

Frontier IP Group plc

("Frontier IP" or the "Group" or the "Company")

UNAUDITED HALF YEAR RESULTS FOR THE SIX MONTHS TO 31 DECEMBER 2021

Frontier IP, a specialist in commercialising intellectual property, is pleased to announce its unaudited interim results for the six month period ended 31 December 2021.

KEY POINTS

- Pre-tax profits rose by 239 per cent to £10.3 million (31 December 2020: £3.0 million)
- Unrealised profit on the revaluation of investments rose by 197 per cent to £11.9 million (31 December 2020: £4.0 million)
- Fair value of portfolio rose by 37 per cent to £43.9 million at 31 December 2021 (30 June 2021: £32.0 million; 31 December 2020: £23.4 million)
- Basic earnings per share increased by 162 per cent. to 14.54p (31 December 2020: 5.56p)
- Net assets per share increased to 84.7p as at 31 December 2021 (30 June 2021: 69.8p; 31 December 2020: 56.8p)
- Post period end, the Group realised approximately £6.1 million through the sale of 25% of its holding in Exscientia

Frontier IP made strong progress during the first half of the financial year. The results are ahead of management expectations, as anticipated in the trading update released on 12 January 2022.

The Group saw good progress across its portfolio, with a focus on the achievement of technical, commercial, or funding milestones and building management teams.

The highlight was Exscientia's successful listing on the Nasdaq Global Select Market at a valuation of \$2.9 billion in October 2021, the first of our portfolio companies to float. After the period end, the Group sold 25% of its shareholding in the company, raising a total of approximately £6.1 million in cash for an aggregate realised gain of £2.79 million. The Group intends to use the cash proceeds to provide further support for the portfolio and for general working capital purposes. Frontier IP retains 1,173,600 shares in Exscientia.

The Vaccine Group announced a major technical milestone in the development of its next-generation COVID-19 vaccine for use in humans with successful pre-clinical trials.

CamGraPhIC raised £1.6 million through an equity fundraising to accelerate development and scale up of its graphene-based photonics technology for high-speed telecommunications.

Pulsiv strengthened its management team with the appointment of Adam Westcott as Chief Financial Officer.

Post period end, Celerum launched its first commercial product and announced it had signed its first customer. A pan-European project coordinated by Cambridge Raman Imaging was awarded €3.3 million by the European Innovation Council to develop a high-speed, low-cost Raman imaging device with the potential to transform cancer diagnosis and treatment.

The Group was also delighted to welcome Dame Julia King, Baroness Brown of Cambridge, DBE FREng FRS to the Frontier IP board as an independent non-executive director. Her immense experience across industry and government will be invaluable.

The proceeds raised from the sale of Exscientia shares significantly strengthened the balance sheet. The Group is well placed to provide support to its business and portfolio for the foreseeable future, despite the risks and uncertainties currently faced. These include the impact of the Russian invasion of Ukraine, energy costs and inflation, as well as the continued impact of COVID-19. Progress across the portfolio remains encouraging and the Group looks forward to announcing further positive news in the coming months.

PORTFOLIO AND OPERATIONAL HIGHLIGHTS

The six months to 31 December 2021 saw momentum growing across the portfolio and continuing after the period end. Several companies are now at or approaching important inflection points:

- Exscientia raised a total of \$510.4 million through an upsized initial public offering and concurrent private placement as it listed on the Nasdaq Global Select Market with a valuation of \$2.9 billion. The company also announced a \$70 million collaboration agreement with the Bill & Melinda Gates Foundation to develop antiviral therapeutics.
- The Vaccine Group announced a significant milestone in the development of its next generation COVID-19 vaccine. Pre-clinical pig trials demonstrated the company's vaccine candidate had the potential to provide broad immunity against SARS-CoV-2 and future variants.
- CamGraPhIC raised £1.6 million through an equity funding round to accelerate development and scale up of its graphene-based photonics technology for scalable, faster, cheaper and more energy efficient optical transceivers.
- Pulsiv strengthened its management team with the appointment of Adam Westcott as Chief Financial Officer. Adam has more than 20 years' finance experience at senior levels.
- Dame Julia King, Baroness Brown of Cambridge DBE FREng FRS joined the Frontier IP Group board as an independent non-executive director. She replaced Michael Bourne, who stepped down during the period under review.

