



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

UNAUDITED HALF YEARLY REPORT 2020/21



UNAUDITED HALF-YEAR RESULTS FOR THE SIX MONTHS TO 31 DECEMBER 2020

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

KEY POINTS

- Fair value of portfolio rose by 21 per cent to £23.4 million at 31 December 2020 (30 June 2020: £19.4 million)
- Unrealised profit on the revaluation of investments rose by 33 per cent to £4.0 million (31 December 2019: £3.0 million)
- Pre-tax profits rose by 45 per cent to £3.0 million (31 December 2019: £2.1 million)
- Oversubscribed equity placing and PrimaryBid offer raised £2.2 million (net of expenses) in July 2020

Frontier IP made strong progress during the first half of the year despite the COVID-19 pandemic. Fundraising activity stepped up, reflecting the growing maturity of the portfolio with several companies now approaching significant inflection points. Cambridge Raman Imaging, Elute Intelligence and Fieldwork Robotics raised equity funding during the period.

Post period end, Exscientia completed a \$100 million Series C funding round with backing from global asset manager BlackRock. Pulsiv raised £880,000 from new and existing equity investors.

Industry collaborations are a central part of our business model and three were announced with our portfolio companies.

There has also been evidence of increasing traction in Portugal before and after the period end with a first investment into one of our Portuguese portfolio companies, involvement with a United Nations Development Programme project and an industry collaboration announced.

Frontier IP strengthened its team during the period with the appointment of a Software Commercialisation Director and a Director of Corporate Relationships. Both have extensive experience.

The oversubscribed placing and PrimaryBid offer meant the Group was able to flex its business model to include increased bridge funding and support investment in portfolio companies.

PORTFOLIO AND OPERATIONAL HIGHLIGHTS

The six months to 31 December 2020 saw encouraging progress with the strong momentum continuing after the period end.



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- Three industry collaborations announced: Fieldwork Robotics announced separate partnerships with Bosch and Bonduelle, a leading multinational vegetable producer, and The Vaccine Group with ECO Animal Health Group plc and The Pirbright Institute
 - First equity funding round raised £250,000 for Elute Intelligence, which was announced post period end, to accelerate development of its Patent Reader product for searching patent databases more efficiently and to develop an enterprise search tool
 - First equity funding round raised £250,000 for Cambridge Raman Imaging to support development of its graphene-based ultrafast laser technology for use in medical devices. The company also announced its participation in a €5 million pan-European project to develop bio-photonic cell and tissue imaging technology
 - Fieldwork Robotics raised a total of £675,000, which was announced post period end. The proceeds will be used to accelerate development of the company's raspberry harvesting robot to bring it to market and to embark on development of a cauliflower harvesting robot in collaboration with Bonduelle, one of the world's largest vegetable producers
 - Three portfolio companies benefited from convertible loans from the UK government's Future Fund with matched funding from Frontier IP and other investors. Nandi Proteins raised a total of £720,000; Pulsiv a total of £500,000; and Alusid a total of £250,000. The loan to Pulsiv has been converted in conjunction with a subsequent equity fund raise post period end
 - Innovate UK awarded Fieldwork Robotics an £84,000 continuity grant and a further £145,000 grant from its Sustainable Innovation Fund
 - Our Portuguese business is showing encouraging development. AqualnSilico awarded €60,000 EIT RawMaterials grant
 - Software Commercialisation Director Mark Rosten appointed in a non-board role to identify opportunities and drive forward software developments and projects across the portfolio and for the Group. Director of Corporate Relationships Darren Winter appointed to support portfolio companies with their fundraising requirements.

Post period end:

- Exscientia completed its Series C financing round at \$100 million with BlackRock funds joining Novo Holdings, Evotec, Bristol Myers Squibb and GT Healthcare Capital as an investor in the fundraise. This followed another period of strong progress for Exscientia both in terms of industry collaborations and in building its team, and we look forward to reporting on further developments



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- Pulsiv raised £880,000 through an equity funding round ahead of a planned acceleration of its business as it hits key inflection points
 - Further developments in Portugal included:
 - AqualnSilico announced it is to receive \$250,000 from the United Nations Development Programme to support work to protect one of the world's most diverse marine environments around the Cape Verde archipelago
 - Leading Portuguese venture capital firm Portugal Ventures invested €100,000 in inSignals Neurotech
 - World's leading producer of cork products, Corticeira Amorim, announced the launch of a breakthrough technology to remove major cause of cork taint in wine from natural corks. The technology originated from the Group's Portuguese partner university NOVA University of Lisbon – NOVA School of Science Technology. Frontier IP engaged with Amorim in supporting the technology's commercialisation.

