

SEED INNOVATIONS LIMITED
(Formerly FastForward Innovations Limited)

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SEED Innovations Limited
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SEED Innovations Limited
Directors and Advisers

Directors

Ian Burns (*Non - Executive Director*) – appointed Non-Executive Chairman 15 May 2020

Edward McDermott (*Executive Director*) – appointed Chief Executive Officer 15 May 2020

Lance De Jersey (*Executive Director*)

Luke Cairns (*Non-Executive Director*)

Lorne Abony (*Chief Executive Officer*) – resigned 15 May 2020

Advisers

Administrator, Secretary and Registered Office

Vistra Fund Services (Guernsey) Limited
11 New Street
St Peter Port
Guernsey
GY1 2PF

Registrar

Link Market Services (Guernsey) Limited
PO Box 627
Bulwer Avenue
St Sampson
Guernsey
GY2 4LH

Brokers

Shard Capital Partners LLP
23rd Floor, 20 Fenchurch
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Investor Relations

St Brides Partners Ltd
100 Bishopsgate
London
EC2N 4AG

Nominated Adviser

Beaumont Cornish Limited
Building 3, Chiswick Park
566 Chiswick High Road
London
W4 5YA

Independent Auditor

Grant Thornton Limited
PO Box 313
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GY1 3TF

Guernsey Legal Adviser to the Company

Collas Crill
Glategny Esplanade
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SEED Innovations Limited
Investing Policy
For the year ended 31 March 2021

“The Board proposes to invest in companies which, in normal circumstances, individual investors may have limited access to.

Investments sought will be in sectors which have, or have the potential for, significant intellectual property, principally in the wellness and life sciences sectors (including biotech, longevity of life and pharmaceuticals) along with aligned technology sectors (including artificial intelligence and digital delivery). Equally the Board will consider investments in established industries where the business is applying new technologies and/or ‘know how’ to enhance its offering or taking established business models or products to new markets. In keeping with its desire to provide its shareholders with access to investments they may otherwise not be able to participate in, the Board also intends to apply a portion of the portfolio to opportunistic investments which may, by exception, fall outside the above criteria but represent good potential for short term returns. Such investments will be limited at 15% of the Company’s NAV and would typically be in fundraisings by listed companies or as part of an IPO.

Initially the geographical focus will be North America and Europe, but investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist, and positive returns can be achieved.

In selecting investment opportunities, the Board will focus on businesses, assets and/or projects that are available at attractive valuations and hold opportunities to unlock embedded value. In line with the existing portfolio it is expected that investments will be in SMEs with sub £100 million valuations but with the potential for significant growth. Where appropriate, the Board may seek to invest in businesses where it may influence the business at a board level, add its expertise to the management of the business, and utilise its industry relationships and access to finance. The extent that the Company will be a passive or active shareholder will depend on the interest held and the maturity of the investee company.

The Company's interests in a proposed investment and/or acquisition will range from minority positions to full ownership and will comprise multiple investments. The proposed investments may be in either quoted or unquoted companies; are likely to be made by direct acquisitions or investments; and may be in companies, partnerships, earn-in joint ventures, debt or other loan structures, joint ventures or direct or indirect interests in assets or businesses.

The Company will pursue a balanced portfolio of an even mixture of early stage, pre-liquidity event and liquid investments which it will aim to hold within the portfolio for 2-4 years, 6-24 months and up to 12 months respectively. Whilst the target is to have the portfolio split fairly evenly between the different stages of liquidity there will be no set criteria for which the Company will hold an investment and the proportion of the portfolio which will be represented by each investment type.

There is no limit on the number of projects into which the Company may invest. The Directors intends to mitigate risk by appropriate due diligence and transaction analysis. The Board considers that as investments are made, and new promising investment opportunities arise, further funding of the Company may also be required.

Where the Company builds a portfolio of related assets it is possible that there may be cross holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate. Investments are expected to be mainly in the form of equity, with debt potentially being raised later to fund the development of such assets. Investments in later stage assets are more likely to include an element of debt to equity gearing. The Board may also offer new Ordinary Shares by way of consideration as well as or in lieu of cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including, for example, delays in collecting accounts receivable, unexpected changes in the economic environment and operational problems.

