Registered number 06262177

Frontier IP Group plc

Annual Report and Financial Statements

2022

Frontier IP aims to create high value businesses from intellectual property developed by universities, academics, scientists and engineers.

OVERVIEW

STRATEGIC REPORT

OUR GOVERNANCE

OUR FINANCIALS

COMPANY INFORMATION

Highlights
Financial

Net assets per share as at 30 June 2022 increased 27% to

88.5p 2022
69.8p 2021

Basic earnings per share increased 6% to

18.60p 2022
17.47p 2021

Part disposal of holding in Exscientia generated cash of

£6,525,000 2022
Nil 2021

Total revenue and other operating income increased by 11% to

£14,104,000 2022
£12,688,000 2021

reflecting the net unrealised profit on the revaluation of investments of

£10,908,000 2022
£12,306,000 2021

and the realised profit on disposal of investments of

£2,867,000
nil 2021

Fair value of our equity portfolio increased by 24% to

£39,712,000[1] 2022
£31,982,000 2021

Profit before tax increased 6% to

£10,879,000 2022
£10,242,000 2021

Cash balances at 30 June 2022 of

£4,368,000 2022
£1,992,000 2021

1: after disposals of £3,659,000 (2021: nil) and additions of £1,378,000 (2021: £347,000)

Highlights: continued

Corporate

- Generated cash proceeds of £6.5 million selling shares in portfolio company Exscientia following its successful listing on the Nasdaq Global Select Market at a valuation of $2.9 billion in October 2021. Post year-end the Company has sold another tranche of shares in Exscientia generating a further £3.4 million in cash with Frontier IP retaining 782,400 shares
- Strengthened Board of Directors with the appointment of Professor Dame Julia King, Baroness Brown of Cambridge DBE FREng FRS as an independent Non-Executive Director in October 2021. Julia is Chair of the Group's Remuneration Committee and is also a member of the Audit Committee
- Awarded an Innovation and Business Development Award by the UK Department for International Trade in Portugal for work with AquaInSilico

Portfolio

- Exscientia became our first portfolio company to IPO, listing on the Nasdaq Global Select Market in October 2021
- A year of concentrating on our existing portfolio. Companies across the portfolio made robust commercial and technical progress during the year, demonstrating their value to prospective partners and investors in difficult economic and market conditions. The Group believes that previous steps taken to strengthen management teams are bearing fruit
- Portfolio continues to mature with several companies reaching inflection points, reflected by their success in raising funds and developing stronger industry engagement. Fundraisings and grant awards included:
  - Exscientia raised a total of $510.4 million through an initial public offering and concurrent private placement through listing on the Nasdaq Global Select Market in October 2021 with a valuation of $2.9 billion. In the six months to 30 June 2022, Exscientia delivered on major new and existing collaborations, and advanced its pipeline programmes
  - CamGraPhIC raised £1.6 million through an equity funding round. Post year end, the company raised a further £1.26 million
  - Cambridge Raman Imaging is coordinating CHARM, an international project awarded €3.3 million by the European Innovation Council. The company also raised £1.1 million through an equity funding round
- Strong commercial and technical progress made by a number of portfolio companies, including developing new and existing industry partnerships:
  - Exscientia entered into a $70 million collaboration agreement with the Bill & Melinda Gates Foundation and a strategic research collaboration with Sanofi under which the company received an upfront cash payment of $100 million with the potential for a further $5.2 billion in milestone payments and tiered royalties
  - The Vaccine Group achieved a significant milestone in development of its COVID-19 vaccine with pig trials showing it potentially offered broad immunity against the disease and current and future variants
  - Celerum launched its first commercial product and won its first customer, Colin Lawson Transport
  - Fieldwork Robotics started commercial trials of its raspberry harvesting agricultural robots – robot-harvested raspberries now available in the shops
  - Post year end, Cambridge Raman Imaging started testing a commercial prototype of its graphene-based Raman imaging device, developed in collaboration with Motic, a leading manufacturer of medical imaging devices
  - Pulsiv completed a first close of a new fundraising in July 2022 which was reflected in an increase in the value of the Group's holding in Pulsiv by £4,996,000 over the year to 30 June 2022. Adam Westcott joined Pulsiv as Chief Financial Officer during the year
  - Elute Intelligence announced the appointment of Steve Cable as Chief Executive Officer post year end

Our business

Our Key Strengths

- Strategy based on proving the commercial value of IP before significant financial commitment is made
- Portfolio offers opportunity for ongoing growth in equity valuation
- Innovative and capital efficient business model
- Proactive sourcing of potential spin outs
- Founder equity in return for hands-on commercialisation support before capital raising
- Strong relationships with academics, universities and industry partners

Our approach

IDENTIFY

Identify and evaluate commercialisable intellectual property generated by academics, universities and other partners

SPIN OUT

Take material equity stakes in return for commercialisation services and proactive, hands-on support

SCALE UP

Drive industry engagement and validation to prove technology works, can be scaled up and meets the demands or needs of real-world customers

FUNDING

Raise funding for further development mostly from third party investors as technical and commercial milestones are achieved

EXIT

Realise the value generated in portfolio companies

Our business: continued

Business Model

Frontier IP takes a different, innovative and capital efficient approach to supporting start up high-tech businesses driven by intellectual property. It is based on proving the commercial worth of intellectual property, working closely in partnership with universities, academics and industrial partners, and then helping them to scale up. We earn our equity in portfolio companies in return for providing commercialisation and support services. These range from ensuring the business mechanics run smoothly to direct, hands-on support for technology development.

Our purpose is to create high value businesses from intellectual property developed by universities, academics, scientists and engineers. We aim to generate long-term, sustainable returns for all our stakeholders: investors, universities, academics, industry partners and the companies themselves.

The focus is on the essentials: validating the technology and, through early industry engagement, understanding how it can be scaled up and what market needs or demands are being met. Industry engagement is a crucial part of the business model. It means we concentrate on what industry wants and avoid the uncertainties involved in innovating for more unpredictable consumer markets.

Because intellectual property can have applications across many different sectors, we assess IP based on our expertise and understanding of underlying technologies, industrial processes and potential partners. As a result, our portfolio companies fall into clusters where they have either potential industry partners or underlying technologies in common. This allows us to exploit synergies in expertise and across networks to drive value in a more effective way than taking a siloed, sector-based approach. This year we have introduced two new clusters, energy and the blue economy, reflecting the evolution of our partnerships and portfolio companies.

Funding is typically raised for portfolio companies from third parties once milestones are achieved, to fund future development and progress to an exit. We may ourselves commit to portfolio companies through either loan advances or equity investment to enable them to meet working capital requirements. Portfolio companies also take advantage of non-dilutive grant funding.

Shareholder value is driven by the potential for realisations on exit, with the value of the portfolio representing potential deferred earnings. The business model is extremely capital efficient: the Group has generated cash proceeds of nearly £10 million through the partial sale of its equity holding in Exscientia; the original cost of the Group's entire holding was less than £2,000.

We continue to develop relationships with stakeholders to source, identify and evaluate IP. Shareholders in our portfolio businesses are usually universities, academics, institutions, private investors and ourselves. Typically, no shareholder has a controlling stake, ensuring interests are aligned across all those involved in building the business.

The Group generates additional revenue from its portfolio through board retainers and fees for bespoke business development, corporate and strategic advisory work.

We also provide capital raising services to our portfolio through Group subsidiary Frontier IP Management Limited, an Appointed Representative of Privium Fund Management (UK) Limited which is authorised and regulated by the Financial Conduct Authority in the UK. The Group's fundraising activity for its spin out companies both enhances value in the portfolio and may also generate revenue for the Group. We continue to grow our network of sources of capital ranging from institutions, industry investors through to private individuals.

Our clusters approach

Frontier IP's portfolio falls into six broad clusters. These are:

- AI, Big Data, Sparse Data and Robotics
- Engineered Particles and Materials
- Pathogens and Cell Imaging
- Food and Agritech
- Energy
- Blue Economy

Our business: continued

How our portfolio companies and partnerships fall into each cluster

AI, Big Data, Sparse Data and Robotics: AquaInSilico, Cambridge Raman Imaging, Celerum, Elute Intelligence, Exscientia, Fieldwork Robotics, PoreXpert, Pulsiv, and The Vaccine Group

Engineered Particles and Materials: Alusid, CamGraPhIC, Cambridge Raman Imaging, Nandi Proteins and NTPE

Pathogens and Cell Imaging: Amprologix, Cambridge Raman Imaging, Insignals Neurotech, Molendotech and The Vaccine Group

Food and Agritech: AquaInSilico, Des Solutio, Fieldwork Robotics, Molendotech, Nandi Proteins, and The Vaccine Group

Energy: Pulsiv, PoreXpert, Alusid, CamGraPhIC

Blue Economy: AquaInSilico, Molendotech, Emporia 4KT

AquaInSilico: an example of our clusters approach

AquaInSilico is developing novel software tools to optimise wastewater treatment across many different industries, including municipal wastewater treatment, oil, brewing, pulp, paper making, steel, food processing and waste recovery.

The software uses a mathematically modelled biological approach based on a deep understanding and control of the operating variables that result from biological and chemical processes. Its algorithms can detect problems often before they can be diagnosed by humans.

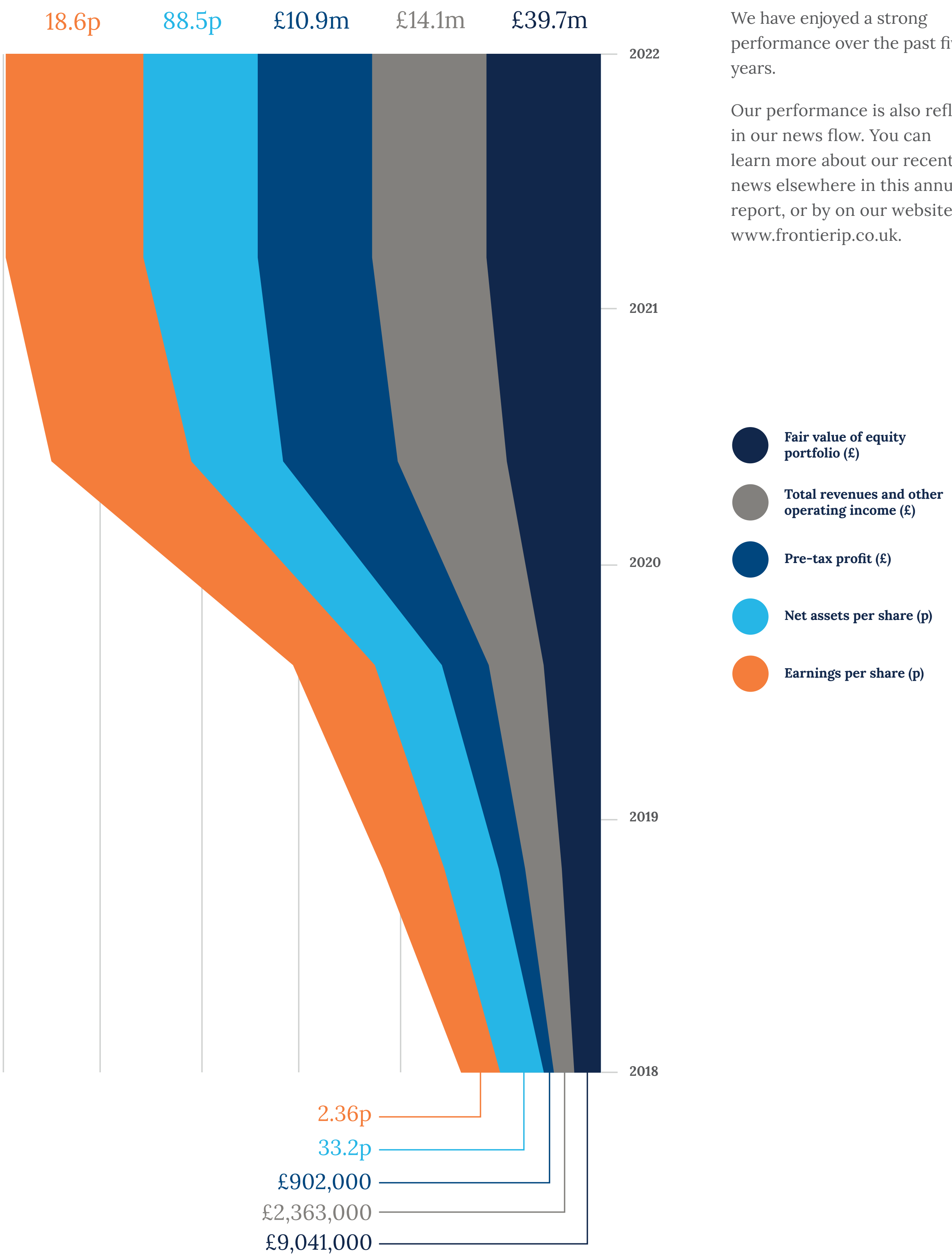
It is used to improve the removal from water of phosphorus and other nutrients that can then be recycled as fertilisers, as well as making water quality better. The software has the potential to save users up to 25 per cent of their operating costs.

The company was selected to receive $250,000 as an Ocean Innovator through the United Nations Development Programme's Ocean Innovation Challenge for a project to help protect and conserve one of the world's most diverse marine environments around the Cape Verde archipelago in the Atlantic. Called Phos-Value, the project is now one year into its two years' allotted span and recommendations made by the AquaInSilico team are being implemented. As well as recovering nutrients that would otherwise cause algal spread in the ocean, the project will also improve water quality for use in agriculture by local communities.

AquaInSilico fits into three of our clusters:

- AI, big data, sparse data and robotics: the company's software uses mathematical modelling of biological and chemical processes to improve nutrient recovery and improve water quality
- Food and agritech: recovered nutrients can be recycled as fertilisers and the higher-quality water used in agriculture
- Blue economy: fewer nutrients going into water reduces the risk of excessive algal growth, including the growth of nuisance species. Algal growth can prevent sunlight from reaching the ocean floor and affect fish, shellfish and plant species that local communities rely on for food and tourism.

Our story:
delivering growth over the last five years



We have enjoyed a strong performance over the past five years.

Our performance is also reflected in our news flow. You can learn more about our recent news elsewhere in this annual report, or by on our website: www.frontierip.co.uk.

Our Portfolio:
six companies to watch

Our portfolio is a mix of companies with the potential to have significant environmental and global impacts, as well as generating sustainable returns for investors – you can learn more in the section: Frontier IP and the UN Sustainable Development Goals. During the year and beyond several companies and projects made robust technical and commercial progress:

Alusid

Frontier IP stake: 38.9 per cent

Alusid creates beautiful, premium-quality tiles, tabletops and other surfaces by recycling industrial waste ceramics and glass, most of which would otherwise be sent to high-impact landfill.

Ceramic tiles and surfaces are notoriously energy and water intensive. Alusid's innovative formulations and processes use 35 per cent less energy, reducing CO2 emissions, and up to 75 per cent less water than used to make tiles conventionally.

The company has successfully scaled up its technology for mass production on industry-standard manufacturing equipment to create the world's first mass produced tile ranges using a minimum of 95 per cent recycled materials. Alusid is now working with one of the world's biggest industrial minerals groups to explore opportunities to recycle its waste streams into tiles.

Further validation for Alusid's technology came from the Cities of Tomorrow Challenge, run by the Climate Solutions Partnership between the World Wildlife Fund and HSBC. The company was one of only five globally selected to pitch to potential investors.

Existing customers for Alusid's batch-made products include Harrods, Selfridges, Nando's, COS, part of H&M, and Parkside Architectural Tiles, the commercial arm of retailer Topps Tiles. The Stonehenge visitor centre and BBC Bristol became new customers during the year.

Cambridge Raman Imaging

Frontier IP stake: 26.8 per cent

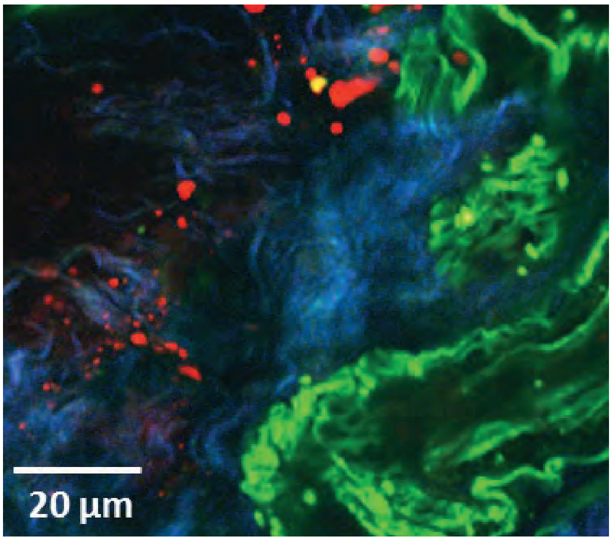
Cambridge Raman Imaging (CRI) is developing Raman imaging technology and artificial intelligence-supported diagnostics, initially to develop medical devices to diagnose and support treatment of diseases, such as cancer.

The technology uses graphene-based ultra-fast fibre lasers to generate digital images of patient tissues which are analysed by the AI. Because the images are digital, there is no need for intrusive chemical staining of tissue and they can be viewed remotely. This allows histopathologists to work more efficiently – important in regions and countries where there is a shortage of qualified staff. Longer term, there is the potential to support more personalised treatments for cancer.

CRI raised £1.1 million during the year to accelerate commercialisation of the technology and a first commercial prototype was completed after the year end in collaboration with leading medical devices manufacturer Motic.

The company is also involved in two pan-European projects. CHARM, which is coordinated by CRI, aims to develop a high-speed, low-cost device with AI for cancer treatment and diagnosis and was supported by a €3.3 million grant from the European Innovation Council in the year.

The second project, CRIMSON, is a 10-strong consortium developing technology to monitor diseases unfolding at a molecular level in cells and tissues in real time. It will deepen understanding of the cellular origins of disease, opening the way for new treatments. It is backed by €5 million from the European Commission.



Our Portfolio: continued

CamGraPhIC

Frontier IP stake: 20.8 per cent

CamGraPhIC develops graphene-based photonics for high-speed data and telecommunications. Graphene photonics are seen as a key enabler for 5G networks and the technologies that rely on them.

Initial development is focused on high-speed optical transceivers. In laboratory conditions these have worked at 100Gb per second, around twice the speed of equivalent technologies, and across multiple wavebands. They are projected to consume at least 70 per cent less energy.

Other uses include cutting-edge 6 mm wave, which has the potential to transmit data at up to 1 terabyte per second and is seen as a necessity for next generation 6G networks. The company is also exploring applications in high-performance computing, and in networks able to meet the demands of processor intensive artificial intelligence applications.

The company raised £1.6 million through an equity funding round during the year to accelerate development and scale up of the technology. After the period close, CamGraPhIC raised a further £1.26 million and announced that Sir Michael Rake, the former chair of BT Group and an investor in the company, will be joining its board of directors. The funding was used to complete fabrication of demonstration devices. The technology has attracted interest from major multinationals in the semiconductor and telecommunications sectors and customer testing started after the year end.

Celerum

Frontier IP stake: 33.8 per cent

Celerum is developing novel artificial intelligence to improve the operational efficiency of logistics and supply chains.

The technology is based on meta-heuristic algorithms, including using nature inspired computing, which develop software based on natural processes and behaviours, such as those exhibited by ant colonies and fish schools, and is based on more than 25 years' research by founder and chairman Professor John McCall, Head of Research at the National Subsea Centre at Robert Gordon University Aberdeen.

The software is aimed at companies operating small to medium-sized truck fleets, such as road hauliers, suppliers and retailers. Such firms are typically still dependent on manual processes or spreadsheets to organise their operations and lack the resources to create the bespoke systems used by bigger companies.

Progress during the year was highly encouraging. The company launched its first commercial product Truck Logistics System, gaining its first customer, Colin Lawson Transport, in Aberdeen.

Our Portfolio: continued

Fieldwork Robotics

Frontier IP stake: 24.5 per cent

Raspberries picked by Fieldwork Robotics' robot harvesting technology went on sale in supermarkets this year. The company deployed two robots in Portugal, where the fruit can be harvested throughout the year, in a farm run by the Summer Berry Company, a leading supplier to retailers such as M&S, Ocado, Tesco, Sainsbury's and Waitrose.