Post period end:

- Frontier IP significantly strengthened its balance sheet by raising approximately £6.1 million through the sale of part of its stake in Exscientia, which is the Group's first realisation from the portfolio.
- Exscientia announced a strategic research collaboration with Sanofi to accelerate the discovery of new drugs across oncology and immunology. The agreement is worth \$100 million to Exscientia in an upfront cash payment with the potential for \$5.2 billion in total milestones plus tiered royalties.
- Cambridge Raman Imaging announced it is coordinating a pan-European project to develop high-speed, low-cost Raman imaging devices for cancer diagnosis and treatment. The project, called CHARM, has been awarded €3.3 million by the European Innovation Council.
- Celerum has launched Truck Logistics System, its first commercial product using novel artificial intelligence based on nature inspired computing. The software improves road haulage efficiency, cutting costs, carbon emissions and delivery times. A road haulier has become the first customer.

FINANCIAL HIGHLIGHTS

- Profit before tax increased 239 per cent. to £10,281,000 (31 December 2020: £3,033,000), with the increase reflecting the higher gain on revaluation of investments
- Unrealised profit on the revaluation of investments increased 197 per cent. to £11,914,000 (31 December 2020: £4,009,000)
- Fair value of the portfolio of equity investments increased 37 per cent. to £43,892,000 at 31 December 2021 (30 June 2021: £31,982,000), an increase of 87 per cent. year on year (31 December 2020: £23,449,000)
- Revenue from services decreased 11 per cent. to £163,000 (31 December 2020: £184,000)
- Basic earnings per share increased by 162 per cent. to 14.54p (31 December 2020: 5.56p)
- Net assets per share increased to 84.7p as at 31 December 2021 (30 June 2021: 69.8p; 31 December 2020: 56.8p)
- Cash balances stood at £346,000 as at 31 December 2021 (30 June 2021: £1,992,000; 31 December 2020: £3,818,000). Post period end, the Group raised an aggregate of £6,088,000 through the sale of 25% of its holding in Exscientia

Chief Executive Neil Crabb said: *"These results are ahead of management expectations and reflect an excellent performance for the first half of the year. The growth in fair value and unrealised profit on revaluation of investments demonstrates our distinctive business model and innovative approach to commercialising intellectual property continues to deliver. The results demonstrate good growth and gathering momentum across the portfolio."*

This time last year, I said we would be looking to strengthen management teams across the portfolio as companies reached important inflection points and started to gain tangible commercial traction. We then announced the appointments of Darrel Kingham, Jeremy Salt and David Flower as Chief Executive Officers of Pulsiv, The Vaccine Group and Nandi Proteins respectively.

During the first half of this year, we continued to build our portfolio management teams. Pulsiv appointed Adam Westcott as Chief Financial Officer. He has more than 20 years' experience in senior finance roles, which will prove invaluable as the company moves forward.

I am delighted with the impact the strengthened teams are having on accelerating progress within our companies. The Vaccine Group announced highly encouraging progress in developing a next-generation COVID-19 vaccine with the potential to provide broad immunity against SARS-CoV-2 and any future variants. Pulsiv and Nandi are also developing strongly: we are hopeful of positive news in the coming months.

Post period end, Celerum launched its first commercial product and announced its first customer. The company is developing novel artificial intelligence based on nature-inspired computing. A project coordinated by Cambridge Raman Imaging to develop high-speed, low-cost Raman imaging technology and artificial intelligence to transform cancer diagnosis and treatment won a €3.3 million grant from the European Innovation Council, also after the period end.

Two portfolio companies raised equity funding during the period. CamGraPhIC raised £1.6 million to accelerate development of its graphene-based photonics technology, which has the potential to become a core enabling technology for 5G telecommunications and beyond. It has garnered strong interest from major telecom companies.

