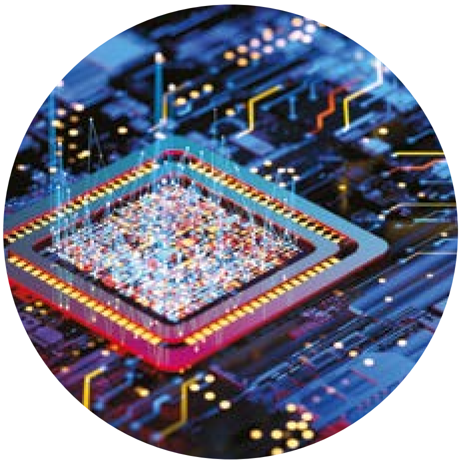
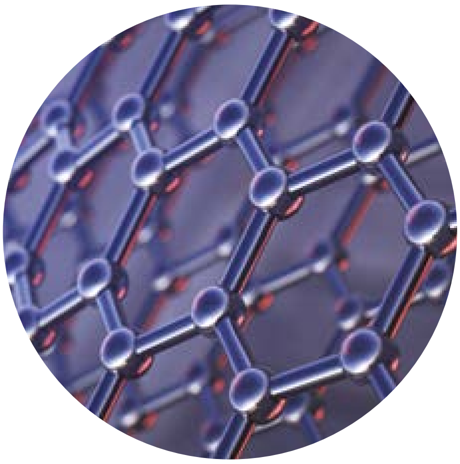
Frontier IP Group plc



Annual Report and Financial Statements Year ended 30 June 2024

Registered number 06262177

Frontier IP aims to create and grow high value companies from deep technology developed by scientists and engineers

Highlights
Financial

Fair value of our equity portfolio broadly in line with prior year at

£33,203,000 2024
£32,964,000 2023

following the unrealised gain on investment of

£2,468,000 2024
(£1,780,000) 2023

additions of

£68,000 2024
£745,000

offset by disposals of

£2,297,000 2024
£5,713,000 2023

Disposals in our equity portfolio related to the remaining holding in Exscientia which generated cash of

£2,547,000 2024
£4,926,000 2023

realising a gain of

£249,000 2024
(£786,000) 2023

Unrealised gain on the revaluation of investments of

£1,282,000 2024
(£966,000) 2023

comprising unrealised gains on equity investments of

£2,468,000 2024
(£1,780,000) 2023

and unrealised losses on debt investments of

£1,187,000 2024
Gains £814,000 2023

Net assets per share as at 30 June 2024 reduced by 2.6% to

79.7p 2024
81.8p 2023

Cash balances at 30 June 2024 of

£2,298,000 2024
£4,603,000 2023

Basic loss per share of

2.01p 2024
5.85p 2023

Loss before tax of

£1,337,000 2024
£4,370,000 2023

Highlights: continued

Corporate

- Completed the exit of Exscientia, generating cash proceeds of £2.55 million from the sale of the outstanding equity stake. In total, the Group sold a total of 1,564,000 Exscientia American Depositary Shares between 10 January 2022 and 29 February 2024 for net proceeds of approximately £14 million. The original cost of these shares was less than £2,000
- Appointed new Chief Financial Officer, Jo Stent, replacing Jim Fish who stood down from the Board of Directors as Chief Financial Officer to take up a new position as Portfolio Finance Director. Jo is a chartered accountant with nearly 30 years' experience in senior roles across a broad range of sectors and geographies. She was most recently CFO at Aim-quoted Argentex Group Plc. Her previous roles include CFO of the European Tour and Ryder Cup Europe, CFO of Vodafone Americas and senior positions at Telus Communications and Deloitte
- Professor Dame Julia King, Baroness Brown of Cambridge, who joined the Frontier IP Board of Directors in October 2021, assumed the role of Chair replacing Andrew Richmond. She was previously the Senior Independent Director on the Board.
- The Group took an equity stake in early-stage business Deakin Bio-Hybrid Materials, which is initially developing sustainable alternatives to ceramic tiles.
- The Group announced it holds a 4.26 per cent stake in DiaGen, a Canadian company focused on AI-driven protein and peptide design for medical applications

Portfolio

- The Group's portfolio has a mix of companies at different stages of maturity and it is now considering the potential for realising value from several companies. There was also strong technical progress across the portfolio. Despite the difficult funding environment, four companies raised money during the period and post the year end. Portfolio companies continued to strengthen management teams.

Highlights included:

- Alusid announced it is exploring options for a potential initial public offering after raising £1.13 million in a funding round including a £500,000 investment from Octopus AIM VCT plc and Octopus AIM VCT 2 plc funds. The company successfully scaled up manufacture of its floor tiles
- CamGraPhIC secured a loan facility for £1.5 million and made good progress in development and scale up of its advanced graphene photonics technology. The company is working with a number of potential customers, including multinationals in the semiconductor and telecommunications sector. It is attracting interest from potential government and financial backers
- Pulsiv strengthened its board with the appointment of serial entrepreneur Dr Mark Gerhard as Chair and Dr Tim Moore as Chief Product Officer. After the year end, the company launched the world's most energy efficient 65W USB-C fast charger reference design, which is now garnering interest from potential customers
- Nandi Proteins won its first licensing agreement with a global food ingredients business for its meat / fat replacer. Post period end, the company announced it had secured investment from Nesta and Scottish Enterprise
- The Vaccine Group appointed an advisory board and entered into a collaboration with The Pirbright Institute to develop vaccines to combat African swine fever. Post period end, Defra granted more than £1 million to a project led by the company to develop a vaccine against Streptococcus suis
- Cambridge Raman Imaging commercially launched its ultra-fast lasers for use in Raman imaging technology. Revenues exceeded expectations. Frontier IP put in place a loan facility to support growth
- Fieldwork Robotics raised more than £2 million through an investment round led by Elbow Beach Capital and appointed David Fulton as Chief Executive Officer.

- Post period end developments included:
  - GraphEnergyTech raised £1 million through an investment round led by Aramco Ventures, the corporate venturing arm of Aramco
  - Deakin Bio-Hybrid Materials raised £693,000 through an oversubscribed funding round led by Green Angel Ventures

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

Focus on key themes to help us identify promising technology at an early stage. Favour innovations that are sustainable and reduce cost

SPIN OUT

Earn material equity stakes in return for proactive hands-on support. Support incorporation of companies based on promising technologies; usually co-founders of business

VALIDATE

Prove technology works and can be scaled up. Drive industry engagement to ensure technology meets real-world needs and demands

SCALE UP

Raise funding mostly from third party investors as technical and commercial milestones are achieved. Valuations based on external investment. Scale at inflection points when product / market fit is clear

EXIT

Realise the value generated by our capital efficient and hands-on approach

Our Business: continued

Business Model

Science and technology are vital to solving some of the most pressing problems we face today.

Frontier IP's purpose is to create high value businesses from deep technology: intellectual property developed by scientists and engineers and based on significant advances, discoveries and innovation. Companies across our portfolio are looking to help tackle fundamental challenges around climate, energy, water, health and food.

Our approach is different, innovative and capital efficient. We are involved typically before a company is even formed. Through our partnerships with universities, academics and industry, we are able to identify IP with commercial potential, often when it is still under development. We then incorporate a company, taking a founding equity stake. This is sweat equity, earned for the commercialisation and other support services we offer. These range from ensuring the IP is properly protected, and the business mechanics run smoothly to direct, hands-on support for technology. We invest time and expertise.

The next steps are to validate the technology and understand its market potential. Our industry partners provide insight into market needs and demands, and how best to scale up the technology. Such engagement means we listen to portfolio companies' potential customers, concentrate on what industry wants and avoid the pitfalls and uncertainties involved in targeting consumer markets.

The focus on industry partnerships, and the hands-on work we do in supporting the portfolio means the composition of our board of directors and team is different to conventional IP commercialisation firms or venture capitalists focused on financial investments. Directors and employees are drawn from industry and have extensive business experience, many having developed and run major units in bigger corporations. We assess IP based on our expertise and knowledge of underlying technologies and industrial processes, in particular when looking at how IP might be scaled up. Often similar processes can be applied across different industries: for example, how to handle powders is as relevant to the pharmaceutical industry in making pills as it is to a tile company. Because of this, we place portfolio companies into clusters where they might share common development and manufacturing problems and solutions based on the underlying processes required for scale up. This allows us to exploit synergies in expertise and develop networks to drive value in a better way than taking a silo sector-based approach.

Traditionally, deep technology is seen as having high value potential but at the expense of consuming huge sums in capital. Our approach, based on expertise, means we are able to be more capital efficient.

Shareholder value is driven by the potential for realisations on exit, with the value of the portfolio representing potential deferred earnings. Our aim is to ensure the portfolio has companies at varying stages of development, with new IP identified and businesses incorporated as others approach exit opportunities. Two companies joined the portfolio during the year, plus a further one after the year end.

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 high-net worth individuals.

Our clusters approach

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

- Artificial Intelligence
- Innovative Materials
- Enabling Health
- Food and Agritech
- Energy
- Water

Our Business: continued

How our portfolio companies and partnerships fall into each cluster

AI and Advanced Computing: AquaInSilico, Cambridge Raman Imaging, CamGraPhIC, Celerum, DiaGen AI, Elute Intelligence, Fieldwork Robotics, Plastometrex and The Vaccine Group

Materials: Alusid, AquaInSilico, CamGraPhIC, Cambridge Raman Imaging, DeakinBio, Des Solutio, GraphEnergyTech, and Nandi Proteins

Enabling health: Amprologix, Cambridge Raman Imaging, inSignals Neurotech, Molendotech, DiaGen AI and The Vaccine Group

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

Energy: Alusid, CamGraPhIC, DeakinBio, GraphEnergyTech and Pulsiv

Water: AquaInSilico, Des Solutio and Molendotech

Deakin Bio-Hybrid Materials: an example of our clusters approach in action

Deakin Bio-Hybrid Materials ("DeakinBio") is developing low-energy processes to produce advanced bio-based composites as sustainable alternatives to ceramics.

The company's materials are produced from organic waste such as chickpea broth with widely available waste minerals, such as crushed limestone. Traditional tile manufacturing has a high carbon footprint because of the need to fire and glaze products a very hot temperatures. This means the industry has significant challenges with high energy prices and tighter emission regulations.

DeakinBio's materials do not need to be fired and glazed. They have a carbon footprint 94 per cent lower than conventional tiles and products made from them contain more than 95 per cent recycled content.

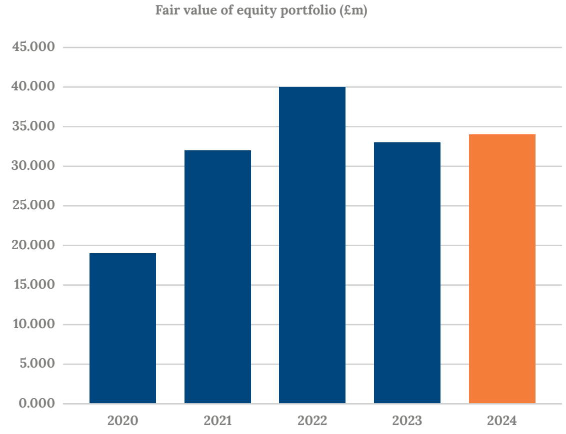
The company was founded in 2021 by Dr Aled Roberts, who holds a PhD in Materials Chemistry from the University of Liverpool and is a former Research Fellow at the Manchester Institute of Biotechnology, University of Manchester. It joined the Frontier IP portfolio during the year after the Group took a 32.8 per cent equity stake.

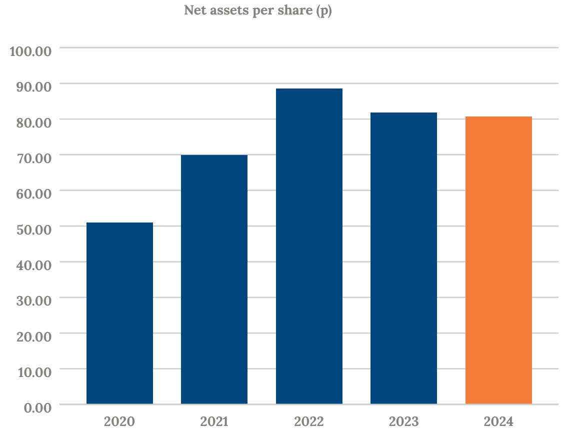
Initial applications are to provide alternatives to decorative ceramic tiles. Further applications include a wide range of moulded ceramic like materials.

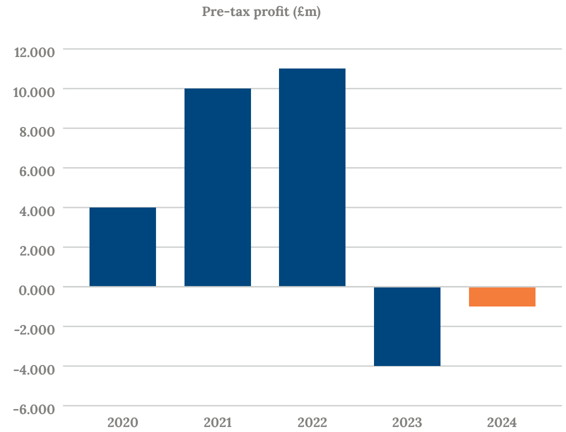
DeakinBio fits into two of our clusters. The first is Innovative Materials. Expertise has already been shared between Alusid, another portfolio company targeting the tile industry, and DeakinBio. There is also the potential for Nandi to support the company with its understanding of organic waste. The second cluster is Energy because of the potential the technology has for significantly reducing the carbon footprint across the ceramics industry.