FINANCIAL HIGHLIGHTS

- Fair value of the portfolio of equity investments increased by 21 per cent. to £23,449,000 at 31 December 2020 (30 June 2020: £19,444,000), an increase of 43 per cent. year on year (31 December 2019: £16,351,000)
- Unrealised profit on the revaluation of investments increased 33 per cent. to £4,009,000 (31 December 2019: £3,024,000)
- Revenue from services increased 8 per cent. to £184,000 (31 December 2019: £170,000)
- Profit before tax increased 45 per cent. to £3,033,000 (31 December 2019: £2,088,000) – the increase reflecting the higher gain on revaluation of investments
- Basic earnings per share increased by 19 per cent. to 5.56p (31 December 2019: 4.66p)
- Net assets per share increased to 56.8p as at 31 December 2020 (30 June 2020: 51.0p; 31 December 2019: 46.6p)
- Cash balances stood at £3,818,000 as at 31 December 2020 (30 June 2020: £2,968,000; 31 December 2019: £4,022,000) following an equity placing which completed in July 2020 and which raised £2,178,000 million (net of expenses) for the Group.



Chief Executive Neil Crabb said: *“The first half of the year and beyond was a story of strong growth and gathering momentum against the backdrop of the COVID-19 pandemic. Our portfolio is maturing, with several companies approaching inflection points which mark significant and material changes in their progress. This is reflected by an increased pace in fundraising, strengthening of management teams, and the deepening and extending of industrial relationships within the portfolio.*

The continued growth of fair value of our portfolio and increase in profit is evidence our different approach to building businesses and generating value from intellectual property is working.

During the period, three portfolio companies completed equity funding rounds and a further two completed post period end. Of the latter, we were delighted to see BlackRock, one of the world’s biggest asset managers, become the latest blue-chip investor to back Exscientia, joining Novo Holdings, Evotec, Bristol Myers Squibb and GT Healthcare Capital as the company completed a \$100 million Series C financing round.

We have been shareholders in Exscientia since its incorporation in 2012. The company is now an established world leader in using artificial intelligence (“AI”) to drive the discovery of novel drugs to overcome conventional drug discovery limitations several years faster than industry benchmarks. Its technology platform created the first AI-designed drug to enter human clinical trials and a number of other drug candidates are now undergoing pre-clinical testing. Exscientia’s industry partners include Bristol Myers Squibb, Sanofi, Bayer, Roche and Sumitomo Dainippon Pharma.

I am also excited by the potential and the current progress of Pulsiv, a green technology company. This is now poised to scale up having achieved significant industrial traction. It is focused on improving the efficiency of power conversion from mains to devices, or vice versa, reducing energy consumption, and enabling improved product design. The technology has a range of other in-application benefits. Potential uses include mains-powered electronic systems, battery charging, lighting and motor control. Bosch is working with the company to develop a solar microinverter, and a major multinational is funding work to design the technology into a new consumer product line. Pulsiv completed an equity funding round after the period end.

Three further companies raised equity funding during the half year.

Elite Intelligence is developing novel technology, based on forensic linguistics, to speed searches through unstructured document datasets. It raised equity during the period to support its recently launched Patent Reader product and development of an enterprise search tool.

Cambridge Raman Imaging is using its funding to support the development of new medical imaging devices using its graphene-enabled ultrafast laser technology.

Fieldwork Robotics raised £675,000 to support development of its soft fruit and vegetable harvesting robot technology. During the period, the company also entered a collaboration with Bonduelle, a multinational vegetable producer.



Our innovative business model means we take founding equity stakes in companies as they are incorporated and provide direct, hands-on support from their very earliest stages, through technology validation and forging industrial partnerships.

Industrial traction and partnerships are a vital part of our business model. They are crucial for validating the commercial viability of our portfolio companies' technologies, understanding how and where they might be applied and what market needs or demands they can meet. Our relationship with Bosch strengthened over the period- already working with Pulsiv, they entered a second portfolio collaboration with Fieldwork Robotics in July 2020. Additionally, The Vaccine Group entered into partnership with ECO Animal Health. The pipeline of further industrial collaborations across the portfolio is strong.