Fieldwork's focus is now on making the robots faster and scaling up production to get more robots into the field. The aim is to increase the rate at which the robots can pick from 1kg of fruit per hour to more than 4kg an hour, with each robot picking 25,000 raspberries a day compared to 15,000 for a human.

The company is also working with Bonduelle, a leading vegetable producer, on a three-year project to develop a cauliflower harvesting robot.

Robotic fruit and vegetable harvesting technology has the potential to improve agricultural productivity, reduce food waste by more accurate picking and minimising human contact, and result in better quality jobs, with harvesting labour replaced by skilled robot operators. There is also potential for cutting carbon emissions through reduced need for migrant labour.

Pulsiv

Frontier IP stake: 18.3 per cent

Pulsiv has the potential to become a major green technology company. Its innovations improve the efficiency with which electricity is converted from AC to DC and vice versa, cutting the amount of energy consumed by devices with the aim of reducing the strain on national power grids, bills for consumers and dependency on fossil fuels. The technology can also boost the output from photovoltaic solar cells.

Around half the electricity used by electronic devices is wasted because of inefficient power conversion. That's why the power converters used by a host of devices warm up in operation and why some need fans to cool them.

In tests, however, Pulsiv's technology wastes only about 10 per cent of the electricity needed by a device. Furthermore, its new power conversion techniques can be incorporated in smaller, lighter and more cost-effective designs.

The technology can be used in nearly all mains-powered products, battery chargers, lighting applications, electric vehicles, portable power tools and DC motors. The company is also working on a solar microinverter to maximise the output from photovoltaic solar cells.

Pulsiv enjoyed a year of solid technical and commercial progress. It is building relationships with major manufacturers, including those in consumer electronics and the solar sector, and we are looking forward to further progress in the year to come.

Chairman's Statement

Andrew Richmond | Chairman

The highlight of the year was unquestionably the successful listing of Exscientia on the Nasdaq Global Select Market in October 2021.

Performance

Frontier IP and its portfolio companies produced a resilient performance during the year to June 2022. These numbers represent solid progress, following as they do from an exceptional year to 30 June 2021, when pre-tax profits rose by 145 per cent, and despite the significant uncertainties caused by political, market and economic turbulence we saw during the period. I am very pleased with the response from the Group and across the portfolio.

The highlight of the year was unquestionably the successful listing of Exscientia on the Nasdaq Global Select Market in October 2021. The company raised a total of $510.4 million through an upsized initial public offering and a concurrent private placement with a valuation of $2.9 billion. Following the IPO, we sold a quarter of our equity holding in the company, raising £6.5 million, followed by a further £3.4 million share sale after the year end.

Although Exscientia shares have suffered since listing, closing at $10.89 on 30 June and $8.21 on 30 September 2022 as part of the broader market and technology sell off, with the knock-on impact on growth in the fair valuation of our portfolio at the year end, I am very confident about the prospects for Exscientia. The company is exceptionally well-capitalised, ending its own first half to June with more than $730 million of cash. It has forged partnerships with some of the world's biggest pharmaceutical companies, including Bristol Myers Squibb and Sanofi, and institutions such as the Bill & Melinda Gates Foundation.

I am delighted to say the rest of the portfolio performed well. The drop in Exscientia's valuation was partially offset by valuation increases elsewhere. Successful equity funding rounds included CamGraPhIC, which raised £1.6 million in September 2021, and a further £1.26 million in August this year. Our other graphene spin out Cambridge Raman Imaging raised £1.1 million and is coordinating a pan-European project awarded €3.3 million by the European Innovation Council. Neil goes into more detail about some of the challenges facing not just Frontier IP but the world more broadly in his statement. But I remain excited by the possibilities latent within our portfolio and the ability of the companies to meet tangible, real-world demands and confront some of the biggest challenges we face head on. Pulsiv, CamGraPhIC, Nandi Proteins, Alusid, The Vaccine Group, and others all have significant potential. In short, they are developing new technologies to solve major

Chairman's statement: continued

problems and tackling issues around climate, energy, food, water and health.

I am delighted to say we continued to strengthen our team during the year. Professor Dame Julia King, Baroness Brown of Cambridge DBE, FREng and FRS, joined as a non-executive director during the year, an appointment that was made and announced at the time of our results last year.

We have seen our operations in Portugal growing, where we saw encouraging progress from InSignals Neurotech, AquaInSilico and the pan-European Emporia 4KT project, which has won backing from the European Union for a 16-month extension to improve technology transfer across the Atlantic seaboard's Blue Economy following a successful first phase.

We added two new companies during the year, and we continue to concentrate on the commercial development and scale up of our existing companies. Across the portfolio, commercial and technical progress has been good, and I am looking forward to updating you next year on progress. Our pipeline of opportunities looks exciting, and we are hopeful of incorporating new companies in the current financial year.

Our governance

Good governance is vital for long-term sustainable growth, and we strive to achieve the highest standards for a business our size. We have adopted the Quoted Companies Alliance Corporate Governance Code, introduced in April 2018. To see more details about how we apply the principles of the Code, see the Our Governance section of this report and our website: https://www.frontierip.co.uk/about/governance/

Results

I am delighted with how the Group performed in the year. The growth in the fair value of our portfolio to £39,712,000 was reflected in net assets per share of 88.5p and we achieved our first exit in the period under review from a partial sale of our holding in Exscientia.

For the year to 30 June 2022, total revenue and other operating income increased by 11% to £14,104,000 (2021: £12,668,000) as a result of a net unrealised profit on the revaluation of investments of £10,908,000 (2021: £12,306,000), of which £4,996,000 was due to the increase in fair value of Pulsiv, and the realised profit on part-disposal of our holding in Exscientia of £2,867,000 (2021: nil). This part-disposal provided cash proceeds of £6,525,000 which, along with proceeds of £3,433,000 from realisations since 30 June 2022, has significantly strengthened our balance sheet.

Outlook

The market and economic outlook is difficult to predict given the number and scale of the domestic and global problems now looming. However, we are well capitalised and our portfolio companies are addressing fundamental global challenges. We are confident about our prospects for the coming year and beyond.

Andrew Richmond | Chairman
26 October 2022

Strategic Report

Frontier IP's strategic objectives are to achieve growth and create long-term, sustainable value for all stakeholders.

The Group does so by:

- Identifying and evaluating commercialisable IP generated by academics, universities and other partners to generate a steady stream of spin outs
- Taking material equity stakes in spin out companies in return for commercialisation services and proactive, hands-on support
- Validating technology, scale up and market demand in partnership with industry
- Raising funds for further development once milestones achieved
- Generating value through potential deferred earnings that crystallise on realisation

This Strategic Report should be read with reference to the strategy and business model outlined on pages 3 to 5.

"The Group closed the year with more than £4 million cash on the balance sheet and has subsequently raised a further £3.4 million by selling a further part of our stake in Exscientia. The Group is well placed to weather any market or economic disruption and to take advantage of opportunities as they arise."

Neil Crabb, Chief Executive Officer

Chief Executive Officer's Statement

Neil Crabb | Chief Executive Officer

Frontier IP enjoyed a successful year to 30 June 2022. The fair value of our equity portfolio rose 24% to £39,712,000 and, while profit before tax of £10,879,000 was only 6% ahead of the prior year, net assets per share increased from 69.8p to 88.5p. I am delighted to say we are in a strong financial position.

The Group closed the year with more than £4 million cash on the balance sheet and has subsequently raised another £3.4 million by selling a further part of our stake in Exscientia. The Group is well placed to weather any market or economic disruption and to take advantage of opportunities as they arise.

And we believe there might well be opportunities. The shorter-term outlook is highly uncertain, geopolitical risks abound, and there are fundamental challenges to be addressed – including climate change, energy, water, food and health. But history shows that disruption can drive technology adoption and our portfolio is positioned strongly to meet the challenges we all face.

To go into more detail:

The shorter-term outlook is uncertain. I warned at the half year that the environment was highly unpredictable: in the shorter term, the war in Ukraine has compounded risks already apparent, such as supply chain pressures and energy prices. The COVID-19 pandemic has yet to end. Inflation is rising. Central banks are raising interest rates and starting to unwind quantitative easing. Economists are warning of the UK entering recession during the first half of next year (2023). Underlying all these are the potential for macro shocks with the potential to send markets into a tailspin.

In terms of geopolitics, there are several areas of concern. Prospects for the United States are uncertain. Jobs data looks positive, but there has been sharp contraction in mortgages and consumer confidence has struck new lows. Corporate earnings have held up, but the outlook is uncertain – and the strong dollar is pump-priming inflation and energy prices worldwide. China's economy, so long a motor for global growth, is looking bleak. The country is facing severe demographic challenges as a result of the one child policy, which has led to an ageing population with the proportion of young dominated by men. Conditions in the property sector, a substantial part of GDP, are worsening, and its economy is also affected by very tough COVID-19 lockdowns, energy and climate, which has led to industry shutdowns. There is also the growing risk of debt defaults across lower-to-middle-income countries.

In Europe, the Ukraine war is obviously a major source of risks and heightens uncertainty. But the biggest fear of international investors is the possibility of another Italian debt crisis because the country's bonds are widely used as collateral in financial markets – which are hugely over leveraged. As for the UK, aside from inflation, there is rising industrial unrest, reflecting squeezed finances. House prices are under pressure.

Then there are the other risks: climate change is having an impact – again, on energy, on food production, and on water; and of course, the COVID-19 pandemic is still continuing, and the probability of future pandemics is greater than assumed as bacteria and viruses adapt to the changing environment.

All these factors might affect the appetite of investors for risk, in turn leading to greater pricing pressures on start-up and early-stage companies.

Now, I am not saying all of the above will happen. However, these are the risks as we seem them, and it is prudent to consider and warn of them.

First, our balance sheet is strong. I promised shareholders we would not seek to raise further funding from them. This is still the case. Our business model is also extremely capital

Chief Executive Officer's Statement: continued

efficient. So far, we have generated nearly £10 million in cash through selling shares in Exscientia. The original cost of those shares was less than £2,000.

On a broader note, it is important to realise that crises boost innovation. The example of war driving step-changes in technology is well known: what is less well known is that economic crises can have the same effect. The 1929 crash and subsequent Great Depression saw a sharp upturn in technology adoption. US productivity rose during the 1930s, following gains in the 1920s. Indeed, one economist has written the period 1929 to 1941 was the most technologically progressive decades in America's history. Significant advances were made in areas such as electrical machinery and equipment (which in turn boosted industrial productivity) chemical engineering, aeronautics, power generation and distribution, and engineering – and before World War II made an impact.

We expect the fundamental problems around climate, energy, food, water and health to spur a similar drive towards new technologies to solve them. And our portfolio is well placed to take advantage. The nature of our business model and the focus on industrial partnerships mean we avoid more volatile consumer-facing sectors such as fintech and delivery services.

So, to examples. On the climate and energy side, I am excited about the potential for Pulsiv, which I believe has the potential to become a major green technology company. By offering major improvements in the efficiency with which electricity is converted – by reducing wasted energy from about 50 per cent to under 10 per cent – the technology could significantly reduce the strain on national power grids if adopted at a great enough scale. The components required are cost effective, can be fitted into smaller, lighter form factors, and used in an enormous range of devices. Pulsiv offers a compelling proposition – better products at the same price for their customers and lower bills for consumers.

Alusid also helps to save energy and water in one of the most energy-intensive manufacturing sectors – tile making. Its novel manufacturing processes to make tiles and architectural services from recycled industrial waste uses a third less energy and 75 per cent less water than used to make conventional tiles.

CamGraPhIC's graphene-based photonics are able to transmit digital data and communications more rapidly than equivalent technologies and use at least 70 per cent less energy. Celerum's software improves logistics' efficiency and has the potential to reduce the carbon emitted by truck fleets.

AquaInSilico is developing software to improve wastewater treatment across a range of industries, recovering more valuable resources, such as phosphorus, while making water quality better. It is part of a United Nations Development Programme Ocean Innovation Challenge in Cape Verde. Molendotech's unique testing kits are able to test water for harmful bacteria in a matter of minutes on site compared to the days currently taken.

Two of our companies are directly involved in food. Nandi Proteins' ingredients replace chemical E-numbers, fat and gluten in a wide range of processed foods, including meat replacements. Fieldwork Robotics now has machines operating commercially to harvest raspberries in Portugal, a boost to horticultural productivity.

On health, Exscientia is already established as a world leader in using artificial intelligence (AI) to accelerate the discovery of new drugs. Cambridge Raman Imaging is using graphene-based ultrafast lasers and AI to develop faster and better ways to diagnose and monitor tumours and other diseases, while The Vaccine Group is developing new types of vaccines, including those with the potential to prevent future pandemics.

These companies are only a snapshot of our portfolio, and I am looking forward to updating on progress on other companies in future announcements.

Finally, to reflect development of our portfolio as it matures and companies evolve, we have added a further two clusters to the existing four. The additional ones are energy and the Blue Economy. Crises beget opportunities. Our cluster-based approach means we are focused on the areas where we see the greatest opportunity and our well-financed balance sheet means we are positioned to take advantage.

Although we cannot say for how long the current uncertainties will exist, or how bad things might get, we remain confident in the future prospects for the business.

And, as always, I would very much like to thank you, our shareholders, and other stakeholders, for your continued support.

Neil Crabb | Chief Executive Officer
26 October 2022

Key Performance Indicators and Alternative Performance Measures

The Key Performance Indicators and Alternative Performance Measures for the Group are:

KPI / APM	Description	2022 Performance
Basic earnings per share (KPI)	Profit attributable to shareholders divided by the weighted average number of shares in issue during the year.	18.6p (2021: 17.47p)
Net assets per share (KPI)	Value of the Group's assets less the value of its liabilities per share outstanding	88.5p (2021: 69.8p)
Total revenue and other operating income (KPI)	Growth in the aggregate of revenue from services, change in fair value of investments and realised profit on disposal of investments	£14,104,000 (2021: £12,668,000)
Profit (KPI)	Profit before tax for the year	£10,879,000 (2021: £10,242,000)
Total initial equity in new portfolio companies (APM) Note 1	Aggregate percentage equity earned from new portfolio companies during the year	20% (2021: 0%)

Note 1 – The total initial equity in portfolio companies is not an IFRS measure. It is used by Directors to measure the total percentage equity stakes received in all new spin-out companies during the year. It does not reflect holdings in individual spin-outs and does not include equity received through post spin-out investment. For 2022 it is the aggregate percentage holding from two new spin-out companies during the year.

We are pleased to report that the Group achieved increases in all Key Performance Indicators and Alternative Performance Measures, despite the difficult economic and market conditions.

Exscientia's IPO in October 2021 enabled us to sell part of our holding in the second half of our financial year generating proceeds of £6,525,000 and a realised profit of £2,867,0000. Since 30 June 2022 we have sold further shares in Exscientia for £3,433,000 and still hold 50% of our original holding. The value of the Group's equity investments increased to £39,712,000 (2021: £31,982,000) with net assets increasing to £48,699,000 (2021: £38,421,000). Profit after tax for the Group for the year to 30 June 2022 was £10,230,000 (2021: £9,566,000) after a deferred tax charge of £649,000 (2021: £676,000). This result includes a realised profit on disposal of investments of £2,867,000 (2021: nil), an unrealised profit on the revaluation of investments of £10,908,000 (2021: £12,306,000) and reflects a decrease in services revenue to £329,000 (2021: £362,000) and greater administrative expenses of £3,104,000 (2021: £2,171,000) primarily due to bonuses of £480,000 and an increase in personnel.

Frontier IP and the United Nations Sustainable Development Goals

Frontier IP's purpose is to create high value businesses from intellectual property developed by universities, academics, scientists and engineers.

Science and technology are vital to solving some of the most pressing problems the world faces today. There is global focus by governments and industry on issues such as climate change – in particular, the move to net zero – health, the environment and making the most efficient use of resources. Opportunities lie for technology companies in contributing to addressing these issues for the benefit of all.

Our strengths are to identify promising intellectual property and to oversee its commercial development with direct, hands-on support with validation and scale up. Most often we work in collaboration with industrial partners who understand market needs and demands, and who have stated their commitments to sustainability.

Our portfolio is a mix of pioneering companies with the potential to have big societal and environmental impacts. Many are at an early stage, however, and the extent and success of these impacts will only become evident over time.

There are two approaches to current environmental, social and governance reporting. There is the reactive, where the focus is on mitigating existing impacts, such as offsetting carbon emissions, and the proactive, where the emphasis is on opportunity for investment in new technologies for the future. We are very much focused on the latter. Frontier IP Group itself has minimal impact. We employ 16 people working from serviced offices in London, Cambridge, Edinburgh, and Lisbon. IWG, owner of our primary office supplier Regus, has been rated a strong "B" by the Carbon Disclosure Programme for its management of energy, carbon and water emissions, according to its latest sustainability report here: IWG Annual Report 2022.

To reflect the forward-looking nature of our business, we have decided to screen, evaluate and monitor portfolio companies by aligning them to the United Nations Sustainable Development Goals (UN SDGs). The UN developed the 17 goals to form the core of its 2030 Agenda for Sustainable Development, adopted by all UN member states, including the United Kingdom, in 2015. They are designed to provide a blueprint for a sustainable future and balance social, environmental and economic concerns.

We have conducted a mapping exercise of the Group and its portfolio companies against the goals. There are two aspects to the mapping: first at a Group level, representing the cumulative impact of activity across our portfolio; second at the level of each portfolio company. We expect this to evolve over time, as our companies mature.

Frontier IP and the United Nations Sustainable Development Goals: continued

At the Group level we align to six goals, reflecting a focus on health, infrastructure and green technologies:

SDG 3

ensure healthy lives and promote well-being for all at all ages. Five companies within our portfolio are developing technologies directly designed to prevent or treat a wide range of communicable and non-communicable diseases, while others have an indirect impact through their efforts to improve nutrition, sanitation and water treatment.

SDG 9

build resilient infrastructure, promote sustainable industrialisation and foster innovation. This is at the heart of what we do. We are currently working with 18 portfolio companies and across two projects with the potential for significant growth and positive societal or environmental impact.

SDG 5

achieve gender equality and empower all women and girls. We continue to be committed to equal opportunities when it comes to recruitment, appointing and development. At the year-end, around 50 per cent of our team were women and women were represented at all levels within the Group.

SDG 12

ensure sustainable production and consumption patterns. Seven of our portfolio companies are developing technologies directly involved in this goal, which maps to our engineered particles and materials, food and agritech, and artificial intelligence clusters.

SDG 8

promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Within the Group, our success strongly depends on attracting and retaining skilled people. Our employee turnover is extremely low, and our incentives and rewards are available at all levels within the business. Looking outward, we aim to encourage such behaviour in our portfolio and our business model is designed to support productive activities, high value job creation, entrepreneurship, creativity and innovation, and encourage the formation and growth of successful companies.

SDG 13

take urgent action to combat climate change and its impact. Pulsiv is developing technology that reduces the energy consumed by a very wide range of devices by 80 per cent or more, reducing stress on electricity grids and improving the viability of renewable sources. Other companies in the portfolio are working on technologies to reduce the energy consumed by telecoms networks, improve agricultural efficiency (and, potentially, meat dependency), and improve logistics and industrial process efficiency. Eight of our portfolio companies and projects directly contribute to this goal and aligned to the Group's focus on artificial intelligence, new materials, and food and agritech.

To find out how individual portfolio companies align to the goals, please see the relevant company in the following portfolio overview.

Operational Review

Frontier IP delivered a solid performance for the year, given considerable market and economic uncertainties.

We ensured that we were well capitalised, generating £6.5 million in cash by selling shares in Exscientia following its successful listing on the Nasdaq Global Select Market at a valuation of $2.9 billion in October 2021. This capital base helps to ensure we are in a good position to take advantage of any opportunities we see arising in the current environment, including investing directly in our portfolio companies when appropriate. After the year end, we generated a further £3.4 million in cash by selling another tranche of Exscientia shares. We retain half our holding in the company.

Companies across the portfolio continued to make good technical and commercial progress, reflecting the potential value they provide to industry partners and investors. Steps taken to strengthen management teams in previous years are paying off. Several companies successfully raised funds.