SEED Innovations Limited
Investing Policy (continued)
For the year ended 31 March 2021

The Board will conduct initial due diligence appraisals of potential businesses or projects and, where it believes that further investigation is warranted, it intends to appoint appropriately qualified persons to assist. The Board believes it has a broad range of contacts through which it is likely to identify various opportunities which may prove suitable. The Board believes its expertise will enable it to determine quickly which opportunities could be viable and so progress quickly to formal due diligence. The Company will not have a separate investment manager. The Board proposes to carry out a comprehensive and thorough project review process in which all material aspects of a potential project or business will be subject to rigorous due diligence, as appropriate. Due to the nature of the sectors in which the Company is focused it is unlikely that cash returns will be made in the short to medium term on the majority of its portfolio; rather the Company expects a focus on capital returns over the medium to long term.”

SEED Innovations Limited
Chairman's Statement
For the year ended 31 March 2021

It gives me great pleasure to present the Company's Annual report and audited financial statements for the year ended 31 March 2021 as Chairman. Despite the testing macro environment, this year has once again been a positive year for the newly rebranded SEED Innovations Limited ("SEED Innovations"), (previously FastForward Innovations Limited), as we continue to evolve our portfolio and focus on fulfilling our core objective of providing investors with exposure to disruptive growth opportunities that have significant potential and would normally be inaccessible to private investors. Not only have we been able to make some exciting investments into new companies, we have seen a number of successful and very profitable exits for the Company, further details of which I will discuss below.

Our recent name change from FastForward Innovations ("FastForward Innovations") to SEED Innovations, which was finalised at a shareholders EGM held on 9 July 2021, reflects our repositioning from a generalist technology fund to one that continues to invest in disruptive technologies, however, now puts more of a significant focus on investing within the medical cannabis, health and wellness space. With the cannabis sector forecasted to reach a value of £16.5bn in the next decade and the health and wellness space predicted to near \$4.24bn by 2026, we believe our shift in positioning will result in momentous growth in the years to come.

During the year we have made further investments into a number of progressive companies within the health, wellness, and medical cannabis space to both expand and balance out the liquidity of our portfolio.

The first investment was into Yooma Wellness Inc, a company whose strategy is to build a vertically-integrated global leader in the manufacturing, marketing, distribution, and sale of wellness products including hemp seed oil and hemp-derived and cannabinoid ingredients. In February 2021 Yooma completed a reverse takeover of Globalive Technology Inc. and began trading on the Canadian Securities Exchange, helping build the momentum of the company further.

We also invested in Little Green Pharma, a vertically integrated, medicinal cannabis business with operations from cultivation and production through to manufacturing and distribution. Little Green Pharma is ASX-listed and holds ambitious, but highly realisable plans to expand globally. It is seeing very positive demand from customers not just domestically in Australia, but around the globe including in Germany with some large purchase orders have recently been received, and more recently with announcement of the acquisition of an operational cultivation and production facility in Denmark, further accelerating its EU expansion strategy.

We also made two further investments – one into South West Brands Limited, a female led, multi-brand consumer goods group developed specifically for the CBD industry, and the second into Northern Leaf, a leading Jersey based medical cannabis cultivator. The Board strongly believes that the investments into both South West Brands and Northern Leaf will be long term hold investments and will be catalysts for generating notable returns for SEED Innovations' shareholders.

In February 2021, we invested £62,500 as part of a £6 million oversubscribed placing undertaken by Kanabo Group Plc on its admission to trading on the London Stock Exchange, further developing SEED Innovations' exposure to the medical cannabis industry. Following strong initial trading, we took the decision to realise most of this small investment, making a profit of c.£139,000, an increase of 223% in value. Similarly, we invested £17,215 as part of a heavily oversubscribed placing undertaken by Cellular Goods Plc, which commenced trading on the London Stock Exchange in February 2021. We sold this in early March, resulting in a profit of £54,563, to provide a total return of 4.15 times the original investment. Despite only being invested in the two companies for a short period of time, and being disappointed by the heavy initial scale-back, the returns achieved highlight the team's ability to identify profitable investments within the cannabis sector.