Our Story:
how we have performed over the last five years

Our performance over the past five years has been good in the face of a turbulent market environment. The fair value of our portfolio has increased by 79 per cent from £19 million to £34 million. In the same period, average global equity funding has dropped 20 per cent from an average of $77 billion per quarter to $61.6 billion, according to CB Insights, while average deal size has fallen 5.4 per cent.*



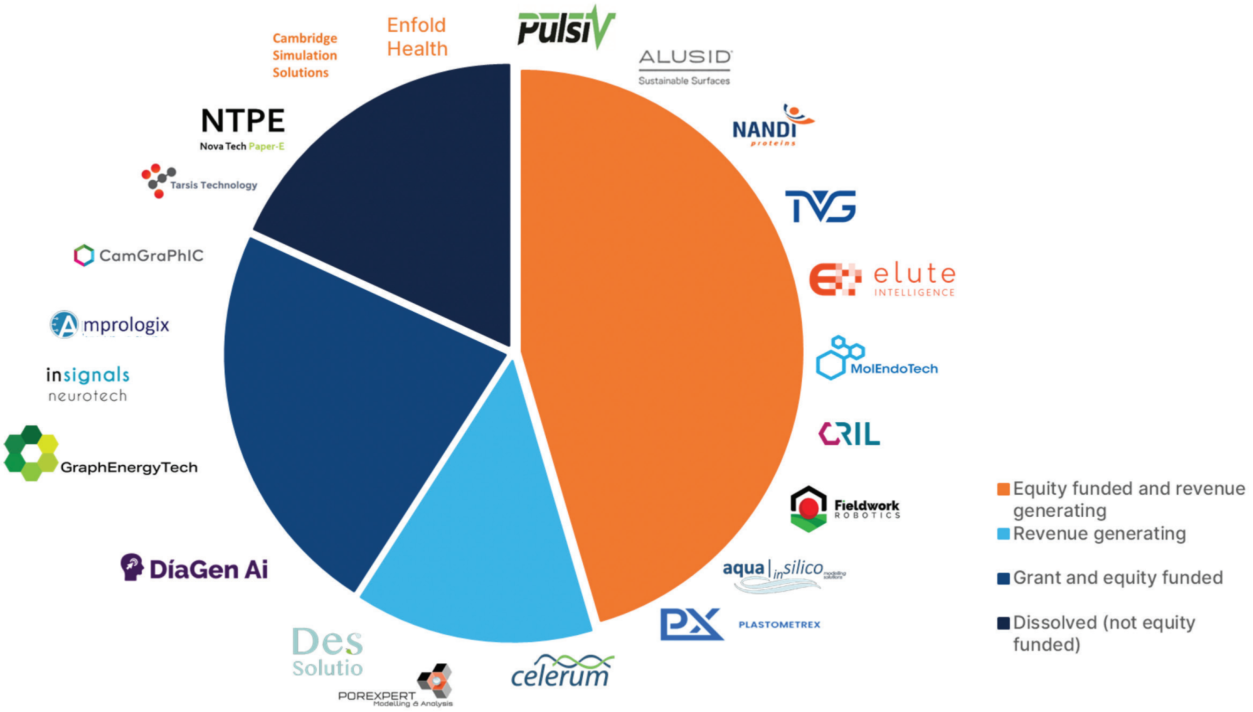




* Source - CB Insights State of Venture Q3'24 Report - https://www.cbinsights.com/reports/CB-Insights_Venture-Report-Q3-2024.pdf?ip_et_ctx=23875269_31_9

Our Story:
a maturing portfolio

Our portfolio has a good mix of companies of different stages of development, both in terms of how they have been funded and commercial viability, measured by revenue generation. Equity funded, revenue generating businesses are closer to potential exits than others.



You can learn about our recent portfolio news elsewhere in this annual report, or on our website: www.frontierip.co.uk

Our Portfolio:
companies to watch

Our portfolio has 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, despite the market environment, there was a relatively high level of funding activity across the portfolio and significant steps taken by several companies towards a Frontier IP exit.

ALUSID SUSTAINABLE SURFACES

Alusid

Frontier IP stake: 35.4 per cent

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

During the year, the company successfully developed and scaled up for mass manufacture a range of floor tiles. This was an important development because floor tiles comprise about 60 per cent of the total UK market. Called Mas, the range is made from between 95 per cent and 98.5 per cent recycled content and has one of the lowest carbon footprints of tiles in the market – an important consideration for a construction industry facing carbon taxes and tougher environmental regulations, as well as having to meet their own sustainability goals.

Mas customers already include Parkside Architectural Tiles, the commercial arm of Topps Tiles plc. The range is expected to be sold in Topp's retail chain in due course, where it will join Alusid's Principle wall tile range. Other Alusid customers include Starbucks, H&M, Nando's and the BBC.

The company's technology is capital efficient. Because tiles can be made on industry-standard equipment, manufacture is sub-contracted to Italy and Spain.

Discussions are underway with industry partners about other applications for the technology and global expansion is on the cards: the company is in advanced talks with European distributors.

The company raised £1.13 million during the year through a funding round backed by Octopus Investments through its Octopus AIM VCT plc and Octopus AIM VCT 2 plc funds. Following the investment, Alusid announced it was exploring options for an initial public offering.

www.alusid.co.uk

CamGraPhIC

CamGraPhIC

Frontier IP stake: 18.71 per cent

CamGraPhIC, a spin out from the University of Cambridge and Italian institute CNIT, develops graphene-based photonics for ultra-high bandwidth, high efficiency transmission of digital data.

There are a large number of potential applications across many sectors. But the initial focus is on, high-performance computing and artificial intelligence, and smart antennas for 5G and 6G telecommunications. These are very significant markets whose future needs cannot be met by current silicon semiconductor technology. Further possible applications are in the defence, automotive, space and avionics sectors.

The company has developed prototype graphene transceivers, which have confirmed the technology as viable and stable. Speeds are much faster than equivalent technologies and they use 70 per cent less energy. They can also work at a much wider range of temperatures than silicon semiconductors can. Production of the graphene semiconductors can be integrated into existing fabrication plants.

Partners include leading multinationals from the telecoms and semiconductor sectors. During the year, CamGraphIC put in place a loan facility worth £1.5 million. It is in the process of completing a Series A funding round with backing expected from government, industry and finance. Proceeds will be used in part to build a pilot plant in Pisa to optimise the technology.

The strong trade interest provides an indication of exit potential.

www.camgraphic-technology.com

Our Portfolio: continued

Pulsiv

Frontier IP stake: 17.9 per cent

Pulsiv has developed and patented innovative technology to intelligently manage electrical power wherever it is converted, either from grid to devices, or devices to grid. The company has built out a global distribution network and is now in advanced discussions with potential customers.

During the year, the company significantly strengthened its board with two key appointments. Serial entrepreneur and technology pioneer Dr Mark Gerhard joined as Chairman. With a long history of growing and exiting businesses, he is currently chairman of MarketWise, a Nasdaq-listed provider of investment research and investor services and was founder of investment firm Cambridge Ventures. Dr Tim Moore, who was already a non-executive director of Pulsiv, was appointed full-time Chief Product Officer, leaving his post as Chief Technology Officer of Nasdaq-listed SharkNinja.

Post period end, the company launched a 65 Watt USB-C fast charger reference design. The charger operates at 96 per cent efficiency, believed to be a world best, which means only 4 per cent is lost through heat. The company is targeting applications where space and heat sensitivity are an issue, with initial markets being in-wall plug sockets that incorporate USB-C charging.

Further product launches are expected, up to a 240W USB-C reference design. Pulsiv believes this is game-changing technology for the emerging USB-C standard. The company is also developing technology to improve the energy output from solar cells. Exit options are under active consideration.

www.pulsiv.co.uk

Nandi Proteins

Frontier IP stake: 19.8 per cent

The year saw Nandi Proteins achieve commercial breakthrough for its innovative food ingredient technology. The company signed an agreement with a global food ingredients group to make Nandi's meat and fat replacement products. The plan is to launch the product worldwide once scale up and final applications tests are completed.

The meat / fat replacer is one of several high volume applications to reduce fat, additives and gluten in processed foods. Nandi is also developing an egg white replacer for use in alternative meat products, baked goods and meringues and a methylcellulose replacer. Both are making good progress.

After the year end, the company secured investment from Nesta Impact Investments, the investment arm of UK social innovation agency Nesta, and Scottish Enterprise, as part of a £500,000 investment made via a convertible loan. The move is part of a wider funding round aimed at raising a total of £1.5 million. Nesta has committed to backing the equity funding round. Proceeds will be used to support development of the egg white replacer, which is attracting good industry interest.

The company is also developing whey proteins to replace chemical emulsifiers in baked products.

www.nandiproteins.com

Our Portfolio: continued

The Vaccine Group

Frontier IP stake: 16,7 per cent

The Vaccine Group enjoyed a year of sustained progress, both technically and in developing relationships and collaborating with leaders in their field. The company is establishing a strong pipeline of innovative vaccines, based on its novel herpesvirus-based platform, for use in livestock, pets and wildlife. There are currently 17 in development. Its vaccines aim to tackle both viral and bacterial pathogens. The total size of the markets addressed by TVG is estimated at more than $15bn.

During the year, the company appointed an advisory board to support scale up and forge deeper industry relationships. The three members, Christophe Barnier-Quer, Johan Dreesen, and Vaughn Kubiak, have extensive veterinary health and business experience.

TVG also entered into a Technology Evaluation Agreement with fellow Frontier IP portfolio company DiaGen, which is developing an AI engine for protein and peptide design, and entered into a collaboration with The Pirbright Institute. The collaboration aims to develop vaccines to combat African swine fever, a high contagious disease which is deadly to pigs.

Post the year end, a project led by TVG, the University of Plymouth and the University of Cambridge was awarded more than £1 million by the UK Department for Environment, Food & Rural Affairs. The project aims to develop a vaccine against Streptococcus suis. S.suis is widespread, harmful and zoonotic. It can jump from pigs to humans, in whom it can cause meningitis, septicaemia and other symptoms.

www.thevaccinegroup.com

Cambridge Raman Imaging

Frontier IP stake: 26.8 per cent

Cambridge Raman Imaging (CRI), our first graphene spin out, made significant commercial progress during the year. The company is developing Raman imaging technology based on ultra-fast fibre lasers to create high-quality digital images in near real time. Initial applications are for use in medicine to detect and monitor cancerous tumours in human tissues and cells. The images can be analysed by artificial intelligence to make diagnosis even faster and more accurate.

During the year, the company launched its ultra-fast fibre lasers for high-speed Raman spectroscopy into the market. They were a success. Revenues trended ahead of expectations, requiring Frontier IP to put in place a working capital facility to support the company's growth. The markets being addressed by CRI are fast growing and high margin.

Initial target markets are research, then industry and pharmaceutical companies. CRI is also exploring additional applications outside the medical field. Funding to date has been a mix of grant and equity funding, including pan-European projects.

The technology has attracted strong industry interest.

www.cambridgeramanimaging.com

Chair's Statement

Professor Dame Julia King | Chair's

Our portfolio companies are attracting interest from a wide range of very different organisations, from the corporate venturing arm of Aramco, to the investment division of UK social innovation agency Nesta, from major multinationals to specialist investors, such as Green Angel Ventures. This broad appeal indicates to me that the portfolio is offering solutions to deep-seated problems and is meeting fundamental needs.

Performance

The year to June 2024 saw companies across the portfolio make tangible commercial and technical progress. Although a pre-tax loss is always a disappointment, the figure has significantly narrowed from last year and represents a resilient performance in what were exceptionally difficult conditions in the private markets. This was further reflected in the rise in the fair value of our equity portfolio and an unrealised gain on the revaluation of investments.

Our Chief Executive, Neil Crabb, addresses the key issues in his statement, and highlights some of the successes that we have seen across the portfolio during the year and which have continued after the year end. These include successful funding rounds for Fieldwork Robotics, Alusid, GraphEnergyTech, and Nandi Proteins; a commercial breakthrough for Nandi, which signed its first licensing agreement with a major global food ingredients group; and Cambridge Raman Imaging launching its ultra-fast fibre lasers into the market resulting in the delivery of stronger than expected sales. CamGraPhIC and Pulsiv also delivered strong progress. Deakin Bio-Hybrid Materials became the latest addition to our portfolio.

This progress is bringing the day when we will be able to exit some of our portfolio companies ever closer. The market conditions mean timings are difficult to predict: as Neil explains, there have been sharp falls in IPOs and M&A activity over the last 18 months to two years.

Our portfolio companies are attracting interest from a wide range of very different organisations, from the corporate venturing arm of Aramco, to the investment division of UK social innovation agency Nesta, from major multinationals to specialist investors, such as Green Angel Ventures. This broad appeal indicates to me that the portfolio is offering solutions to deep-seated problems and is meeting fundamental needs.

This is my first statement as your Chair. I'd like to thank my predecessor Andrew Richmond for his eleven years of service as an independent Non-Executive Director, for nine of which he was Chairman. He played an invaluable role in helping Frontier IP grow and develop to the stage it is at today.

I'd also like to touch on some of the factors that attracted me to Frontier IP, to join the board initially as an independent Non-Executive Director, Senior Independent Director and then Chair.

Chair's Statement: continued

One of the main things was the business model. I have held senior roles in both academia and in industry. The model solves a lot of the problems I experienced from both sides.

To start with, Frontier IP does not have this huge funnel that looks at hundreds of companies and only a very small number go on to be successful. The Group is extremely selective: we work with inventors, founders and academics from a very early stage, and we help them to understand where what they are doing might be applicable.

Academics do not necessarily have the breadth of experience to understand customers. When I was at Rolls-Royce, some would approach us with really clever ideas and technologies they had developed. But because they didn't understand the constraints of our environment and processes, there were many occasions where either we couldn't use them or where they could have been valuable if they had engaged with us at a much earlier stage in the development.

You need people to work with the academics and inventors to show them how their technology can be used. They are the people with experience of technologies and industry who can understand the potential applications within any given market. A key part of the Frontier model is forming the link between the good ideas and how they might be commercialised, who is going to use them, and how potential customers might need to put constraints on how the idea might be developed. A really important part of how the Frontier model works is the high ratio of employees to portfolio companies – very broadly, the ratio is about one to one, and ensures a tight focus on each company.

Commercialising ideas in this way is not easy, developing the kind of deep technologies Frontier focuses on can take time. There are often tricky problems to overcome, but these mean the barriers to entry for those seeking to follow are much higher.

In terms of personnel, I would very much like to take this opportunity to welcome Jo Stent to the Board of Directors as Chief Financial Officer. She has very wide experience across a range of sectors and geographies. Most recently, she was CFO of Aim quoted Argentex Group. Previously she was CFO of the European Tour and Ryder Cup Europe, a former CFO of Vodafone Americas, and previously held senior positions at Telus Communications and Deloitte. She replaced Jim Fish, who stood down from the Board of Directors to take up a new role as Portfolio Finance Director. Her experience is already proving invaluable as the Group moves on to the next stage of its growth.

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 currently comply with 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.

The QCA has introduced a new code, the QCA Code (2023) and we are planning to apply the new code for the next financial year to June 2025.

Results

The results represented a resilient performance in what continue to be challenging markets for technology companies and their investors. The rise in fair value of our equity portfolio to £33,203,000 reflected disposals of £2,297,000 and additions of £68,000. We made an unrealised gain on the revaluation of investments of £1,282,000 against an unrealised loss for the year to June 2023 of £966,000 million.

The disposal of our remaining equity holding in Exscientia, generated more than £2.5 million of cash during the year. Our cash balances at 30 June 2024 were £2,298,000.

Outlook

The markets and economic outlook remain difficult to predict given the high levels of global uncertainty. The Group is undertaking a placing and a retail offer through Primary Bid to ensure the balance sheet is in a strong position to support future growth. I am confident about the prospects for both the group and the portfolio, which is addressing important market needs and demands.

Professor Dame Julia King, Baroness Brown of Cambridge, DBE FREng FRS FMedSci | Chair
21 November 2024

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 are 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.