Further validation to the approach we take to nurturing early-stage businesses came when the UK Department for International Trade in Portugal awarded us an Innovation and Business Development Award for the work we were doing with AquaInSilico. Emporia 4KT, a pan-European project where we are one of 17 partners received further grant funding and a 16-month extension to build on the work already undertaken during the initial three years. The project brings together government, academics and business to create and support start-up companies in the Blue Economy across Europe's Atlantic seaboard.

As a people focussed business, we took steps to expand our team and to ensure we attract and retain the best people. We strengthened our Board of Directors with the appointment of Dame Julia King, Baroness Brown of Cambridge DBE FREng FRS as an independent Non-Executive Director and expanded our team with three new hires during the year.

Post period-end our Remuneration Committee commissioned an external review of the Group's remuneration framework. The outcome of this review, conducted by Remuneration Consultants Ellason LLP, is set out in detail in the Remuneration Committee Report.

Portfolio Review

Frontier IP strives to develop and maximise value from its portfolio. We do so by taking founding stakes in companies at incorporation and then working in long-term partnerships with shareholders, academic and industry partners.

As part of our sustainability agenda, we have mapped our portfolio companies to relevant United Nations Sustainability Development Goals (UN SDGs). All equity holdings are as at 30 June 2022.

Core portfolio

Alusid

Frontier IP stake: 38.9 per cent

Alusid creates beautiful, premium-quality tiles, tabletops and other surfaces by recycling industrial waste ceramics and glass, most of which would otherwise be sent to high-impact landfill

The company has successfully scaled up its technology for mass production on industry-standard manufacturing equipment. Its innovative formulations and processes use 35 per cent less energy, reducing CO2 emissions, and up to 75 per cent less water than used to make tiles conventionally.

Alusid was also one of only five companies globally shortlisted for the Climate Solutions Partnership's Cities of Tomorrow Challenge run by the World Wildlife Fund and HSBC to pitch to potential investors.

During the year, new customers for the company's batch-made products included the Stonehenge Visitor Centre and BBC Bristol.

UN Sustainable Development Goal mapping: SDG 9, industry, innovation and infrastructure; SDG 12, responsible consumption and production.

Amprologix

Frontier IP stake: 10.0 per cent

Amprologix was created to commercialise the work of Mathew Upton, Professor of Medical Microbiology at Plymouth's Institute of Translational and Stratified Medicine.

The company continued to make progress with development of its new family of antibiotics based on epidermicin, which is derived from bacteria found on human skin, to tackle antimicrobial-resistant MRSA and other superbugs. Ingenza, a leader in industrial biotechnology and synthetic biology, is also a shareholder and is working with Amprologix to develop and scale up the technology.

COVID-19 has heightened interest in other threats to human health globally. Among these is the danger from antimicrobial resistance, named as a top 10 threat to global health by the World Health Organisation.

UN SDG mapping: SDG 3, good health and well-being

Portfolio Review: continued

AquaInSilico

Frontier IP stake: 29.0 per cent

AquaInSilico is developing sophisticated software tools able to understand and predict how biological and chemical processes unfold in different operating conditions.

These can be used to optimise wastewater treatment across many industries, including municipal wastewater treatment plants, oil groups, brewers, pulp, paper and steel makers, food processing and waste recovery businesses.

The Portuguese company was selected in 2021 to receive $250,000 as an Ocean Innovator through the United Nations Development Programme's Ocean Innovation Challenge. The first year of the two-year project saw the project make highly promising progress in developing tools to help partners in protecting and conserving one of the world's most diverse marine environments around the Cape Verde archipelago. The next stage will see the tools applied to reduce the amount of nutrients entering the sea and improve water quality for the local population, particularly for agricultural use.

During the year, the work Frontier IP did in collaboration with AquaInSilico resulted in the Group winning an Innovation and Business Development Award from the UK Department for International Trade in Portugal.

UN SDG mapping: SDG 6, clean water and sanitation, SDG 12, responsible consumption and production, SDG 14, life below water

Cambridge Raman Imaging

Frontier IP stake: 26.8 per cent

Our first graphene spin out, Cambridge Raman Imaging (CRI) is developing Raman imaging technology based on graphene-based ultra-fast lasers, to detect and monitor tumours. The company was formed as a result of a partnership between the University of Cambridge and the Politecnico di Milano in Italy.

The main application creates digital images of patient cells and tissue. It then employs Artificial Intelligence (AI) based analysis of chemical signatures for accurately differentiating between healthy tissue and diseased tissue in the patient samples, augmenting or replacing subjective diagnosis of samples by histopathologists. The technology removes the need for chemical staining - eliminating a major contributor to sample variation seen between one lab and the next.

During the year, the company raised £1.1 million through a second equity funding round and appointed Chief Technology Officer Matteo Negro to Chief Executive Officer. A project CRI is coordinating was also selected to receive a €3.3 million grant from the European Innovation Council. Called CHARM, the project aims to develop a high-speed, low-cost medical device to transform cancer diagnosis and treatment.

A commercial prototype of a Raman imaging microscope in collaboration with leading medical imaging manufacturer Motic has been developed.

UN SDG mapping: SDG 3 good health and well-being

CamGraPhIC

Frontier IP stake: 20.8 per cent

CamGraPhIC develops graphene-based photonics for high-speed data and telecommunications. Graphene photonics are seen as a key enabler for 5G technologies by the company's industrial partners.

Initial applications are high-speed optical transceivers. In laboratory conditions these have worked at 100Gb per second, around twice the speed of equivalent technologies, and across multiple wavebands. They are projected to consume at least 70 per cent less energy. Other uses include 6mm wave, which has the potential to transmit data at up to 1 terabyte per second, high-performance computing and in networks able to meet the demands of processor intensive artificial intelligence applications.

The company raised £1.6 million through an equity funding round during the year to accelerate development and scale up of the technology. After the period close, CamGraPhIC raised a further £1.26 million and announced that Sir Michael Rake, the former chair of BT Group and an investor in the company, will be joining its board of directors.

UN SDG mapping: SDG 9, industry, innovation and infrastructure, SDG 11, sustainable cities and infrastructure

Celerum

Frontier IP stake: 33.8 per cent

Celerum is developing novel artificial intelligence to improve the operational efficiency of logistics and supply chains.

The company's technology is based on nature-inspired computing, which develops software and algorithms based on natural processes and behaviours, such as those exhibited by ant colonies and fish schools. A project conducted on behalf of Highlands and Islands Enterprise across food and drink supply chains in northern Scotland, showed it has the potential to cut carbon emissions by up to 40 per cent if suppliers and logistics firms are willing to work together to share loads.

Progress during the year was highly encouraging. The company launched its first commercial product, Truck Logistics System, for companies operating small to medium sized road haulage fleets, and won its first commercial customer, Aberdeen-based Colin Lawson Transport.

UN SDG mapping: SDG 9, industry, innovation and infrastructure

Portfolio Review: continued

Des Solutio

Frontier IP stake: 25.0 per cent

Des Solutio is developing safer and greener alternatives to the toxic solvents currently used to extract active ingredients by the pharmaceutical, personal care, household goods and food industries.

It does this by creating new methods to use Natural Deep Eutectic Solvents, found in a huge array of plants, to replace toxic organic solvents, such as ethanol, employed currently. This means it is contributing to the environmentally sound management of chemicals, and reducing their release to air, water and soil. The company is still at an early stage but is already generating industry interest.

UN SDG mapping: SDG 9 industry, innovation and infrastructure; SDG 12, responsible consumption and production

Elute Intelligence

Frontier IP stake: 41.2 per cent

Elute's software tools are designed to help users intelligently search, compare and analyse complex documents by mimicking the way people read. There are a huge range of potential applications, from searching patents and contracts, to detecting evidence of plagiarism, collusion and copyright infringement. The company's tools help to enhance research, support improved technological capabilities and innovation.

After the year end, Elute announced the appointment of Steve Cable as Chief Executive Officer.

UN SDG mapping: SDG 9, industry, innovation and infrastructure

Exscientia

Frontier IP stake: 1.0 per cent

Exscientia, a spin out from the University of Dundee, became the first in our portfolio to IPO, raising total gross proceeds of $510 million through a public offer and private placements with SoftBank and the Bill & Melinda Gates Foundation. The IPO, priced at the top end of the estimated range, valued the company at $2.9 billion. During the year, Exscientia also announced a $70 million collaboration with the Bill & Melinda Gates Foundation to develop novel therapeutics against Coronavirus and other viruses with pandemic potential. The Bill & Melinda Gates Foundation is investors in the company.

Now based in Oxford, Exscientia is a world leader in artificial intelligence-driven drug discovery. It is the company behind the first AI-created drugs to enter human clinical trials, taking years off traditional drug discovery processes.

Following the IPO, Exscientia announced a collaboration and licence agreement with one of the world's biggest pharmaceutical companies Sanofi. The company received an upfront cash payment of $100 million and the deal has the potential for a further $5.2 billion in total milestone payments and tiered royalties. It also entered into a partnership with the University of Oxford Target Discovery Institute to create Xcellomics, a programme to expedite early-stage drug discovery for unmet medical needs.

UN SDG mapping: SDG 3, good health and well-being

Fieldwork Robotics

Frontier IP stake: 24.5 per cent

Raspberries picked by Fieldwork Robotics' robot harvesting technology went on sale in supermarkets after the company launched commercial operations. The company deployed two robots to Portugal, where the fruit can be harvested throughout the year, as part of a commercial field trial to prove the robots could work autonomously alongside humans. Fieldwork's focus is now on making the robots faster and scaling up production to get more robots into the field.

The company is also working with Bonduelle, a leading vegetable producer, on a three-year project to develop a cauliflower harvesting robot.

Robotic fruit and vegetable harvesting technology has the potential to improve agricultural productivity, reduce food waste by more accurate picking and minimising human contact, and result in better quality jobs, with harvesting labour replaced by skilled robot operators. There is also potential for cutting carbon emissions through reduced need for migrant labour.

UN SDG mapping: SDG 2, zero hunger; SDG 12 responsible consumption and production

Portfolio Review: continued

InSignals Neurotech

Frontier IP stake: 33.0 per cent

InSignals Neurotech made significant progress during the year with its novel technology to analyse the motor symptoms of Parkinson's disease and other neurological disorders. The company is developing wireless to measure precisely motor symptoms, such as wrist rigidity, in real time to help surgeons and neurologists assess the extent of the disease. Initial prototypes were designed to help identify the best locations to place implants in the brain. However, an improved version can now be used to monitor symptoms more broadly for disease tracking and to understand better how patients are responding to treatment. A multi-centred clinical trial was established to test the devices.

The spin out from the Portuguese Institute for Systems and Computer Engineering, Technology and Science ("INESC TEC"), with the support of São João University Hospital, part of the University of Porto.

UN SDG mapping: SDG 3 good health and well-being

Molendotech

Frontier IP stake: 13.0 per cent

Molendotech continued work on its innovative rapid pathogen detection technology. SirenBW, a kit to test bathing water for faecal matter based on Molendotech's proprietary bacterial detection technology, is now commercially available. The kit, which can be used on site, cuts testing times from up to two days to under 30 minutes because samples do not need to be sent to a laboratory, enabling environmental agencies and other authorities to assess water quality swiftly.

The company has also developed a novel method to detect specific pathogenic bacteria, and the investment will enable further development of this technology for new markets, including the food industry, where it has the potential to extend shelf life and reduce food waste. This work is being undertaken in collaboration with industry partners.

UN SDG mapping: SDG 6, clean water and sanitation; SDG 12 responsible consumption and production

Nandi Proteins

Frontier IP stake: 20.1 per cent

Nandi Proteins is scaling up commercial products based on its technology to create a wide range of customised ingredients based on vegetable and animal proteins. These functional proteins can be used to replace undesirable ingredients, such as fat, gluten, E-number additives in processed foods, or those that people do not want to consume – for example, by replacing animal proteins with vegetable proteins.

The company has gained major industrial traction and is making significant commercial progress with food groups in several applications. These include projects using animal proteins to replace fat and meat, using vegetable proteins to replace egg whites in meat alternatives and to improve the taste and texture of gluten-free products, and proteins to replace chemical binders and emulsifiers in plant-based alternative meats and baked goods.

Nandi's technology has the potential to contribute to more sustainable agriculture and food production by supporting the plant-based alternative meat industry and by reducing chemical ingredients in processed food. Cutting fat in affordable processed foods will help to make them less harmful.

UN SDG mapping: SDG 2, end hunger; SDG 12, responsible consumption and production

NTPE

Frontier IP stake: 48.0 per cent

NTPE is developing cellulose-based eco-friendly, low-cost, low-power paper-based electronics to replace silicon in some electronic applications. Called Paper-E, the novel technology means electronic circuits, sensors and semiconductors can be printed onto any cellulose-based paper. Paper-based energy harvesters, such as solar cells, can be included in the circuits.

The company is focusing on a range of potential applications, including a book-E concept to produce cheap and accessible educational tools to teach children about electronics. Longer-term health applications include diagnostic sensors for use in health and food, smart packaging and paper-based sensors for use in very remote environments.

Cellulose is natural, sustainable and recyclable material. Its use can help reduce the severe negative impact of silicon mining, use and disposal. The technology is still at an early stage of development.

UN SDG mapping: SDG 12, responsible consumption and production

Portfolio Review: continued

PoreXpert

Frontier IP stake: 15.0 per cent

PoreXpert, a software and consultancy firm, has developed novel software and methods to model the voids within porous materials and how gases, liquids and colloidal suspensions behave within them.

Applications include helping companies understand and exploit the nature of oil and gas reserves to improve the efficiency of exploration and extraction, supporting industry efforts to reduce their impact on the environment. It is also being used to help maximise the lifespan of the UK's Advanced Gas Cooled nuclear reactors, which generate 20 per cent of the national energy requirement, without greenhouse gas emissions.

UN SDG mapping: SDG 7, affordable and clean energy; SDG 12, responsible consumption and production

Pulsiv

Frontier IP stake: 18.3 per cent

Pulsiv's technology has the potential to make a profound impact on the energy sector. It cuts the amount of energy consumed by devices, therefore reducing the strain on power grids, and can boost the output of photovoltaic solar cells.

This is because about half the electricity used by devices is wasted because of inefficient power conversion. That's why converters heat up in operation. Pulsiv's novel technology converts electricity much more efficiently – in tests it wastes only about 10 per cent of the energy. Furthermore, its new power conversion techniques can be incorporated in smaller, lighter and more cost-effective designs. So the technology has the potential to reduce strains on power grids and cut costs for manufacturers and bills for consumers.

The technology can be used in nearly all mains-powered products, battery chargers, lighting applications, electric vehicles, portable power tools and DC motors. Not only does it convert electricity from mains to device more efficiently, it also works from device to mains, significantly improving the efficiency of renewable sources. The company is also working on a solar microinverter to maximise the output from photovoltaic solar cells.

Pulsiv enjoyed a year of solid technical and commercial progress. It is building relationships with major manufacturers, including those in consumer electronics and the solar sector.

UN SDG mapping: SDG 7, affordable and clean energy; SDG 13, climate action

The Vaccine Group

Frontier IP stake: 17.0 per cent

The Vaccine Group is creating a wide range of vaccines based on a novel herpesvirus-based platform. Its core focus is on preventing the spread of zoonotic and economically damaging diseases.

During the year, the company achieved a major milestone in the development of its next generation COVID-19 vaccine for use in animals. Trial data from pigs showed strong T cell responses to SARS-CoV-2, the virus that causes COVID-19, as well as the more divergent SARS-CoV-1. This means the vaccine has the potential to provide broad immunity against current and future variants.

There have also been highly promising developments through the company's first commercial collaboration agreement with ECO Animal Health Group and The Pirbright Institute to develop vaccines for porcine respiratory and reproductive syndrome.

Other vaccines under development include those for African swine fever, bovine tuberculosis, bovine mastitis, streptococcus suis, Ebola and Lassa fever. To date, the company and its international partners have been awarded more than £9 million in grant funding from the UK, US and Chinese governments.

UN SDG mapping: SDG 2, end hunger; SDG 3 good health and well-being

Portfolio Review: continued

Core Portfolio Summary at 30 June 2022

Portfolio Company	% Issued Share Capital	About	Source
Alusid Limited	38.9%	Recycled materials	University of Central Lancashire
Amprologix Limited	10.0%	Novel antibiotics to tackle antimicrobial resistance	Universities of Plymouth and Manchester
AquaInSilico Lda	29.0%	Digital tools to optimise wastewater treatment	FCT Nova
Cambridge Raman Imaging Limited	26.8%	Medical imaging using ultra-fast lasers	University of Cambridge and Politecnico di Milano
CamGraPhIC Limited	20.8%	Graphene-based photonics	University of Cambridge and CNIT
Celerum Limited	33.8%	Near real-time automated fleet scheduling	Robert Gordon University
Des Solutio Lda	25.0%	Green alternatives to industrial toxic solvents	FCT Nova
Elute Intelligence Holdings Limited	41.2%	Software tools able to intelligently search, compare and analyse unstructured data	Existing business
Exscientia Limited	1.0%	Novel informatics and experimental methods for drug discovery	University of Dundee
Fieldwork Robotics Limited	24.5%	Robotic harvesting technology for challenging horticultural applications	University of Plymouth
Insignals Neurotech Lda	33.0%	Wearable medical devices supporting deep brain surgery	INESC TEC
Molendotech Limited	12.0%	Rapid detection of water borne bacteria	University of Plymouth
Nandi Proteins Limited	20.1%	Food protein technology	Heriot-Watt University, Edinburgh
NTPE Lda	48.0%	Novel technology to print electronic circuits, sensors and semiconductors onto paper	FCT Nova
PoreXpert Limited	15.0%	Analysis and modelling of porous materials	University of Plymouth
Pulsiv Limited	18.3%	High efficiency power conversion and solar power generation	University of Plymouth
Riskocity Limited	15.9%	Maritime cyber risk	University of Plymouth
The Vaccine Group Limited	17.0%	Herpesvirus-based vaccines for the control of bacterial and viral diseases	University of Plymouth

The Group holds equity stakes in 6 further portfolio companies. The combined value of these holdings was £571,000, equivalent to 1.4% of the fair value of the Group's equity investments at 30 June 2022.

Financial Review

Key Highlights

During the second half of the year the Group sold approximately 28% of its holding in Exscientia generating proceeds of £6,525,000 and realising a gain of £2,867,000. The value of the remaining holding in Exscientia was £10,132,000 at 30 June 2022. The value of the Group's equity investments increased to £39,712,000 (2021: £31,982,000) with net assets increasing to £48,699,000 (2021: £38,421,000).

Profit after tax for the Group for the year to 30 June 2022 was £10,230,000 (2021: £9,566,000) after a deferred tax charge of £649,000 (2021: £676,000). This result includes a realised profit on disposal of investments of £2,867.000 (2021: nil), an unrealised profit on the revaluation of investments of £10,908,000 (2021: £12,306,000) and reflects a decrease in services revenue to £329,000 (2021: £362,000) and greater administrative expenses of £3,104,000 (2021: £2,171,000) primarily due to bonuses of £480,000 and an increase in personnel.

Revenue

Total revenue and other operating income for the year to 30 June 2022, which is the aggregate of services revenue, realised gain on the disposal of investments and unrealised gain on the revaluation of investments, increased 11% to £14,104,000 (2021: £12,668,000). Revenue from services decreased 9% to £329,000 (2021: £362,000). The Group realised a gain on disposal of investments of £2,867,000. This gain arose on the sale of part of the Group's holding in Exscientia which was valued at £3,659,000 at 30 June 2021 and which generated proceeds of £6,525,000. Unrealised gains on revaluation of equity investments of £10,011,000 (2021: £12,191,000) included an increase of £4,996,000 in the value of Pulsiv. Unrealised gains included net unrealised profit on the revaluation of debt investments of £898,000 (2021: £115,000).

Administrative Expenses

Administrative expenses increased 43% to £3,104,000 (2021: £2,171,000). The increase is primarily due to increased employee costs which included bonuses of £480,000.

Share Based Payments

Share based payments decreased 11% to £329,000 (2021: £368,000). No options were granted during the year and some options lapsed.

Earnings Per Share

Basic earnings per share were 18.60p (2021: 17.47p). Diluted earnings per share were 17.53p (2021: 16.62p).