SEED Innovations Limited
Chairman's Statement (continued)
For the year ended 31 March 2021

Importantly, we sold our entire interest in the cannabis firm EMMAC Life Sciences in March 2021 for just over £5 million as part of a takeover by North American cannabis consumer products group Curaleaf Holdings Inc. Our entire 6.7 million shares in EMMAC as well as a £750,000 convertible loan note was sold for a recorded profit of approximately £1.9 million, delivering an overall return of 1.86 times of our original investment. This was a positive outcome for our company and we were delighted with the return on the original investment which further increased our confidence in our investment strategy and our ability to deliver financial gains in the cannabis sector.

Our investments in the biotechnology sector also continued to advance. Portage Biotech Inc. announced it had listed on the NASDAQ on October 28, 2013, an exchange that is well known for the success of its biotechnology companies.

Along with Portage's pipeline of products that are targeted for clinical testing in 2021, its listing has enabled the firm to continue to catalyse research and development to produce a higher volume of quality clinical programs through its development strategy, commercial insights, and deep network of industry relationships.

Online gaming group Leap Gaming continued to showcase its exceptional growth within the market with a number of successes. Most recently, it created a unique new vintage betting product, EuroLeague Legends, which was launched by IMG Arena in partnership with EuroLeague Basketball. EuroLeague Basketball, which has been an IMG Arena partner since 2015, is the organiser of Europe's premier professional basketball competition the Turkish Airlines EuroLeague and also runs the 7DAYS EuroCup. The extension of the partnership between the two companies with the launch of the new product will have a significant impact on Leap Gaming, adding another important revenue stream to its suite of products across the global gaming operators. A number of new partnerships were also formed including with 888Sport, one of the world's most popular gaming entertainment and solutions providers, and with Stoiximan/Betano, the leading online gaming operator in Greece. The grant of a Gaming Supply Licence in Malta is expected to open up its pool of potential operators that it can now work with in new territories including but not limited to Germany, South Africa, Mexico, and the US.

In February 2021, we made a further investment of €153,031, GBP equivalent of £173,994 (fx 0.87518) into Leap Gaming, as a result of the business delivering remarkable growth throughout the past year. Leap is now exploring a potential listing on the UK market which I believe will help expedite the growth of the company further.

Vemo Education continued to show promising growth as it implemented and managed income share agreement programmes for its partners; an agreement between a school and student to defer some of their cost in exchange for a fixed percentage of their post-graduation income for a fixed period. Vemo doubled its ISA volume in 2020 and increased the number of colleges and universities using its products circa. 17% to over 70.

On the corporate side, we were pleased with the support we received from new and existing shareholders during the year with a total of just over £4 million of new money raised. The funds raised will be used to continue to support and invest in opportunities in line with our strategy to be an investment destination for individuals and institutions seeking exposure to the unique opportunities your board have access to.

During the period, there were some changes at board level, which included my appointment as Chairman and Ed McDermott stepping up into the role of CEO. Lorne Abony stepped down from the position of Chairman and CEO to continue his work with, amongst others, Yooma. As announced just after period end on 1 April 2021, we were delighted to have Alfredo Pascual join our team as Vice President of Investment Analysis. A key hire for the Company, in this role Alfredo's focus will be on sourcing and evaluating investment opportunities in the burgeoning European medical cannabis industry as well as supporting the growth of SEED Innovations' portfolio companies in the sector. Alfredo's vast experience, sector knowledge and contacts will be invaluable to our shareholders as our investment focus increasingly leans towards health, wellness and medical cannabis.

SEED Innovations Limited
Chairman's Statement (continued)
For the year ended 31 March 2021

Looking ahead, I believe that SEED Innovations will continue to evolve, and proceed in investing in rapidly growing sectors particularly within the area of health, wellness, and medical cannabis, a sector that as previously highlighted is set for momentous growth. With a robust cash position and having accomplished excellent NAV progression, we are well placed to deliver significant long-term value to shareholders.

I would also like to take this opportunity to thank all our long standing shareholders and loyal backers, as well as those new to the register, our executive team and my fellow board members for their assistance. I look forward to reporting on our progress over the coming months as we commence this truly exciting next step as SEED Innovations and continue to expand our development within a space which, I believe, to be truly exciting.