"When times are hard, the principles on which we base our differentiated and innovative business model come to the fore. We do not focus on volume and high deal flow, burning through cash in the hope one or two companies become big. Instead, our approach is capital efficient and focused on quality, framed by key ideas that help us to identify promising technology."

Neil Crabb, Chief Executive Officer

Chief Executive Officer's Statement

Neil Crabb | Chief Executive Officer

This has been a tough year. Higher interest rates and the subsequent tightening of credit conditions has ended an era of cheap money flooding into early-stage companies.

Other headwinds include a fraught geopolitical situation globally with knock-on impacts on trade and supply chains. Returns have been subdued and exits harder to complete. The number of deals and the amount of equity funding have fallen sharply. Investors are attending more closely to the fundamentals of profits and cash. Some of the high and optimistic valuations we have seen over the past few years, driven by optimistic expectations of revenue growth, now look unsustainable. The Age of the Unicorn is coming to an end.

Frontier IP and our portfolio companies have not been immune from these pressures. It has taken longer than expected to get funding rounds away. Progress towards exits has been slower than I would have liked. The fact we made a narrow pre-tax loss is clearly a disappointment. But setting aside the market issues, across the portfolio there have been pleasing financial, technical and commercial developments.

When times are hard, the principles on which we base our differentiated and innovative business model come to the fore. We do not focus on volume and high deal flow, burning through cash in the hope one or two companies become big. Instead, our approach is capital efficient and focused on quality, framed by key ideas that help us to identify promising technology. Among these would be their potential to reduce costs and improve efficiency. A byproduct is they tend to be sustainable technologies. Efficiency and sustainability march onwards hand-in-hand. For example, an efficient technology might use less energy: therefore, it would cheaper to run and have a lower carbon footprint.

As a result, several of our companies generated a high level of interest and backing from industrial, government and institutions as well as financial backers. Some have won commercial contracts and are now generating revenues. I am confident that we will be able to conclude successful exits in the coming year or two, market conditions notwithstanding.

In our view, Alusid remains the likeliest candidate to be our next exit. It has already announced an intention to IPO and has appointed a broker to explore options. The company's patented processes and know how are addressing significant needs in an industry grappling with waste and high-energy, carbon-intensive manufacturing. By making tiles almost entirely from recycled materials and removing a firing stage, and so using less energy, Alusid's tiles are the sustainable choice for customers. And because the tiles can be made on existing industrial-scale manufacturing equipment, there is no need for the company to invest huge sums in its own plant. Sub-contracting is much more capital efficient.

In January, the company raised £1.13 million through an investment round led by the Octopus Aim VCT and Octopus Aim VCT 2 funds. Since then, Alusid has made good technical progress, successfully scaling up its floor tiles to industrial production. These have now been launched by Parkside and are expected to become Alusid's second range sold through Topps Tiles. There is clearly global potential, and I am hopeful there will be some further news on European distribution in the next few months.

At the moment, the next in line are CamGraPhIC and Pulsiv. CamGraPhIC is currently undertaking a Series A funding round, which is expected to receive support from major financial, industrial and government backers. Prototypes of the company's graphene transceivers have shown their speeds to be much faster than equivalent technologies, consume 70 per cent less energy and can operate at a much wider range of temperatures. As silicon semiconductors approach the very limits of what they can theoretically achieve, CamGraPhIC's graphene photonics are emerging as a key to enabling the next generations of data centres, AI, 5G and 6G telecommunications

Chief Executive Officer's Statement: continued

and many other applications. Graphene device production can be incorporated simply into existing fabrication plants. The very strong interest we are seeing from various sectors provides an indication of the company's exit potential.

Pulsiv is also completing a funding round to scale up its ground-breaking power conversion technology. Over the last 18 months, the company has established a global distribution network, It has also launched a 65W USB C charger reference design, which operates at a game-changing 90 per cent efficiency, compared to about 50 per cent for existing technologies. We are hoping to announce initial customers for the product by the end of the year. Further product launches up to a 240W USB C reference design are in the pipeline. Talks are ongoing with industry partners about other applications, and technology to improve the energy output of solar cells is under development. There is huge market potential: the technology uses fewer components, is therefore cheaper to make, much more efficient, cheaper to run, and can be used wherever power is converted. Exit options are under active consideration.

The potential exits of three other companies are also emerging into view. Nandi Proteins achieved a commercial breakthrough during the year, signing an agreement with a global food ingredients group to make its meat and fat replacers. Technical progress was also made on the firm's egg white and methylcellulose replacement products. The products under development are all high-volume applications, global in scope, and mean the company could become a major business.

The Vaccine Group is also eyeing large market opportunities: for animal vaccines, the global market is estimated at c$13 billion worldwide, while the therapeutics market is worth a further $2.6 billion. During the year, the company entered into collaboration with The Pirbright Institute for an African Swine Fever vaccine.

It has also been an outstanding year for Cambridge Raman Imaging. The company started selling its innovative ultra-fast fibre lasers for high-speed coherent Raman spectroscopy at the beginning of 2024. Success, with revenues running ahead of expectations, meant we had to put in place a loan facility for the company to ensure it could meet demand. The ability of the technology to create digital images of cancerous cells and tissue in near real time for fast and accurate AI assisted tumour diagnosis promises to revolutionise histopathology. CRI is also exploring other options for the technology.

Although our focus is on maximising exit opportunities at the moment, we're also on the lookout for new companies. It's important to maintain a balanced mix of maturities across the portfolio to provide the base for future exits. During the year, we took a 32.8 per cent equity stake in Deakin Bio-Hybrid Materials. The company has developed technology to produce advanced materials from organic waste such as chickpea broth, and inorganic powders, like crushed limestone. Initial applications are as sustainable alternatives to ceramic tiles. Because DeakinBio's materials do not need firing or glazing at hot temperatures, they can produce tiles with a carbon footprint 90 per cent less than traditional tiles. And because they are using less energy, they will be cheaper to manufacture.

Despite the challenges within the private markets this year, several of our companies, in addition to Alusid, raised money. I was especially pleased with the mix of investors attracted. They spanned industry and government, as well as more traditional funds and individuals. This strongly validates our differentiated business model, and its focus on the patient development of deep technologies with industry-changing potential. Aramco Ventures, the corporate venturing arm of energy giant Aramco, led an investment round into GraphEnergyTech. Nesta Impact Investments, the investment arm of UK social innovation agency Nesta, backed a Nandi funding round with Scottish Enterprise after the end of the year. Also post period end, Defra backed a TVG-led project to develop a vaccine against an emerging zoonotic disease, Streptococcus suis. Other companies raising money included Fieldwork Robotics, which raised £1.5 million from a fund raising led by Elbow Beach, and DeakinBio in a round led by Green Angel Ventures.

A year of change in politics saw a new government take power after our year end. It is still too early to say how it will affect us and our portfolio companies. However, I was encouraged by the decision to extend the Seed Enterprise Investment Scheme and Enterprise Investment Scheme. We use both schemes widely for providing finance to early stage businesses within our portfolio.

Chief Executive Officer's Statement: continued

I am also pleased Labour have promised to press ahead with the Mansion House reforms initiated by the previous government. In last year's Annual Report, I wrote that our globally important financial sector and world-leading universities and researchers were failing to connect properly. The links between finance and the sources of innovation are, if not completely broken, severely frayed. These reforms will hopefully start to bring the pots of capital and the pots of ideas together again.

There were also changes to the Frontier IP board during the year. I am sorry to say that our Finance Director Jim Fish decided to take a step back from the hurly burly of executive directorship but delighted that he has decided to stay with the Group as Group Portfolio Finance Director, supporting our portfolio companies. I am also delighted that Jo Stent has joined us as Chief Finance Officer. In another move, Professor Dame Julia King, Baroness Brown of Cambridge, became Group Chair following a stint as Senior Independent Director.

For all the travails we have seen in the markets this year, I am optimistic about the future for Frontier IP and our portfolio companies. They are taking on some of the most fundamental challenges we face today: around climate, energy, food, water and health. Technology has a vital role in helping us to meet those challenges. And in doing so, we are developing technologies that are more efficient and therefore cost effective. All this means our companies are attracting strong industry interest. With a fair wind, the coming year should see a number of exciting developments. I remain confident about our prospects.

Neil Crabb | Chief Executive Officer
21 November 2024

Key Performance Indicators and Alternative Performance Measures

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

KPI / APM	Description	2024 Performance
Basic earnings per share (KPI)	Profit attributable to shareholders divided by the weighted average number of shares in issue during the year.	Loss of 2.01p (2023: loss of 5.8p)
Net assets per share (KPI)	Value of the Group's assets less the value of its liabilities per share outstanding	79.7p (2023: 81.8p)
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	Positive income of £1,889,000 (2023: negative income of £1,380,000)
Profit (KPI)	Profit before tax for the year	Loss of £1,337,000 (2023: loss of £4,370,000)
Total initial equity in new portfolio companies (APM) Note 1	Aggregate percentage equity earned from new portfolio companies during the year	32.8% (2023:108%)

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 2024 it is the aggregate percentage holding from one new spin-out company during the year.

The Group did not meet any of the Key Performance Indicators or Alternative Performance Measures during the year, reflective of the prevailing market conditions.

Net assets per share decreased by 3% to 79.7p (2023: 81.8p) reflecting a loss after tax of £1,126,000. The value of the Group's investments increased by 1% to £33,203,000 (2023: £32,964,000) reflecting the net increase to equity investments of £239,000 and net increase in debt investments of £970,000. The net increase in equity investments of £239,000 reflects an unrealised profit on equity investments of £2,469,000, the opening value of the remaining Exscientia shares sold of £2,297,000 and additions of £68,000. The Exscientia shares sold generated proceeds of £2,545,000, representing a profit of £249,000 in the period. The net increase in debt investments of £970,000 reflects additions of £2,157,000 and an unrealised loss on debt investments of £1,187,000. Loss after tax for the Group for the year to 30 June 2024 was £1,126,000 (2023: loss of £3,244,000) after a deferred tax credit of £211,000 (2023: credit of £1,126,000). This result includes a realised gain on disposal of investments of £249,000 (2023: loss of £786,000), an unrealised gain on the revaluation of investments of £1,282,000 (2023: loss of £966,000) and reflects a decrease in services revenue to £358,000(2023: £372,000). Administrative expenses of £3,508,000 (2023: £3,130,000) increased by 12% primarily driven by people costs as a result of the partial implementation of a previously communicated remuneration review for directors applied in the year as well as regular inflation from 1 July 2023.

Frontier IP and the United Nations Sustainable Development Goals

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 21 people working from serviced offices in London, Cambridge, Edinburgh, and Lisbon. IWG, owner of our Edinburgh 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: https://staticcontents.investis.com/media/i/iwg/esef.xhtml

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 sustainable technologies in each of our clusters:

SDG 3

ensure healthy lives and promote well-being for all at all ages. 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 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 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 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 12

ensure sustainable production and consumption patterns. Seven of our portfolio companies are developing technologies directly involved in this goal, which maps to our Innovative Materials, Food and Agritech, and AI clusters.

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 AI, Innovative 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

During the year, we made two changes to our Board of Directors. Professor Dame Julia King, Baroness Brown of Cambridge, DBE, FREng, FRS, FMedSci, became Chair have previously been Senior Independent Director. She replaced Andrew Richmond who stood down at the annual general meeting held in December 2023. Jim Fish stepped down as Chief Financial Officer from the Board of Directors to take up a new role as Portfolio Finance Director. He has been replaced by Jo Stent, who joined the Group as Chief Financial Officer in April 2024.

Companies across the portfolio made good technical and commercial progress. Several achieved important commercial traction and either started to generate or starting to generate revenues for the first time as longer-term industry engagement started to translate into contracts and sales. We continued to strengthen management teams across the portfolio. Fieldwork Robotics appointed a new chief executive and Pulsiv gained a Chair and a Chief Product Officer.

Successful fundraisings across the portfolio included those by Alusid and Fieldwork Robotics during the year, and after the year end, by GraphEnergyTech, Nandi Proteins and Deakin Bio-Hybrid Materials. DeakinBio was the one addition to the portfolio during the year after the Group took an equity stake in the business.

The Group also put in place loan facilities for CamGraphIC and Cambridge Raman Imaging. Frontier IP also completed the exit of Exscientia and disclosed a small equity holding DiaGen AI, which is developing AI for protein and peptide design for medical applications.

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 2024.

Core portfolio

Alusid

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Frontier IP stake: 35.4 per cent

Alusid recycles industrial waste to create beautiful, premium-quality tiles, tabletops and other surfaces.

During the year, the company successfully developed and scaled up for mass manufacture a range of floor tiles. This was an important development because floor tiles comprise about 60 per cent of the total UK market. Called Mas, the range is made from between 95 per cent and 98.5 per cent recycled content, and has one of the lowest carbon footprints of tiles in the market.

The range was launched by Parkside Architectural Tiles, the commercial arm of Topps Tiles plc. The range is expected to be sold in Topp's retail chain in due course, where it will join Alusid's Principle wall tile range.

The company also raised £1.13 million during the year through a funding round backed by Octopus Investments through its Octopus AIM VCT plc and Octopus AIM VCT 2 plc funds. Following the investment, Alusid announced it was exploring options for an initial public offering.

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

Amprologix

3 GOOD HEALTH AND WELL-BEING

Frontier IP stake: 9.7 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 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 heightened interest in other threats to human health globally. Antimicrobial Resistance is deemed one of the major risks to global health by the World Health Organisation. After the year end, a political declaration at the United Nations General Assembly set a series of targets to reduce deaths from resistant bacteria.

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 company's digital tools have been implemented by a client in Cape Verde as part of the Phos-Value project to recycle environmentally harmful nutrients as biofertilisers and improve water quality. The project was supported by the United Nations Development Program. AquaInSilico was also selected to take part in a European PathFinder project to develop sustainable products and made good progress in gaining municipal and industrial interest in its UPWATER® technology.

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

Cambridge Raman Imaging (CRI), our first graphene spin out, made significant commercial progress during the year. The company is developing Raman imaging technology based on ultra-fast fibre lasers to create high-quality digital images in near real time.

Initial applications are for use in medicine to detect and monitor cancerous tumours in human tissues and cells. The images can be analysed by artificial intelligence to make diagnosis even faster and more accurate.

During the year, the company launched its ultra-fast fibre lasers for high-speed Raman spectroscopy into the market. They were a success. Revenues trended ahead of expectations, requiring Frontier IP to put in place a working capital facility to support the company's growth. The markets being addressed by CRI are fast growing and high margin.

The company was formed as a result of a partnership between the University of Cambridge and the Politecnico di Milano in Italy.

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

CamGraPhIC

Frontier IP stake: 18.71 per cent

CamGraPhIC, a spin out from the University of Cambridge and Italian institute CNIT, develops graphene-based photonics for ultra-high bandwidth, high efficiency transmission of digital data.