The increased industrial traction further signifies how our portfolio is maturing. As our portfolio companies mature, reach and pass their inflection points, it's vital they have their own strong management teams to guide their growth. Several of our portfolio companies are in the process of finalising key senior appointments.

Frontier IP has also taken steps to strengthen its team in non-board roles. In September, we announced Mark Rosten as Software Commercialisation Director. He has wide experience in leading software and product development across Healthcare, FinTech and Transport, including the delivery of the largest product innovation project for Bango, the mobile payments specialist. We also appointed Darren Winter as Director of Corporate Relationships to support portfolio companies with their fundraising requirements. His previous experience includes a variety of senior roles within leading City firms.

Mark's appointment highlights another point of difference in the way we commercialise intellectual property. His experience is very much from within industry, tackling and solving the problems of developing new products and bringing them to market. He is now working with several of our portfolio companies.

We also raised money in July through an oversubscribed placing and PrimaryBid offer, which gives us the firepower and nimbleness to invest in the Group and increase our capacity to back our portfolio companies.

This financial nimbleness was demonstrated as part of our response to the challenges posed by COVID-19. Pulsiv, Nandi Proteins and Alusid were able to take advantage of convertible loans offered by the UK government's Future Fund to support companies through COVID-19 because we and our partners were able to provide the necessary matched funding.

I spoke in depth at the time of our annual results announcement in November about the impact of COVID-19, both positive and negative. Although some portfolio companies have experienced delays to their technical or commercial development, this has not affected the fundamental value of what they are doing; others, such as The Vaccine Group, stand to benefit from the increased awareness of scientific innovation in tackling global problems. As a Group, we have



been able to transition smoothly to remote working, and I would very much like to thank our teams for their flexibility and hard work.

I would also like to touch on our work in Portugal, where we have four spin out companies making good progress. During the period AquaInSilico, which is developing digital tools to improve wastewater treatment, won a European Union EIT RawMaterials grant and post-period end announced it was to receive \$250,000 from the United Nations Development Programme to support work to protect one of the world's most diverse marine environments around the Cape Verde archipelago. One of Portugal's leading venture capitalists has also invested in inSignals Neurotech, a company developing tools to support doctors conducting deep brain surgery. We also supported our partner university, NOVA University of Lisbon, NOVA School of Science and Technology with the commercialisation of its technology with Corticeira Amorim, one of the world's largest producers of cork products, to remove cork taint from natural corks.

Frontier IP is in a strong position: we have strengthened our team and are strengthening management across the portfolio as several companies approach significant commercial, technical, and industrial inflection points. We are confident of the Group's prospects for the remainder of the year."



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INTERIM MANAGEMENT STATEMENT

SUMMARY

Frontier IP made strong progress during the period in developing portfolio companies and creating value for shareholders by:

- Strengthening its team with the appointment of a Software Commercialisation Director in a non-board role to drive forward software development and projects within the Group and its portfolio companies and a Director of Corporate Relationships appointed to support portfolio companies with their fundraising requirements
- Developing industry partnerships to validate technology and scale up portfolio companies: Fieldwork Robotics with Bosch and Bonduelle, and The Vaccine Group with ECO Animal Health Group plc and The Pirbright Institute
- Supporting fund raising for further development – equity fundraisings completed for Cambridge Raman Imaging, Fieldwork Robotics and Elute Intelligence; convertible loans from the UK government Future Fund matched by Frontier IP and other investors for Nandi Proteins, Pulsiv and Alusid; grants for Fieldwork and AqualnSilico
- Increasing portfolio value: fair value of the portfolio of equity investments increased by 21 per cent. to £23,449,000 at 31 December 2020, an increase of 43 per cent. year on year.

OPERATIONAL REVIEW

The Group and its portfolio companies made strong financial, commercial and technical progress during the half year to 31 December 2020 against the backdrop of the COVID-19 pandemic. Our portfolio continues to grow in value and mature with several companies now approaching important inflection points. We further developed our relationships with university, government and industry partners, and strengthened our team. Much of the work undertaken during the half year resulted in strong positive news flow post period end.