Results

The net assets of the Company at 31 March 2021 were £24.94 million (2020: £14.24 million), equal to net assets of 11.72p per Ordinary Share (2020: 8.82p per Ordinary Share).

Looking ahead, as I mentioned previously, whilst we will continue to support our investments in the life sciences and technology spaces, we are increasingly streamlining our investment focus into areas where we have significant expertise, namely primarily health, wellness and medical cannabis. We have a solid track record in the medical cannabis space and are confident that with the recent guidance from the FCA there are a number of both early and late stage opportunities that have the potential to deliver value for our shareholders. I look forward to providing further updates with regard to the continued development of our core assets and potential new opportunities in this space.

Ian Burns
Non-Executive Chairman
14th July 2021

SEED Innovations Limited
Report of the Chief Executive Officer
For the year ended 31 March 2021

Investing in cutting edge technologies; supporting world-leading entrepreneurs as they build their businesses; and working with a select group of highly driven, financial and industry experts at SEED Innovations. I consider myself extremely fortunate to hold the position of CEO in this progressive company, which I assumed in May last year.

Strategy

Whilst leaning towards capitalising on our knowledge in the health, wellness, and medical cannabis arenas, first and foremost our strategy is to invest in visionary entrepreneurs developing innovative technologies. Accordingly, our portfolio includes a broad mix of companies, which are at the forefront of their industries and have in common a thirst for pioneering new ideas.

Performance and valuation

The Company's Net Asset Value ("NAV") per share at the end of the year improved to 11.72p per share from 8.82p at 31 March 2021 thanks, in part, to the acquisition of Yooya Media by, and our subsequent investment in, Yooma Corp and the continued growth of Leap Gaming.

Portfolio

The table below lists the Company's holdings at 31 March 2021 and 31 March 2020.

| Holding | Share Class | Category | Country of Incorporation | Portfolio % | Number of Shares Held at 31 March 2021 | Valuation at 31 March 2021 £,000 | Number of shares held at 31 March 2020 | Valuation at 31 March 2020 £'000 |
|--|----------------------|----------------------|--------------------------|-------------|--|----------------------------------|--|----------------------------------|
| Fralis LLC (Leap Gaming) | Units | Gaming | Nevis | 39.41% | 1,512 | 9,174 | 1,512 | 7,148 |
| | Loan | | | 1.07% | N/A | 249 | - | - |
| EMMAC Life Sciences Ltd | Ordinary | Biotech / Healthcare | England | 14.32% | 6,666,667 | 3,333 | 6,666,667 | 2,400 |
| | Loan | | | 7.32% | N/A | 1,703 | - | - |
| Yooma Wellness Inc | Common Shares | CBD Wellness | Canada | 13.89% | 4,007,165 | 3,234 | 27,255 | 50 |
| Juvenescence Limited | Ordinary | Biotech / Healthcare | BVI | 9.89% | 128,205 | 2,301 | 128,205 | 2,561 |
| Portage Biotech Inc. | Ordinary | Biotech / Healthcare | BVI | 5.96% | 68,306 | 1,389 | 12,980,610 | 946 |
| Little Green Pharma | Ordinary | Biotech / Healthcare | Australia | 3.57% | 2,146,462 | 831 | - | - |
| Northern Leaf Ltd | Convertible Loan | Biotech / Healthcare | Jersey | 2.58% | - | 600 | - | - |
| South West Brands | Convertible Loan | CDB Wellness | England | 1.08% | - | 252 | - | - |
| Vemo Education, Inc. | Pref Series Seed 2 | Edtech | USA | 0.92% | 1,000,000 | 214 | 1,000,000 | 267 |
| Factom, Inc. | Series Seed Series A | Blockchain Tech | USA | - | 400,000 | - | 400,000 | - |
| | | | | - | 5,911,330 | - | - | - |
| Total Investment Value | | | | | | 23,280 | | 13,372 |
| Cash and receivables, net of payables and accruals | | | | | | 1,659 | | 866 |
| Net Asset Value | | | | | | 24,939 | | 14,238 |