The initial focus is on data centres, high-performance computing and artificial intelligence, and smart antennas for 5G and 6G telecommunications. These are very significant markets whose future needs cannot be met by current silicon semiconductor technology. Further possible applications are in the defence, automotive, space and avionics sectors.

Prototype graphene transceivers have demonstrated that speeds are much faster than equivalent technologies and use 70 per cent less energy.

Partners include leading multinationals from the telecoms and semiconductor sectors. During the year, CamGraphIC put in place a loan facility worth £1.5 million.

The strong trade interest provides an indication of exit potential.

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 uses specialist algorithms based on nature-inspired computing, software and algorithms based on natural processes and behaviours.

During the year, the company announced it had won its first international customer, Grampian Continental, and was developing more sophisticated versions of the software to meet the needs of further customers.

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

Portfolio Review: continued

Deakin Bio-Hybrid Materials

Frontier IP stake: 33.3 per cent

A new addition to the portfolio during the year, Deakin Bio-Hybrid Materials is developing low-energy processes to produce advanced bio-based composites as sustainable alternatives to ceramics.

The company's materials are produced from organic waste such as chickpea broth with widely available waste minerals, such as crushed limestone. Traditional tile manufacturing has a high carbon footprint because of the need to fire and glaze products at very hot temperatures. This means the industry has significant challenges with high energy prices and tighter emission regulations.

DeakinBio's materials do not need to be fired and glazed. They have a carbon footprint 94 per cent lower than conventional tiles and products made from them contain more than 95 per cent recycled content.

After the year end, the company raised £693,000 through an equity funding round led by Green Angel Ventures.

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

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 through the use of Natural Deep Eutectic Solvents. These are combinations of naturally occurring (often plant based) sugars, acids, alcohols and amino acids that can be used as safe solvents. These new green solvents can be used to replace toxic organic solvents used in conventional processing , 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 developing food preservatives to extend the shelf life of fresh cut products and natural juices, as well as working with industry partners to replace toxic solvents with safer green alternatives.

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

DiaGen AI

Frontier IP stake: 4.15 per cent

Frontier IP announced during the year that it holds an equity stake in DiaGen AI, a Canadian company focused on AI-driven protein and peptide design for medical applications. The Group earned the state in DiaGen, formerly known Proteic Bioscience, in return for advisory services.

DiaGen was founded in 2021 to develop an AI-engine for protein design, drug discovery and diagnostics for health, wellness, longevity and precision medicine. The company entered into a collaboration with fellow portfolio company The Vaccine Group during the year to developing novel and better vaccines for use in animals.

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

Elute Intelligence

Frontier IP stake: 40.7 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. Existing customers for the company's CopyCatch plagiarism detection software include UCAS, The Open University, and Slicethepie, the largest paid review site on the internet.

The company is developing an IP analyst tool for investment firms.

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

Portfolio Review: continued

Fieldwork Robotics

Frontier IP stake: 18.2 per cent

Fieldwork Robotics is developing agricultural robots for fruit and vegetable harvesting, with an initial focus on raspberry picking.

During the year, the company raised £1.5 million in seed funding through an investment round led by Elbow Beach Capital. David Fulton joined as Chief Executive Officer, and Christopher Levine as Chief Financial Officer in March. David has more than 30 years' business experience, most recently as co-founder and director of LAB+BONE, a service to protect dogs' identity by using DNA. He previously held executive positions with Expedia, Adform and Microsoft.

After the year end, the company launched Fieldworker 1, an updated harvesting robot, and entered into a collaboration with Costa Group, Australia's leading producer of fresh fruit and vegetables. Fieldwork is seeing strong traction with a growing customer pipeline in Australia, USA and Portugal.

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

GraphEnergyTech

Frontier IP stake 30.4 per cent

GraphEnergyTech is developing advanced graphene technology for lower-cost and more environmentally-friendly solar cells – and could help save global silver reserves from exhaustion by 2050.

The company is developing high-conductivity graphene inks. Initial applications are for graphene electrodes to replace expensive silver electrodes in solar cells. Silver is the most commonly used material for solar cell electrodes, and the solar industry is currently using 100 million troy ounces a year at a cost of at least $2 billion. Research by the University of New South Wales, Australia, states more than 85 per cent of current silver reserves could be consumed by solar by 2050, with the upper end of its estimates as high as 113 per cent.

GraphEnergyTech's electrodes are 22 per cent cheaper than silver at pilot stage with further reductions expected as the technology is scaled up. Other applications for the technology include batteries, super capacitors, LED lighting and displays.

After the year end, the company raised £1 million through an investment round led by Aramco Ventures, the corporate venturing arm of Aramco, a leading global integrated energy and chemicals company.

Using graphene inks will also reduce the environmentally damaging extraction of metals, including the use of mercury and cyanide.

UN SDG mapping: UN SDG 7 affordable and clean energy, UN SDG 9, industry, innovation and infrastructure,

InSignals Neurotech

Frontier IP stake: 32.9 per cent

InSignals Neurotech continues to make progress with its novel technology to analyse the motor symptoms of Parkinson's disease and other neurological disorders.

The company is developing wireless devices to measure 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 collaboration with the University of Santiago de Compostela in Spain confirmed how objective measurements could produce deeper insights into disease progression. A mobile application of the technology is now under development.

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: 9.5 per cent

Molendotech has developed Bacterisk+, a proprietary screening test for faecal contamination in water. The tests, 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. It has been used to screen marine bathing waters, inland recreational waters, irrigation water and food process water.

The company has also developed a test to detect specific bacterial strains, including pathogens, for use in the food industry, animal feeds, veterinary practices and ballast waters.

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

Portfolio Review: continued

Nandi Proteins

Frontier IP stake: 19.8 per cent

Nandi Proteins achieved a commercial breakthrough for its innovative food ingredient technology during the year, signing an agreement with a global food ingredients group to make Nandi's meat and fat replacement products.

The meat / fat replacer is one of several high volume applications to reduce fat, additives and gluten in processed foods. Nandi is also developing an egg white replacer for use in alternative meat products, baked goods and meringues and methylcellulose replacer. Both are making good progress.

After the year end, the company secured investment from Nesta Impact Investments, the investment arm of UK social innovation agency Nesta, and Scottish Enterprise, as part of a £500,000 investment made via a convertible loan. The move is part of a wider funding round aimed at raising a total of £1.5 million. Nesta has committed to backing the equity funding round.

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

Plastometrex

Frontier IP stake: 0.4 per cent

The Group holds a small equity stake in Plastometrex, a University of Cambridge spin out focused on developing mechanical testing systems for metal materials. The company has wide range of industry partners, including Airbus, Babcock and Nasa.

SDG 9: build resilient infrastructure, promote sustainable industrialisation and foster innovation

Pulsiv

Frontier IP stake: 17.9 per cent

Pulsiv has developed and patented innovative technology to intelligently manage electrical power wherever it is converted, either from grid to devices, or devices to grid. The company has built out a global distribution network and is now in advanced discussions with potential customers.

During the year, the company strengthened its board the appointments of serial entrepreneur and technology pioneer Dr Mark Gerhard as Chairman and Dr Tim Moore, who was already a non-executive director of Pulsiv, as full-time Chief Product Officer.

Post period end, the company launched a 65 Watt USB-C fast charger reference design. The charger operates at 96 per cent efficiency, believed to be a world best, which means only 4 per cent is lost through heat. The company is targeting applications where space and heat sensitivity are an issue, with initial markets being in-wall plug sockets that incorporate USB-C charging.

Exit options are under active consideration.

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

The Vaccine Group

Frontier IP stake: 16.7 per cent

The Vaccine Group enjoyed a year of sustained progress, both technically and in developing relationships and collaborating with leaders in their field. The company is establishing a strong pipeline of innovative vaccines, based on its novel herpesvirus-based platform, for use in livestock and pets. There are currently 17 in development. Its vaccines aim to tackle both viral and bacterial pathogens. The total size of the markets addressed by TVG is estimated at more than $15bn.

During the year, the company appointed an advisory board to support scale up and forge deeper industry relationships.

TVG also entered into a Technology Evaluation Agreement with fellow Frontier IP portfolio company DiaGen and entered into a collaboration with The Pirbright Institute. The collaboration aims to develop vaccines to combat African swine fever, a high contagious disease which is deadly to pigs.

Post the year end, a project led by TVG, the University of Plymouth and the University of Cambridge was awarded more than £1 million by the UK Department for Environment, Food & Rural Affairs. The project aims to develop a vaccine against Streptococcus suis, a widespread, harmful and zoonotic pig disease.

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

Portfolio Review: continued

Core Portfolio Summary at 30 June 2024

Portfolio Company	% Issued Share Capital	About	Source
Alusid Limited	35.4%	Recycled materials	University of Central Lancashire
Amprologix Limited	9.7%	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	18.71%	Graphene-based photonics	University of Cambridge and CNIT
Celerum Limited	33.8%	Near real-time automated fleet scheduling	Robert Gordon University
Deakin Bio-Hybrid Materials Limited	33.3%	Sustainable materials made from organic waste and inorganic powders, initially as alternatives to ceramic tiles	Existing Business
Des Solutio Lda	25.0%	Green alternatives to industrial toxic solvents	FCT Nova
DiaGen AI Inc	4.15%	AI-driven protein and peptide design for drug discovery and use in health	Existing business
Elute Intelligence Holdings Limited	40.7%	Software tools able to intelligently search, compare and analyse unstructured data	Existing business
Fieldwork Robotics Limited	18.2%	Robotic harvesting technology for challenging horticultural applications	University of Plymouth
GraphEnergyTech Limited	30.4%	High conductivity graphene inks	University of Cambridge / École Polytechnique Fédérale de Lausanne
Insignals Neurotech Lda	32.9%	Wearable medical devices supporting deep brain surgery	INESC TEC
Molendotech Limited	9.5%	Rapid detection of water borne bacteria	University of Plymouth
Nandi Proteins Limited	19.8%	Food protein technology	Heriot-Watt University, Edinburgh
Plastometrex Limited	0.4%	Machines and software for high-speed testing of material yields and tensile strength	Existing Business
Pulsiv Limited	17.9%	High efficiency power conversion and solar power generation	University of Plymouth
The Vaccine Group Limited	16.7%	Herpesvirus-based vaccines for the control of bacterial and viral diseases	University of Plymouth

The Group holds equity stakes in 3 further portfolio companies with nil equity value as at 30 June 2024. As at 30 June 2023, the Group held equity stakes in 6 further portfolio companies with a combined value of £575,000, equivalent to 1.7% of the fair value of the Group's equity investments at 30 June 2023.

Financial Review

Key Highlights

The revaluation of investments of £1,282,000 and a realised gain on the remaining disposal of the Group's holding in Exscientia of £249,000 coupled with services revenue of £358,000 (2023: £372,000) did not offset overall operating costs for the year albeit losses before tax for the year of £1,337,000 were significantly lower versus prior year (2023 loss before tax £4,370,000)

Net assets per share decreased by 3% to 79.7p (2023: 81.8p) reflecting a loss after tax of £1,126,000.

Loss after tax for the Group for the year to 30 June 2024 of £1,126,000 (2023: loss of £3,244,000) was after a deferred tax credit of £211,000 (2023: credit of £1,126,000). This result includes a realised gain on disposal of investments of £249,000 (2023: loss of £786,000), an unrealised gain on the revaluation of investments of £1,282,000 (2023: loss of £966,000) and reflects a decrease in services revenue to £358,000(2023: £372,000). Administrative expenses increased by 12% to £3,508,000 (2022: £3,130,000) primarily due to the partial implementation of an increase in directors' remuneration subsequent to a previously communicated formal external review, as well as regular inflationary increases applied from 1 July 2023.

Revenue and Other Operating Income

Services revenue decreased by 4% to £358,000 (2023: £372,000) while other operating income, comprising realised and unrealised gains on investments, reflected a gain of £1,531,000 (2023: loss of £1,752,000). The realised gain on disposal of investments was £249,000 (2023: loss of £786,000) and the unrealised gain on the revaluation of investments was £1,282,000 (2023: loss of £966,000). During the year, the Group sold the final part of its holding in Exscientia for £2,547,000 realising a gain of £249,000 on the value of the holding at 30 June 2023, 100% of the realised gain for the year to 30 June 2024. The unrealised gain on the revaluation of investments of £1,282,000 comprises gains on equity investments of £2,468,000 and losses on debt investments of £1,187,000.

Administrative Expenses

Administrative expenses increased by 12% to £3,508,000 (2023: £3,130,000). The increase is primarily due to an increase in employee costs of 16% to £2,451,000 (2023 £2,117,000) as a result of the partial implementation of an increase in directors' remuneration subsequent to a previously communicated formal external review, as well as regular inflationary increases applied from 1 July 2023.

Share Based Payments

Share based payments increased 45% to £225,000 (2023: £155,000) reflecting option grants during the year.

Earnings Per Share

Basic loss per share was 2.01p (2023: loss per share of 5.85p). Diluted loss per share was 1.96p (2023: loss per share 5.64p).

Statement of Financial Position

The principal items in the statement of financial position at 30 June 2024 are financial assets at fair value through profit and loss comprising equity investments of £33,203,000 (2023: £32,964,000) and debt investments of £5,595,000 (2023: £4,625,000). 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 2024 (2022: £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 2024 of £3,994,000(2023: £6,181,000) reflecting primarily the decrease in cash to £2,298,000 (2023 : £4,603,000) The current assets at 30 June 2024 include trade receivables of £940,000 (2023 : £604,000) which are more than 90 days overdue. The portfolio company debtors are in the process of raising funds and the directors are confident that the amounts due to the company will be paid.

Net assets per share

Net assets of the Group decreased to £44,773,000 at 30 June 2024 (30 June 2023: £45,538,000) resulting in net assets per share of 79.7p (30 June 2023: 81.8p).

Cash

The Group's cash balances decreased during the year by £2,305,000 to £2,298,000 at 30 June 2024. Operating activities consumed £ 2,811,000 (2023: £3.248,000). Investing activities generated a total of £370,000 (2023 : £3,385,000). In the main this reflects proceeds on disposal of the remainder of our holding in Exscientia of £2,547,000 (2023: £4,926,000) and the purchase of equity and debt investments of £2,225,000(2023: £1,576,000).

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 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 to 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. Global risks include the continuing war in Ukraine and emerging conflict and instability in the middle east. The impact of both, particularly the dangers of escalation, on geopolitics, economically and on markets, are uncertain and difficult to predict. Inflation and interest rates are rising. Longer-term risks include uncertainties in the US, where economic growth continues to be slow and around next year's presidential elections, and in China, which is facing demographic challenges and pressures in its property sector.

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.

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 have partially implemented findings from an externally commissioned review of our remuneration framework.