Statement of Financial Position

The principal items in the statement of financial position at 30 June 2022 are financial assets at fair value through profit and loss comprising equity investments of £39,712,000 (2021: £31,982,000) and debt investments of £2,981,000 (2021: £2,320,000). The carrying value of these items is determined by the Directors using their judgement when applying the Group's accounting policies. The matters taken into account when assessing the fair value of the portfolio companies are detailed in the accounting policy on investments. The movement during the year in equity and debt investments is detailed in notes 13 and 14 to the financial statement respectively.

The Group had goodwill of £1,966,000 at 30 June 2022 (2021: £1,966,000). The considerations taken into account by the Directors when reviewing the carrying value of goodwill are detailed in Note 10 to the financial statements.

The Group had net current assets at 30 June 2022 of £5,201,000 (2020: £2,379,000) reflecting primarily an increase in cash balances of £2,376,000. The current assets at 30 June 2022 include trade receivables of £376,000 which are more than 90 days overdue. The portfolio company debtors are in the process of raising funds and the directors are confident that, depending on the amounts raised, the amounts due to the Group will be paid in either cash or equity.

Net assets per share

Net assets of the Group increased to £48,699,000 at 30 June 2022 (30 June 2021: £38,421,000) resulting in net assets per share of 88.5p (30 June 2021: 69.8p).

Cash

The Group's cash balances increased during the year by £2,376,000 to £4,368,000 at 30 June 2022. Operating activities consumed £3,006,000 (2021: £1,466,000) reflecting an increase in administrative expenses and an increased in trade receivables and other current assets. Investing activities generated £5,382,000 having consumed £1,692,000 in 2021. This reflected proceeds on disposal of part of our holding in Exscientia of £6,525,000 and the purchase of equity and debt investments of £1,141,000 (2022: £1,689,000) in eight of our portfolio companies.

Principal Risks and Challenges affecting the Group

The specific financial risks of price risk, interest rate risk, credit risk and liquidity risk are discussed in note 1 to the financial statements. The principal broader risks – financial, operational, cash flow and personnel – are considered below.

The key financial risk in our business model is the inability to realise sufficient income through the sale of our holdings in portfolio companies to cover operating costs and investment capital. This risk has been mitigated through the sale of shares in Exscientia, our most valuable holding at 30 June 2022, through disposing parts of our stake during the year and after the year end. The other principal financial risk of the business is a fall in the value of the Group's portfolio. With regards to the value of the portfolio itself, the fair value of each portfolio company represents the best estimate at a point in time and may be impaired if the business does not perform as well as expected, directly impacting the Group's value and profitability. This risk is mitigated as the number of companies in the portfolio increases. The Group continues to pursue its aim of actively seeking realisation opportunities within its portfolio to reduce the requirement for additional capital raising.

The principal operational risk of the business is management's ability to continue to identify spin out companies from its formal and informal university relationships, to increase the revenue streams that will generate cash in the short term and achieve realisations from the portfolio.

Early-stage companies are particularly sensitive to downturns in the economic environment. There are currently several areas of concern that could affect the UK and wider global markets and economy. Short-term risks include the war in Ukraine and its impact on supply chains and energy prices, and the continuing COVID-19 pandemic. Inflation and interest rates are rising. Longer-term risks include uncertainties in the US economy, particularly around mortgages and consumer confidence, and China, which is facing demographic challenges, pressures in its property sector, and from COVID-19 lockdowns, energy and climate, which has led to industrial closures. In Europe, aside from Ukraine, there is the potential for an Italian debt crisis.

Any economic downturn would mean considerable uncertainty in capital markets, resulting in a lower level of funding activity for such companies and a less favourable exit environment. The impact of this may be to constrain the growth and value of the Group's portfolio and to reduce the potential for revenue from advisory work. The Group seeks to mitigate these risks by maintaining a strong balance sheet, relationships with co-investors, industry partners and financial institutions, as well as controlling the cash burn rate in portfolio companies.

In terms of COVID-19, the remaining risks to the Group are operational: Frontier IP and portfolio company employees may contract the virus and be unavailable for work for extended periods of time. The Group seeks to mitigate these risks by maintaining a safe working environment and ensuring portfolio companies have considered and addressed risks.

Changes to the basis on which IP is licensed in the Higher Education sector might lead to reduced opportunity or a need to vary the business model. Any uncertainty in the sector may have an impact on the operation of the Group's commercialisation partnerships in terms of lower levels of intellectual property generation and therefore commercialisation activity. The Group seeks to mitigate these risks by continuing to seek new sources of IP from a wide range of institutions both within and outside of the UK.

The Group is dependent on its executive team for its success and there can be no assurance that it will be able to retain the services of key personnel. This risk is mitigated by the Group through recruiting additional skilled personnel and ensuring that the Group's reward and incentive framework aids our ability to recruit and retain key personnel. We expanded our team during the year and, post period-end, commissioned an external review of our remuneration framework.

By order of the Board

Neil Crabb | Director | 26 October 2022

Our Governance

“Good governance is vital for long-term sustainable growth, and we strive to achieve the highest standards for a company our size.” Frontier IP Chairman Andrew Richmond

Board of Directors

Our Board of Directors is responsible for setting the vision and performance objectives for the Group to deliver value to our shareholders through implementing our strategy and business model. The Board members are collectively responsible for defining corporate governance arrangements to achieve this purpose, under the leadership of the chair.

K Andrew Richmond

Non-Executive Chairman
and Independent Director (Age 56)

Appointment Date:

December 2011

Experience:

Andrew Richmond has substantial experience of the healthcare, stockbroking and private equity industries. He is a member of the Management Board of the Caledonia Housing Association and is a Non-Executive Director of Scotland's Charity Air Ambulance, Sue Ryder and Sue Ryder Lottery Limited. He was previously a Lay Court Member of the University of Dundee.

Skills:

Finance, knowledge of the university sector at senior level and investment and broking expertise.

Role:

Andrew's appointment requires at least 12 full days per annum in his role as Non-Executive Chairman. Additional duties include membership of the audit and remuneration committees, regular meetings with the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer and assisting in relationships with the Group's Nomad and Broker.

Committees:

Chairman of the Audit Committee and member of the Remuneration Committee.

Scheduled Board Meetings attended:

6 out of 6

Neil Crabb

Chief Executive Officer
(Age 54)

Appointment Date:

May 2009

Experience:

Neil has considerable investment management experience, particularly in technology and smaller companies.
He co-founded Sigma Capital Group plc.

Skills:

Innovation, strategy, finance, knowledge of the university sector at senior level and investment and broking expertise.

Role:

In his full-time role as CEO Neil is responsible for setting the Group's strategy and vision; setting its culture, values and behaviour; and building and leading the executive team.

Scheduled Board Meetings attended:

6 out of 6

Board of Directors: continued

Jacqueline McKay

Chief Operating Officer
(Age 62)

Appointment Date:

September 2010

Experience:

Jackie has substantial experience in private equity and of the university IP sector, including structuring and executing university partnership agreements and venture funds. Her previous experience includes Sigma Capital Group plc and Bank of Scotland.

Skills:

Sector knowledge, company growth expertise, operational and strategy implementation skills.

Role:

Jackie performs her role at least 4 days per week, which combines helping set strategy as part of the executive director team and setting and overseeing an operations framework to ensure delivery to stakeholders in line with the Group's values and overall strategy.

Scheduled Board Meetings attended:

6 out of 6

James Fish

Chief Financial Officer and Company Secretary
(Age 64)

Appointment Date:

March 2014

Experience:

Jim is a chartered accountant with over 25 years' experience in senior financial positions and a wide range of commercial experience including venture capital funded small/medium-sized enterprises and start-up companies.

Skills:

Qualified CA and company growth expertise.

Role:

Jim's full-time role combines helping set strategy as part of the executive director team; planning, implementing, managing and controlling all financial-related activities and acting as outsourced finance director for selected portfolio companies.

Scheduled Board Meetings attended:

6 out of 6

Board of Directors: continued

Matthew White

Chief Commercialisation Officer
(Age 48)

Appointment Date:

March 2019

Experience:

Matthew has experience in technology, product and service innovation, business development and marketing. In his previous role he was Head of Innovation at AB Sugar, part of FTSE 100 group AB Foods. He also has extensive experience working with university partners. Before joining AB Sugar, Matthew was Director of Consumer Products for international technology consulting and product development business, Sagentia Limited.

Skills:

Strategy development; new business development; commercial negotiation; technology, product & service innovation; innovation process development; executive management.

Role:

In his full-time role, Matt has overall responsibility for delivering the Group's commercialisation activity in line with strategy. He is responsible for leading and managing the Group's commercialisation team, managing key relationships and the delivery of the Group's objectives in relation to its portfolio of spin outs.

Scheduled Board Meetings attended:

5 out of 6

Dr. Campbell Wilson

Non-Executive Director
(Age 67)

Appointment Date:

May 2014

Experience:

Campbell has a background in the pharmaceutical sector. He is a member and former Chair of the UK Pharmaceutical Licensing Group. In his role at AstraZeneca, he was latterly Executive Business Development Director within the company's central Business Development function. He led strategic collaboration and licensing activities at the unit, driving multiple technology and oncology therapy area collaborations and product licensing deals, including high profile and innovative agreements.

Skills:

Deep knowledge of pharmaceutical industry and licencing.

Role:

Campbell's appointment requires at least 12 full days a year in his role as Non-Executive director. He is a member of the remuneration and audit committees. Additional duties include advising on the Group's life sciences portfolio.

Committees:

Member of the Remuneration Committee and the Audit Committee.

Scheduled Board Meetings attended:

6 out of 6

Board of Directors: continued

Professor Dame Julia King

Baroness Brown of Cambridge DBE FREng FRS, Non-Executive Director and Independent Director (Age 67)

Appointment Date:

October 2021

Experience:

Julia has an engineering background with experience across industry and government and a focus on climate change adaptation and mitigation and the low carbon economy.

Skills:

Strong knowledge of science, technology, business and government

Role:

Julia's appointment requires at least 12 full days a year in her role as Non-Executive director. Additional duties include membership of the remuneration and audit committees.

Committees:

Chairman of the Remuneration Committee and member of the Audit Committee.

Scheduled Board Meetings attended:

4 out of 6

Michael Bourne

Non-Executive Director and Independent Director (Age 63), Resigned during the period

Appointment Date:

March 2014

Resignation Date:

9 December 2021

Experience:

Mike has a background in investment management and expertise in technology, life sciences and clean technology.

Skills:

Investment Management and Venture.

Role:

Mike's appointment requires at least 12 full days a year in his role as Non-Executive director. Additional duties include membership of the remuneration and audit committees.

Committees:

Chairman of the Remuneration Committee and member of the Audit Committee.

Scheduled Board Meetings attended:

3 out of 6

Committees of the Board

Remuneration Committee Report

The goal of our remuneration policy is to incentivise and reward appropriately in order to attract and retain the best people in support of the Group's strategy.

This is achieved through our Remuneration Committee whose main role and responsibilities are to:

> determine and agree with the Board the remuneration of the Group's Chief Executive, Executive Directors and such other members of the executive management as it is designated to consider;

> review the on-going appropriateness and relevance of the remuneration policy;

> approve any performance related pay schemes and approve the total annual payments made under such schemes; and

> review share incentive plans and determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other senior executives and the performance targets to be used.

Full details of terms of reference for the Remuneration Committee are available on our website.

Our remuneration framework includes: annual salary and associated benefits such as paid holiday, medical and life insurance; employer's contributions to a defined contribution pension scheme and participation in the Group's Employee Share Option Scheme.

Julia King, Baroness Brown of Cambridge was appointed Chair of the Remuneration Committee during the year, replacing Michael Bourne who stepped down from the Group's Board in December 2021.

The Remuneration Committee met formally twice during the year, with all committee members in attendance.

Remuneration Review

In line with the Remuneration Committee's role to ensure the on-going appropriateness and relevance of the Group's remuneration policy, Ellason LLP was appointed to conduct an external review of the Group's remuneration framework with the aim that it continues to reinforce long-term value creation, capture Group and individual performance, and support growth by enhancing the Group's ability to attract and retain the best people. The review highlighted several areas where the Committee believes revisions are required, from FY2023, to ensure competitiveness with the market and to formalise a structure which provides a more consistent remuneration package as the Group scales-up its operations. The Committee has had a very constructive consultation with the Group's largest shareholders and it is grateful for their input.

Salary

The review indicated that salaries and pay overall for the executive directors are significantly behind the market. The Remuneration Committee generally aims to target salaries at market median for high-performing and experienced executives, and is therefore proposing to transition the executive director salaries to levels more competitive with the market over the next 2 years. The first increase will be in FY23, with full-time equivalent salaries raised to £200,000 for the CEO, and to £160,000 for each of the CFO, CCO, and COO. The Committee is expecting further increases in FY24 which are likely to be less than the increase in FY23 and will disclose these in the relevant directors' remuneration report.

Annual Bonus

We intend to adopt a more formalised cash bonus structure which provides for potential annual awards to eligible employees, including the executive directors. Our business model means that the availability of cash to pay bonuses will be dependent on cash being raised through asset realisations, and so it is proposed that the bonus opportunity in any financial year will be dependent on this activity.

Committees of the Board: continued

A Group-wide bonus pool will be funded each year, based on the Group's cash generation: in a year where no asset realisation occurs, the maximum annual bonus will be limited to c.30% of salary for an executive director (and lower levels for other staff); conversely, in a year when an asset realisation occurs the maximum annual bonus will be limited to 100% of salary for an executive director. Allocation of the pool will be based on a range of factors, including contribution to Group performance, achievement of specific objectives, seniority and tenure. In any given year, whether or not there has been an asset realisation, bonuses would only be paid where the Group determines there is a sufficient surplus to the medium term operating cash requirement.

LTIP

Over recent years, our main long-term incentive has been regular grants of options, the most recent of which have comprised both approved and unapproved options, with vesting based on continued employment over 3 years, and with exercise prices set at nominal price (10p) or at the prevailing share price. Whilst this historical arrangement has been simple, the Remuneration Committee believes that a more targeted arrangement which focuses vesting on specific outcomes will better suit the Group's ambitions in the future.

Going forward, the primary long-term incentive will be an 'LTIP' based on annual awards of performance shares (structured as nominal cost options, 'NCOs'), with vesting linked 70% to NAV per share and 30% to Total Shareholder Return measured over 3 financial years. Vesting will also be subject to a discretionary underpin, assessed by the Remuneration Committee, to be used to reduce vesting, if required, in the event that the recorded NAV/TSR performance is not consistent with the Remuneration Committee's view on the Group's underlying performance. Performance against NAV and TSR targets set for each LTIP cycle will be disclosed in the relevant remuneration report.

This revision will require some changes to the current unapproved option plan rules to enable awards as above. A key change will be to the provision around dilution, which currently permits dilution of up to 15% of share capital over 10 years, but with a limit of 5% for awards with 'discounted' exercise prices (which captures NCOs). This secondary limit will be removed on the basis that, going forward, the vesting of LTIP awards, whilst structured as NCOs, will no longer be linked only to continued employment but also to stretching targets around NAV per share growth and TSR.

LTIP participants will include the executive directors and other Group employees; allocations will be made annually from an aggregate award pool which is limited in size to ensure sufficient shares are available to grant in future years without exceeding the Group's dilution limits. Our modelling suggests that LTIP awards to the executive directors may have a grant value of c.65-75% of salary in FY2023 - the actual value will depend on the share price at grant. The LTIP will include an individual grant limit of 200% of salary in any financial year, but this level would require a significant increase from the current share price to be breached.

The first awards to be granted under the LTIP will be made as soon as practicable during FY 2023.

Option awards may also be granted to Group employees under the Group's Approved Company Share Option Plan, to the extent an individual has headroom under the relevant limits.

Directors' remuneration

An analysis of remuneration by director is given in Note 6 of these financial statements.

Contracts of service

Neil Crabb's, Jacqueline McKay's, James Fish's and Matthew White's service agreements are subject to a three-month notice period. It is planned that these Contracts of Service will be reviewed during FY2023 including a proposal, from the remuneration review, to increase the notice period to six months.

Share options

The Company currently has three share option schemes.

The Frontier IP Group plc Employee Share Option Scheme 2011, as adopted by the Board of Directors of the Company on 30 November 2012 and amended by the Board of Directors of the Company on 26 March 2018, is able to grant both options which are Enterprise Management Incentive (EMI) approved and options which are unapproved. This scheme remains in place, but no new options can be granted as the Group has ceased to be a qualifying company for EMI purposes.

Two further schemes are in place: the Frontier IP Group PLC Company Share Option Plan 2021 (CSOP) and the Frontier IP Group PLC Unapproved Share Option plan. No options were granted under these new schemes during the period.

Committees of the Board: continued

Details of share options held by Directors who were in office at 30 June 2022 are set out below:

Director	Grant date	Number of options	Exercise price	Exercise date	Expiry date
Neil Crabb	15.01.2013	456,825	15.00p	15.01.2016 – 14.01.2023	14.01.2023
Neil Crabb	01.04.2014	128,175	26.88p	01.04.2017 – 31.03.2024	31.03.2024
Neil Crabb	07.04.2016	350,000	26.63p	07.04.2019 - 06.04.2026	06.04.2026
Neil Crabb	11.05.2017	124,000	40.00p	11.05.2020 - 10.05.2027	10.05.2027
Neil Crabb	15.11.2018	50,000	65.00p	15.11.2021 - 14.11.2028	14.11.2028
Neil Crabb	15.11.2018	95,000	10.00p	15.11.2021 - 14.11.2028	14.11.2028
Neil Crabb	06.12.2019	38,185	66.00p	06.12.2022 - 05.12.2029	05.12.2029
Neil Crabb	06.12.2019	184,565	10.00p	06.12.2022 - 05.12.2029	05.12.2029
Neil Crabb	05.11.2020	28	65.00p	05.11.2023 - 04.11.2030	04.11.2030
Neil Crabb	05.11.2020	102,204	10.00p	05.11.2023 - 04.11.2030	04.11.2030
Jacqueline McKay	15.01.2013	195,782	15.00p	15.01.2016 – 14.01.2023	14.01.2023
Jacqueline McKay	01.04.2014	54,218	26.88p	01.04.2017 – 31.03.2024	31.03.2024
Jacqueline McKay	07.04.2016	150,000	26.63p	07.04.2019 - 06.04.2026	06.04.2026
Jacqueline McKay	11.05.2017	95,000	40.00p	11.05.2020 - 10.05.2027	10.05.2027
Jacqueline McKay	15.11.2018	47,000	65.00p	15.11.2021 - 14.11.2028	14.11.2028
Jacqueline McKay	15.11.2018	89,000	10.00p	15.11.2021 - 14.11.2028	14.11.2028
Jacqueline McKay	06.12.2019	35,862	66.00p	06.12.2022 - 05.12.2029	05.12.2029
Jacqueline McKay	06.12.2019	173,333	10.00p	06.12.2022 - 05.12.2029	05.12.2029
Jacqueline McKay	05.11.2020	5,477	65.00p	05.11.2023 - 04.11.2030	04.11.2030
Jacqueline McKay	05.11.2020	78,542	10.00p	05.11.2023 - 04.11.2030	04.11.2030
James Fish	01.04.2014	250,000	26.88p	01.04.2017 – 31.03.2024	31.03.2024
James Fish	07.04.2016	150,000	26.63p	07.04.2019 - 06.04.2026	06.04.2026
James Fish	11.05.2017	95,000	40.00p	11.05.2020 - 10.05.2027	10.05.2027
James Fish	15.11.2018	47,000	65.00p	15.11.2021 - 14.11.2028	14.11.2028
James Fish	15.11.2018	89,000	10.00p	15.11.2021 - 14.11.2028	14.11.2028
James Fish	06.12.2019	35,862	66.00p	06.12.2022 - 05.12.2029	05.12.2029
James Fish	06.12.2019	173,333	10.00p	06.12.2022 - 05.12.2029	05.12.2029
James Fish	05.11.2020	2,268	65.00p	05.11.2023 - 04.11.2030	04.11.2030
James Fish	05.11.2020	81,751	10.00p	05.11.2023 - 04.11.2030	04.11.2030
Matthew White	15.11.2018	47,000	65.00p	15.11.2021 - 14.11.2028	14.11.2028
Matthew White	15.11.2018	89,000	10.00p	15.11.2021 - 14.11.2028	14.11.2028
Matthew White	06.12.2019	35,862	66.00p	06.12.2022 - 05.12.2029	05.12.2029
Matthew White	06.12.2019	173,333	10.00p	06.12.2022 - 05.12.2029	05.12.2029
Matthew White	05.11.2020	36,200	65.00p	05.11.2023 - 04.11.2030	04.11.2030
Matthew White	05.11.2020	47,819	10.00p	05.11.2023 - 04.11.2030	04.11.2030

The market price of the Company's shares at 30 June 2022 was 73.5p. The range of prices during the year was 66.0p to 127.0p.