Exscientia is now firmly established as a world leader in using artificial intelligence to drive the discovery of new drugs several years faster than industry benchmarks. The company successfully raised a total of \$510 million in October 2021 through an upsized initial public offering on Nasdaq and private placement. It also announced a \$70 million collaboration with the Bill & Melinda Gates Foundation to develop new anti-viral therapeutics against coronavirus and other viruses with pandemic potential. Post period end, the company unveiled a strategic research collaboration with Sanofi with an upfront payment of \$100 million.

In January and February, we sold a quarter of our holding in Exscientia, raising a total of approximately £6.1 million in cash, our first realisation. Frontier IP was one of the founding shareholders in the company, so we are very proud of its success and have every confidence in its future prospects.

We are now in a time of considerable economic and market uncertainty. Even before the Russian invasion of Ukraine, risks were building. The COVID-19 pandemic has yet to end; there remains the possibility of new variants emerging. Supply chains, such as those for semiconductors, are under pressure. There are other potential political flashpoints outside of Ukraine. Energy prices and inflation were already rising before the war began and, of course, the conflict could compound these problems. All these could affect the ability of our portfolio companies to continue to make progress at the desired rate. This is a challenge we are managing. We have reviewed the portfolio to identify specific risk factors to be in a position to mitigate or manage them.

In these febrile times, it is difficult to predict what might happen in the coming months and how we might be affected. However, the companies in our portfolio are seeking to help tackle some of the most

pressing long-term problems we face today. Pulsiv, for example, could have a major impact on the energy sector by significantly reducing the energy taken from the grid by a huge range of different devices, and improving the output from photovoltaic cells. Celerum improves the efficiency of supply chains and logistics: Alusid cuts the energy needed to make a tile by up to 29 per cent. Exscientia, The Vaccine Group, and Cambridge Raman Imaging are all striving for better health outcomes, while Fieldwork Robotics and Nandi Proteins meet a range of food and agricultural challenges.

The Exscientia share sales mean we have a strong balance sheet. We are well placed to provide additional support to our portfolio companies should it be required. The fundamentals of our business and those of our portfolio companies remain. We are in a good position to weather the highly uncertain climate we are currently experiencing and stay confident in our future prospects.”

ENQUIRIES

Frontier IP Group Plc

Neil Crabb, Chief Executive

T: 020 3968 7815

neil@frontierip.co.uk

Andrew Johnson, Communications & Investor Relations

Company website: www.frontierip.co.uk

M: 07464 546 025

andrew.johnson@frontierip.co.uk

Allenby Capital Limited (Nominated Adviser)

Nick Athanas / George Payne

T: 0203 328 5656

Singer Capital Markets (Broker)

Sandy Fraser / Harry Gooden / George Tzimas

T: 0207 496 3000

ABOUT FRONTIER IP

Frontier IP unites science and commerce by identifying strong intellectual property and accelerating its development through a range of commercialisation services. A critical part of the Group's work is involving relevant industry partners at an early stage of development to ensure technology meets real world demands and needs.

The Group looks to build and grow a portfolio of equity stakes and licence income by taking an active involvement in spin-out companies, including support for fund raising and collaboration with relevant industry partners at an early stage of development.

INTERIM MANAGEMENT STATEMENT

SUMMARY

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

- Realising funds from the portfolio. Post period end, the Group raised approximately £6.1 million by selling part of its stake Exscientia to ensure financial strength for the foreseeable future.
- Supporting portfolio fundraisings: CamGraPhIC completed a £1.6 million equity funding round.
- Strengthening the board of directors. Dame Julia King, Baroness Brown of Cambridge DBE FREng FRS joined the Group as an independent non-executive director and now sits on the audit and remuneration committees. She is an engineer with immense experience across industry and government, and has held senior roles at Rolls-Royce, Imperial College and Aston University. She is currently chair of the Carbon Trust.
- Helping to support industry partnerships across the portfolio. Alusid has signed a commercial agreement to supply a major tile retailer. We expect to announce further positive news in the coming months.
- Increasing portfolio value: fair value of the portfolio of equity investments increased 37 per cent. to £43,892,000 at 31 December 2021 (30 June 2021: £31,982,000), an increase of 87 per cent. year on year (31 December 2020: £23,449,000).

