Share capital	Share premium account	Reverse acquisition reserve	Share- based payment reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1st July 2018	3,828	7,789	(1,667)	186	2,581	12,717
Issue of shares	383	1,950	-	-	-	2,333
Share-based payments	-	-	-	39	-	39
Profit/comprehensive income for the period	-	-	-	-	1,247	1,247
At 31 December 2018	4,211	9,739	(1,667)	225	3,828	16,336
Issue of shares	32	52	-	(20)	-	64
Share-based payments	-	-	-	88	-	88
Profit/comprehensive income for the period	-	-	-	-	1,103	1,103
At 30 June 2019	4,243	9,791	(1,667)	293	4,931	17,591
Issue of shares	825	3,037	-	(26)	-	3,836
Share-based payments	-	-	-	86	-	86
Profit/comprehensive income for the period	-	-	-	-	2,088	2,088
At 31 December 2019	5,068	12,828	(1,667)	353	7,019	23,601



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2019

	Six months ended 31 December 2019 (unaudited) £'000	Six months ended 31 December 2018 (unaudited) £'000	Year ended 30 June 2019 (audited) £'000
<b>Cash flows from operating activities</b>			
Cash used in operations	(859)	(458)	(1,270)
Taxation paid	-	-	-
<b>Net cash used in operating activities</b>	<b>(859)</b>	<b>(458)</b>	<b>(1,270)</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	(2)	(2)	(7)
Purchase of financial assets at fair value through profit and loss	(428)	(466)	(779)
Interest received	10	10	12
Dividend income on financial assets at fair value through profit or loss	-	-	2
<b>Net cash used in investing activities</b>	<b>(420)</b>	<b>(458)</b>	<b>(772)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity shares	4,125	2,488	2,552
Costs of share issue	(290)	(155)	(155)
<b>Net cash generated from financing activities</b>	<b>3,835</b>	<b>2,333</b>	<b>2,397</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,556</b>	<b>1,417</b>	<b>355</b>
Cash and cash equivalents at beginning of period	1,466	1,111	1,111
<b>Cash and cash equivalents at end of period</b>	<b>4,022</b>	<b>2,528</b>	<b>1,466</b>
<b>Cash used in operations</b>			
Profit before tax	2,088	1,247	2,350
Adjustments for:			
Share-based payments	86	39	127
Depreciation	3	3	6
Interest received	(10)	(10)	(12)
Dividends received	-	-	(2)
Fair value (gain) on financial assets at fair value through profit or loss	(3,024)	(1,983)	(3,850)
Changes in working capital:			
Trade and other receivables	(55)	321	176
Trade and other payables	53	(75)	(65)
	<b>(859)</b>	<b>(458)</b>	<b>(1,270)</b>



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## NOTES

### 1. General information

The Company is a limited liability company incorporated in England and with its registered office at c/o CMS Cameron McKenna Nabarro Olswang LLP, 78 Cannon Street, London EC4N 6AF. The Company's main trading office is situated at 93 George Street, Edinburgh, EH2 3ES.

The Company is quoted on the AIM market.

This condensed consolidated interim financial information was approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 24 March 2020.

This condensed interim financial information has not been audited or reviewed by the Company's auditor.

### 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 December 2019 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparatives for the full year ended 30 June 2019 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

### 3. Accounting policies

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 30 June 2019 as described in the Group's Annual Report for that year and as available on our website [www.frontierip.co.uk](http://www.frontierip.co.uk). No new standards that have become effective in the period have had a material effect on the Group's financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.





#### 4. Segmental information

The chief operating decision-maker has been identified as the Group's board of directors. The board reviews the Group's internal reporting to assess performance and allocate resources. Currently the board considers that the Group has one operating activity, the commercialisation of intellectual property. The Group's revenue and profit before taxation were derived almost entirely from its principal activities within the UK. Though the Group has partnerships and spin outs in Portugal the associated revenues and costs are currently immaterial and accordingly, no additional geographical disclosures are given.

#### 5. Taxation

The taxation expense is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year. The taxation expense for the six months to 31 December 2019 of nil (2018: nil) represents the recognition of a deferred tax liability on unrealised fair value gains less the recognition of available tax losses.

A deferred tax asset has not been recognised in respect of trading losses in view of the uncertainty as to the level of future taxable profits.

#### 6. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 December 2019 and 31 December 2018 and for the year ended 30 June 2019 is based on the earnings attributable to the shareholders of Frontier IP Group Plc in each period divided by the weighted average number of shares in issue during the period.

<b>Basic earnings per share</b>	<i>Earnings attributable to shareholders £'000</i>	<i>Weighted average number of shares Number</i>	<i>Basic earnings per share Pence</i>
Six months ended 31 December 2019	2,088	44,843,057	4.66
Six months ended 31 December 2018	1,247	39,235,483	3.18
Year ended 30 June 2019	2,350	40,700,979	5.77
<b>Diluted earnings per share</b>		<i>Weighted average</i>	<i>Diluted earnings</i>



	<i>Earnings attributable to shareholders</i>	<i>number of shares</i>	<i>per share</i>
	<i>£'000</i>	<i>Number</i>	<i>Pence</i>
Six months ended 31 December 2019	2,088	46,662,897	4.47
Six months ended 31 December 2018	1,247	41,109,539	3.03
Year ended 30 June 2019	2,350	42,632,932	5.51

## 7. Financial Assets at Fair Value Through Profit and Loss

Financial assets at fair value through profit and loss comprise the following:

	<b>Unquoted Equity Investments</b>	<b>Unquoted Debt Instruments</b>	<b>Limited Partnership Interests</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 July 2018	9,041	-	19	9,060
Additions	360	105	1	466
Fair value increases	1,983	-	-	1,983
Fair value decreases	-	-	(1)	(1)
At 31 December 2018	11,384	105	19	11,508
Additions	(1)	311	3	313
Fair value increases	1,881	21	-	1,902
Fair value decreases	(12)	-	(22)	(34)
At 30 June 2019	13,252	437	-	13,689
Additions	75	353	-	428
Fair value increases	3,024	-	-	3,024
Fair value decreases	-	-	-	-
At 31 December 2019	16,351	790	-	17,141

Debt investments are loans to portfolio companies to fund early stage costs, provide funding alongside grants and bridge to an equity fundraise. Non-current and current debt investments are set out below:

	<b>As at 31 December 2019</b>	<b>As at 31 December 2018</b>	<b>As at 30 June 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Non-current	40	105	40
Current	750	-	397
	790	105	437



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The most significant loans made during the six months to 31 December 2019 were to Nandi Proteins £150,000, Cambridge Raman Imaging £75,000, Alusid £40,000 and CamGraPhiC £45,000. The majority of the debt investments at 31 December 2019 were loans to Pulsiv Solar £165,000, Nandi Proteins £150,000 and Fieldwork Robotics £150,000.

#### **8. Copies of Half Yearly Report**

Copies of the Half Yearly Report will be available on the Company's website, [www.frontierip.co.uk](http://www.frontierip.co.uk), and on request from the Company's offices at 93 George Street, Edinburgh EH2 3ES no later than 27 March 2020.