Directors' interests in shares

The Directors in office at 30 June 2022 had the following interests in the ordinary shares of 10p each in the Company at the year end.

	2022 Number	2021 Number
Neil Crabb	**2,988,713**	2,988,713
Jacqueline McKay	**12,855**	12,855
Andrew Richmond	**1,000,000**	1,000,000
James Fish	**100,000**	100,000

All of the above interests are beneficial.

Professor Dame Julia King, Baroness Brown of Cambridge | Chairman of the Remuneration Committee
26 October 2022

Audit Committee Report

Key Responsibilities

The Committee's terms of reference are available on the Group's website. The Committee is required, amongst other things, to:

> monitor the integrity of the financial statements of the Group, reviewing significant financial reporting issues and the judgements they contain;

> review and challenge where necessary the accounting policies used, the application of accounting standards and the clarity of disclosure in the financial statements;

> keep under review the effectiveness of the Group's internal controls and risk management systems; and

> oversee the relationship with the external auditor, reviewing their performance and advising the Board on their appointment and remuneration.

Committee Governance

The Committee comprises the three non-executive directors and was chaired during the year by Andrew Richmond. It meets a minimum of two times per year with the external auditors present. In addition, executive directors are asked to attend.

Activities of the Audit Committee during the year

The Committee met on three occasions during the year under review and up to the date of this Annual Report with all members present and the external auditors in attendance. The main areas covered by the Committee are outlined below:

Internal controls and risk management

The Board has overall responsibility for internal controls and risk management. As the Board's three non-executive directors were also the Committee members during the year, the Group's risk analysis and controls policy was reviewed and updated by the Board. Further details of business risks identified can be found in Key Risks and Challenges Affecting the Group. The risk management process is continually being developed and improved.

Significant estimates and judgements

The focus at the Committee meetings was on the significant estimates, assumptions and judgements used in the financial statements in arriving at the value of investments, reviewing goodwill for impairment and assessing the recoverability of amounts owed to the Group by portfolio companies. The Committee was satisfied that such estimates, assumptions and judgements used were reasonable and appropriate. Details of critical accounting estimates and assumptions and of critical accounting judgements can be found in Note 2 to the Financial Statements.

External audit

The external auditor reports to the Committee on actions taken to comply with professional and regulatory requirements and is required to rotate the lead audit partner every five years. BDO LLP were first appointed as external auditor in FY19 following their merger with Moore Stephens LLP who were the external auditor in place since FY15 following their merger with Chantrey Vellacott DFK LLP who were first appointed in FY08. Timothy West was appointed lead partner in FY17. Chris Meyrick was appointed lead partner in FY22. The Committee has confirmed it is satisfied with the independence, objectivity and effectiveness of BDO LLP and has recommended to the Board that the auditors be reappointed, and there will be a resolution to this effect at the forthcoming Annual General Meeting. In addition to their statutory duties, BDO LLP are also engaged to provide non-audit services where it is felt their knowledge of the business best places them to provide those services, such as tax advice and review of the interim results and where these non-audit services are permitted under the Financial Reporting Council's ethical guidelines.

Andrew Richmond | Chairman of the Audit Committee
26 October 2022

Corporate Governance

Stakeholder Engagement

Section 172 Statement

The following serves as our section 172 statement and should be read in conjunction with the Strategic Report of this document. Section 172 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to interests of the Group's employees, shareholders and other stakeholders, society, the environment and the Group's reputation when making decisions. Acting in good faith and fairly between stakeholders, the Directors consider what is most likely to promote the success of the Company and its stakeholders in the long term. The Directors are therefore fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Board regularly reviews how we engage with our principal stakeholders. Stakeholders' views are brought into the boardroom through direct engagement with management or Directors themselves. The relevance of each stakeholder group may vary depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and part of its decision making.

We adopted the QCA Code introduced in 2018, which outlines 10 principles we must adhere to and requires us to make additional disclosures on our website and in this annual report. Our Corporate Governance Statement of Compliance with the QCA Corporate Governance Code is available on our website.

Frontier IP is focused on commercialising intellectual property generated by universities, academics and other sources by building successful portfolio companies. A key part of the Group's innovative business model is working closely with industry and other commercial and government partners to provide solid foundations for its portfolio businesses by validating the technology under development and ensuring real-world market needs and demands are being met.

As such, the Group and its portfolio companies work with a broad constituency of stakeholders including employees, shareholders individual academics, universities, industry and commercial partners, government agencies and regulators.

Effective engagement with stakeholders at Board and senior levels is vital to our continued progress and future success in building long-term value from commercialisable intellectual property. We have always engaged proactively with our stakeholders listening and responding to their views and are delighted to explain how we do so.

We are committed to meeting the needs of all our stakeholders. Aside from shareholders, stakeholders are key to our success and include employees, portfolio companies, universities, industry partners, suppliers and regulators. We maintain a regular dialogue with all our partners through a range of communication channels and actively solicit feedback. Engagement strengthens relationships and leads to better business decisions.

Employees

We strive to attract, develop and retain high-quality talent with the right skills to drive our business forward. Our people play a critical role in delivering our strategy to create long-term value by commercialising intellectual property.

Employees are actively encouraged to provide feedback and express their needs, interests and expectations through frequent formal and informal conversations.

We periodically and as appropriate, review our policies which relate to employees.

Shareholders

The Board is pleased to regularly engage with shareholders and with the capital markets more broadly.

The Group communicates with shareholders and the market through the annual report and accounts, full-year and half-year announcements, the annual general meeting and one-to-one meetings with existing and potential institutional investors. We communicate openly, clearly and directly to ensure our strategy, business model and performance are clearly understood.

Shareholder feedback, support and agreement with our strategic objectives are critically important to developing our business, so we actively solicit their views. The Board is kept informed of the views and concerns of major shareholders.

We maintain regular contact and dialogue through regular meetings with key shareholders, the annual general meeting, roadshows, correspondence and digital channels, including our website www.frontierip.co.uk, social media and email. As the restrictions imposed by the pandemic ease, we are seeking to resume capital markets events for shareholders and other stakeholders.

Information about the Company is also disclosed in a timely manner through the RNS and RNS Reach services of the London Stock Exchange and our website. Our brokers are also in regular contact with institutional investors. Our Notice of AGM is sent to all shareholders with our published accounts.

Corporate Governance: continued

Our investor communications are led by Andrew Johnson the Group's director of communications and investor relations. His contact details are: andrew.johnson@frontierip.co.uk or on 07464 546 025. This information is clearly displayed in the Group's announcements and on our website.

External Stakeholders

Universities

Universities supply us with intellectual property. They are critical to our success. We work with them through informal and formal relationships and maintain constant contact with them, our portfolio businesses, the academics and industry partners involved. When negotiating with our partners, from industry as well as universities, we strive to strike agreements where benefits are shared fairly among all.

Portfolio Companies

Frontier IP's goal is to develop and maximise value from its portfolio, we do so by taking founding shareholdings in portfolio companies and then working with them in partnership.

Where and when appropriate, we provide support to our portfolio companies to generate value for all stakeholders by providing support services including board representation, fundraising support, market validation, strategic advice and administrative support.

Suppliers

We aim to pay suppliers promptly and regularly review contracts with service providers, such as IT and our lawyers, to ensure a good service. Our contact with regulators is mediated and guided by our Nominated Adviser and other professional advisers.

Social and environment

Many of our portfolio companies have demonstrable social and environmental as well as potential economic, commercial and shareholder benefits. Sustainability is innate to what we do and how we work. This year we have put our sustainability reporting on a more formal basis by aligning the Group to the United Nations Sustainability Goals. For more information, please refer to the relevant sections of the Strategic Report and in particular the Portfolio Review where how individual companies contribute positively to society and the environment are explained.

When assessing intellectual property for potential spin outs, we are very aware of potential environmental, social and reputational risks and seek to mitigate them.

Regulators

The Group is subject to statutory reporting requirements and to rules and responsibilities prescribed by the London Stock Exchange. The Board has a balanced range of complementary skills and experience, with independent non-executive directors who provide oversight, and challenge decisions and policies as they see fit. The Board believe in robust and effective corporate governance structures and is committed to maintaining high standards and applying the principles of best practice. Compliance is maintained through the utilisation of recognised professional advisers, including the Company's nominated adviser, and the Board would not hesitate to seek input in this regard from external regulators if necessary.

To enable us to provide fundraising support and raise capital for our portfolio, Group subsidiary Frontier IP Management Limited is an Appointed Representative of Privium Fund Management (UK) Limited which is authorised and regulated by the Financial Conduct Authority in the UK.

Delivering Growth

Strategy and Business Model

The nature of our business, supporting university spin outs and start-up businesses over several years is geared towards generating long-term value. Our strategy and business model are set out in Strategy and Business Model sections.

Effective Risk Management

The Group has an established framework of risk analysis and controls for which the Board is ultimately responsible and which it regularly reviews. There is also a clearly defined set of key performance indicators which the Board uses to monitor the Group's progress towards meeting its strategic aims and objectives.

The Board is responsible for reviewing and approving the Group's strategy, objectives and business plans. It is also responsible for ensuring any necessary corrective action is taken should performance materially vary from plans and forecasts.

Financial controls:

> As the Group is a small business with few personnel and limited opportunity for segregation of duties, Board oversight provides the main overriding control

> The Board receives and reviews detailed reports on financial performance and position against budget and forecast, use of cash, cash forecasts and detailed analysis of portfolio movements. Any material capital or unbudgeted overhead expenditure must be approved by the Board

Corporate Governance: continued

> The Board approves treasury and dividend policies and significant changes in accounting policies

> The Annual Report and Financial Statements, the half-yearly report, interim management statements and any other reporting required by the AIM Rules for Companies ("AIM Rules") is approved by the Board

> The Audit Committee supports the board in discharging its financial control duties

Non-financial controls

Maintaining sound controls and discipline is critical to managing the risks of the business. Although we believe our capital-efficient business model mitigates many of the risks associated with start-up and early-stage companies, they are by their nature inherently riskier than more established businesses.

We believe the internal controls we have in place are appropriate for our size, complexity and risk profile. They include:

> Close management of the everyday activities of the Group by the Executive Directors

> Established processes in place, overseen by the Chief Executive Officer, to rigorously assess university intellectual property and its commercial potential

> Executive Directors approving entry into strategic partnerships and collaborations with universities, other research institutions, and industry, and other material contracts

> Board review and approval of the Group's risk appetite, the effectiveness of its risk and control processes, and procedures for preventing fraud and bribery in line with the Group's policies

> Board review and approval of the Group's clearly defined key performance indicators to ensure adherence to strategic aims and objectives

The Group is supported by its Nominated Adviser and other professional advisers to ensure compliance with all relevant regulations and laws in the countries in which it operates.

Key risk areas are regularly reviewed and reported on in the annual report and further consideration of risk areas are set out in the Key Risks and Challenges section of in the Group's Annual Report and Accounts.

Maintaining a Dynamic Management Framework

Our Board

At the year-end, the Group Board comprised the Non-Executive Chairman, two Non-Executive Directors and four Executive Directors – an appropriate balance for the Group's size and complexity. The Board considers, after careful review, that the Chairman and one Non-Executive Director are independent. They are considered to be independent in character and judgement and receive no additional remuneration from the Group apart from a director's fee.

The Board is satisfied it has the right balance of independence, knowledge and expertise to fulfil its duties and responsibilities effectively.

Six Board meetings are scheduled each year and a number of ad-hoc Boards to approve specific issues such as the interim and annual accounts are held. Each Directors' attendance record at scheduled Board meetings will be disclosed in the annual report and accounts for the Company.

All Directors are encouraged to use their judgement and challenge all matters. In addition to regular communication with the Chief Executive Officer, the Chairman meets frequently with the Chief Financial Officer and Chief Operating Officer to ensure they are performing as required.

Board activities typically include:

> Discussing and reviewing the Group's business model, strategy, objectives and key performance indicators

> Reviewing the Group's portfolio companies and their performance, including plans, partnerships and forecasts

> Continuing to communicate regularly with existing and potential investors in the Group and its portfolio businesses

> Reviewing financial and non-financial policies, controls and stock market statements

> Discussing the Group's capital structure and financial structure, including loans and investments

> Approving the recommendations of the Audit, Remuneration and Nominations committees

> Approval and monitoring of the Group's annual budget and approving extraordinary capital expenditure

> Governance

> Directors' interests, share dealings and related party matters

Corporate Governance: continued

Details of matters reserved for the board are available on our website: https://www.frontierip.co.uk/about/governance/#board

Conflicts of interest:

The Group has systems in place to monitor and deal with conflicts of interests. Considering and, where appropriate, approving Directors' conflicts of interest (in relation to the public company and its subsidiaries) is a matter reserved for the Board. Each Director has a statutory duty under the Companies Act 2006 to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts or may potentially conflict with the interests of the Group. This duty is in addition to the continuing duty that a director owes to the Group to disclose to the Board any transaction or arrangement under consideration by the company in which he or she is interested.

The Board is aware of the other commitments and interests of its directors and any material changes are reported to and where appropriate agreed with the rest of the Board.

Our Directors

The Board considers it has an effective and appropriate balance of skills and experience, including in the areas of fund management, private equity, university spin outs and small-to-medium-sized businesses, science, innovation and technology. All Directors receive regular and timely information on the operational and financial performance of the Group and its portfolio companies. Information is circulated to the Board before meetings.

The Board decides the appointment and removal of Directors and there is a rigorous and transparent process in place. The Group's Articles of Association demand that one-third of the Board must stand for re-election by shareholders annually in rotation and that all Directors must stand for re-election at least once every three years. Any new Directors appointed during the year must stand for election at the annual general meeting immediately following their appointment.

We are an equal opportunities company and ensure we recruit, develop, promote, support and retain skilled and motivated people regardless of disability, race, religion or belief, sex, sexual orientation, gender identification, marital status or age. The Board acknowledges that certain groups are currently under-represented, and we remain vigilant in ensuring equal opportunities for current and potential members of our team.

All Directors can take independent professional advice to further their duties and are encouraged to engage in activities which further their professional development. Directors can also access the advice and services of the Group's Company Secretary and Chief Financial Officer.

Board Performance

Board performance is closely linked to the performance of the Group. There are clearly defined and relevant key performance indicators, aligned with long-term value creation, which are:

> Basic earnings per share: profit attributable to shareholders divided by the weighted average number of shares in issue during the year

> Net assets per share: value of the group's assets less the value of its liabilities per share outstanding

> Total revenue and other operating income: growth in the aggregate of revenue from services, change in fair value of investments and realised profit on disposal of investments

> Profit: profit before tax for the year

> Total initial equity in new portfolio companies: aggregate percentage equity earned from new portfolio companies during the year

The Board's performance is evaluated and reviewed against these metrics. How we performed during the year is set out in our Strategic Report at Key Performance Indicators.

In addition, the performance of our committees and individual Directors is reviewed and assessed on an ongoing basis by the Chairman and Chief Executive Officer.

We believe these measures are appropriate for a business of our size and complexity. However, as the business grows, we will continue to the adapt the process to ensure it is appropriate for the organisation and Board structure.

Our Culture

Frontier IP is a small company with a very flat structure. The Board is expected to set an example and act in the best interests of the Group and its stakeholders – shareholders, employees, universities, industry partners, suppliers and our portfolio companies. The corporate culture aims to be open and fair in dealings with all stakeholders, working in partnerships to ensure mutual benefit. Ethical values and behaviours are recognised and respected.

Corporate Governance: continued

It is central to our business model that we work equitably with universities, academics, founders, investors and industry partners. Our corporate values reflect that need.

Governance Framework

The Board is satisfied it has the appropriate structures and processes for a company of its size.

Scheduled Board meetings are held six times a year to set and review the Group's direction, spread throughout the year and aligned as far as possible with its financial and operational calendar. Further meetings are held when necessary. Board meetings are held at the Group's various office locations and remotely to give the Non-Executive Directors a better understanding of our team's work.

The Board and its Committees receive relevant and timely information, including Board papers and presentations, before each meeting, which is run to a formal agenda. All Directors are encouraged to challenge proposals, and decisions are taken on a vote after discussion and debate. Any concerns can be noted in the minutes of the meeting, which are then circulated to directors. Specific actions are agreed and followed up, as appropriate.

Senior executives below Board level attend Board meetings where appropriate to present business updates.

The Board is supported in its decision-making by the Audit, Remuneration and Nomination Committees, and the Company's Nominated Adviser and other professional advisers when appropriate. The terms of reference for the Board committees can be found on our website: https://www.frontierip.co.uk/about/governance/#commitees

There is a clear separation of responsibilities at the top. The Chairman, Andrew Richmond, is responsible for running the business of the Board, including meetings, and ensuring strategic focus and direction. The Chief Executive Officer, Neil Crabb, is responsible for setting strategy and ensuring it is executed.

The other Executive Directors support and challenge the Chief Executive Officer in formulating and executing the Group's strategy, including setting and managing budgets, risk management and compliance with relevant regulations and laws.

While this is appropriate for a company of our size, the Board will review its governance framework regularly as the Group grows.

Good Communication with shareholders and other relevant stakeholders

Frontier IP holds a continuing dialogue with shareholders and other relevant stakeholders through regular updates, frequent conversations, the annual report and accounts, full-year and half-year announcements, the annual general meeting and one-to-one meetings with existing and potential institutional investors. Investors and other stakeholders are encouraged to provide feedback. There are regular meetings and conversations between the Chief Executive Officer, the communications and investor relations director and shareholders. Board Directors are appraised of shareholder feedback.

Shareholders can vote at the annual general meeting. Group Directors stand down in rotation for re-election.

The Group aims to be transparent, clear and direct in communications with shareholders and stakeholders, including its employees, and university and industry partners.

Information about the Company is disclosed in a timely manner through the RNS and RNS Reach services of the London Stock Exchange and our website: www.frontierip.co.uk. Our Nomad and our Broker are also in regular contact with investors.

In addition, the Company uses several digital channels, including the website, social media and email. A regular quarterly newsletter is also available to all shareholders via the Group's internet site. The Chief Executive Officer, Neil Crabb, is regularly interviewed by specialist investor website Proactive Investors and we also hold events to which key stakeholders are invited.

Group corporate notices, including those for annual general meetings can be found here: http://www.frontierip.co.uk/investors/shareholder-information/notices-and-circulars

Notices of the result of each AGM can be found here: http://www.frontierip.co.uk/investors/regulatory-news

The result of voting in the 2021 annual general meeting will be presented on the Company website after the AGM has been completed.

Our annual and half-yearly reports can be found here: http://www.frontierip.co.uk/investors/results-centre

Advisers

Registrars

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Auditor

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20 Castle Terrace
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Broker

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London EC2N 2AX

Secretary & Registered office

James Fish

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Directors' Report

The Directors present their annual report on the affairs of the Group, together with the audited financial statements, for the year ended 30 June 2022.

Strategic report

The Group's Overview and Strategic Report sections of this report cover outlook, business review and key risks.

Results and dividends

The Group made a profit after tax for the year of £10,230,000 (2021: £9,566,000). The Directors do not recommend the payment of a dividend (2021: nil). The Directors are confident of the prospects for the Group for the current year.

Directors

The Directors who held office during the year and the current Directors of the Company are listed in Our Governance, Board of Directors. Details of Directors' interests in share options and in shares are given in the Remuneration Committee Report.

Employees

At 30 June 2022 the Group employed 17 people across offices in Cambridge, Edinburgh, London and Lisbon.

We are an equal opportunities company and ensure we recruit, develop, promote, support and retain skilled and motivated people regardless of disability, race, religion or belief, sex, sexual orientation, gender identification, marital status or age.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort will be made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Risk factors

Information on the Group's financial risk management objectives and policies relating to market risk, credit risk and liquidity risk is provided in Note 1 to the financial statements. The broader risks of the business are considered in the Strategic Report.