OPERATIONAL REVIEW

The Group and its portfolio companies made strong financial, commercial and technical progress during the half year to 31 December 2021. Our portfolio continues to grow in value and mature with several companies now at or approaching important inflection points. We further developed our relationships with university, government and industry partners, and strengthened our board of directors. Much of the work conducted during the first half of the year is expected to result in strong positive news flow in the coming months.

Portfolio developments included:

Alusid: Frontier IP stake 35.6 per cent

Alusid's innovative formulations and processes create beautiful, premium-quality tiles, tabletops and other surfaces by recycling industrial waste ceramics and glass, most of which would otherwise be sent to landfill. Its processes also use less energy and water than conventional tile manufacturing.

Alusid's sustainable process technology uses up to 29 per cent less energy than conventional tile manufacture while still running on the same equipment, reducing CO₂ emissions. Its product is made from recycled waste, much of which would otherwise end in high-impact landfill. During the period, Alusid signed a commercial agreement to supply a major tile retailer.

CamGraPhIC: Frontier IP stake 20.8 per cent

CamGraPhIC is developing graphene-based photonics for high-speed data and telecommunications. These are seen by the company's industrial partners as a key enabler for 5G technologies and beyond, and they have potential applications in other sectors. Current versions of the technology have indicated speeds of up to 100Gbps per lane, operation across multiple wavebands and very low energy loss. Their speed is about twice that achieved in laboratory conditions by equivalent technologies, while they consume 75 per cent less energy. The company raised £1.6 million during the period to accelerate development and scale up of the technology.

Exscientia: Frontier IP stake 1.3 per cent

Exscientia is a world leader in using artificial intelligence for drug discovery, taking years off the time it takes to develop new drugs through traditional methods. The company is collaborating with a range of pharmaceutical firms, including Bristol Myers Squibb, Bayer, Apeiron and Rallybio. During the period, the company listed on the Nasdaq Global Select Market, raising a total of \$510.4 million through an upsized initial public offering and concurrent private placement. The company also announced a \$70 million collaboration agreement with the Bill & Melinda Gates Foundation to develop antiviral therapeutics to tackle coronaviruses and other viruses with pandemic potential. After the period end, the company announced a strategic research collaboration with Sanofi, worth \$100 million in upfront payments and with the potential for a further \$5.2 billion in milestone and tiered royalty payments.

Pulsiv: Frontier IP stake 18.3 per cent

Pulsiv is developing a unique power conversion technology which significantly improves the efficiency with which electricity is converted from AC to DC and vice versa. Conventional technologies waste up to half the energy consumed by a device – one reason, for example, that laptop power converters get warm as the wasted energy is lost through heat. Pulsiv's technology converts about 90 per cent of electricity going into a device. The company is gaining commercial traction, and its solutions have the potential to enhance a broad range of mains-powered products, battery chargers and lighting applications. It can also extract more power from photovoltaic solar cells. During the period, the company announced the appointment of Adam Westcott as Chief Financial Officer. Adam has more than 20 years' experience at senior levels for both entrepreneurial growth businesses and in investment banking, where he advised companies working on equity, debt, mergers and acquisitions.

The Vaccine Group: Frontier IP stake 17 per cent

The Vaccine Group is developing novel herpesvirus-based vaccines to protect against infectious diseases that can have significant social and economic impact. They fall into two broad categories: zoonotic diseases, such as COVID-19, which jump from animals to humans; and diseases which have a high impact on production of economically important livestock. The company is developing vaccines

to address a growing number of diseases, all for use in animals with the exception of its COVID-19 vaccine, which is being developed for use in humans. Diseases targeted include Lassa fever, Ebola, streptococcus suis (an emerging zoonotic disease in pigs), African swine fever, and porcine reproductive and respiratory syndrome. This is being developed in collaboration with The Pirbright Institute and ECO Animal Health Group. During the period, the company announced that pre-clinical trials in pigs demonstrated that its next-generation COVID-19 vaccine candidate had the potential to provide broad immunity against SARS-CoV-2 and future variants.