SEED Innovations Limited
Report of the Chief Executive Officer (continued)
For the year ended 31 March 2021

Portfolio (continued)

Liquid Investments

Yooma Wellness Inc. ('Yooma') (investment position: c. 12.97% of NAV)

Yooma is an emerging global marketer and distributor of cannabinoid and hemp-derived wellness products, headquartered in Toronto with offices in Tokyo, UK, France, and Los Angeles. Yooma's mission is to build a vertically integrated global leader in the manufacturing, marketing, distribution, and sale of wellness products including hemp seed oil and hemp-derived and cannabinoid (CBD) ingredients. The company leverages strategically curated sales channels and ecommerce networks to deliver a diverse mix of wellness products through subsidiaries in Japan, the United Kingdom, France and the United States.

Post period end, in June 2021, Yooma announced its withdrawal from operating in China following China's National Medical Products Administration (NMPA) adding CBD to its "List of Prohibited Use Cosmetic Ingredients". Beijing proposed the new legislation in March, with the China National Institute for Food and Drug Control inviting comments and suggestions from industry participants on its plans to list cannabis sativa and CBD as prohibited components of cosmetics. As a result of this announcement, a number of online marketplaces, including those which Yooma had historically relied on to distribute its CBD wellness products, have restricted promotion and marketing efforts for CBD products, such as keyword and traffic generating tools, platform events and live streams.

Whilst this is disappointing, Yooma is experiencing significant growth in other markets exceeding its expectations and expect any long term effects to be minimal helped by an agreement with EMMAC Life Sciences Group ('EMMAC'), giving it exclusive rights to distribute EMMAC's wellness brands, including Blossom, MYO, Hello Joya and What the Hemp, in Japan, Taiwan and Australia as well as non-exclusive distribution rights in certain other global markets.

Portage Biotech, Inc ('Portage') (investment position: c. 5.57% of NAV)

Portage is an emerging biotechnology company developing an immunotherapy-focused pipeline to treat a broad range of cancers. Its focus is to combine its own technology with already proven immune-boosting PD1 agents and to this end, Portage has a pipeline of products targeted for clinical testing in 2021 and a growing roster of notable partnerships.

During the year, Portage's subsidiary companies have shown significant promise. Intensity Therapeutics Inc. ('Intensity'), which is pioneering a new immune-based approach to treat solid cancer tumours, has been particularly busy. Amongst other activity, it entered into a clinical trial collaboration agreement with New York Stock Exchange listed Bristol Myers Squibb Company, a leader in the cancer immunotherapy space, to evaluate the safety and efficacy of its lead product, INT230-6, when dosed in combination with Bristol Myers Squibb's Cytotoxic T Lymphocyte-Associated Antigen 4 immune checkpoint inhibitor Yervoy®. It also announced new efficacy and safety data from the ongoing Phase 1/2 clinical study of INT230-6, which supported the hypothesis that dosing a substantial proportion of a patient's tumour burden with INT230-6 may cause enough tumour killing and immune activation to provide the patient with extended survival.

Other emerging biotech investee companies include Saugatuck Therapeutics Ltd, which achieved initial proof of concept of its nanolipogel formulation and is now exploring multiple PD1 based co-formulations with small molecules and other DNA aptamers. Equally, Stimunity S.A.S, a parasbased cancer immunotherapy company, is making excellent headway and is now focused on manufacturing its STING-activating cGAMP Virus-Like Particle technology that can stimulate the immune system and the quality of the anti-tumoral response.

To focus on its core immuno-oncology assets, Portage divested its three legacy businesses: Portage Pharmaceuticals Limited (PPL), and its subsidiaries Portage Glasgow Limited and EyGen Limited, to Juvenescence Ltd. Under the terms of the agreement, Portage may be entitled to up to USD\$244 million in future milestone payments.

On the corporate side, Portage raised US\$6.7 million through a non-brokered private placement in June 2020, to provide resources for the continued development of its portfolio. Later in the year, backed with a solid track record of supporting a pipeline of products, many of which are targeted for clinical testing this year, Portage listed on the NASDAQ in February 2021, an exchange that is well known for the success of its biotechnology companies.