Portfolio developments included:

Alusid: Frontier IP stake 35.6 per cent

Alusid creates beautiful, premium quality tiles and architectural surfaces from recycled ceramic, glass and other industrial waste. Distributors include Parkside Architectural Tiles, the commercial arm of Topps Tiles plc and Panaz, while customers include COS, H&M, Harrods, Selfridges, Nando's and Pret-a-Manger. The company has shown the technology can be scaled



up for manufacture on industry-standard mass production equipment. During the first half, the company raised £250,000 via a convertible loan, including a £125,000 investment from the UK government's Future Fund. The investment was matched by £100,000 from Frontier IP and £25,000 from a private investor.

AquaInSilico: Frontier IP stake 29 per cent

AquaInSilico is developing digital tools to optimise wastewater treatment by removing phosphorus in a more environmentally friendly and effective way than existing methods. The software uses a mathematically-modelled biological approach based on understanding the operating variables that result from biological and chemical processes. The result is reduced use of chemicals and energy, and reduced risk of harm from phosphorus leaching into waterways. The company announced a €60,000 EIT RawMaterials' grant from the European Union to support technology commercialisation in July. Post period end, AquaInSilico announced it had been selected to receive \$250,000 as an Ocean Innovator through the United Nations Development Programme's Ocean Innovation Challenge. This will see the company supporting work to protect one of the world's most diverse marine environments around Cape Verde.

Cambridge Raman Imaging: Frontier IP stake 25.8 per cent

Cambridge Raman Imaging is developing graphene-enabled ultrafast lasers and other technologies for use in medical imaging devices to diagnose and track tumours, and other detection applications. The company announced its first equity funding round in July, raising £250,000 from private investors. In December, Cambridge Raman unveiled its participation in a €5 million pan-European project looking to develop breakthrough medical imaging technology to understand in greater depth the cellular origins of disease. The technology will combine advanced laser techniques and artificial intelligence to show how diseases unfold in cells and tissue at a molecular level in near real time. Initial applications include a microscope with work first focused on cancer.

Elute Intelligence Holdings: Frontier IP stake 41.2 per cent

Elute Intelligence's novel software tools mimics the way people read to intelligently search and compare unstructured text-based data. Its algorithms are based on forensic linguistics. Users can use any text as a basis for search, including whole documents, to identify the most relevant information within a library, whether it is a collection of patents or unstructured enterprise documents – an approach that is very different to conventional keyword or Boolean search technologies. The company launched Patent Reader during the period to search and compare patents. During the period, it raised £250,000 through its first equity funding round which was announced post period end. The funds are being used to support Patent Reader and develop a new enterprise search tool.

Fieldwork Robotics: Frontier IP stake 23.4 per cent



Fieldwork Robotics is developing flexible robot technology to harvest soft fruit and vegetables to help growers worldwide address human labour shortages. The company announced two industrial collaborations during the period. The first with Bosch is aimed at optimising the raspberry harvesting robot's arms and software development to reduce cost and increase speed as part of a drive towards full-scale commercial production. The second with Bonduelle Group, one of the world's leading vegetable producers, will see Fieldwork develop a cauliflower-harvesting application of the technology. Fieldwork was also awarded two grants via Innovate UK totalling £229,000 to support work and mitigate the impact of COVID-19. The company raised equity funding totalling £675,000 which was announced post period end.

Nandi Proteins: Frontier IP stake 20.1 per cent

Nandi Proteins develops processes and process control technology to create new ingredients from whey, collagen and vegetable proteins to replace E-number additives, fat and gluten in processed food. During the period, the company raised £720,000 through a convertible loan backed by the UK government's Future Fund, whose £360,000 investment was matched by £320,000 from Frontier IP and £40,000 from Shackleton Finance, another existing shareholder.

Pulsiv: Frontier IP stake 18.9 per cent

Pulsiv is developing technology to improve the efficiency of power conversion between mains and devices, or vice versa. It has the potential to enable innovative industrial design, support efforts to meet efficiency directives, reduce cost and enhance product reliability. Applications include most mains powered electronic systems, battery charging, lighting and motor control. Industrial collaborators include Bosch, which is working with the company to improve the energy efficiency of photovoltaic solar cells. During the period, Pulsiv announced it had started work with a major multinational, which is funding the company to design its technology into a consumer product line, and had raised £500,000 via convertible loan, including £250,000 from the UK government's Future Fund. This was matched by £50,000 from Frontier IP and £200,000 from University of Plymouth Enterprise Limited, the University of Plymouth's commercial consultancy. Post period end, the company raised £880,000 through an equity funding round supported by new and existing investors. As part of fund raising, a total of £665,000 of debt was converted, including the Future Fund loan.