Other post period end portfolio developments

Cambridge Raman Imaging: Frontier IP stake 25.8 per cent

Cambridge Raman Imaging (CRI) is developing graphene-based ultrafast lasers and artificial intelligence to generate digital images of patient tissue, removing the need for chemical staining. The images can also be viewed remotely, allowing histopathologists to work more efficiently and to support regions and countries short of qualified staff. CRI is part of CRIMSON, a pan-European project developing technology to monitor diseases, such as cancers, unfolding in cells in real time. This has the potential to deepen understanding of the cellular origins of disease and enable the development of new treatments. The company is also collaborating with Motic, a major medical devices manufacturer. After the period close, CRI announced it was coordinating a pan-European project awarded €3.3 million by the European Innovation Council. The project, CHARM, aims to develop a low-cost, high-speed Raman imaging technology and artificial intelligence to transform cancer diagnosis and treatment. Partners include the University of Cambridge, the Politecnico di Milano and Consiglio Nazionale Delle Ricerche and Jena University Hospital.

Celerum: Frontier IP stake 33.8 per cent

Celerum is developing novel artificial intelligence based on nature inspired computing to optimise the operational efficiency of logistics and supply chains. Nature inspired computing creates algorithms using lessons from the natural world where evolution has overcome inefficiency. For example, bees and ants are extremely good at finding the best routes to food sources or returning to their nests. A pilot project including Celerum organised by Highlands and Islands Enterprise found that NIC-based artificial intelligence cut carbon emissions by up to 40 per cent across food and drink supply chains when allied to behavioural changes such as load sharing between producers and hauliers. A wider ranging follow-up project is now being planned. Post period end, Celerum announced the launch of its first commercial product, Truck Logistics System, which has won its first customer, a road haulier.

Corporate developments

The Group appointed Dame Julia King, Baroness Brown of Cambridge DBE, FREng FRS, as an independent non-executive director in October 2021. Baroness Brown is an engineer with immense experience across industry and government. Following an academic career at the University of Cambridge, Julia held senior engineering and business roles at Rolls-Royce, before returning to academia as Principal of Engineering at Imperial College and then as Vice Chancellor and Chief Executive of Aston University. She is currently chair of the Carbon Trust and chairs the Science and Technology Committee in the House of Lords, where she is a crossbench peer.

After the period close, the Group realised approximately £6.1 million in cash by selling part of its stake in Exscientia.

OUTLOOK

Frontier IP faces the future with confidence. However, we are mindful of the likelihood of a period of uncertainty driven by a number of global factors including, most recently, the Russian invasion of Ukraine. The money raised through the partial sale of our Exscientia equity holding means our balance sheet is strong, providing us with the capital to support the Group and its portfolio companies.

Across the portfolio we are seeing continued momentum, with companies reaching important inflection points marking significant commercial, technical and industry progress. We expect this progress to be reflected by strong positive news flow in the months to come.

Neil Crabb

Chief Executive Officer

RESULTS SUMMARY

Financial assets at fair value through profit and loss at 31 December 2021 increased to £46,665,000 (30 June 2021: £34,302,000; 31 December 2020: £25,093,000). Unrealised profit on the revaluation of investments over the first half increased by 197 per cent. to £11,914,000 (2020: £4,009,000) with the increase in the value of Exscientia providing the most significant contribution. Revenue from services decreased to £163,000 (2020: £184,000). The profit before tax increased by 239 per cent. to £10,281,000 (2020: £3,033,000) reflecting the higher investment revaluations while profit after tax increased by 164 per cent. to £7,998,000 (2020: £3,033,000). Administrative expenses increased by 65 per cent. to £1,733,000 (2020: £1,049,000) reflecting a company-wide bonus of £494,000, which is to be paid in March 2022. The share-based payment charge remained flat at £161,000 (2020: £160,000). Basic earnings per share were 14.54p (2020: 5.56p).