Treasury activities and financial instruments

The Group's financial instruments comprise cash, equity investments, debt investments and other items such as trade debtors and trade creditors that arise directly from its operations. The Group has no borrowings. At 30 June 2022, the Group had positive cash balances of £4,368,000 (2021: £1,992,000). The Group's policy is to keep surplus funds on instant access and short-term deposit to earn the prevailing market rate of interest. It is the Group's policy not to speculate in derivative financial instruments. The Group's exposure to foreign exchange risks is minimal due to the low value of its transactions in foreign currency during the year with the exception of realisations from its investment in Exscientia which is listed on the Nasdaq Global Select Market. US dollar proceeds are converted to sterling and foreign exchange cash balances at the year-end were £23,000.

Directors' indemnity insurance

The Company had a combined Directors and Officers and Professional Indemnity Insurance policy in place throughout the year and at the date of these financial statements.

Emissions

We believe that the impact of our operations on the environment is low. We are a people-based business with 17 employees, and work from serviced offices at three UK locations and one in Lisbon. However, we ensure that our office supplier is committed to promoting environmental sustainability. IWG, which owns our main supplier Regus, is rated a "strong B" by the Carbon Disclosure Project.

We have control over our business travel and have sought to minimise unnecessary travel. As a result of the COVID-19 pandemic, we moved to a combination of remote and office-based working for all personnel so both business travel and commuting levels have been very low.

We support our portfolio companies in ensuring that, where relevant, they are compliant with the appropriate environmental legislation in their operations.

Our portfolio has a number of companies whose technology actively helps to reduce or mitigate the impact of carbon emissions. Examples of companies making a positive contribution to sustainability can be found in the Corporate Governance section of this report.

Directors' Report: continued

Going concern

The Group's strategy is to develop a growing portfolio of spin out companies that will provide cash inflows through realisation of investments. In assessing going concern, the Directors considered the Group's cash requirements over the three years to 30 June 2025. The forecast included operating activities and known near term purchase of investments. It did not include cash from the purchase of unplanned investments. The analysis showed that at 30 June 2022 the Group had sufficient cash to cover its operating expenditure for the next 12 months. The Group also held a quoted investment in Exscientia valued at £10.1 million at 30 June 2022 and for further operating and investment cash requirements over the three-year assessment period, the Directors intend to realise further cash from either the Exscientia holding or from other portfolio company exits. Consequently, the Directors continue to adopt the going concern basis in preparing the Group's financial statements.

Subsequent events

Since 30 June 2022 the Group has sold 349,020 American Depositary Shares of Exscientia for net proceeds of £3,433,000. The book value at 30 June 2022 of the shares sold was £3,123,000 resulting in a realised gain of £307,000 in the financial year to 30 June 2023.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards as applied in accordance with the provisions of the Companies Act 2006, and as regards the parent, as applied by the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period.

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

> Select suitable accounting policies and then apply them consistently;

> Make judgements and estimates that are reasonable and prudent;

> State that the financial statements comply with International Financial Reporting Standards in conformity with the Companies Act 2006; and

> Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Awareness of relevant audit information

At the date of signing of this report and insofar as each of the Directors is aware:

> There is no relevant audit information of which the auditor is unaware.

> The Directors have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to re-appoint BDO LLP as auditor will be proposed at the Annual General Meeting.

By order of the Board

James Fish | Company Secretary

26 October 2022

Independent Auditor's Report to the members of Frontier IP Group Plc

Opinion on the financial statements

In our opinion:

> the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;

> the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;

> the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and

> the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Frontier IP Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows, Accounting Policies and, the Notes to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

Assessment of the latest board approved cash flow forecasts for the Group, which covered a period of at least 12 months from the date of approval of these financial statements by:

> Corroborating key input data such as cash inflows based on agreements in place to supporting documentation taking into account historical actuals and reviewing the current period and post year end results against forecasts;

> Reviewing the cash balances post year end; and

> Assessing the board's plans for future actions.

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

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

Independent Auditor's Report to the members of Frontier IP Group Plc: continued

Overview

Coverage	100% (2021: 100%) of Group profit before tax 100% (2021: 100%) of Group revenue 100% (2021: 100%) of Group total assets		
Key audit matters		**2022**	2021
	Valuation of unquoted investments	✓	✓
Materiality	Group financial statements as a whole £760,000 (2021: £560,000) based on 1.5% (2021: 1.5%) of total assets.		

An overview of the scope of our audit

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

There are two (2021: two) significant components in the Group being Frontier IP Group and Frontier IP Limited, which are both are registered and operate in the UK, each of which is subject to a full scope audit by the Group engagement team.

Key audit matters

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

Independent Auditor's Report to the members of Frontier IP Group Plc: continued

Key audit matter	How the scope of our audit addressed the key audit matter	
Valuation of unquoted investments The Group's accounting policy for determining the fair value of investments is disclosed on pages 59-60 in accounting policies section and disclosures regarding the fair value estimates are given on pages 70-75 in Notes 13 and 14.	The Group holds unlisted investments (equity and debt) at fair value with movements through profit of loss. As at 30 June 2022, the portfolio was valued at £42.7m (2021: £34.302m). We consider the valuation of unquoted investments (£31.7m) to be the most significant audit area as there is a high level of estimation uncertainty involved in determining the valuations of unquoted investments, and hence a potential risk of misstatement and therefore a key audit matter.	Our sample for the testing of unquoted investments was stratified according to risk considering, inter alia, the value of individual investments, the nature of the investment, the extent of the fair value movement and the subjectivity of the valuation technique. For all investments in our sample we: > considered whether the valuation methodology chosen is in accordance with the applicable accounting standards and is the most appropriate in the circumstances under the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines; > critically assessed the valuation technique adopted by Management and challenged significant judgements made including evaluating post year end events to assess whether these provided evidence about the valuation at the year end as set out below. For investments where the carrying value is based on the calibrated price of recent investment (£9m of equity portfolio), we: > agreed the price of recent investment to supporting documentation and management information; > assessed whether the performance of the portfolio company has varied significantly from expectations by obtaining Management's evaluation of post transaction performance against relevant milestones and checked to supporting documentation as for contradictory evidence through media searches and latest financial information; > assessed whether the investment was an arm's length transaction through reviewing the parties involved in the transaction and checking whether or not they were already investors of the investee company.

Independent Auditor's Report to the members of Frontier IP Group Plc: continued

Key audit matter	How the scope of our audit addressed the key audit matter	
		For investments where the carrying value is based on the price of a planned funding round that had not completed at the reporting date (£13.7m of equity portfolio), we assessed the level of the completion discount, taking into account the degree of progression and Management's assessment of the risk of non-completion at that date against our knowledge of the business, industry and publicly available information. For scenario based Discounted Cash Flow ('DCF') valuations (£5.6m of equity portfolio), we held discussions with Management to understand the performance of the portfolio company, and challenged assumptions used in the valuations of the investments with the use of our internal valuation experts. We agreed the cash flow forecast within the model to the underlying cash flows. These included, but were not restricted to, a review of the appropriateness of the discount rate, the rationale for and consistency of discounts or premiums applied. We have further corroborated and tested the assumptions used by management to publicly available input data, including the expectation of market penetration. For a sample of debt investment valuations, we agreed the terms of the instruments to the loan agreements and challenged the basis on which the valuation was assessed with the use of our internal valuation experts. As with the DCF valuation referred to above these included, but were not restricted to, a review of the appropriateness of the discount rate, the rationale for and consistency of discounts or premiums applied. **Key observations:** Based on the procedures performed, we consider the unquoted investment valuations to be within a range we determined as appropriate, and the estimates made by management in valuing the unquoted investments to be reasonable.

Independent Auditor's Report to the members of Frontier IP Group Plc: continued

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Materiality	**760**	560	**554**	397
Basis for determining materiality	1.5% (2021:1.5%) of total assets			
Rationale for the benchmark applied	Total assets is considered an appropriate benchmark as the Group's and Parent Company's primary activity is that of investment value appreciation.			
Performance materiality	**570**	420	**416**	298
Basis for determining performance materiality	75% (2021: 75%) of overall materiality having considered a number of factors including the expected total value of known and likely misstatements based on previous assurance engagements and other factors such as management's attitude to adjustments.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 28% (2021: 44%) and 73% (2021: 71%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £215,000 (2021: £250,000) to £554,000 (2021: £397,000). In the audit of each component, we further applied performance materiality levels of 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £15,200 (2021: £11,200). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Independent Auditor's Report to the members of Frontier IP Group Plc: continued

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent Auditor's Report to the members of Frontier IP Group Plc: continued

We gained an understanding of the legal and regulatory framework applicable to the Group and the components and the industry in which they operate, and considered the risk of acts by the Group and the components which were contrary to applicable laws and regulations, including fraud. This occurred during the planning phase of the audit through discussions with management and analysis of the impacts of applicable legislation.

We considered the significant laws and regulation to be the Companies Act 2006, relevant accounting standards and UK tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Our procedures involved performing a financial statement checklist to ensure appropriate disclosure had been included. We further engaged with our tax specialists to ensure that UK tax legislation had been adhered to.

We considered compliance with these laws and regulations through discussions with management and those charged with governance and performed audit procedures on these areas as considered necessary. Our procedures involved enquiries with Management and those charged with governance, review of the reporting to the Directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. This occurred initially during our engagement team discussion and then continued throughout the audit. We determined that the principal risks were related to management bias in accounting estimates including in relation to valuation of investments. The key audit matters section of our report explains this matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

We addressed the risk of management override of internal controls through testing journals, in particular any entries posted with unusual account combinations or posted by senior management. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates.

Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

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

Use of our report

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

Chris Meyrick | (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
Date: 26 October 2022

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

OUR FINANCIALS

"Frontier IP enjoyed a successful year to 30 June 2022. The fair value of our equity portfolio rose 24% to £39,712,000 and, while profit before tax of £10,879,000 was only 6% ahead of the prior year, net assets per share increased from 69.8p to 88.5p. I am delighted to say we are in a strong financial position"

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	2022 £'000	2021 £'000
Revenue			
Revenue from services	3	**329**	362
Other operating income			
Unrealised profit on the revaluation of investments	13,14	**10,908**	12,306
Realised profit on disposal of investments		**2,867**	–
		14,104	12,668
Administrative expenses	5	**(3,104)**	(2,171)
Share based payments		**(329)**	(368)
Other income		**207**	104
Profit from operations		**10,878**	10,233
Interest income on short term deposits		**1**	9
Profit from operations and before tax		**10,879**	10,242
Taxation	7	**(649)**	(676)
Profit and total comprehensive income attributable to the equity holders of the Company		**10,230**	9,566
Profit per share attributable to the equity holders of the Company:			
Basic earnings per share	8	**18.60p**	17.47p
Diluted earnings per share	8	**17.53p**	16.62p

All of the Group's activities are classed as continuing.

There is no other comprehensive income in the year (2021: nil).

Consolidated Statement of Financial Position

At 30 June 2022

	Notes	2022 £'000	2021 £'000
Assets			
Non-current assets			
Tangible fixed assets	9	**6**	11
Goodwill	10	**1,966**	1,966
Equity investments	13	**39,712**	31,982
Debt investments	14	**2,981**	2,320
		44,665	36,279
Current assets			
Trade receivables and other current assets	15	**1,051**	595
Cash and cash equivalents		**4,368**	1,992
		5,419	2,587
Total assets		**50,084**	38,866
Liabilities			
Non-current liabilities			
Deferred taxation	7	**(1,167)**	(237)
		(1,167)	(237)
Current liabilities			
Trade and other payables	16	**(218)**	(208)
		(218)	(208)
Total liabilities		**(1,385)**	(445)
Net assets		**48,699**	38,421
Equity			
Called up share capital	17	**5,501**	5,501
Share premium account	17	**14,576**	14,576
Reverse acquisition reserve	18	**(1,667)**	(1,667)
Share based payment reserve	18	**1,324**	1,276
Retained earnings	18	**28,965**	18,735
Total equity		**48,699**	38,421

Company Statement of Financial Position

At 30 June 2022

	Notes	2022 £'000	2021 £'000
Assets			
Non-current assets			
Investment in subsidiaries	12	**2,383**	2,383
Equity investments	13	**26,963**	16,011
Debt investments	14	**2,297**	1,759
Amounts receivable from group undertakings	15	**285**	5,336
Deferred taxation	7	**1,164**	2,047
		33,092	27,536
Current assets			
Trade receivables and other current assets	15	**696**	446
Cash and cash equivalents		**3,940**	1,922
		4,636	2,368
Total assets		**37,728**	29,904
Liabilities			
Non-current liabilities			
Amounts payable to group undertakings	16	**(192)**	–
		(192)	–
Current liabilities			
Trade and other payables	16	**(131)**	(81)
		(131)	(81)
Total liabilities		**(323)**	(81)
Net assets		**37,405**	29,823
Equity attributable to equity holders of the Company			
Called up share capital	17	**5,501**	5,501
Share premium account	17	**14,576**	14,576
Share-based payment reserve	18	**1,324**	1,276
Retained earnings	18	**16,004**	8,470
Total equity		**37,405**	29,823

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Company statement of comprehensive income. The total profit of the Company for the year was £7,534,000 (2021: £3,692,000).

The financial statements on pages 53 to 79 were approved by the Board of Directors and authorised for issue on 26 October 2022 and were signed on its behalf by:

James Fish | Chief Financial Officer
26 October 2022

Registered number: 06262177

Consolidated and Company Statements of Changes in Equity

For the year ended 30 June 2022

Group

	Share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity attributable to equity holders of the Company £'000
At 1 July 2020	5,076	12,819	(1,667)	477	9,161	25,866
Issue of shares	425	1,757	–	–	–	2,182
Share-based payments	–	–	–	799	8	807
Profit/total comprehensive income for the year	–	–	–	–	9,566	9,566
At 30 June 2021	5,501	14,576	(1,667)	1,276	18,735	38,421
Issue of shares	–	–	–	–	–	–
Share-based payments	–	–	–	48		48
Profit/total comprehensive income for the year	–	–	–	–	10,230	10,230
At 30 June 2022	**5,501**	**14,576**	**(1,667)**	**1,324**	**28,965**	**48,699**

Company

	Share capital £'000	Share premium account £'000	Share-based payment reserve £'000	Retained earnings £'000	Total equity attributable to equity holders of the Company £'000
At 1 July 2020	5,076	12,819	477	4,770	23,142
Issue of shares	425	1,757	–	–	2,182
Share-based payments	–	–	799	8	807
Profit/total comprehensive expense for the year	–	–	–	3,692	3,692
At 30 June 2021	5,501	14,576	1,276	8,470	29,823
Issue of shares	–	–	–	–	–
Share-based payments	–	–	48	–	48
Profit/total comprehensive income for the year	–	–	–	7,534	7,534
At 30 June 2022	**5,501**	**14,576**	**1,324**	**16,004**	**37,405**

Consolidated and Company Statements of Cash Flows

For the year ended 30 June 2022

	Notes	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash flows from operating activities	21	**(3,006)**	(1,466)	**(2,185)**	(1,263)
Cash flows from investing activities					
Purchase of tangible fixed assets	9	**(3)**	(12)	**–**	–
Purchase of equity investments	13	**(614)**	(71)	**(614)**	(71)
Disposal of equity investments		**6,525**	–	**–**	–
Purchase of debt investments	14	**(527)**	(1,618)	**(427)**	(1,298)
Disposal of debt investments	14	**–**	–	**–**	–
Net amounts receivable from group undertakings		**–**	–	**5,243**	(679)
Interest income		**1**	9	**1**	108
Net cash from investing activities		**5,382**	(1,692)	**4,203**	(1,940)
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 increase/(decrease) in cash and cash equivalents		**2,376**	(976)	**2,018**	(1,021)
Cash and cash equivalents at beginning of year		**1,992**	2,968	**1,922**	2,943
Cash and cash equivalents at end of year		**4,368**	1,992	**3,940**	1,922

Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements of the Group and the Company have been prepared in accordance with UK adopted International Financial Reporting Standards (IFRS) and in the case of the Company financial statements, as applied in accordance with the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except where IFRS requires an alternative treatment. The principal variations from historical cost relate to financial instruments.

Going Concern

As described in the Directors' Report, the Group's strategy is to develop a growing portfolio of spin out companies that will provide cash inflows through realisation of investments. In assessing going concern, the Directors considered the Group's cash requirements over the three years to 30 June 2025. The forecast included operating activities and known near term purchase of investments. It did not include cash from the purchase of unplanned investments. The analysis showed that at 30 June 2022 the Group had sufficient cash to cover its operating expenditure for the next 12 months. The Group also held a quoted investment in Exscientia valued at £10.1 million at 30 June 2022 and for further operating and investment cash requirements over the three-year assessment period, the Directors intend to realise further cash from either the Exscientia holding or from other portfolio company exits. Consequently, the Directors continue to adopt the going concern basis in preparing the Group's financial statements.

Changes in accounting policies

a) New standards, interpretations and amendments effective 1 July 2021

There are no new standards, interpretations or amendments which have been applied in these financial statements.

b) New standards, interpretations and amendments not yet effective

There are no new standards, interpretations or amendments which would have a material impact on future financial statements.

Basis of consolidation

The Group financial statements consolidate the financial statements of Frontier IP Group Plc and its subsidiary undertakings. Subsidiary undertakings are consolidated using acquisition accounting from the date of control. An entity is classed as under the control of the Group when all three of the following elements are present: power over the entity, exposure, or rights to, variable returns from its involvement with the entity and the ability of the Group to use its power over the entity to affect the amount of those variable returns.

Segmental reporting

The Group operates in one market sector, the commercialisation of University Intellectual Property, and primarily within the UK. The Group has commenced developing business in Portugal, but transactions during the year were immaterial. Therefore, revenue, profit on ordinary activities before tax and net assets do not need to be analysed by segment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment annually. Goodwill arising on acquisition is allocated to cash-generating units. The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Property and equipment

The Group does not own any property. Equipment is stated at cost less depreciation and any provision for impairment.

Accounting Policies: continued

Depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The rates of depreciation are as follows:

Fixtures and office equipment	50% per annum

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position at fair value when the Group becomes a party to the contractual provisions of the instrument.

IFRS 9 divides all financial assets into two classifications – those measured at amortised cost and those measured at fair value. Where assets are measured at fair value, gains or losses are either recognised entirely in profit or loss or in other comprehensive income. Impairments are recognised on an expected loss basis. As such where there are expected to be credit losses these are recognised in the profit and loss.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for an appropriate allowance for credit losses over the expected life of the asset. An allowance for expected credit loss is established when there is expectation that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movement in the provision is recognised in the comprehensive income statement. The Group applies the IFRS 9 simplified approach to measuring expected loss, details of which are provided in note 15.

Cash

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits and is measured at fair value.

Equity Investments

Equity investments are held with a view to the ultimate realisation of capital gains and are recognised and derecognised on the trade date. They are classified as financial assets at fair value through profit and loss and are initially measured at fair value and any gains and losses arising from subsequent changes in fair value are presented through the profit or loss in the period in which they arise. Equity investments are classified as non-current assets.

The Group has interests of over 20% but these are not accounted for as associates as the Group elects to hold such investments at fair value in the statement of financial position. IAS 28 Investments in Associates and Joint Ventures does not require investments held by entities which are similar to venture capital organisations to be accounted for under the equity method where those investments are designated, upon initial recognition, as at fair value through profit and loss.

The fair value of equity investments is established in accordance with International and Private Equity and Venture Capital Valuation Guidelines ("IPEV Guidelines"). The Group uses valuation techniques that management consider appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs taking into account any discounts required for non-marketability and other risks inherent in early-stage businesses. The fair value of quoted investments is based on the bid price in an active market on the measurement date. The Group's investments are primarily in seed, start-up and early-stage companies often with no short-term earnings, revenue or positive cash flow making it difficult to assess the value of its activities and to reliably forecast cash flows. The Group normally receives its initial equity prior to any third-party funding and some companies progress without third party funding. In selecting the most appropriate valuation technique in estimating fair value the Group uses a standard valuation matrix to categorise companies. The valuation matrix is as follows:

1. When the Group has received its initial equity prior to transfer of IP to the portfolio company, the company is valued at fair value which is typically at a notional value of around £50,000. This is derived from the transaction price at which the Group has recently received equity stakes and which the Group considers to be a materially correct representation of fair value. This notional value may therefore change over time.