SEED Innovations Limited
Report of the Chief Executive Officer (continued)
For the year ended 31 March 2021

Portfolio (continued)

Little Green Pharma ('LGP') (investment position: c. 3.33% of NAV)

A new addition to our portfolio is ASX-listed Little Green Pharma, a vertically integrated, medicinal cannabis business with ambitious, but highly realisable, plans to expand globally. Following our initial investment in LGP in February 2021, SEED has increased its holding to 2.0% of LGP's issued share capital.

LGP has an indoor cultivation facility and manufacturing facility in Western Australia to produce its own-branded range of GMP-grade medicinal cannabis products and very recently announced the acquisition, in conjunction with a A\$27.2 million placing, of a fully operational GACP cultivation and GMP licensed medicinal cannabis facility in Denmark which will accelerate LGP's planned expansion by two years and is consistent with LGP's EU expansion strategy. With a growing range of products containing differing ratios of active ingredients, LGP supplies medical-grade cannabis products to Australian and overseas markets. Recently, it has made progress in the establishment of offshore distribution channels including to the UK, Germany, and New Zealand to further strengthen its geographic reach. In Germany, LGP recently secured an increased A\$2.5m purchase order for its high THC cannabis flower medicine, reflecting the demand from Germany and the confidence in LGP's quality and supply.

Soon after our investment, LGP announced that it was chosen to be a partner in a large scale, two-year cannabis study launched by the University of Sydney known as the QUEST Initiative. Under the agreement, LGP will supply all the medicinal cannabis oil products to the 2,100 enrolled patients, as well as provide funding for study costs. The QUEST Initiative aims to be one of the world's largest longitudinal studies investigating the quality of life and health economics on patients with chronic disease prescribed medicinal cannabis.

Post period-end in June 2021 we invested a further £1.5 million in LGP in the placing mentioned above, increasing our holding to 7,324,796 shares representing approximately 3.15% of LGP's enlarged share capital. This reflects the fact that we have been pleased with their ambitious growth strategy, which has delivered beyond our expectations.

Pre-liquidity Investments

Fralis LLC (trading as Leap Gaming - 'Leap') (investment position: c. 37.78% of NAV)

Leap is a developer and provider of 3D gaming technology and products with a focus on virtual sports and virtual casino, partnering with top-tier online and land-based gaming companies to provide advanced gaming products for end-users.

During the year under review, Leap made great strides forward with a raft of notable successes that demonstrate its world-leading ability to develop totally unique and innovative products that challenge other gaming developers worldwide and take gaming experiences to new levels.

Its relationship with its strategic partner, IMG Arena, has been particularly productive with several new products jointly developed and launched. These included an official virtual tennis product launched in partnership with ATP Media, the global sales, broadcast production and distribution arm of the ATP Tour, a worldwide top-tier tennis tour organised by the Association of Tennis Professionals, and a new vintage betting product in partnership with EuroLeague basketball. Furthermore, IMG Arena began offering bookmakers a virtual sports betting product for the NASCAR US stock car racing series, as well as distributing the international betting streaming rights for the first time.

A number of new partnerships were also formed: 888Sport ('888'), one of the world's most popular gaming entertainment and solutions providers, will now host a selection of Leap's ultra-realistic 3D virtual sports games and offer several of its popular titles through 888casino; and Stoiximan/Betano, the leading online gaming operator in Greece and one of the fastest growing in Europe with more than 300,000 active users in sports betting, virtual sports, casino and fantasy sports, now offers Leap's complete portfolio of virtual sports through its online brands.

Having been granted a Gaming Supply Licence in Malta, Leap anticipates that its pool of potential operators that it can now work with will further increase and that its expansion into new territories including but not limited to Germany, South Africa, Mexico, and the US, will accelerate during 2021.

SEED Innovations Limited
Report of the Chief Executive Officer (continued)
For the year ended 31 March 2021

Portfolio (continued)

Notably, in the year ended December 2020, year-on-year, daily active users were up 135%, transactions were up 170%, turnover was up 56% and Gross Gaming Revenue was up 86%. Organic growth projections suggest turnover is likely to nearly double in two years from 2020. With this background, Leap is now exploring options for a UK listing; to support this, I joined its Board in November 2020.