After making appropriate enquiries, the Directors consider that it remains appropriate to adopt the going concern basis in preparing the financial statements. In assessing the going concern, the Directors considered the Group's cash requirements over the three years to 30 June 2027. 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 as at 30 June 2024 the Group had insufficient cash to cover its operating expenditure for the 12 months from the date of signing of these financial statements. However, the Directors intend to realise further cash from the issue of ordinary shares which they reasonably expect will provide the Group with sufficient cash to cover its operating expenditure for this period. The Directors also expect that this share issue will, where appropriate, assist the Group in supporting portfolio companies during this period. The Group and Company are reliant on additional funding through the issue of ordinary shares, which the timing and amount are not guaranteed however the Directors have a reasonable expectation that the funding will be forthcoming. The amount of shares to be issued will be subject to shareholder approval at the AGM set for 19 December 2024 with funds available shortly thereafter.

By order of the Board

Neil Crabb | Director | 21 November 2024

Our Governance

"Good governance is vital for long-term sustainable growth, and we strive to achieve the highest standards for a business our size."

Frontier IP Group Chair Dame Julia King, Baroness Brown of Cambridge, DBE FREng FRS FMedSci

Board of Directors

Our Board of Directors is responsible for setting the vision and performance objectives for the Group, to deliver value for 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.

This year saw key changes to the composition of the Board.

After over 10 years' service, Andrew Richmond did not seek re-election as a director at the Group's 2023 Annual General Meeting. The Directors are grateful for his loyal service, support, and counsel over the years of the Group's growth. Senior Independent Director Julia King assumed the role of Chair, to help position the Group for the next phase of its evolution.

Professor Dame Julia King

Baroness Brown of Cambridge DBE FREng FRS, FMedSCI
Independent Non-Executive Chair

Appointment Date:

28 October 2021

Experience:

Julia has an engineering background with experience across academia, 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 Independent Non-Executive Chair. Additional duties include membership of the remuneration and audit committees.

Committees:

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

Scheduled Board Meetings attended:

5 out of 6

Neil Crabb

Chief Executive Officer

Appointment Date:

13 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

Appointment Date:

30 September 2010

Experience:

Jackie has substantial experience in venture capital and of the university IP sector, including structuring and executing university partnerships 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

Jo Stent

Chief Financial Officer and Company Secretary

Appointment Date:

22 April 2024

Experience:

Jo has spent most of her career in blue chip global organisations. More recently her keen interest in technology, innovation and scale up has led her to focus on working alongside founder led growth organisations as both an executive and non-executive director in the listed and private sectors. Jo was most recently CFO at AIM quoted Argentex Group Plc, provider of bespoke currency risk management and payment solutions. She was previously Chief Financial Officer of the European Tour and Ryder Cup Europe. She is also a former CFO of Vodafone Americas and previously held senior positions at Telus Communications and Deloitte.

Skills:

Jo is a chartered accountant, having qualified at Ernst & Young, and brings nearly 30 years' experience in senior financial roles across a broad range of sectors and geographies.

Role:

Jo's full-time role combines helping set and implementing strategy as part of the executive director team; alongside planning, implementing, managing and controlling all financial-related activities.

Scheduled Board Meetings attended:

1 out of 6

Board of Directors: continued

Matthew White

Chief Commercialisation Officer

Appointment Date:

27 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:

6 out of 6

Nigel Grierson

Independent Non-Executive Director

Appointment Date:

15 March 2023

Experience:

Nigel has a background in the IT, semiconductor and venture capital sectors. He ran strategic programmes for Intel Corporation, was co-director EMEA for Intel Capital Group and was a co-managing of the Doughty Hanson Technology Fund. He has managed investments of more than $500 million in 70 technology start-up companies across Europe. Nigel is FCA qualified to run controlled functions and is an alumnus of the INSEAD Fontainebleau Advanced Management Program.

Skills:

Deep knowledge of the semiconductor, IT and venture capital industries.

Role:

Nigel's appointment requires at least 12 full days a year in his role as Independent Non-Executive director.

Committees:

Member of the Remuneration Committee and the Audit Committee.

Scheduled Board Meetings attended:

6 out of 6

Board of Directors: continued

Dr David Holbrook

Independent Non-Executive Director

Appointment Date:

15 March 2023

Experience:

David has experience in the healthcare technology and investment sectors. A qualified medical doctor, he was a physician before assuming senior roles at Glaxo and Roche. He was General Partner/Venture Partner for MTI Ventures LLP, and has sat on more than 20 boards. David is currently a Non-Executive Director at AIM-quoted Oxford BioDynamics plc and a senior advisor to digital health investor RYSE Asset management.

Skills:

Deep knowledge of healthcare, healthcare technology and investment industries.

Role:

David's appointment requires at least 12 full days a year in his role as Independent Non-Executive director.

Committees:

Member of the Remuneration Committee and Chair of the Audit Committee.

Scheduled Board Meetings attended:

6 out of 6

K Andrew Richmond

Non-Executive Chair and Director, resigned during the period

Appointment Date:

15 December 2011

Resignation Date:

15 December 2023

Role:

Andrew brought skills and experience of the healthcare, stockbroking and private equity industries to the Group's board. During the period, he did not seek re-election as a director at the Group's 2023 Annual General Meeting.

Committees:

Member of the Remuneration Committee and the Audit Committee.

Scheduled Board Meetings attended:

3 out of 6

Board of Directors: continued

James Fish

Chief Financial Officer and Company Secretary, resigned during the period

Appointment Date:

31 March 2014

Resignation Date:

22 April 2024

Role:

Jim is a chartered accountant with over 25 years' experience in senior financial positions and a wide range of commercial experience. He stepped down as Chief Financial Officer of the Group after 10 years of service to take up a new position within the Group as Portfolio Finance Director where he continues to support the portfolio.

Scheduled Board Meetings attended:

5 out of 6

Committees of the Board

Remuneration Committee Report

The goal of our remuneration policy is to incentivise and reward appropriately 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.

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, discretionary bonus scheme and participation in the Group's Employee Share Option Schemes.

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

Remuneration

Review

The Group's reviewed its remuneration policy during FY 2022, to ensure that the policy continued to reinforce long-term value creation by enhancing the Group's ability to attract and retain the best people. The Group has implemented most of the key findings of the review.

Salary

A salary increase of 3% was awarded to all personnel in July 2023 to ease cost of living pressures.

In relation to Directors' pay, the 2022 Remuneration Review recommended Executive director salaries be raised to market median over two years. The year-two increase in Directors' full-time equivalent salaries was not implemented during the year. The Committee is expecting to implement this recommendation in FY25 which would be disclosed in the relevant directors' remuneration report.

Annual Bonus

Our business model means that the availability of cash to pay bonuses will be dependent on cash being raised through asset realisations. As the bonus opportunity in any financial year is dependent on this activity, bonuses will only be paid where the Group determines there is a sufficient surplus to the medium-term operating cash requirement.

Following review, the Remuneration Committee concluded that no bonuses should be paid, consequently no bonus payments were made during the period.

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, Jo Stent's and Matthew White's service agreements are subject to a six-month notice period.

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, was able to grant both options which are Enterprise Management Incentive (EMI) approved. This scheme remains in place, but no new options will 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 2021, as amended by Board of Directors Resolution on 7 March 2023 ("LTIP").

During the year, a total of 666,838 grants were made under the terms of the Company's LTIP, structured as grants of nominal cost options, at a price of 10 pence per share.

A total of 169,181 Options were granted to Group non-director employees under the CSOP with an exercise price of 44.5 pence per share, being the closing mid-market price of an existing ordinary share on 1 November 2023, the business day prior to the grant date.

Committees of the Board: continued

Details of share options held by Directors who were in office at 30 June 2024 are set out below:

Director	Grant date	Number of options	Exercise price	Exercise date	Expiry date
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
Neil Crabb	16.03.2023	156,485	10.00p	16.03.2026 - 15.03.2033	15.03.2033
Neil Crabb	02.11.2023	149,656	10.00	02.11.2026 - 01.11.2033	01.11.2033
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
Jacqueline McKay	16.03.2023	113,504	10.00p	16.03.2026 - 15.03.2033	15.03.2033
Jacqueline McKay	02.11.2023	108,551	10.00	02.11.2026 - 01.11.2033	01.11.2033
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
James Fish	16.03.2023	125,188	10.00p	16.03.2026 - 15.03.2033	15.03.2033
James Fish	02.11.2023	119,725	10.00	02.11.2026 - 01.11.2033	01.11.2033
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
Matthew White	16.03.2023	125,188	10.00p	16.03.2026 - 15.03.2033	15.03.2033
Matthew White	02.11.2023	119,725	10.00	02.11.2026 - 01.11.2033	01.11.2033

The market price of the Company's shares at 30 June 2024 was 36.8p. The range of prices during the year was 32.5p to 74.0p.

Directors' exercise of share options before expiry

Options exercised by Directors

	Number exercised	Option price	Gain on exercise
2022-23			
Neil Crabb	456,825	0.15	276,379
Jacqueline McKay	195,782	0.15	118,448
2023-24			
Neil Crabb	128,175	0.27	19,380
James Fish	250,000	0.27	34,050
Jacqueline McKay	54,218	0.27	8,198

Committees of the Board: continued

Directors' interests in shares

The Directors in office at 30 June 2024 had the following interests in the ordinary shares of 10p each in the Company at the year end.

	2024 Number	2023 Number
Neil Crabb	**3,573,713**	3,445,538
Jacqueline McKay	**262,855**	208,637

All the above interests are beneficial.

Professor Dame Julia King | Baroness Brown of Cambridge
DBE FREng FRS FMedSCI | Chair of the Remuneration Committee
21 November 2024

Audit Committee Report

Key Responsibilities

The Audit 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

At 30 June 2024 the Audit Committee comprised the three non-executive directors, chaired by David Holdbrook. It meets a minimum of two times per year with the external auditors present. In addition, executive directors may be asked to attend.

Activities of the Audit Committee during the year

The Committee met on two 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 review of the interim results, and where these non-audit services are permitted under the Financial Reporting Council's ethical guidelines.

Basis for qualified audit opinion

As noted in the external auditor's report, during the prior year ended 30 June 2023, the Directors were unable to provide the external auditor with sufficient support to reliably perform the year end valuations for certain investments, specifically being those investments described as 'Stage 2' by management in Note 13, which were valued at £1.2 million as at 30 June 2023 (included in the total Equity investments of £32.9 million in the Group's Consolidated Statement of Financial Position and £28.3 million in the Company Statement of Financial Position). As a result, the external auditor was unable to obtain sufficient appropriate audit evidence in respect of the valuation of these investments as at 30 June 2023 and issued a modified audit opinion for the financial statements to 30 June 2023 as a result. Consequently, the external auditor was unable to determine whether any adjustment was necessary to these amounts as at 30 June 2023 or whether there was any consequential effect on the Group and Parent Company's other comprehensive income for the year ended 30 June 2024 , therefore issued a modified audit opinion on the current period's financial statements purely as a result of this prior year matter.

David Holbrook | Chair of the Audit Committee
21 November 2024

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.

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 continue to engage proactively with our stakeholders listening and responding to their views.

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

Governance Code

We adopted the QCA Code introduced in 2018, which outlines 10 principles we must adhere to and which requires us to make certain 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.

The governance disclosures in this report set out how the Group complies with the key principles of the QCA Code in place within the Group during the financial year ended 30 June 2024.

The QCA has introduced a new code, the QCA Code (2023). Our implementation of this new code is underway and we will apply the new QCA Code (2023) for our new financial year from 1 July 2024 to 30 June 2025, with updated governance disclosures in our 2025 Annual Report.

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 keep the policies which relate to employees under review.

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 contact 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.

Corporate Governance: continued

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.

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 & Advisers

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. Our sustainability reporting is aligned 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 believes 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

Corporate Governance: continued

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

> 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 monitoring 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. Further consideration of risk is 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 an Independent Non-Executive Chair, two Independent Non-Executive Directors and four Executive Directors – an appropriate balance for the Group's size and complexity. The Board considers, after careful review, that all Non-executive Directors 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 several ad-hoc Boards to approve specific issues such as the interim and annual accounts are held. Each Director's attendance record at scheduled Board meetings is disclosed in the Group's annual report and accounts.

All Directors are encouraged to use their judgement and challenge all matters. In addition to regular communication with the Chief Executive Officer, the Chair communicates directly 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

Details of matters reserved for the board are available on our website.

Corporate Governance: continued

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 required to be 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, venture capital, university spin outs, small-to-medium-sized businesses, larger corporates, science, innovation and technology.

The Board decides on the appointment and removal of Directors and there is a rigorous and transparent process in place. In line with the recommendations of the UK Corporate Governance Code all of the Directors now retire and, being eligible, offer themselves for reappointment at the Company's Annual General Meeting. 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 seeking to ensure 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 Chair 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 evolve our processes to ensure they are appropriate for the organisation.

Our Culture

Frontier IP is a small company with a 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.

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.

Corporate Governance: continued

Scheduled Board meetings are held six times a year to set and review the Group's direction, spread throughout the year. Further meetings are held when necessary. Scheduled Board meetings are held at the Group's various offices 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.

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 Chair is responsible for running the business of the Board, including meetings, and ensuring strategic focus and direction. The Chief Executive Officer 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 Group's communications and investor relations director and shareholders. Board Directors are appraised of shareholder feedback.

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 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 its website, social media and email. Stakeholders can subscribe on the Group's website to receive email alerts and a periodic newsletter is also available to all shareholders. 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 2024 annual general meeting will be presented on the Company website after the AGM has completed.

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

Advisers

Registrars

Share Registrars Limited

Molex House
Millennium Centre
Crosby Way
Farnham
Surrey GU9 7XX

Auditor

BDO LLP

City Point
65 Haymarket Terrace
Edinburgh
EH12 5HD

Solicitors

CMS Cameron McKenna Nabarro Olswang LLP

Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

Nominated Adviser

Allenby Capital Limited

5 St. Helen's Place
London EC3A 6AB

Broker

Singer Capital Markets

1 Bartholomew Lane
London EC2N 2AX

Secretary & Registered office

Jo Stent

Frontier IP Group plc
c/o CMS Cameron McKenna Nabarro Olswang LLP
78 Cannon Street
London EC4N 6AF

Main trading address

Frontier IP Group plc

93 George Street
Edinburgh
EH2 3ES

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 2023.

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 loss after tax for the year of £1,126,000 (2023: profit of £3,244,000). The Directors do not recommend the payment of a dividend (2023: 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 2024, the Group employed 21 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 2024, the Group had positive cash balances of £2,298,000 (2023: £4,603,000). 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 £38,312.

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 21 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 Company is a holding entity and as such their going concern is dependent on the Group therefore the going concern assessment for the Company was performed as part of the Group's assessment.