Accounting Policies: continued

2. Once the IP is transferred to the company, the valuation is increased to reflect the value attributable to the IP. In addition, where grant funding is awarded in relation to its product development costs the value of the grants is included in the company valuation to the extent that management is satisfied that the company will derive commensurate economic benefit. In valuing the IP, the Group uses the comparable company valuation technique, specifically comparing the entry price at which investors would typically invest in investor-ready pre-revenue companies with IP and adjusting for management's assessment of the company's IP and stage. There is often a lack of external value markers for these early-stage pre-revenue companies and, recognising the subjectivity and uncertainty in management's assessment of the IP, a degree of caution is applied in valuing these companies.
3. When the company commences trading, the Group considers if this indicates a change in fair value. If there is evidence of value creation the Group may consider increasing the value and would seek comparable company valuations to estimate fair value.
4. If the company receives third party funding, the price of that investment will provide the starting point for the valuation. The Group considers whether any changes or events subsequent to the investment would indicate a change in fair value. Any adjustment made is, whenever possible, based on objective data from the company in addition to management's judgement.
5. As the company develops and generates predictable cash flows a combination of valuation techniques are applied as appropriate, such as discounted cash flow, industry specific valuation models and comparable company valuation multiples.
6. Quoted companies. The fair value of quoted investments is based on the bid price in an active market on the measurement date.

Investment in subsidiary companies is stated at cost less provision for any impairment in value. If the recoverable amount of an investment in a subsidiary is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately through profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the investment in subsidiary is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

Debt investments

Debt investments are unquoted debt instruments, are loans to portfolio companies and are valued at fair value. None of the instruments are held with a view to selling the instrument to realise a profit or loss. Instruments which are convertible to equity at a future point in time or which carry warrants to purchase equity at a future point in time are considered to be hybrid instruments containing a fixed rate debt host contract with an embedded equity derivative. The Group does not separate the embedded derivative from the host contract and the entire instrument is measured at fair value through profit or loss. The fair value of debt investments is derived by applying probability weightings to the conversion and repayment values of the debt investment plus the value of warrants. Inputs to the conversion value are the nominal value of the loan, interest to conversion, conversion discount and time to conversion. Inputs to the repayment value are the nominal value, interest to repayment and time to repayment. Both values are discounted at a rate appropriate to the portfolio company's stage of development. Where warrants are attached to a debt instrument, the fair value is determined using the Black-Scholes-Merton valuation model. Any indications of changes in the credit risk of the portfolio company borrower are considered when valuing debt investments at subsequent measurement dates.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade payables

Trade payables are not interest bearing and are stated at their amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Current and deferred tax

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the statement of financial position date.

Accounting Policies: continued

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Share options

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares or options that will eventually vest. The corresponding credit is recognized in retained earnings within total equity. Fair value is measured using the Black-Scholes-Merton pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Revenue recognition

The Group's revenue streams are recognised in accordance with IFRS 15. The Group applies IFRS 15 to each of its revenue streams analysing its nature, the timing of satisfaction of performance obligations and any significant payments terms.

Fees for services provided by the Group are measured at the fair value of the consideration received or receivable, net of value added tax. The Group's revenue is derived from the following streams:

Business support services are governed by engagement agreements which typically provide for a fixed monthly fee for services to be performed on an on-going monthly basis. The services are invoiced at the end of each month and the revenue recognised for that month.

Fees for corporate finance work are governed by separate engagement agreements where the fee is typically based on a percentage of funds raised and/or a fixed fee. Revenue is recognised when the service is provided and the respective transaction has completed.

Where the consideration for spin out services is equity in companies spun out by a university, the revenue recognized is the Group's percentage of equity received applied to the value attributed to the portfolio company on initial spin out. The percentage of equity received is governed by an agreement with the university and revenue is recognized upon spin out. When the consideration for services is a share in licencing income the revenue is recognised on an accruals basis in accordance with the terms of the licensing agreements.

Leases

As a lessee, the Group rents office premises. Under the terms of the rental agreements, the supplier has the right to terminate the agreement during the period of use, however at inception of the agreement this is not considered likely to occur. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term if the present value is materially different from the lease payments to be made. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the in-substance fixed lease payments. For short term leases and leases of low value assets, the Group recognises the expense on a straight-line basis as permitted by IFRS 16.

Retirement benefit costs

The Group operates a defined contribution retirement benefit scheme. The amount charged to the income statement in respect of retirement benefit costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the statement of financial position.

Notes to the Financial Statements

For the year ended 30 June 2022

1. Financial risk management

Financial risk factors

(a) Market risk

Interest rate risk

As the Group has no borrowings it only has limited interest rate risk. The impact is on income, debt investments and operating cash flow and arises from changes in market interest rates. Cash resources are held in floating rate accounts.

Price risk

The Group is exposed to equity securities price risk because of equity investments classified on the consolidated statement of financial position as financial assets at fair value through profit and loss. The maximum exposure is the fair value of these assets which is £39,712,000 (2021: £31,982,000) of which quoted equity investments comprise £10,132,000 (2021: £nil). Equity investments are valued in accordance with the Group's accounting policy on equity investments. Management's monitoring of and contact with portfolio companies provides sufficient information to value these companies and the Board regularly reviews their progress, prospects and valuation. Information on reasonable possible shifts in the valuation of equity investments is provided in note 13 to the financial statements.

(b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other debtors and cash equivalents. The Group's current cash and cash equivalents are held with two UK financial institutions, the Bank of Scotland plc and Barclays Bank plc, both of which have a credit rating of "P1" from credit agency Moody's, indicating that Moody's consider that these banks have a "superior" ability to repay short-term debt obligations. The concentration of credit risk from trade receivables and other debtors varies throughout the year depending on the timing of transactions and invoicing of fees. Details of major customers to the Group are set out in Note 4. Details of trade receivables and other current assets are set out in note 15. Management's assessment is aided through representation on the Board and/or through providing advisory services to the companies.

The maximum exposure to credit risk for, trade receivables, other current asset and cash equivalents is represented by their carrying amount.

(c) Capital risk management

The Group is funded by equity finance only. Total capital is calculated as 'total equity' as shown in the consolidated statement of financial position. The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to manage the cost of capital. In order to maintain the capital structure, the Group may issue new shares as required. The Group currently has no debt. There were no changes in the Group's approach to capital management during the year.

(d) Liquidity risk

The Group seeks to manage liquidity risk to ensure sufficient liquidity is available to meet the requirements of the business and to invest cash assets safely and profitably. The Group's business model is to realise cash through the sale of investments in portfolio companies and in the absence of such realisations the Group would plan to raise additional capital. The Board reviews available cash to ensure there are sufficient resources for working capital requirements and investments.
At 30 June 2022 and 30 June 2021 all amounts shown in the consolidated statement of financial position under current assets and current liabilities mature for payment within one year.

2. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and judgements.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Valuation of investments

In applying valuation techniques to determine the fair value of unquoted equity investments the Group makes estimates and assumptions regarding the future potential of the investments. As the Group's unquoted investments are in seed, start-up and early-stage businesses it can be difficult

Notes to the Financial Statements

For the year ended 30 June 2022

to assess the outcome of their activities and to make reliable forecasts. Given the difficulty of producing reliable cash flow projections for use in discounted cash flow valuations, this technique is applied with caution. Adjustments made to fair value are, by their very nature, subjective and determining the fair value is a critical accounting estimate. Reasonable possible shifts, which themselves are estimates, are included in Note 13 and show a reasonable possible shift for the total unquoted equity investments of 23% (2021: 29%) being £9,070,000 (2021: £9,249,000) from a total value of £39,712,000 (2021: £31,982,000). In applying valuation techniques to determine the fair value of debt investments the Group makes estimates and assumptions regarding the time to repayment or conversion, discount rate and credit risk. A 25% increase in the time to repayment or conversion reduces the value of debt investments from £2,981,000 to £2,951,000 and a 25% increase in the discount rate reduces the value of the debt investments from £2,981,000 to £2,941,000. Where warrants are attached to a debt instrument, the fair value is determined using the Black-Scholes-Merton valuation model. The significant inputs to the model are provided in note 14. The price at which debt investments were made is 94% of the fair value of debt investments at 30 June 2022 (2021: 95%).

(ii) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the stated accounting policy. The recoverable amount is determined using a value in use value model which requires a number of estimations and assumptions about the timing and amount of future cash flows. As future cash flows relate primarily to proceeds from sale of investments, these estimates and assumptions are subject to a high degree of uncertainty. Note 10 describes the key assumptions and sensitivity applied.

(iii) Consideration of credit losses

The matters taken into account in the recognition of credit losses include historic current and forward-looking information. The Group's exposure to credit losses is with companies from its own portfolio whose ability to settle their debts is primarily dependant on their ability to raise capital rather than their current trading. The age of debt is not considered in assessing credit loss as the outcome is expected to be binary. The debt is also concentrated in a small number of companies; five companies account for 98% of trade receivables at 30 June 2022. Management has in-depth knowledge of these companies and is providing the fundraising service for four of them. The Group's history of credit loss is negligible and therefore management focus on the factors which impact the ability of these companies to successfully raise capital and a probability of default as a result of the failure to raise capital is applied to determine the expected credit loss Details of the expected credit loss are provided in note 15.

Critical accounting judgements

The Group believes that the most significant judgement areas in the application of its accounting policies are establishing the fair value of its unquoted equity investments and the consideration of any impairment to goodwill. The matters taken into account by the Directors when assessing the fair value of the unquoted equity investments are detailed in the accounting policy on investments.

The considerations taken into account by the Directors when reviewing goodwill are detailed in Note 10. In addition, the Directors judge that the Group is exempt from applying the equity method of accounting for associates in which it has interests of over 20% as they consider the Group to be similar to a venture capital organisation and elects to hold such investments at fair value in the statement of financial position.

IAS28 Investments in Associates and Joint Ventures permits investments held by entities which are similar to venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit and loss.

Notes to the Financial Statements

For the year ended 30 June 2022

3. Revenue from services

During the year the Group earned revenue from the provision of services to portfolio companies and university partners as follows:

	2022 £'000	2021 £'000
Retainers with portfolio companies	**313**	324
Corporate finance fees from portfolio company fundraisings	**-**	15
Advisory fees from universities on initial spin-outs	**7**	-
License income from universities	**9**	23
	329	362

4. Major customers

During the year the Group had five major customers that accounted for 86% of its revenue from services (2021: five customers accounted for 76%). The revenues generated from each customer were as follows:

	2022 £'000	2021 £'000
Customer 1	**78**	78
Customer 2	**72**	72
Customer 3	**48**	48
Customer 4	**44**	48
Customer 5	**42**	29
	284	275

5. Administration expenses

Expenses included in administrative expenses are analysed below.

	2022 £'000	2021 £'000
Employee costs	**2,320**	1,534
Consultant	**81**	66
Travel and subsistence	**7**	1
Depreciation	**8**	6
Bad and doubtful debts	**141**	-
Fees payable to auditor:		
- audit fee	**60**	59
- non-audit services	**5**	13
Legal, professional and financial costs	**313**	290
Premises lease	**113**	133
Administration costs	**56**	69
	3,104	2,171

Notes to the Financial Statements

For the year ended 30 June 2022

6. Directors and employees

The average number of people employed by the Group during the year was:

	2022 Number	2021 Number
Business and corporate development	**16**	15

	2022 £'000	2021 £'000
Wages and salaries	**1,714**	1,125
Social security	**218**	146
Pension costs – defined contribution plans	**208**	98
Non-executive directors' fees	**105**	95
Other benefits	**75**	70
Total employee administration expenses	**2,320**	1,534

All employees with the exception of Jacqueline McKay are employed by Frontier IP Group plc. Jacqueline McKay is employed by the subsidiary Frontier IP Limited and her costs are shown in the table of directors' remuneration below.

The key management of the Group and the Company comprise the Frontier IP Group Plc Board of Directors. The remuneration of the individual Board members is shown below.

Remuneration comprises basic salary, pension contributions and benefits in kind, being private health insurance and life assurance. The type of remuneration is constant from year to year. Ad hoc bonuses may be paid to reward exceptional performance and bonuses were paid during the year to 30 June 2022. Such bonuses are decided by the Remuneration Committee. Share options are also awarded to employees from time to time. The granting of share options to individual employees is determined taking into account seniority, commitment to the business and recent performance.

The total remuneration for each director is shown below.

	Salary		Bonus		Other benefits		Pension		Share option		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Executive												
N Crabb	**143**	138	**143**	-	**5**	4	**14**	12	**64**	72	**368**	226
J McKay	**41**	84	**106**	-	**5**	5	**85**	32	**57**	66	**294**	187
J Fish	**112**	108	**74**	-	**4**	3	**37**	11	**58**	66	**287**	188
M White	**134**	130	**30**	-	**4**	3	**26**	13	**54**	64	**247**	210
Non-executive												
A Richmond	**45**	43	**-**	-	**-**	-	**-**	-	**-**	-	**45**	43
M Bourne	**12**	26	**-**	-	**-**	-	**-**	-	**-**	-	**12**	26
C Wilson	**27**	26	**-**	-	**-**	-	**-**	-	**-**	-	**27**	26
J King	**22**	-	**-**	-	**-**	-	**-**	-	**-**	-	**22**	-
	536	555	**353**	-	**18**	15	**162**	68	**233**	268	**1,302**	906

Notes to the Financial Statements

For the year ended 30 June 2022

7. Taxation

	2022 £'000	2021 £'000
Current tax	-	-
Deferred tax	**649**	676
Tax charge for the year	**649**	676

A reconciliation from the reported profit before tax to the total tax charge is shown below:

	2022 £'000	2021 £'000
Profit before tax	**10,879**	10,242
Profit before tax at the effective rate of corporation tax in the UK of 19% (2021: 19%)	**2,067**	1,946
Effects of:		
Fair value movement in investments not recognised in deferred tax	**(1,689)**	159
Expenses not deductible for tax purposes	**63**	70
Movement in deferred tax asset of losses not recognised	**36**	(1,610)
Other adjustments	**172**	
Tax charge for the year	**649**	676

The UK corporation tax rate was previously enacted to reduce to 17% from 1 April 2020. However, the Finance Act 2020, which was substantively enacted on 11 March 2020, repealed this rate reduction and the corporation tax rate has remained at 19% from 1 April 2020. The Finance Act 2021 received Royal Assent on 10 June 2021 which has enacted an increase in the UK corporation tax rate to 25% from 1 April 2023. The closing deferred tax assets and liabilities have been calculated at a blended rate of 21.75%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

Deferred Tax

	Group	Company
Deferred tax liabilities at 30 June 2022		
Unrealised gains investments	(2,485)	(137)
	(2,485)	(137)
Deferred tax assets at 30 June 2022		
Tax losses	830	825
Short-term timing differences – pension	11	-
Short-term timing differences – outstanding share options	476	476
Short term timing differences – fixed assets	1	-
	1,318	1,301
Net deferred tax (liability) / asset	(1,167)	1,164

	Group	Company
Deferred tax movement		
At 1 July 2021	237	(2,047)
Debited to profit and loss account	649	602
Debited to equity	281	281
At 30 June 2022	1,167	(1,164)

Notes to the Financial Statements

For the year ended 30 June 2022

8. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Frontier IP Group Plc by the weighted average number of shares in issue during the year.

	Profit attributable to shareholders £'000	Weighted average number of shares	Basic earnings per share amount in pence
Year ended 30 June 2022	**10,230**	**55,005,546**	**18.60**
Year ended 30 June 2021	9,566	54,761,420	17.47

b) Diluted

Diluted earnings per share is calculated by adjusting the weighted number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has only one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market value share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Profit attributable to shareholders £'000	Weighted average number of shares adjusted for share options	Diluted earnings per share amount in pence
Year ended 30 June 2022	**10,230**	**58,339,949**	**17.53**
Year ended 30 June 2021	9,566	57,548,082	16.62

9. Tangible fixed assets

	Fixtures and equipment £'000
Cost	
At 1 July 2020	26
Additions	12
Disposals	(2)
At 30 June 2021	36
Additions	3
Disposals	-
At 30 June 2022	39

Notes to the Financial Statements

For the year ended 30 June 2022

	Fixtures and equipment £'000
Depreciation	
Accumulated depreciation at 1 July 2020	21
Charge for the year to 30 June 2021	6
Disposals	(2)
Accumulated depreciation at 30 June 2021	25
Charge for the year to 30 June 2022	8
Disposals	-
Accumulated depreciation at 30 June 2022	33
Net book value	
At 30 June 2021	11
At 30 June 2022	**6**

10. Goodwill

	Group £'000	Company £'000
Cost		
At 1 July 2020, 30 June 2021 and at 30 June 2022	**1,966**	-
Impairment		
At 1 July 2020, 30 June 2021 and at 30 June 2022	**-**	-
Carrying value		
At 30 June 2022	**1,966**	-
At 30 June 2021	1,966	-

The Group conducts an annual impairment test on the carrying value of goodwill based on the recoverable amount of the Group as one cash generating operating unit. The recoverable amount is determined using a value in use model. The net present value of projected cash flows is compared with the carrying value of the Group's investments and goodwill. Projected cash flows are based on management approved budgets for a period of three years and key assumptions over a further seven years. When determining the key assumptions, management has used both past experience and management judgement, but as future cash inflows are derived primarily from the realisation of investments, these assumptions are subject to a high degree of uncertainty. The key assumptions used in the model were rate of return 33%; average yearly realisations 6.7%; annual growth in trading income 8%; annual growth in the cost base 11%; discount 11%. The Board considers that a reasonable possible change in the rate of return or in the discount rate would cause the carrying amount of the cash generating unit to exceed its recoverable amount. A decrease in the rate of return from 33% to 18% and an increase in the discount rate from 11% to 29% would cause the recoverable amount to equal the carrying amount. The Board considers that the recoverable amount of the Group as one cash generating operating unit is greater than its carrying value.

Notes to the Financial Statements

For the year ended 30 June 2022

11. Categorisation of Financial Instruments

	At fair value through profit or loss £'000	Amortised cost £'000	Total £'000
Financial assets			
At 30 June 2021			
Equity investments	31,982	–	31,982
Debt investments	2,320	–	2,320
Trade and other receivables	–	595	595
Cash and cash equivalents	–	1,992	1,992
Total	34,302	2,587	36,889
At 30 June 2022			
Equity investments	39,712	–	39,712
Debt investments	2,981	–	2,981
Trade and other receivables	–	1,052	1,052
Cash and cash equivalents	–	4,368	4,368
Total	42,693	5,420	48,113

All financial liabilities are categorised as other financial liabilities and recognized at amortised cost.

All net fair value gains in the year are attributable to financial assets designated at fair value through profit or loss. (2021: all net fair value gains were attributable to financial assets designated at fair value through profit or loss.)

12. Investment in subsidiaries

	Company 2022 £'000	Company 2021 £'000
At 1 July	**2,383**	2,383
Provision for impairment	**–**	–
At 30 June	**2,383**	2,383

Notes to the Financial Statements

For the year ended 30 June 2022

Group Investments

The Company has investments in the following subsidiary undertakings.

	Country of incorporation	Proportion of ordinary shares directly held by the Company
Frontier IP Limited - principal activity is commercialisation of IP	Scotland	100%
Frontier IP Management Limited - principal activity is investment advisory and marketing services	Scotland	100%
FIP Portugal, Unipessoal, Lda. - principal activity is commercialisation of IP	Portugal	100%

The registered office of all subsidiaries registered in Scotland is c/o CMS Cameron McKenna Nabarro Olswang LLP, Saltire Court, 20 Castle Terrace, Edinburgh EH1 2EN.

The registered office of FIP Portugal, Unipessoal, Lda is Rua Alfredo Guisado No 39, Sala 11, 1500-030 Lisboa, Portugal.

13. Equity investments

Equity investments are valued individually at fair value in accordance with the Group's accounting policy on investments. All but one of the Group's equity investments are unquoted and these have been categorised as being level 3, that is, valued using unobservable inputs. All gains and losses relate to assets held at the year end, and the fair value movement has been shown in the income statement as other operating income.