Juvenescence Ltd ('Juvenescence') (investment position: c. 9.23% of NAV)

Juvenescence is a therapeutics and development company developing multiple therapeutics focused on improving and extending human lifespans. By utilising a coalition of best scientists, physicians, and investors across its four distinct divisions, it aims to create cutting-edge therapies and products that disrupt the thinking and behaviour around ageing.

In line with this, it formed a joint venture with biotechnology company, G3 Therapeutics, which focused on applying deep molecular profiling and deep learning to tackle aging. Known as Juvenomics, the joint venture is built on the unique combination of G3 Therapeutics' proprietary, multi-omic biological dataset, consisting of trillions of proprietary datapoints collected in the GLOBAL Clinical Study (NCT01738828) of over 7,500 patients, and the unique machine learning platforms assembled by Juvenescence.

Other alliances formed during the year included a partnership between its subdivision JuvLife and Evgen Pharma plc, which sees JuvLife deploying Evgen's Sulforadex® stabilisation technology to create and manufacture a nutritional health supplement containing a defined and stable dose of sulforaphane, derived from natural sources.

The Juvenescence team includes highly experienced drug developers, entrepreneurs, marketers, and investors with a significant history of success in the pharmaceutical and consumer health sectors. This team was further strengthened with the appointment of Dr. David Roblin MD FMedSci to its Board of Directors, who has an extensive background in the pharmaceutical industry. Post period end, it also appointed a new Chief Scientific Officer, Dr. Grazia Piizzi, PhD, who has more than 15 years of experience in the global pharmaceutical and biotech industry.

South West Brands (investment position: c. 1.01% of NAV)

We have high expectations for one of our newest investments, SWB, an early-stage UK CBD brand business, which is looking to launch several new celebrity-endorsed products in the coming months. Its all-female management team, led by CEO Rebekah Hall, who is a pioneer in the burgeoning CBD market in Europe and regarded as one of the foremost experts on CBD consumer products, has a first mover advantage given there are very few brands with real equity in the cannabinoid wellness vertical.

SWB is currently focused on launching a pipeline of new CBD brands across multiple product verticals, including its first new brands in the menstrual cycle care and beauty categories. At the end of June 2021, SWB announced their intention to float on the London Stock Exchange and we look forward to reporting further on this significant development for them.

Longer Term Investments

Northern Leaf Ltd ('Northern Leaf') (investment position: c. 2.41% of NAV)

Post period end, on 1 April 2021, the Company invested £600,000 in Jersey based medical cannabis cultivator Northern Leaf via 24-month Convertible Loan Notes as part of a £14 million pre-IPO funding round.

Northern Leaf is leading the development of a new industry for the British Isles, creating centres of excellence, using state-of-the-art tracking systems and robust policies and procedures to ensure the highest levels of quality from seed to sale. In December 2020, it was granted the first UK commercial high THC medical cannabis license since UK based GW Pharmaceuticals in 1998. It is now accelerating its capital expenditure programme into extraction, manufacturing and formulation equipment and explore strategic partnerships as it seeks to become a European market leader in the supply of high-quality EU-GMP grade medical cannabis flower and oil to the rapidly growing European medical cannabis market where patient demand continues to accelerate.

SEED Innovations Limited
Report of the Chief Executive Officer (continued)
For the year ended 31 March 2021

Portfolio (continued)

Vemo Education (investment position: c. 0.86% of NAV)

VEMO is an education technology company founded to address the student debt crisis by developing income share agreement programmes and deferred tuition plans and partnering with higher education institutions to make these funding options available to students. In 2020, Vemo doubled its ISA volume and increased the number of colleges and universities using its products circa 17% to over 70. This trend has continued into 2021. VEMO has recently partnered with Edmit, used by millions of students and families to demystify the financial aid process and make better-informed decisions about college, and launched the Edmit Guarantee designed to prevent students from borrowing too much and to reduce the risk of unnecessary debt, which often suppresses college-going aspiration, or encourages students to choose lower-cost colleges that might actually lead to a lower return on investment.