Cash balances stood at £346,000 as at 31 December 2021 (30 June 2021: £1,992,000; 31 December 2020: £3,818,000). Post period end, the Group realised £6,088,000 through the sale of 25% of its holding in Exscientia. Net assets per share as at 31 December 2021 were 84.7p (30 June 2021: 69.8p; 31 December 2020: 56.8p). Debt investments reflecting loans made to portfolio companies stood at £2,773,000 as at 31 December 2021 (30 June 2021: £2,320,000; 31 December 2020: £1,644,000).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Notes	Six months ended 31 December 2021 (unaudited) £'000	Six months ended 31 December 2020 (unaudited) £'000	Year ended 30 June 2021 (audited) £'000
Revenue				
Revenue from services		163	184	362
Other operating income				
Unrealised profit on the revaluation of investments	7	11,914	4,009	12,306
		12,077	4,193	12,668
Administrative expenses		(1,733)	(1,049)	(2,171)
Share based payments		(161)	(160)	(368)
Other income		97	25	104
Profit from operations		10,280	3,009	10,233
Interest income on short-term bank deposits		1	24	9
Profit from operations and before tax		10,281	3,033	10,242
Taxation	5	(2,283)	-	(676)
Profit and total comprehensive income attributable to the equity holders of the Company		7,998	3,033	9,566
Profit per share attributable to the equity holders of the parent				
Basic earnings per share	6	14.54p	5.56p	17.47p
Diluted earnings per share	6	13.67p	5.31p	16.62p

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 2021

As at 31 December 2021 (unaudited) £'000	As at 31 December 2020 (unaudited) £'000	As at 30 June 2021 (audited) £'000
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ASSETS	Notes			
Non-current assets				
Tangible fixed assets		9	8	11
Goodwill		1,966	1,966	1,966
Financial assets at fair value through profit and loss				
Equity investments	7	43,892	23,449	31,982
Debt investments	7	2,773	1,644	2,320
Trade receivables and other non-current assets		-	9	-
		48,640	27,076	36,279
Current assets				
Trade receivables and other current assets		924	506	595
Cash and cash equivalents		346	3,818	1,992
		1,270	4,324	2,587
Total assets		49,910	31,400	38,866
LIABILITIES				
Non-current liabilities				
Deferred taxation		(2,507)	-	(237)
		(2,507)	-	(237)
Current liabilities				
Trade and other payables		(809)	(159)	(208)
		(809)	(159)	(208)
Total liabilities		(3,316)	(159)	(445)
Net assets		46,594	31,241	38,421
EQUITY				
Called up share capital		5,501	5,501	5,501
Share premium account		14,576	14,576	14,576
Reverse acquisition reserve		(1,667)	(1,667)	(1,667)
Share based payment reserve		1,451	637	1,276
Retained earnings		26,733	12,194	18,735
Total equity		46,594	31,241	38,421

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**For the six-months ended 31 December 2021**

	Share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Share- based payment reserve £'000	Profit and loss account £'000	Total £'000
At 1st July 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
Share-based payments	-	-	-	639	-	639
Profit/comprehensive income for the period	-	-	-	-	6,541	6,541
At 30 June 2021	5,501	14,576	(1,667)	1,276	18,735	38,421
Share-based payments	-	-	-	175	-	175
Profit/comprehensive income for the period	-	-	-	-	7,998	7,998
At 31 December 2021	5,501	14,576	(1,667)	1,451	26,733	46,594

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2021

	Six months ended 31 December 2021 (unaudited) £'000	Six months ended 31 December 2020 (unaudited) £'000	Year ended 30 June 2021 (audited) £'000
Cash flows from operating activities			
Cash used in operations	(1,196)	(573)	(1,466)
Taxation paid	-	-	-
Net cash used in operating activities	(1,196)	(573)	(1,466)
Cash flows from investing activities			
Purchase of tangible fixed assets	(2)	(6)	(12)
Purchase equity investments	(69)	(52)	(71)
Purchase of debt investments	(380)	(725)	(1,618)
Disposal of debt investments	-	-	-
Interest received	1	24	9
Other income	-	-	-
Net cash used in investing activities	(450)	(759)	(1,692)
Cash flows from financing activities			
Proceeds from issue of equity shares	-	2,334	2,334
Costs of share issue	-	(152)	(152)
Net cash generated from financing activities	-	2,182	2,182
Net (decrease) / increase in cash and cash equivalents	(1,646)	850	(976)
Cash and cash equivalents at beginning of period	1,992	2,968	2,968
Cash and cash equivalents at end of period	346	3,818	1,992
Cash used in operations			
Profit before tax	10,281	3,033	10,242
Adjustments for:			
Share-based payments	161	160	368
Depreciation	4	3	6
Interest received	(1)	(24)	(9)
Other income	-	-	-
Fair value (gain) on financial assets at fair value through profit or loss	(11,914)	(4,009)	(12,306)
Changes in working capital:			
Trade and other receivables	(329)	315	235
Trade and other payables	602	(51)	(2)
	(1,196)	(573)	(1,466)

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 16th March 2022.