The Vaccine Group: Frontier IP stake 17 per cent

The Vaccine Group ("TVG") is developing a novel vaccine platform technology based on benign forms of herpesvirus, a group of viruses found in all animals, including humans. The company is developing a number of vaccines based on the technology, initially for use in animals, to combat zoonotic and economically damaging diseases. Work is underway on vaccines for SARS-CoV-2, the virus causing COVID-19, Lassa fever, Ebola, bovine mastitis, bovine tuberculosis, and streptococcus suis, a disease in pigs that can cause meningitis in humans. TVG and its international partners have so far received more than £9 million in grant funding and the company announced it had raised £680,000 in equity funding in January 2020. During the



period, TVG announced a commercial collaboration with The Pirbright Institute and ECO Animal Health Group to develop a vaccine to combat porcine respiratory and reproductive syndrome virus, one of the most economically damaging diseases to the global pig industry.

Other post period end portfolio developments

Exscientia: Frontier IP stake 2.27 per cent

Exscientia, a clinical stage pharmaceutical company pioneering the use of artificial intelligence to design new drugs, announced that funds managed by BlackRock joined the company's Series C funding round. Including existing Series C investors Novo Holdings, Evotec, Bristol Myers Squibb and GT Healthcare Capital, the round totalled \$100 million in funding. This new capital will be used to support Exscientia's platform development towards autonomous drug design. In addition, the company will extend its proprietary pipeline into clinical trials and expand existing capabilities in biological analytics that support target selection and portfolio development.

inSignals Neurotech: Frontier IP stake 33 per cent

InSignals Neurotech is developing technology to aid deep brain simulation surgery on patients suffering Parkinson's disease. It is also exploring potential use for other applications in neurology. The company announced a €100,000 investment from leading Portuguese venture capital firm Portugal Ventures.

Corporate developments

Having raised £2.2 million (net of expenses) through an equity placing and PrimaryBid offer, Frontier IP strengthened its team. Mark Rosten was appointed as Software Commercialisation Director, a non-board role. Mark is the former Senior Vice President Development for mobile payments specialist Bango plc. We also appointed Darren Winter, a former senior sales director with more than 30 years' city experience as Director of Corporate Relationships, a non-board role. He has held a number of senior roles in the City, including Head of Capital Markets, Sales, for Collins Stewart Wealth Management, and will support portfolio companies with their fundraising requirements.

Throughout the COVID-19 crisis, Frontier IP has taken the necessary steps to understand and mitigate the risks. This includes tailoring dedicated support packages for portfolio companies and using the extensive government support packages, including the Future Fund scheme, where appropriate.



Frontier IP continues to manage the risks associated with the COVID-19 pandemic. All employees continue to work from home.

Post period end corporate developments

The Group announced it had supported partner university NOVA University of Lisbon – NOVA School of Science Technology in engaging with Corticeira Amorim, the world’s leading producer of cork products, to commercialise a technology to remove the major cause of cork taint in wine from natural corks.

OUTLOOK

Frontier IP looks to the future with confidence. Several portfolio companies are now on the cusp of important inflection points marking the significant commercial, technical and industrial progress they made during the first half of the year and beyond.

The involvement of BlackRock in Exscientia’s \$100 million Series C is a further sign the company is gaining global recognition as a world leader in using artificial intelligence to discover new drugs. Interest in its technology is high and we believe Exscientia will continue to enjoy strong progress.

Pulsiv, focused on how energy can be converted more efficiently from the grid to devices and vice versa, raised funds and has the potential to be a significant green technology company. The Vaccine Group is moving forward well with its novel vaccine platform technology to combat zoonotic and economically damaging diseases, including COVID-19.

Our Portuguese business is showing encouraging development.

The £2.2 million (net of expenses) raised during the period provides the Group with firepower to take advantage of the increasing number of opportunities we are seeing across the portfolio. We are strengthening our own team and the teams of our portfolio companies, to ensure we have the capacity to do so. We look forward to further positive developments during the rest of the year.