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 the going concern, the Directors considered the Group's cash requirements over the three years to 30 June 2027. 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 as at 30 June 2024 the Group had insufficient cash to cover its operating expenditure for the 12 months from the date of signing of these financial statements. However, the Directors intend to realise further cash from the issue of ordinary shares which they reasonably expect will provide the Group with sufficient cash to cover its operating expenditure for this period. The Directors also expect that this share issue will, where appropriate, assist the Group in supporting portfolio companies during this period. The Group and Company are reliant on additional funding through the issue of ordinary shares, which the timing and amount are not guaranteed.

Based on the above, this indicates the existence of a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern and therefore, they may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

The Directors have a reasonable expectation that the funding will be forthcoming. Consequently, the Directors continue to adopt the going concern basis in preparing the Group and Company's financial statements.

The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Subsequent events

There were no subsequent events to report.

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

Jo Stent | Company Secretary
21 November 2024

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

Qualified opinion on the financial statements

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report relating solely to the impact of a prior year matter:

> 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 2024 and of the Group's loss for the year then ended;

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

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

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

We have audited the financial statements of Frontier IP Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024 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 and the notes to the financial statements including a summary of material accounting policy information. 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 qualified opinion

During the prior year ended 30 June 2023, the Directors were unable to obtain sufficient support to reliably perform the year end valuations for certain investments, specifically being those investments described as 'Stage 2' by management in Note 13, which were valued at £1.2 million as at 30 June 2023 (included in the total Equity investments of £32.9 million in the Group's Consolidated Statement of Financial Position and £28.3 million in the Company Statement of Financial Position). Therefore, we were unable to obtain sufficient appropriate audit evidence in respect of the valuation of these investments as at 30 June 2023. We were also unable to perform alternative procedures to satisfy ourselves concerning the valuation of the £1.2 million Stage 2 investments held by the Group and Parent Company as at 30 June 2023. Consequently, we were unable to determine whether any adjustment was necessary to these amounts as at 30 June 2023 or whether there was any consequential effect on the Group and Parent Company's other comprehensive income for the year ended 30 June 2024.

Our audit opinion on the financial statements for the period ended 30 June 2023 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 qualified 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.

Material uncertainty related to going concern

We draw attention to the accounting policies in the financial statements, which indicates that the Group and Parent Company are reliant on additional funding through the issue of ordinary shares which is not guaranteed. As stated in accounting policies these events or conditions, along with other matters as set forth in the accounting policies, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Given the material uncertainty noted above our assessment, we considered going concern to be a key audit matter.

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 and in response to the key audit matter included:

> Obtaining an understanding of how the Directors undertook the going concern assessment process to determine if we considered it to be appropriate given the circumstances, which included evidencing steps taken as at the audit report date for the intended fundraise;

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

- Agreeing key input data, such as cash inflows based on agreements in place, to supporting documentation taking into account historical actuals and assessing the current period and post year end results against forecasts;
- Challenging the Directors' cash flow forecasts through additional sensitivity and stress testing, specifically the amount and timing of minimum fundraising required to support operations for the assessment period, as well as sensitising and stress testing key inputs;
- Testing the mathematical accuracy and consideration of the reasonableness of the assumptions made within the Directors' cash flow forecasts;
- Agreeing the cash balances to the latest available bank statements post year end; and
- Reviewing and considering the completeness and accuracy of the disclosures within the financial statements relating to the Directors' assessment of the going concern basis of preparation.

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

Overview

Coverage	100% (2023: 100%) of Group profit before tax 100% (2023: 100%) of Group revenue 100% (2023: 100%) of Group total assets		
Key audit matters		2024	2023
	Valuation of unquoted investments	✓	✓
	Material uncertainty related to going concern	✓	✓
Materiality	Group financial statements as a whole £908,000 (2023:£689,000) based on 2% (2023: 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 (2023: two) significant components in the Group being Frontier IP Group Plc and Frontier IP Limited, which are both 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. These matters were 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 these matters.

In addition to the matter described in the "Material uncertainty related to going concern" and the matter included in the "Basis for qualified opinion" sections above, we have determined the matter below to also be a key audit matter to be communicated in our report.

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

<table>
<tr><th>Key audit matter</th><th colspan="2">How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Valuation of unquoted investments
The Group's accounting policy for determining the fair value of investments is disclosed on pages 63-67 in accounting policies section and disclosures regarding the fair value estimates are given on pages 77-81 in Notes 13 and 14.</td><td>The Group holds unlisted investments (equity and debt) at fair value with movements through profit or loss. As at 30 June 2024, the portfolio was valued at £38.8m (2023: £37.6m).

We consider the valuation of unquoted investments to be the most significant audit area and a key audit matter as there is a high level of estimation uncertainty involved in determining the valuations hence there is a potential risk of material misstatement.</td><td>We assessed the design and implementation of controls relating to the valuation of unquoted investments. This included obtaining an understanding of the sources of key inputs, judgements and significant estimates used as well as the oversight and governance structures in relation to the valuation process.

For the unquoted equity investments of £33.2m, our procedures included the following for investments representing 98.2% of that balance:

For all investments tested 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; and

> critically assessed the valuation technique adopted by Management and challenged significant judgements made applying the valuation methodologies as set out below.

For investments where the carrying value is based on the calibrated price of recent investment (£21.4m 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 for contradictory evidence through media searches and reviewing the 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.</td></tr>
</table>

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 or in progress funding round that had not completed at the reporting date (£3.4m 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 investment based on an advanced subscription agreements (£3.4m of equity portfolio) we: > obtained supporting documentation and agreed the range of valuation based on the subscription price options; > consulted with internal valuations experts to develop our own point estimate to compare against management's estimate and assessed the variance within a range of acceptable estimation difference; and > 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 For investments based on more subjective technique (revenue multiples and scenario analysis) (£4.3m) we: > Obtained an independent basket of comparable companies from our intern valuation expert and considered relevance to our understanding of the business, analysed completeness of comparable companies, and considered any outliers within the comparable basket; > Reviewed the historical financial statements and any recent management information available to test the accuracy of information provided and support assumptions about the entities ability to forecast; > Challenged management on appropriateness of maintainable revenue for the portfolio company, by assessing historical sales levels against historical information and review of sales pipeline for the remainder of the year; and

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	
		> We performed a sensitivity analysis by developing our own point estimate where we considered that alternative input assumptions could reasonably have been applied and we considered overall impact of such sensitivities on the portfolio of investments in determining whether the valuations as a whole are reasonable and free from bias. For a selection of debt investment valuations representing 92.86% of the population, 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. The valuation experts assisted with a review of the appropriateness of the discount rate, the rationale for and consistency of discounts or premiums applied, review of methodology applied by management, and review of terms as stated by the agreements. **Key observations:** Based on the procedures performed, we consider the unquoted investment valuations to be appropriate, and the estimates made by management in valuing the unquoted investments to be reasonable.

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.

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

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	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Materiality	**908**	689	**842**	594
Basis for determining materiality	2.0%(2023:1.5%) of total assets			
Rationale for the benchmark applied	Total assets is considered the appropriate benchmark as the Group's and Parent Company's primary activity is that of investment value appreciation.			
Performance materiality	**681**	517	**631**	446
Basis for determining performance materiality	75% (2023: 75%) of overall materiality			
Rationale for the percentage applied for performance materiality	Performance materiality was determined 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

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group , based on a percentage of 23% (2023: 24%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was £210,000 (2023: £164,000). In the audit of each component, we further applied performance materiality levels of 75% (2023: 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 £45,400 (2023:£43,450). 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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the comparability of investments described as 'Stage 2' by management held at 30 June 2023. We have concluded that where the other information refers to the 'Stage 2' investments balance or related balances, it may be materially misstated for the same reason.

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	Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit, 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. Except for the possible effects of the matter described in the basis for qualified opinion section of our report, 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	Arising from the limitation on the scope of our work referred to above we have not obtained all of the information and explanations that we considered necessary for the purpose of our audit. 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: > 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

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

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:

Non-compliance with laws and regulations

Based on:

> Our understanding of the Group and the industry in which it operates;

> Discussion with management and those charged with governance; and

> Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and

We considered the significant laws and regulation to be the Companies Act 2006, relevant accounting standards, UK tax legislation, and AIM Listing Rules. 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 assess the appropriateness of disclosures. We further engaged with our tax specialists to assess compliance with UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Companies Act 2006 and the AIM Listing Rules.

Our procedures in respect of the above included:

> Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;

> Review of financial statement disclosures and agreeing to supporting documentation;

> Involvement of tax specialists in the audit; and

> Review of legal expenditure accounts to understand the nature of expenditure incurred;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

> Enquiry with management and those charged with regarding any known or suspected instances of fraud;

> Obtaining an understanding of the Group's policies and procedures relating to:

>> Detecting and responding to the risks of fraud; and

>> Internal controls established to mitigate risks related to fraud.

> Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;

> Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;

> Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

> Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, in particular around the key accounting estimate, being the valuation of unquoted investments, which represented a significant risk of material misstatement due to fraud.

Our procedures in respect of the above included:

> Review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias;

> Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and

> Review of unadjusted differences, if any, for indications of bias or deliberate misstatement

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities 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. In addition, the extent to which the audit was capable of detecting irregularities, including fraud was limited by the matter described in the basis for qualified opinion section of our report.

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
Citypoint 65 Haymarket Terrace
Edinburgh, EH12 5HD
United Kingdom
21 November 2024

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

OUR FINANCIALS

"The results represented a resilient performance in what continue to be challenging markets for technology companies and their investors. The rise in fair value of our equity portfolio to £33,203,000 reflected disposals of £2,297,000 and additions of £68,000. We made an unrealised gain on the revaluation of investments of £1,282,000 against an unrealised loss for the year to June 2023 of £966,000 million."

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Notes	2024 £'000	2023 £'000
Revenue			
Revenue from services	3	**358**	372
Other operating income			
Unrealised (loss)/profit on the revaluation of investments	13,14	**1,282**	(966)
Realised (loss)/profit on disposal of investments		**249**	(786)
		1,889	(1,380)
Administrative expenses	5	**(3,508)**	(3,130)
Share based payments		**(225)**	(155)
Interest income on debt investments		**409**	232
Other income		**36**	13
(Loss)/profit from operations		**(1,399)**	(4,420)
Interest income on short term deposits		**62**	50
(Loss)/profit from operations and before tax		**(1,337)**	(4,370)
Taxation	7	**211**	1,126
(Loss)/profit and total comprehensive (expense)/income attributable to the equity holders of the Company		**(1,126)**	(3,244)
(Loss)/profit per share attributable to the equity holders of the Company:			
Basic (loss) / earnings per share		**(2,01)p**	(5.85)p
Diluted (loss) / earnings per share		**(1.96)p**	(5.64)p

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

There is no other comprehensive income in the year (2023: nil).

Consolidated Statement of Financial Position

At 30 June 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Tangible fixed assets	9	**15**	13
Goodwill	10	**1,966**	1,966
Equity investments	13	**33,203**	32,964
Debt investments	14	**5,595**	4,625
		40,779	39,568
Current assets			
Trade receivables and other current assets	15	**1,629**	1,026
Advances	16	**382**	793
Cash and cash equivalents		**2,298**	4,603
		4,309	6,422
Total assets		**45,088**	45,990
Liabilities			
Non-current liabilities			
Deferred taxation	7	**–**	(211)
		–	(211)
Current liabilities			
Trade and other payables	17	**(315)**	(241)
		(315)	(241)
Total liabilities		**(315)**	(452)
Net assets		**44,773**	45,538
Equity			
Called up share capital	18	**5,617**	5,566
Share premium account	18	**14,791**	14,627
Reverse acquisition reserve	19	**(1,667)**	(1,667)
Share based payment reserve	19	**1,437**	1,291
Retained earnings	19	**24,595**	25,721
Total equity		**44,773**	45,538

Company Statement of Financial Position

At 30 June 2024

	Notes	2024 £'000	2023 £'000
Assets			
Non-current assets			
Investment in subsidiaries	12	**2,412**	2,383
Equity investments	13	**31,108**	28,259
Debt investments	14	**4,351**	3,557
Amounts receivable from group undertakings	15	**400**	357
Deferred taxation	7	**–**	330
		38,271	34,886
Current assets			
Trade receivables and other current assets	15	**929**	582
Advances		**287**	785
Cash and cash equivalents		**2,290**	3,224
		3,506	4,591
Total assets		**41,777**	39,477
Liabilities			
Non-current liabilities			
Amounts payable to group undertakings	17	**(6,399)**	(3,366)
		(6,399)	(3,366)
Current liabilities			
Trade and other payables	17	**(161)**	(160)
		(161)	(1160)
Total liabilities		**(6,560)**	(3,526)
Net assets		**35,217**	35,951
Equity attributable to equity holders of the Company			
Called up share capital	18	**5,617**	5,566
Share premium account	18	**14,791**	14,627
Share-based payment reserve	19	**1,437**	1,291
Retained earnings	19	**13,372**	14,467
Total equity		**35,217**	35,951

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 loss of the Company for the year was £1,095,000 (2023: loss of £1,537,000).

The financial statements on pages 58 to 86 were approved by the Board of Directors and authorised for issue on 21 November 2024 and were signed on its behalf by:

Jo Stent | Chief Financial Officer

Registered number: 06262177

Consolidated and Company Statements of Changes in Equity

For the year ended 30 June 2024

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 2022	5,501	14,576	(1,667)	1,324	28,965	48,699
Issue of shares	65	51	–	(18)	–	98
Share-based payments			–	(15)		(15)
Profit/total comprehensive income for the year	–	–	–	–	(3,244)	(3,244)
At 30 June 2023	5,566	14,627	(1,667)	1,291	25,721	45,538
Issue of shares	51	164	–	(79)	–	136
Share-based payments	–	–	–	225	–	225
(Loss)/total comprehensive expense for the year	–	–	–	–	(1,126)	(1,126)
At 30 June 2024	**5,617**	**14,791**	**(1,667)**	**1,437**	**24,595**	**44,773**

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 2022	5,501	14,576	1,324	16,004	37,405
Issue of shares	65	51	(18)	–	98
Share-based payments	–	–	(15)	–	(15)
Profit/total comprehensive expense for the year	–	–	–	(1,537)	(1,537)
At 30 June 2023	5,566	14,627	1,291	14,467	35,951
Issue of shares	51	164	(79)	–	136
Share-based payments	–	–	225	–	225
(Loss)/total comprehensive expense for the year	–	–	–	(1,095)	(1,095)
At 30 June 2024	**5,617**	**14,791**	**1,437**	**13,372**	**35,217**

Consolidated and Company Statements of Cash Flows

For the year ended 30 June 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Cash flows from operating activities	22	**(2,811)**	(3,248)	**(2,058)**	(2,704)
Cash flows from investing activities					
Purchase of tangible fixed assets	9	**(14)**	(16)	**–**	–
Purchase of equity investments	13	**(68)**	(691)	**(68)**	(691)
Disposal of equity investments		**2,547**	4,926	**–**	–
Purchase of debt investments	14	**(2,157)**	(884)	**(1,987)**	(575)
Net amounts receivable from group undertakings		**–**	–	**2,988**	3,103
Interest income		**62**	50	**55**	53
Net cash from investing activities		**370**	3,385	**988**	1,890
Cash flows from financing activities					
Proceeds from issue of equity shares		**136**	98	**136**	98
Costs of share issue		**–**	–	**–**	–
Net cash generated from financing activities		**136**	98	**136**	98
Net increase/(decrease) in cash and cash equivalents		**(2,305)**	235	**(934)**	(716)
Cash and cash equivalents at beginning of year		**4,603**	4,368	**3,224**	3,940
Cash and cash equivalents at end of year		**2,298**	4,603	**2,290**	3,224

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 the going concern, the Directors considered the Group's cash requirements over the three years to 30 June 2027. 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 as at 30 June 2024 the Group had insufficient cash to cover its operating expenditure for the 12 months from the date of signing of these financial statements. However, the Directors intend to realise further cash from the issue of ordinary shares which they reasonably expect will provide the Group with sufficient cash to cover its operating expenditure for this period. The Directors also expect that this share issue will, where appropriate, assist the Group in supporting portfolio companies during this period.