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 2021 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 2021, 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 2021 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 2021 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 for the six months to 31 December 2021 of £2,283,000 (31 December 2020: 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 in respect of trading losses arising before 1 April 2017 has not been recognised in view of the uncertainty as to the level of future taxable trading profits.

6. Earnings per share

The calculation of the basic earnings per share for the six months ended 31 December 2021 and 31 December 2020 and for the year ended 30 June 2021 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 2021	7,998	55,005,546	14.54
Six months ended 31 December 2020	3,033	54,521,275	5.56
Year ended 30 June 2021	9,566	54,761,420	17.47

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 2021	7,998	58,509,845	13.67
Six months ended 31 December 2020	3,033	57,119,246	5.31
Year ended 30 June 2021	9,566	57,548,082	16.62

7. Financial assets at fair value through profit and loss

Equity investments comprise the following:

	Unquoted Equity Investments £'000	Quoted Equity Investments £'000	Total £'000
At 1 st July 2020	19,444	-	19,444
Additions	52	-	52
Fair value increases	4,512	-	4,512
Fair value decreases	(559)	-	(559)
At 31 st December 2020	23,449	-	23,449
Additions	20	-	20
Disposals	-	-	-
Conversion of debt	276	-	276
Fair value increases	8,325	-	8,325
Fair value decreases	(88)	-	(88)
At 30 th June 2021	31,982	-	31,982
Additions	69	-	69
Conversion of debt	135	-	135
Reclassification	(13,211)	13,211	-
Fair value increases	2,044	9,695	11,739
Fair value decreases	(33)	-	(33)
At 31 st December 2021	20,986	22,906	43,892

The valuation of the Group's investment in Exscientia at 31 December 2021 was £22,906,000, 52% of the Group's total equity investments and 49% of its net assets at 31 December 2021. The increase in the value of the Group's holding in Exscientia over the six months to 31 December 2021 was £9,695,000, 81% of the Group's net unrealised profit on the revaluation of investments and 94% of profit before tax for the six months to 31 December 2021.

Debt investments comprise the following:

Unquoted Debt Instruments

	£'000
At 1 st July 2020	863
Additions	725
Fair value increases	136
Fair value decreases	(80)
At 31 st December 2020	<u>1,644</u>
Additions	893
Disposals	-
Conversion of debt	(276)
Fair value increases	136
Fair value decreases	(77)
At 30 th June 2021	<u>2,320</u>
Additions	380
Conversion of debt	(135)
Reclassification	-
Fair value increases	246
Fair value decreases	(38)
At 31 st December 2021	<u>2,773</u>

Debt investments are loans to portfolio companies to fund early-stage costs, provide funding alongside grants and bridge to an equity fundraise. Certain debt investments carry warrants granting the option to purchase shares.

The most significant loans made during the six months to 31 December 2021 were to CamGraPhIC. (£170,000) and Alusid (£100,000). The most significant debt investments at 31 December 2021 were loans to CamGraPhIC (£1,117,000), Nandi Proteins (£606,000) and Alusid (£351,000).

8. Copies of Half Yearly Report

Copies of the Half Yearly Report will be available on the Company's website, www.frontierip.co.uk, and on request from the Company's offices at 93 George Street, Edinburgh EH2 3ES no later than 21st March 2022.

9. Subsequent events

After the period end, the Group sold 25% of its shareholding in Exscientia, raising a total of approximately £6.1 million in cash for a realised gain of £2.79 million.

10. Equity holdings

All Group equity holdings in portfolio companies in the interim management statement are as at 31 December 2021.