Neil Crabb



Chief Executive Officer

RESULTS SUMMARY

Financial assets at fair value through profit and loss at 31 December 2020 increased to £25,093,000 (30 June 2020: £20,307,000; 31 December 2019: £17,141,000). Unrealised profit on the revaluation of investments over the first half increased by 33 per cent. to £4,009,000 (2019: £3,024,000) while revenue from services increased to £184,000 (2019: £170,000). The profit before tax increased by 45 per cent. to £3,033,000 (2019: £2,088,000) reflecting the higher investment revaluations. Administrative expenses increased marginally by 1 per cent. to £1,049,000 (2019: £1,035,000) while the share-based payment charge increased by 86% to £160,000 (2019: £86,000). Basic earnings per share was 5.56p (2019: 4.66p).

Cash balances stood at £3,818,000 as at 31 December 2020 (30 June 2020: £2,968,000; 31 December 2019: £4,022,000) following a placing which completed in July 2020 which raised £2,178,000 net of expenses. Net assets per share as at 31 December 2020 were 56.8p (30 June 2020: 51.0p; 31 December 2019: 46.6p). Debt investments reflecting loans made to portfolio companies stood at £1,644,000 as at 31 December 2020 (30 June 2020: £863,000; 31 December 2019: £790,000).



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Notes	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Revenue				
Revenue from services		184	170	404
Other operating income				
Unrealised profit on the revaluation of investments	7	4,009	3,024	5,973
		<u>4,193</u>	<u>3,194</u>	<u>6,377</u>
Administrative expenses		(1,049)	(1,035)	(2,011)
Share based payments		(160)	(86)	(230)
Other income		25	5	27
Profit from operations		<u>3,009</u>	<u>2,078</u>	<u>4,163</u>
Interest income on short-term bank deposits		24	10	21
Profit from operations and before tax		<u>3,033</u>	<u>2,088</u>	<u>4,184</u>
Taxation	5	-	-	-
Profit and total comprehensive income attributable to the equity holders of the Company		<u><u>3,033</u></u>	<u><u>2,088</u></u>	<u><u>4,184</u></u>
Profit per share attributable to the equity holders of the parent				
Basic earnings per share	6	5.56p	4.66p	8.76p
Diluted earnings per share	6	5.31p	4.47p	8.41p

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 2020

		As at 31 December 2020 (unaudited) £'000	As at 31 December 2019 (unaudited) £'000	As at 30 June 2020 (audited) £'000
ASSETS	Notes			
Non-current assets				
Tangible fixed assets		8	6	5
Goodwill		1,966	1,966	1,966
Financial assets at fair value through profit and loss				
Equity investments	7	23,449	16,351	19,444
Debt investments	7	1,644	40	863
Trade receivables and other non-current assets		9	153	-
		<u>27,076</u>	<u>18,516</u>	<u>22,278</u>
Current assets				
Financial assets at fair value through profit and loss				
Debt investments	7	-	750	-
Trade receivables and other current assets		506	505	830
Cash and cash equivalents		3,818	4,022	2,968
		<u>4,324</u>	<u>5,277</u>	<u>3,798</u>
Total assets		<u>31,400</u>	<u>23,793</u>	<u>26,076</u>
LIABILITIES				
Current liabilities				
Trade and other payables		(159)	(192)	(210)
		<u>(159)</u>	<u>(192)</u>	<u>(210)</u>
Net assets		<u>31,241</u>	<u>23,601</u>	<u>25,866</u>
EQUITY				
Called up share capital		5,501	5,068	5,076
Share premium account		14,576	12,828	12,819
Reverse acquisition reserve		(1,667)	(1,667)	(1,667)
Share based payment reserve		637	353	477
Retained earnings		12,194	7,019	9,161
Total equity		<u>31,241</u>	<u>23,601</u>	<u>25,866</u>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-months ended 31 December 2020

	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 2019	4,243	9,791	(1,667)	293	4,931	17,591
Issue of shares	825	3,011	-	(26)	26	3,836
Share-based payments	-	-	-	86	-	86
Profit/comprehensive income for the period	-	-	-	-	2,088	2,088
At 31 December 2019	5,068	12,802	(1,667)	353	7,045	23,601
Issue of shares	8	17	-	(20)	20	25
Share-based payments	-	-	-	144	-	144
Profit/comprehensive income for the period	-	-	-	-	2,096	2,096
At 30 June 2020	5,076	12,819	(1,667)	477	9,161	25,866
Issue of shares	425	1,757	-	-	-	2,182
Share-based payments	-	-	-	160	-	160
Profit/comprehensive income for the period	-	-	-	-	3,033	3,033
At 31 December 2020	5,501	14,576	(1,667)	637	12,194	31,241



CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Six months ended 31 December 2020 (unaudited) £'000	Six months ended 31 December 2019 (unaudited) £'000	Year ended 30 June 2020 (audited) £'000
Cash flows from operating activities			
Cash used in operations	(573)	(859)	(1,758)
Taxation paid	-	-	-
Net cash used in operating activities	(573)	(859)	(1,758)
Cash flows from investing activities			
Purchase of tangible fixed assets	(6)	(2)	(3)
Purchase equity investments	(52)	(75)	(97)
Purchase of debt investments	(725)	(353)	(588)
Disposal of debt investments	-	-	40
Interest received	24	10	21
Other income	-	-	27
Net cash used in investing activities	(759)	(420)	(600)
Cash flows from financing activities			
Proceeds from issue of equity shares	2,334	4,125	4,175
Costs of share issue	(152)	(290)	(315)
Net cash generated from financing activities	2,182	3,835	3,860
Net increase in cash and cash equivalents	850	2,556	1,502
Cash and cash equivalents at beginning of period	2,968	1,466	1,466
Cash and cash equivalents at end of period	3,818	4,022	2,968
Cash used in operations			
Profit before tax	3,033	2,088	4,184
Adjustments for:			
Share-based payments	160	86	230
Depreciation	3	3	6
Interest received	(24)	(10)	(21)
Other income	-	-	(27)
Fair value (gain) on financial assets at fair value through profit or loss	(4,009)	(3,024)	(5,973)
Changes in working capital:			
Trade and other receivables	315	(55)	(228)
Trade and other payables	(51)	53	71
	(573)	(859)	(1,758)



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 23rd March 2021.

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 2020 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 2020, 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 2020 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 2020 as described in the Group's Annual Report for that year and as available on our website 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 a Portuguese subsidiary as well as 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 2020 of nil (31 December 2019: 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 2020 and 31 December 2019 and for the year ended 30 June 2020 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.

Basic earnings per share	<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 2020	3,033	54,521,275	5.56
Six months ended 31 December 2019	2,088	44,843,057	4.66
Year ended 30 June 2020	4,184	47,753,569	8.76



Diluted earnings per share	<i>Earnings attributable to shareholders £'000</i>	<i>Weighted average number of shares Number</i>	<i>Diluted earnings per share Pence</i>
Six months ended 31 December 2020	3,033	57,119,246	5.31
Six months ended 31 December 2019	2,088	46,662,897	4.47
Year ended 30 June 2020	4,184	49,775,053	8.41

7. Financial assets at fair value through profit and loss

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

	Unquoted Equity Investments £'000	Unquoted Debt Instruments £'000	Total £'000
At 1 st July 2019	13,252	437	13,689
Additions	75	353	428
Fair value increases	3,024	-	3,024
Fair value decreases	-	-	-
At 31 st December 2019	16,351	790	17,141
Additions	22	235	257
Disposals	-	(40)	(40)
Conversion of debt investments	82	(82)	-
Fair value increases	4,040	-	4,040
Fair value decreases	(1,051)	(40)	(1,091)
At 30 th June 2020	19,444	863	20,307
Additions	52	725	777
Fair value increases	4,512	136	4,648
Fair value decreases	(559)	(80)	(639)
At 31 st December 2020	23,449	1,644	25,093

The most significant fair value increases for the six months ended 31 December 2020 were from Exscientia (£1,869,000) and Camgraphic (£1,125,000).



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:

	As at 31 December 2020 £'000	As at 31 December 2019 £'000	As at 30 June 2020 £'000
Non-current	1,644	40	863
Current	-	750	-
	1,644	790	863

The most significant loans made during the six months to 31 December 2020 were to Nandi Proteins (£350,000) and Alusid (£195,000). The majority of the debt investments at 31 December 2020 were loans to Nandi Proteins £509,000, Alusid £331,000 and Pulsiv £276,000. Post the period end the Group has converted loans of £215,000 in Pulsiv as announced on 22 February 2021.

8. Copies of Half Yearly Report

Copies of the Half Yearly Report will be available on the Company's website, www.frontierip.co.uk, and on request from the Company's offices at 93 George Street, Edinburgh EH2 3ES no later than 26th March 2021.

9. Equity holdings

All Group equity holdings in portfolio companies in the interim management statement are as at 31 December 2020.