As a result, the Group and Company are reliant on additional funding through the issue of ordinary shares, which is not guaranteed.

Based on the above, this indicates the existence of a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern and therefore, they may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

The Directors have a reasonable expectation that the funding will be forthcoming. Consequently, the Directors continue to adopt the going concern basis in preparing the Group and Company's financial statements.

The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Changes in accounting policies

a) New standards, interpretations and amendments effective 1 July 2023

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

New standards mandatory for periods beginning 1 January 2024 or later:

1) IFRS S1 General requirements for disclosure of sustainability-related financial information

   This requires an entity to disclose information about sustainability-related risks and opportunities which will be useful to the users of the financial statements. We are waiting on further information of implementation of this standard in the UK and will assess then its impact on the financial statements.

2) IFRS S2 Climate related disclosures

   This requires an entity to disclose climate-related risks and opportunities on the entity's financial position for the reporting period, and anticipated future risks and opportunities. As with IFRS S1, we will assess its impact on future financial statements.

3) Amendment to IAS1: Classification of liabilities as current and non-current

   A series of criteria under which liabilities should be classed as current or non-current, in relation to payment obligations and timescales, will be applied in the next financial period. These amendments are not expected to have a material impact on the financial statements of the Group.

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.

Accounting Policies: continued

Segmental reporting

The Group operates in one market sector, the commercialisation of University Intellectual Property, and primarily within the UK. The Group conducts 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.

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
EV right of use asset	over lease term

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 the realised gain represents the difference between the carrying amount at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and the consideration received on disposal. The unrealised gain represents the difference between the carrying amount at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period. Gains and losses 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

Accounting Policies: continued

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. Initial Equity

   When the Group has received its initial equity prior to transfer of IP to the portfolio company, the company is valued based on the cost of the initial equity. If advisory services are provided by the Group prior to spin out in return for its equity stake, the cost is the value of services invoiced. If no advisory services have been invoiced prior to spin out, the cost is the nominal value of the shares received.

2. IP Transferred

   Once the IP is transferred to the company, but prior to the company raising investment funds, the valuation is based primarily on the value attributed to the IP. The method of valuation will involve evaluating the portfolio company's progress against technical measures, including product development phases and patents. In addition, where grant funding is awarded in relation to its product development costs the value of the grant may be included in the company valuation to the extent that management is satisfied that the company will derive commensurate economic benefit. The assessment of inputs used in valuing companies in advance of a funding round are highly subjective and accordingly caution is applied.

3. Trading Prior to Investment

   When the portfolio 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. Price of Recent Investment

   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 using a milestone based approach. The milestone based approach involves performing an assessment on the success of relevant milestones that were agreed at the time of investment, including inputs such as revenues, IP assessment, patents, cash burn rates, product testing phases and market traction. Any adjustment made is, whenever possible, based on objective data from the company in addition to management's judgement.

5. Other Valuation Techniques

   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 companies is based on the bid price in an active market on the measurement date.

Investment in subsidiary companies is stated at cost, which is the fair value of consideration paid, 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

Accounting Policies: continued

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.

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.

Interest income on debt investments in portfolio companies is recognised when it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Interest income on cash deposits is accrued on a time basis by reference to the principal outstanding and the applicable interest rate.

Accounting Policies: continued

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 2024

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 £33,557,000 (2023: £32,964,000). 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 the unquoted 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 debt investments, 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. Details of significant debt investments are set out in Note 14. 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 debt investments, 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 2024 and 30 June 2023 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 to assess the outcome

Notes to the Financial Statements

For the year ended 30 June 2024

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. The valuation of equity investments is explained at note 14 below. 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 £5,595,000 to £5,554,000 and a 25% increase in the discount rate reduces the value of the debt investments from £5,595,000 to £5,510,000. 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 92% of the fair value of debt investments at 30 June 2024 (2023: 65%).

(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 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; six companies account for 99% of trade receivables and three account for 80% of debt investments at 30 June 2024. Management has in-depth knowledge of these companies and is providing the fundraising service for all four of them. The Group's history of credit loss is not significant 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.

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 2024

3. Revenue from services

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

	2024 £'000	2023 £'000
Retainers with portfolio companies	**315**	336
Corporate finance fees from portfolio company fundraisings	**43**	30
Advisory fees from universities on initial spin-outs	**–**	3
License income from universities	**–**	3
	358	372

4. Major customers

During the year the Group had five major customers that accounted for 78% of its revenue from services (2023: five customers accounted for 86%). The same five customers were also in the top five in 2023. The revenues generated from each customer were as follows:

	2024 £'000	2023 £'000
Customer 1	**80**	78
Customer 2	**66**	70
Customer 3	**50**	52
Customer 4	**48**	48
Customer 5	**40**	40
	284	288

5. Administration expenses

Expenses included in administrative expenses are analysed below.

	2024 £'000	2023 £'000
Employee costs	**2,451**	2,117
Consultant	**142**	133
Travel and subsistence	**36**	21
Depreciation	**9**	9
Bad and doubtful debts	**245**	169
Fees payable to auditor:		
- audit fee	**137**	92
- non-audit services	**–**	3
Legal, professional and financial costs	**257**	378
Premises lease	**157**	140
Administration costs	**74**	68
	3,508	3,130

Notes to the Financial Statements

For the year ended 30 June 2024

6. Directors and employees

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

	2024 Number	2023 Number
Business and corporate development	**21**	20

	2024 £'000	2023 £'000
Wages and salaries	**1,774**	1,518
Social security	**247**	197
Pension costs – defined contribution plans	**234**	186
Non-executive directors' fees	**137**	126
Other benefits	**59**	52
Recruitment	**–**	38
Total employee administration expenses	**2,451**	2,117

At 30th June 2024, all employees were employed by Frontier IP Group plc.

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, as decided by the Remuneration Committee, with none awarded in the period. 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		Other benefits		Pension		Share option exercise		Share Based Payment		Total	
Amounts in	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000	**2024 £'000**	2023 £'000
Executive												
N Crabb	**206**	177	**6**	5	**21**	17	**19**	276	**49**	43	**301**	518
J McKay	**112**	74	**6**	5	**61**	76	**8**	118	**36**	36	**222**	309
J Fish*	**87**	125	**5**	4	**66**	31	**34**	–	**34**	37	**226**	197
M White	**163**	152	**5**	5	**16**	15			**37**	34	**222**	204
J Stent	**39**	–		–	**4**	–		–		–	**43**	–
Non-executive												
A Richmond*	**28**	48	**–**	–	**–**	–	**–**	–	**–**	–	**28**	48
J King	**41**	34	**–**	–	**–**	–	**–**	–	**–**	–	**41**	34
N Grierson	**34**	10	**–**	–	**–**	–	**–**	–	**–**	–	**34**	10
D Holbrook	**34**	10	**–**	–	**–**	–	**–**	–	**–**	–	**34**	10
	744	653	**22**	17	**168**	139	**61**	394	**156**	150	**1,151**	1,330

* Former Director

Notes to the Financial Statements

For the year ended 30 June 2024

7. Taxation

	2024 £'000	2023 £'000
Current tax	-	-
Deferred tax	**(211)**	(1,126)
Tax (credit)/charge for the year	**(211)**	(1,126)

A reconciliation from the reported (loss)/profit before tax to the total tax (credit)/charge is shown below:

	2024 £'000	2023 £'000
(Loss)/profit before tax	**(1,337)**	(4,370)
(Loss)/profit before tax at the effective rate of corporation tax in the UK of 25% (2023: 20.5%)	**(334)**	(895)
Effects of:		
Fair value movement in investments not recognised in deferred tax	**(617)**	(69)
Expenses not deductible for tax purposes	**71**	31
Movement in deferred tax asset of losses not recognised	**688**	-
Adjustments arising from difference between average and deferred tax rates	-	(169)
Deferred tax recognised in equity	-	(171)
Other adjustments	**(19)**	147
Tax (credit)/charge for the year	**(211)**	(1,126)

Deferred Tax

	Group 2024	Group 2023
Deferred tax liabilities at 30 June		
Unrealised gains investments	**(43)**	(689)
Short-term timing differences – fixed assets	**(3)**	(1)
	(46)	(690)
Deferred tax assets at 30 June		
Tax losses	**601**	277
Short-term timing differences – pension	**10**	6
Short-term timing differences – outstanding share options	**134**	196
	745	479
Impairment	**(699)**	-
Net deferred tax (liability) / asset	-	(211)

Notes to the Financial Statements

For the year ended 30 June 2024

	Company 2024	Company 2023
Deferred tax liabilities at 30 June		
Unrealised gains investments	**(67)**	(138)
Short-term timing differences – fixed assets	**-**	-
	(67)	(138)
Deferred tax assets at 30 June		
Tax losses	**590**	272
Short-term timing differences – pension	**-**	-
Short-term timing differences – outstanding share options	**134**	196
	724	468
Impairment	**(657)**	-
Net deferred tax (liability) / asset	**-**	330

	Group	Company
Deferred tax movement		
(Liability)/asset at 1 July 2022	(1,167)	1,164
Credited	1,126	(664)
Debited to equity	(170)	(170)
At 30 June 2023	(211)	330

	Group	Company
Deferred tax movement		
(Liability)/asset at 1 July 2023	(211)	330
Credited	211	(330)
Debited to equity	-	-
At 30 June 2024	-	-

No deferred tax liability has been recognised on the difference between base cost and fair value of certain financial assets at fair value through profit and loss which qualify as equity investments and which are expected to be exempt from tax under the substantial Shareholding Exemption on their subsequent disposal.

The Group has a potential deferred tax asset at year end of £657,000 (Period ended 30 June 2023: unrecognised net deferred tax asset of £420,000) calculated at 25% in respect of Group tax losses in the year to June 2024. This has been fully impaired, due to uncertainty in respect of future probable trading profits in the Group against which these losses can be utilised (2023: trading losses pre-2017 not recognised due to uncertainty regarding future probable trading profits in Frontier IP Limited).

Notes to the Financial Statements

For the year ended 30 June 2024

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.

	(Loss) / profit attributable to shareholders £'000	Weighted average number of shares	Basic (loss) / earnings per share amount in pence
Year ended 30 June 2024	**(1,126)**	**55,986,153**	**(2.01)**
Year ended 30 June 2023	(3,244)	55,409,626	(5.85)

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.

	(Loss) / profit attributable to shareholders £'000	Weighted average number of shares adjusted for share options	Diluted (loss) / earnings per share amount in pence
Year ended 30 June 2024	**(1,126)**	**57,673,312**	**(1.96)**
Year ended 30 June 2023	(3,244)	57,542,781	(5.64)

Notes to the Financial Statements

For the year ended 30 June 2024

9. Tangible fixed assets

	Fixtures and equipment £'000	Electric Vehicle £'000
Cost		
At 1 July 2022	39	–
Additions	16	–
Disposals	(12)	–
At 30 June 2023	43	–
Additions	4	10
Disposals	–	–
At 30 June 2024	47	10
Depreciation		
Accumulated depreciation at 1 July 2022	33	–
Charge for the year to 30 June 2022	9	–
Disposals	(12)	–
Accumulated depreciation at 30 June 2023	30	–
Charge for the year to 30 June 2023	9	3
Disposals		
Accumulated depreciation at 30 June 2023	39	3
Net book value		
At 30 June 2023	13	–
At 30 June 2024	**8**	**7**

10. Goodwill

	Group £'000	Company £'000
Cost		
At 1 July 2022, 30 June 2023 and at 30 June 2024	**1,966**	–
Impairment		
At 1 July 2022, 30 June 2023 and at 30 June 2024	**–**	–
Carrying value		
At 30 June 2023	**1,966**	–
At 30 June 2024	1,966	–

Notes to the Financial Statements

For the year ended 30 June 2024

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 29% (2023: 29%); average yearly realisations 7% (2023: 6.7%); annual growth in trading income 6% (2023:7.2%); annual growth in the cost base 6% (2023: 7.8%); discount 15% (2023: 14%). 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 29% to 17% or an increase in the discount rate from 15% to 21% 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.

11. Categorisation of Financial Instruments

	At fair value through profit or loss £'000	Amortised cost £'000	Total £'000
Financial assets			
At 30 June 2023			
Equity investments	32,964	-	32,964
Debt investments	4,625	-	4,625
Trade and other receivables	-	1,026	1,026
Advances	-	793	793
Cash and cash equivalents	-	4,603	4,603
	37,589	6,422	44,011
At 30 June 2024			
Equity investments	33,203	-	33,203
Debt investments	5,595	-	5,595
Trade and other receivables	-	1,629	1,629
Advances	-	382	382
Cash and cash equivalents	-	2,298	2,298
Total	38,798	4,309	43,107

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

All net fair value losses in the year are attributable to financial assets designated at fair value through profit or loss. (2023: all net fair value gains were attributable to financial assets designated at fair value through profit or loss.)

Notes to the Financial Statements

For the year ended 30 June 2024

12. Investment in subsidiaries

	Company 2024 £'000	Company 2023 £'000
At 1 July	**2,383**	2,383
Addition – conversion of FIP Unipessoal Lda loan	**29**	
Provision for impairment	**-**	-
At 30 June	**2,412**	2,383

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 João Frederico Ludovice 22ª, Loja 1500-357, Benfica, Lisbon, Portugal.