Equity Investments

	Group 2022 £'000	Group 2021 £'000	**Company 2022 £'000**	Company 2021 £'000
At 1 July	**31,982**	19,444	**16,011**	12,145
Additions	**614**	71	**614**	71
Conversion of debt investments	**764**	276	**764**	276
Disposals	**(3,659)**	-	**-**	-
Unrealised profit on revaluation	**10,011**	12,191	**9,574**	3,519
At 30 June	**39,712**	31,982	**26,963**	16,011

Notes to the Financial Statements

For the year ended 30 June 2022

The table below sets out the movement during the year in the value of unquoted equity investments by the valuation matrix stages described in the accounting policy on equity investments:

Unquoted Equity Investments

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Stage 4 £'000	Stage 5 £'000	Stage 6 £'000	Total £'000
1 July 2020	75	914	3,245	15,210	-	-	19,444
Transfers between stages	(15)	(720)	338	397	-	-	-
Fair value change through other operating income	(29)	38	1,495	10,687	-	-	12,191
Additions	-	-	-	347	-	-	347
30 June 2021	**31**	**232**	**5,078**	**26,641**	**-**	**-**	**31,982**
Transfers between stages	(16)	16		(13,210)	-	13,210	-
Fair value increase through other operating income	6	550	1,008	7,866	-	581	10,011
Additions	10	-	-	1,368	-		1,378
Disposals	-	-	-	-	-	(3,659)	(3,659)
30 June 2022	**31**	**798**	**6,086**	**22,665**	**-**	**10,132**	**39,712**

The table below provides information about equity investment fair value measurements. (See the accounting policy on investments for a description of the valuation matrix stages)

Valuation matrix stage	No of Investments	Fair value £'000	Unobservable inputs	Reasonable possible shift %	Reasonable possible shift +/- £000
At 30 June 2021					
Stage 1	4	31	The company is valued at fair value which is typically at a notional value of around £50,000	20%	6
Stage 2	2	232	Management's assessment of the value of IP transferred and valuation of grants from which economic benefit is derived	30%	70
Stage 3	7	5,078	Management's assessment of performance against milestones and discussions of likely imminent fundraising	39%	1,980
Stage 4	10	26,641	The price of last funding round provides unobservable input into the valuation of any individual investment. However, subsequent to the funding round, management are required to re-assess the carrying value of investments at each year-end which result in unobservable inputs into the valuation methodology.	27%	7,193
Stage 5	0	-	Discounted comparable public company valuation. Unobservable inputs into discounted cash-flow are forecasts of future cash-flows, probabilities of project failure, and evaluation of the time value of money.	-	-
Stage 6		-	Based on bid price at balance sheet date.	-	-
30 June 2021		**31,982**		**29%**	**9,249**

Notes to the Financial Statements

For the year ended 30 June 2022

Valuation matrix stage	No of Investments	Fair value £'000	Unobservable inputs	Reasonable possible shift %	Reasonable possible shift +/- £000
At 30 June 2022					
Stage 1	3	31	The company is valued at fair value which is typically at a notional value of around £50,000	20%	6
Stage 2	3	798	Management's assessment of the value of IP transferred and the value of grants from which economic benefit is derived.	31%	248
Stage 3	7	6,086	Management's assessment of performance against milestones and discussions of likely imminent fundraising.	40%	2,434
Stage 4	10	22,665	The price of latest funding round provides unobservable input into the valuation of any individual investment. However, subsequent to the funding round, management are required to re-assess the carrying value of investments at each year end which result in unobservable inputs into the valuation methodology.	28%	6,382
Stage 5	-	-	Discounted comparable public company valuation. Unobservable inputs into discounted cash flow are forecasts of future cash flows, probabilities of project failure and evaluation of the time cost of money.	-	-
Stage 6	1	10,132	Based on bid price at balance sheet date.	-	-
30 June 2022		**39,712**		**23%**	**9,070**

The percentage reasonable possible shift for each stage is the blended percentage reasonable possible shift of each company at that stage which are based on the Directors' assessment of the level of uncertainty attached to the valuation inputs.

The valuation of the Group's investment in Exscientia (Stage 6) at 30 June 2022 was £10,132,000, 26% of the Group's total equity investments and 21% of its net assets at 30 June 2022. During the year, the Group sold part of the investment in Exscientia for £6,525,000 realising a gain of £2,867,000. The increase in the value of the Group's remaining holding in Exscientia over the year to 30 June 2022 was £581,000, 5% of the Group's net unrealised profit on the revaluation of investments and 5% of profit before tax for the year to 30 June 2022. The valuation is the bid price on the Nasdaq exchange at 30 June 2022.

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Significant unobservable inputs:

The valuation of the Group's investment in Pulsiv (Stage 4) at 30 June 2022 was £9,083,000, 23% of the Group's total equity investments and 19% of its net assets at 30 June 2022. The increase in the value of the Group's holding in Pulsiv over the year to 30 June 2022 was £4,996,000, 46% of the Group's net unrealised profit on the revaluation of investments and 46% of profit before tax for the year to 30 June 2022. The significant inputs into the valuation of the Group's holding in Pulsiv included the price of an investment in July 2022.

The valuation of the Group's investment in The Vaccine Group (TVG) (Stage 3) at 30 June 2022 was £5,554,000, 14% of the Group's total equity investments and 11% of its net assets at 30 June 2022. The increase in the value of the Group's holding in TVG over the year to 30 June 2022 was £1,008,000, 9% of the Group's net unrealised profit on the revaluation of investments and 9% of profit before tax for the year to 30 June 2022. The significant inputs into the valuation of the Group's holding in TVG included an assessment of the progress made in the nine projects in progress at 30 June 2022 since the most recent funding round in January 2020, the growth in valuation of vaccine companies over the period and a discounted cash flow model. The company's activities on the projects funded by the US, UK and Chinese governments remain on track and have met the milestones agreed with the funders. Post-year end animal trials were completed on a transmissible Lassa fever vaccine, believed to be the first of its kind in the world. The lab based trial demonstrated: a) effective transmission of the vaccine from directly vaccinated to unvaccinated animals, and b) a significant reduction in the shedding of Lassa fever virus from both directly and indirectly vaccinated animals when infected (compared to unprotected infected animals). Trials were also carried out on the Streptococcus suis vaccine developed for use in pigs; the initial trials in rabbits (a well-defined animal model) demonstrated a good immune response to vaccination. This specific vaccine constructs and others developed by TVG will be tested in pigs by project partners during the current financial year. These activities are an indicator of the positive progress made during the period. Whilst TVG has a growing portfolio of projects, each of the projects are individually high risk but also potentially high reward for TVG. It is therefore challenging to accurately value TVG given the material impact of success or failure in any one of these projects. This remains particularly challenging at this point in time as the ongoing COVID-19 environment has seen a strong growth in the valuations of vaccine companies, particularly those that are specifically targeting COVID-19. The current valuation has been corroborated by discounted cash flows which have been risk adjusted for probability of success using rates typically seen in animal health vaccine development. A 25% reduction in the royalty rate, market penetration, success rate or cost per dose would reduce the valuation of the Group's investment in TVG by 26% while a 25% decrease in the discount rate would increase the valuation by 47%. The high risk/reward nature of TVG's projects, the difficulty in estimating future cash flows and the high level of judgement involved mean there is a risk of material adjustment to the valuation.

Equity investments are carried in the statement of financial position at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS28, Investments in Associates. At 30 June 2022 the Group held an economic interest of 20% or more in the following companies:

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For the year ended 30 June 2022

Name of Undertaking	Registered Address	% Issued Share Capital	Share Class
AquaInSilico	Avenida Tenente Valadim, nº. 17, 2º F, 2560-275 Torres Vedras, Portugal	29.0%	Ordinary
Alusid Limited	Richard House, Winckley Square, Preston, Lancashire, PR1 3HP	38.9%	Ordinary
Cambridge Raman Imaging Limited	Botanic House, 100 Hills Road, Cambridge, CB2 1PH	26.8%	Ordinary
CamGraPhIC Limited	Botanic House, 100 Hills Road, Cambridge, CB2 1PH	20.8%	Ordinary
Celerum Limited	30 East Park Road, Kintore, Inverurie, AB51 0FE	33.8%	Ordinary
Des Solutio LDA	Avenida Tenente Valadim, nº. 17, 2º F, 2560-275 Torres Vedras, Portugal	25.0%	Ordinary
Elute Intelligence Holdings Limited	21 Church Road, Tadley, RG26 3AX	41.2%	Ordinary
Fieldwork Robotics Limited	Research And Innovation Floor 2 Marine Building, Plymouth University, Plymouth, PL4 8AA	24.5%	Ordinary
Insignals Neurotech Lda	Rua Passeio Alegre, 20 Centro de Incubacyo e Aceleracyo Do Porto, Porto 4150-570, Portugal	32.9%	Ordinary
Nandi Proteins Limited	93 George Street, Edinburgh, EH2 3ES	20.1%	A Ordinary
NTPE LDA	Avenida Tenente Valadim, nº. 17, 2º F, 2560-275 Torres Vedras, Portugal	47.9%	Ordinary

The nature of these companies' business is provided in the Portfolio Review section of the Strategic Report where the holding carries a value.

14. Debt investments

Debt investments are loans to portfolio companies to fund early-stage costs, provide funding alongside grants and bridge to an equity fundraise. Loans ranging from £100,000 to £175,000 were made to four companies during the period. All debt investments are categorised as fair value through profit or loss and measured at fair value. The Group uses valuation techniques that management consider appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs The price at which the debt investment was made may be a reliable indicator of fair value at that date but management consider the financial position and prospects for the portfolio company borrower when valuing debt investments at subsequent measurement dates.

Certain debt investments carry warrants granting the option to purchase shares. The exercise price is generally the price of shares issued at the first equity fundraising following the grant and the period of exercise is generally at any time from the first equity fundraising to an exit event. The fair value of the warrants is determined using the Black-Scholes-Merton valuation model. The significant inputs into the model for each warrant were the exercise price, the current share price valuation, volatility of 70% (2021: 70%), expected life of between six months and five years and an annual risk-free interest rate of 2.07% (2021: 0.04%). The value of warrants included in debt investments at 30 June 2022 is £827,000 (2021: £60,000)

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The movement of debt investments during the year is set out below:

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
At 1 July	**2,320**	863	**1,759**	713
Additions	**527**	1,618	**427**	1,298
Disposals	**-**	-	**-**	-
Conversion to unquoted equity investments	**(764)**	(276)	**(764)**	(276)
Reclassification	**-**	-	**-**	-
Unrealised profit on revaluation	**898**	115	**875**	24
At 30 June	**2,981**	2,320	**2,297**	1,759

All debt investments are classed as non-current. Certain debt instruments have conversion or repayment terms dependent on the amount and timing of an equity fundraising by the portfolio company borrower. The exercise of a conversion right would reclass the debt investment as a non-current equity investment. The expectation is to exercise the right to repayment, however there is uncertainty over the timing and amount of equity fundraisings. Furthermore, notwithstanding the right to repayment being triggered, the Group may decide, depending on the circumstance at the time, to defer repayment or convert into equity for the benefit of the portfolio company borrower in which the Group also holds an equity stake.

15. Trade receivables and other current assets

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade receivables	**388**	336	**279**	302
Receivables from Group undertakings	**-**	-	**285**	5,336
VAT	**12**	13	**9**	4
Prepayments and accrued income	**386**	58	**284**	48
Other debtors	**128**	109	**67**	60
Accrued interest	**180**	79	**84**	32
	1,094	595	**1,008**	5,782
Expected credit loss at 1 July	**-**	-	**-**	-
Other current assets provided for in the year	**43**	-	**27**	-
Other current assets written off in the year	**-**	-	**-**	-
Expected credit loss at 30 June	**43**	-	**27**	-
Less receivables from Group undertakings – non current	**-**	-	**285**	5,336
Current portion	**1,051**	595	**696**	446

Notes to the Financial Statements

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Trade receivables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade receivables not past due	**28**	54	**21**	43
Trade receivables past due 1–30 days	**29**	71	**21**	63
Trade receivables past due 31–60 days	**26**	25	**18**	17
Trade receivables past due 61–90 days	**27**	14	**18**	15
Trade receivables past due over 90 days	**376**	172	**279**	164
Gross trade receivables at 30 June	**486**	336	**357**	302
Expected credit loss at 1 July	**–**	–	**–**	–
Debts provided for in the year	**98**	–	**78**	–
Debts written off in the year	**–**	–	**–**	–
Expected credit loss at 30 June	**98**	–	**78**	–
Net trade receivables at 30 June	**388**	336	**279**	302

Trade receivables are amounts due from portfolio companies for services provided with net amounts recorded as revenue in the consolidated statement of comprehensive income. The expected credit losses are estimated by reference to the financial position and specific circumstances of the portfolio companies, by reference to past default experience and by assessment of the current and forecast economic conditions. The nature of the services provided to portfolio companies means the Group has in-depth knowledge of the companies' prospects both for trading and raising capital and the number of companies with past due receivables is small enabling a full assessment of recoverability by company. The Group also considers if a general provision for expected loss through applying the historical rate of portfolio company failures is material. £22,000 of trade receivables at 30 June 2022 have been recovered post year-end (2021: £34,000). Of the remaining £464,000, £104,000 is due from Fieldwork Robotics (2021: £104,000), £101,000 from Elute Intelligence (2021: £76,000), £43,000 from Alusid (2021: £87,000) and £120,000 from Nandi Proteins Ltd (2021: £26,000). The Group's history of credit loss is negligible and therefore management focus on the factors which impact the ability of its debtor companies to successfully raise capital and a probability of default as a result of the failure to raise capital is applied to determine the expected credit loss.

Receivables from Group undertakings carry interest of 2.0% above base rate (2021: 2.0%).

16. Trade and other payables

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade payables	**41**	36	**62**	19
Payables to group undertakings	**–**	–	**192**	–
Social security and other taxes	**53**	56	**–**	–
VAT	**–**	–	**–**	–
Other creditors	**10**	6	**–**	–
Accruals and deferred income	**114**	110	**69**	62
At 30 June	**218**	208	**323**	81
Less payables to Group undertakings – non current	**–**	–	**(192)**	–
Current portion	**218**	208	**131**	81

Notes to the Financial Statements

For the year ended 30 June 2022

17. Share capital and share premium

	Number of shares issued and fully paid	Ordinary shares of 10p £'000	Share premium £'000	Total £'000
At 30 June 2021	55,005,546	5,501	14,576	20,077
At 30 June 2022	**55,005,546**	**5,501**	**14,576**	**20,077**

18. Reserves

The reverse acquisition reserve was created on the reverse takeover of Frontier IP Group Plc. The fair value of equity-settled share-based payments is expensed on a straight-line basis over the vesting period and the amount expensed in each year is transferred to the share-based payment reserve. The amount by which the deferred tax asset arising on the intrinsic value of the outstanding share options differs from the cumulative expense is also transferred to the share-based payment reserve. Included in retained earnings are unrealised profits amounting to £35,233,000. The movement in reserves for the years ended 30 June 2022 and 2021 is set out in the Consolidated and Company Statement of Changes in Equity.

19. Share options

Frontier IP has three option schemes. Under the Frontier IP Group Plc Employee Share Option Scheme 2011 – Amended 26 March 2018, both enterprise management incentive options and unapproved options are granted. No payment is required from option holders on the grant of an option. The options are exercisable starting three years from the date of the grant with no performance conditions. The scheme runs for a period of ten years but no new options can be granted as the Group has ceased to be a qualifying company for EMI purposes No options were granted during the year.

Movements in the number of share options outstanding and their related weighted average exercise prices were as follows:

	2022 Weighted average exercise price Pence per share	**2022 Options**	2021 Weighted average exercise price Pence per share	2021 Options
At 1 July	**31.99**	**5,030,181**	30.48	4,335,676
Granted	**-**	**-**	42.21	748,858
Exercised	**-**	**-**	-	-
Lapsed	**64.36**	**(43,455)**	51.45	(54,353)
At 30 June	**31.71**	**4,986,726**	31.99	5,030,181

Of the 4,986,726 outstanding options (2021: 5,030,181) 2,836,000 had vested at 30 June 2022 (2021: 2,134,000). The vested options have a weighted average exercise price of 26.53p.

Notes to the Financial Statements

For the year ended 30 June 2022

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price Pence per share	2022 Number	2021 Number
2023	15.00	**652,607**	652,607
2024	26.88	**432,393**	432,393
2026	26.63	**650,000**	650,000
2027	40.00	**399,000**	399,000
2028	65.00	**246,000**	246,000
2028	10.00	**456,000**	456,000
2029	66.00	**694,050**	707,612
2029	10.00	**736,946**	737,711
2030	65.00	**409,414**	438,542
2030	10.00	**310,316**	310,316

The weighted average remaining contractual life of the outstanding options is 5.3 years.

20. Leases

	2022 Land & Buildings £'000	2021 Land & Buildings £'000
Commitments under non-cancellable leases expiring:		
Within one year	**91**	72
Within two to five years	**-**	-
After five years	**-**	-
	91	72

The leases relate to rental of serviced offices. Under the terms of the rental agreements, the supplier has the right to terminate the agreement during the period of use, however at inception of the agreement this was not considered likely to occur. For short term leases (12 months or less) and leases of low value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16's transitional rules. Currently the longest lease ends in April 2023.

Notes to the Financial Statements

For the year ended 30 June 2022

21. Cash used in operations

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Profit before tax	**10,879**	10,242	**8,136**	2,084
Adjustments for:				
Share-based payments	**329**	368	**329**	368
Depreciation	**8**	6	**-**	-
Interest received	**(1)**	(9)	**(1)**	(108)
Unrealised profit on the revaluation of investments	**(10,908)**	(12,306)	**(10,449)**	(3,543)
Realised profit on disposal of investments	**(2,867)**	-	**-**	-
Changes in working capital:				
Trade and other receivables	**(456)**	235	**(250)**	(61)
Trade and other payables	**10**	(2)	**50**	(3)
Cash flows from operating activities	**(3,006)**	(1,466)	**(2,185)**	(1,263)

The movements in liabilities from financing cashflows are nil.

22. Related party transactions

Neil Crabb is a director of PoreXpert Limited, Pulsiv Limited and Alusid Limited. Campbell Wilson is a director of Tarsis Technology Limited and principal of Wilson Biopharma Consulting. Matthew White is a director of The Vaccine Group Limited, Nandi Proteins Limited and Fieldwork Robotics Limited. All these companies, with the exception of Wilson Biopharma, are portfolio companies of the Group. The Group charged fees to these companies and was owed amounts from these companies as follows:

	Fees charged 2022 £'000	Fees charged 2021 £'000	Amounts owed 2022 £'000	Amounts owed 2021 £'000
By the Group				
Nandi Proteins Limited	**78**	78	**120**	26
Pulsiv Solar Limited	**44**	48	**5**	19
Alusid Limited	**72**	72	**43**	87
The Vaccine Group Limited	**48**	48	**34**	15
Celerum Limited	**5**	30	**-**	-
Fieldwork Robotics Limited	**-**	35	**104**	104
By Related Parties				
Wilson Biopharma Consulting	**12**	12	**-**	-

23. Subsequent events

Since 30 June 2022 the Group has sold 349,020 American Depositary Shares of Exscientia for net proceeds of £3,433,000. The book value at 30 June 2022 of the shares sold was £3,126,000 resulting in a realised gain of £307,000 in the financial year to 30 June 2023.

Company Information

Unaudited

Five Year Record

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Total revenue and other operating income	**14,104**	12,668	6,377	4,268	2,363
Profit from operations	**10,878**	10,233	4,163	2,338	898
Net finance income	**1**	9	21	12	4
Profit from operations and before tax		10,242	4,184	2,350	902
Taxation	**(649)**	(676)	-	-	-
Profit after tax	**10,230**	9,566	4,184	2,350	902
Attributable to:					
Equity holders of the Company	**10,230**	9,566	4,184	2,350	902
Net assets employed	**48,699**	38,421	25,866	17,591	12,717
Basic earnings per ordinary share (pence)	**18.60**	17.47	8.76	5.77	2.36
Net assets per ordinary share (pence)	**88.5**	69.8	51.0	41.4	33.2

Perivan 264426

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