13. Equity investments

Equity investments are valued individually at fair value in accordance with the Group's accounting policy on investments. There are no remaining quoted equity investments (2023: £2,297k). All 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 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
At 1 July	**32,964**	39,712	**28,259**	26,963
Additions	**68**	691	**68**	691
Conversion of debt investments	**-**	54	**-**	54
Disposals	**(2,297)**	(5,713)	**-**	-
Unrealised (loss)/profit on revaluation	**2,468**	(1,780)	**2,781**	551
At 30 June	**33,203**	32,964	**31,108**	28,259

Notes to the Financial Statements

For the year ended 30 June 2024

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:

Equity Investments

	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Stage 4 £'000	Stage 5 £'000	Stage 6 £'000	Total £'000
Fair value category	3	3	3	3	3	1	
1 July 2022	31	798	6,086	22,665	-	10,132	39,712
Transfers between stages	-	44	2,234	(2,278)	-	-	-
Fair value change through other operating income	(31)	351	(2,447)	2,469	-	(2,122)	(1,780)
Additions	-	-	-	745	-	-	745
Disposals	-	-	-		-	(5,713)	(5,713)
30 June 2023	**-**	**1,193**	**5,873**	**23,601**	**-**	**2,297**	**32,964**
Transfers between stages	-	(613)	(1,900)	2,513	-	-	-
Fair value increase through other operating income	-		(244)	2,712	-		2,468
Additions	-	-		68	-	-	68
Disposals	-	-	-	-	-	(2,297)	(2,297)
30 June 2024	**-**	**580**	**3,729**	**28,894**	**-**	**-**	**33,203**

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	Inputs	Reasonable possible shift %	+/- £000
At 30 June 2023					
Stage 1	4	-	The company is valued at fair value	20%	-
Stage 2	4	1,192	Management's assessment of the value of IP transferred and valuation of grants from which economic benefit is derived	31%	370
Stage 3	6	5,873	Management's assessment of performance against milestones and discussions of likely imminent fundraising	40%	2,349
Stage 4	9	23,601	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.	28%	6,608
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 value of money.	-	-
Stage 6	1	2,298	Based on bid price at balance sheet date.	-	-
30 June 2023		**32,964**		**23%**	**7,582**

Notes to the Financial Statements

For the year ended 30 June 2024

Valuation matrix stage	No of Investments	Fair value £'000	inputs	Reasonable possible shift %	Reasonable possible shift +/- £000
At 30 June 2024					
Stage 1	3	-	The company is valued at fair value which is the cost of the initial equity. If advisory services are provided by the Group prior to spin out in return for its equity stake, the cost is the value of services invoiced. If no advisory services have been invoiced prior to spin out, the cost is the nominal value of the shares received.	-	-
Stage 2	2	580	Management's assessment of the value of IP transferred and the value of grants from which economic benefit is derived.	36%	209
Stage 3	5	3,729	Management's assessment of performance against milestones and discussions of likely imminent fundraising.	42%	1,566
Stage 4	14	28,894	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.	31%	8,957
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	-	-	Based on bid price at balance sheet date.	-	-
30 June 2024		**33,203**		**31%**	**10,293**

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.

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 2024 the Group held an economic interest of 20% or more in the following companies:

Notes to the Financial Statements

For the year ended 30 June 2024

Name of Undertaking	Registered Address	% Issued Share Capital 2024	2023	Share Class
AquaInSilico	Avenida Tenente Valadim, nº. 17, 2º F, 2560-275 Torres Vedras, Portugal	**29.0%**	29.0%	Ordinary
Alusid Limited	Richard House, Winckley Square, Preston, Lancashire, PR1 3HP	**35.4%**	37.4%	Ordinary
Cambridge Raman Imaging Limited	Botanic House,100 Hills Road, Cambridge, CB2 1PH	**26.8%**	26.8%	Ordinary
Celerum Limited	30 East Park Road, Kintore, Inverurie, AB51 0FE	**33.8%**	33.8%	Ordinary
Des Solutio LDA	Madan Parque, Rua dos Inventores, 2825-182 Caparica, Portugal	**25.0%**	25.0%	Ordinary
Elute Intelligence Holdings Limited	21 Church Road, Tadley, RG26 3AX	**40.71%**	42.2%	Ordinary
Enfold Health Limited	The Officers' Mess, Royston Road, Duxford, Cambridgeshire, United Kingdom, CB22 4QH	**75.8%**	75.8%	Ordinary
GraphEnergyTech Limited	The Officers' Mess, Royston Road, Duxford, Cambridgeshire, United Kingdom, CB22 4QH	**30.4%**	32.1%	Ordinary
Insignals Neurotech Lda	Rua Passeio Alegre, 20 Centro de Incubacyo e Aceleracyo Do Porto, Porto 4150-570, Portugal	**32.9%**	32.9%	Ordinary
NTPE LDA	Avenida Tenente Valadim, nº. 17, 2º F, 2560-275 TorresVedras, Portugal	**47.9%**	47.9%	Ordinary
Deakin Bio-hybrid Materials	73 Temperance Street, Ardwick, Manchester, England,M12 6HU	**33.3%**	0%	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 £40,000 to £1,457,000 were made to five companies during the period. All debt investments are categorised as fair value through profit or loss and measured at fair value. These have been categorised as being level 3, that is, valued using unobservable inputs. 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% (2023: 70%), expected life of between three months and six years and annual risk-free interest rates to end of term of between 3.95% and 4.64% (2023: 4.45% and 5.30%). The value of warrants included in debt investments at 30 June 2024 is £440,000(2023: £1,881,000).

Notes to the Financial Statements

For the year ended 30 June 2024

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

	Group 2024 £'000	Group 2023 £'000	**Company 2024 £'000**	Company 2023 £'000
At 1 July	**4,625**	2,981	**3,557**	2,297
Additions	**2,157**	884	**1,987**	575
Conversion to unquoted equity investments	**-**	(54)	**-**	(54)
Unrealised profit / (loss) on revaluation	**(1,187)**	814	**(1,193)**	739
At 30 June	**5,595**	4,625	**4,351**	3,557

Debt investments with three portfolio companies accounted for 80% of the value of debt investments at 30 June 2024: CamGraPhIC (£2,629,000), Nandi Proteins (£953,000) and Elute Intelligence (£892,000).

Conversions of debt investments are non-cash transactions, so not reflected in the statement of cashflows. 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 2024 £'000	Group 2023 £'000	**Company 2024 £'000**	Company 2023 £'000
Trade receivables	**804**	529	**474**	338
Receivables from Group undertakings	**-**	-	**400**	357
VAT	**17**	7	**7**	-
Prepayments and accrued income	**104**	71	**29**	30
Other debtors (excluding advances)	**79**	74	**4**	17
Accrued interest	**906**	448	**645**	286
	1,910	1,129	**1,559**	1,028
Expected credit loss at 1 July	**103**	43	**89**	27
Other current assets provided for in the year	**178**	60	**141**	62
Other current assets written off in the year	**-**	-	**-**	-
Expected credit loss at 30 June	**281**	103	**230**	89
Less receivables from Group undertakings – non current	**-**	-	**400**	357
Current portion	**1,629**	1,026	**929**	582

Notes to the Financial Statements

For the year ended 30 June 2024

Trade receivables

	Group 2024 £'000	Group 2023 £'000	**Company 2024 £'000**	Company 2023 £'000
Trade receivables not past due	**27**	32	**17**	18
Trade receivables past due 1–30 days	**32**	35	**23**	23
Trade receivables past due 31–60 days	**21**	33	**12**	18
Trade receivables past due 61–90 days	**21**	32	**11**	21
Trade receivables past due over 90 days	**940**	604	**568**	383
Gross trade receivables at 30 June	**1,041**	736	**631**	463
Expected credit loss at 1 July	**207**	98	**125**	78
Debts provided for in the year	**30**	109	**32**	47
Debts written off in the year	**–**	–	**–**	–
Expected credit loss at 30 June	**237**	207	**157**	125
Net trade receivables at 30 June	**804**	529	**474**	338

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. The Group's history of credit loss is not sufficiently material to inform future expectations 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 Bank of England base rate (2023: 2.0%).

16. Advances

	Group 2024 £'000	Group 2023 £'000	**Company 2024 £'000**	Company 2023 £'000
Advances	**382**	793	**287**	785

In the period to 30 June 2024 the Group advanced money to five portfolio companies on a short-term basis. The largest of these advances was £175,000 to Camgraphic Ltd.

Notes to the Financial Statements

For the year ended 30 June 2024

17. Trade and other payables

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Trade payables	**49**	23	**71**	42
Payables to group undertakings	**-**	-	**6,399**	3,366
Social security and other taxes	**92**	68	**-**	-
VAT	**0**	9	**-**	9
Other creditors	**16**	14	**-**	-
Accruals and deferred income	**158**	127	**90**	109
At 30 June	**315**	241	**6,560**	3,526
Less payables to Group undertakings – non current	**-**	-	**(6,399)**	(3,366)
Current portion	**315**	241	**161**	160

18. 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 2023	55,658,155	5,566	14,627	20,193
Exercise of options	508,793	51	164	216
At 30 June 2024	**56,166,948**	**5,617**	**14,791**	**20,409**

19. 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, which in 2023-24 was £225,000 (2023: £155,000). 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. This amount was zero in the year ended June 2024 (2023: £171,000). Included in retained earnings are unrealised profits amounting to £29,096,000 (2023: £25,721,000). Consequently, there were no distributable reserves at 30 June 2024 or 30 June 2023. The movement in reserves for the years ended 30 June 2024 and 2023 is set out in the Consolidated and Company Statement of Changes in Equity.

20. 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 under this scheme.

Under the Frontier IP Group plc Company Share Option Plan 2021 ("CSOP"), no payment is required from option holders on 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. 169,181 share options were granted during the year under the CSOP.

Notes to the Financial Statements

For the year ended 30 June 2024

Under the Frontier IP Group plc Unapproved Share Option Plan 2021 ("LTIP"), no payment is required from option holders on grant of an option. The options are exercisable starting three years from the date of grant provided certain performance conditions have been met. The scheme runs for a period of ten years. 666,838share options were granted during the year under the LTIP.

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

	2024 Weighted average exercise price Pence per share	2024 Options	2023 Weighted average exercise price Pence per share	2023 Options
At 1 July	**32.22**	**5,099,064**	31.71	4,986,726
Granted	**16.98**	**836,019**	24.43	834,872
Exercised	**27.12**	**(508,793)**	15.00	(652,607)
Lapsed	**99.32**	**(132,541)**	63.76	(69,927)
At 30 June	**29.47**	**5,293,749**	32.22	5,099,064

Of the 5,293,749 outstanding options (2023: 5,099,064), 3,622,858 had vested at 30 June 2024 (2023: 3,570,616). The vested options have a weighted average exercise price of 33.51p.

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

	Exercise price Pence per share	2024 Number	2023 Number
2024	26.88		432,393
2026	26.63	**650,000**	650,000
2027	40.00	**352,000**	399,000
2028	65.00	**233,000**	246,000
2028	10.00	**432,000**	456,000
2029	66.00	**562,612**	694,050
2029	10.00	**729,211**	736,946
2030	65.00	**313,719**	409,414
2030	10.00	**310,316**	310,316
2032	85.00	**74,646**	74,676
2033	66.00	**116,850**	116,850
2033	10.00	**643,376**	643,376
2033	44.50	**169,181**	-
2033	10.00	**666,838**	-

The weighted average remaining contractual life of the outstanding options is 5.6 years.

The weighted average fair value of options granted to executive Directors and employees during the year determined using the Black-Scholes-Merton valuation model was 30.13p per option. The significant inputs into the model were the exercise prices shown above, weighted average share price of 44.5p, volatility of 9.9%, dividend yield of 0%, expected life of 5 years and annual risk-free interest rate of 4.36%. Future volatility has been estimated based on 5 years' historical daily data.

Notes to the Financial Statements

For the year ended 30 June 2024

21. Leases

	2024 Land & Buildings £'000	2023 Land & Buildings £'000
Commitments under non-cancellable leases expiring:		
Within one year	**105**	91
Within two to five years	**-**	-
After five years	**-**	-
	105	91

Property 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 March 2025.

22. Cash used in operations

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Profit/(loss) before tax	**(1,337)**	(4,370)	**(765)**	(873)
Adjustments for:				
Share-based payments	**225**	155	**225**	155
Depreciation	**9**	9	**-**	-
Interest received	**(62)**	(50)	**(81)**	(52)
Unrealised loss/(profit) on the revaluation of investments	**(1,282)**	966	**(1588)**	(1,290)
Realised loss/(profit) on disposal of investments	**(249)**	786	**-**	-
Changes in working capital:				
Trade and other receivables*	**(602)**	26	**(348)**	122
Advances	**413**	(793)	**498**	(785)
Trade and other payables	**74**	23	**1**	19
Cash flows from operating activities	**(2,811)**	(3,248)	**(2,058)**	(2,704)

*Movement in trade and other receivables includes non-cash accrued interest on debt investments with portfolio companies

The movements in liabilities from financing cashflows are nil.

Notes to the Financial Statements

For the year ended 30 June 2024

23. Related party transactions

Neil Crabb is a director of Graphenergytech Ltd, PoreXpert Limited, Pulsiv Limited, CamGraPhIC Ltd, Cambridge Raman Imaging Ltd and Alusid Limited. Matthew White is a director of The Vaccine Group Limited, Nandi Proteins Limited,and Deakin Bio-Hybrid Materials Ltd. All of these companies are portfolio companies of the Group. The Group charged fees to these companies and was owed amounts from these companies as follows:

	Fees charged 2024 £'000	Fees charged 2023 £'000	**Amounts owed 2024 £'000**	Amounts owed 2023 £'000
By the Group				
Nandi Proteins Limited	**66**	78	**292**	213
Pulsiv Limited	**24**	24	**5**	5
Alusid Limited	**80**	70	**155**	127
The Vaccine Group Limited	**48**	48	**135**	77
CamGraPhIC Ltd	**40**	40	**167**	112
Cambridge Raman Imaging Ltd	**-**	24	**-**	-
Deakin Bio-Hybrid Materials Ltd	**25**	-	**-**	-

24. Subsequent events

There were no subsequent events to report.

Company Information

Unaudited

Five Year Record

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Total revenue and other operating (expense)/income	**2,243**	(1,380)	14,104	12,668	6,377
(Loss)/profit from operations	**(1,399)**	(4,420)	10,878	10,233	4,163
Net finance income	**62**	50	1	9	21
(Loss)/profit from operations and before tax	**(1,337)**	(4,370)	10,879	10,242	4,184
Taxation	**211**	1,126	(649)	(676)	-
(Loss)/profit after tax	**(1,126)**	(3,244)	10,230	9,566	4,184
Attributable to:					
Equity holders of the Company	**(1,126)**	(3,244)	10,230	9,566	4,184
Net assets employed	**44,773**	45,538	48,699	38,421	25,866
Basic (loss)/earnings per ordinary share (pence)	**(2.01)**	(5.85)	18.60	17.47	8.76
Net assets per ordinary share (pence)	**79.7**	81.8	88.5	69.8	51.0

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