Eurox Group GmbH ('Eurox')

Post period end, on 5 July 2021, we made an investment of €3 million in Eurox, a German-based, revenue generating, European vertically integrated medical cannabis company. Eurox will give FFWD direct exposure to the German cannabis market, the largest in Europe by a long way. With its main operations being in Germany, Portugal and the UK, it is well positioned in the medical cannabis sector to become a leading vertically integrated medical cannabis leader on the continent. FFWD has a 8.85% holding in Eurox. The investment gives us further exposure to the cannabis sector.

CiiTECH Limited

Again post period end, on 6 July, we invested £175,000 in UK and Israel based consumer healthcare and research company CiiTECH Limited ('CiiTECH') via 18-month Convertible Loan Notes as part of a £2.0 million funding round.

CiiTECH is a brand-building, consumer focused company dedicated to ongoing cannabis research and the commercialisation of cannabis products. It uses its partnerships with leading institutions and scientists to create niche consumer brands. The company continually innovates as it strives to create the best science-led brands in the cannabis sector. CiiTECH is currently funding a range of clinical studies aimed at unravelling the large range of minor cannabinoids, bringing better understanding and more effective products to market.

On 24 May 2021, CiiTECH signed a letter of intent with London Stock Exchange listed Fragrant Prosperity Holdings Limited (LSE: FPP) in relation to a potential acquisition by FPP of the business by way of a reverse takeover for a consideration of £17.5 million to be satisfied by the issue of ordinary shares in the capital of FPP at a price of 5.25 pence per ordinary share. The transaction is conditional upon the completion of customary due diligence, amongst other conditions, and we look forward to reporting on their progress.

Factom (investment position: c. 0.00% of NAV)

Factom continues to investigate offers for its intellectual property, however, the Company does not expect any meaningful return should this come to fruition as the Chapter 11 creditors need to be paid before equity holders and any consideration remaining is unlikely to be in cash, but rather in stock in an acquirer.

Exited Investments

EMMAC Life Sciences ('EMMAC') (investment position: c. 20.20% of NAV)

Our journey with European medical cannabis company EMMAC, epitomises our strategy to identify and invest in opportunities that have the potential to provide a return at a liquidity event. In this case, we first invested in EMMAC in March 2019 and until 2021 continued to provide financial and advisory support. Post period end, in April 2021, EMMAC was acquired by Curaleaf Holdings Inc., a leading medical and wellness cannabis operator in the US. SEED Innovations recorded a profit on the sale of approximately £1.9 million, to deliver an overall return of 1.86 times its original investment.

SEED Innovations Limited
Report of the Chief Executive Officer (continued)
For the year ended 31 March 2021

Portfolio (continued)

Not only was this an excellent and quick turnaround for SEED Innovations given it provided immediate cash that enables us to explore and invest in other companies, but EMMAC's sale to Curaleaf represented a turning point for the European cannabis M&A landscape.

Historically, while the US and Canadian markets have focused on investing in their own home-grown companies or other more mature international markets, we are now seeing a sea-change in attitude. In February 2021, NASDAQ listed Jazz Pharmaceuticals announced the acquisition of UK-based GW Pharmaceuticals. A month later, in March, Curaleaf announced the acquisition of EMMAC, which it completed in April, pipping Jazz to the post by a month.

This reshaping of the international cannabis market and increased confidence/interest in the UK and European markets, will, we believe, continue to gain momentum.

Kanabo Group Plc ('Kanabo')

We invested in Kanabo, which is focused on the distribution of cannabis derived products for medical patients, and THC-free CBD products for consumers, ahead of its London Stock Exchange listing in February 2021. Following strong initial trading, and given this was a very minor investment, we quickly realised most of this small investment, making a profit of £136,852, which was more than twice the amount invested.

Cellular Goods Plc ('Cellular Goods')

Similarly, we invested £17,215 as part of a heavily oversubscribed £13 million placing at a price of 5 pence undertaken by Cellular Goods, which commenced trading on the London Stock Exchange on 26 February 2021. We sold this in early March, resulting in a profit of £54,563, to provide a total return of 4.15 times the original investment.

Conclusion

As highlighted above, the year under review and post period end was fast paced and filled with activity as we increasingly steered the business towards a new focus on the hyper-growth sectors of health, wellness, and medical cannabis, investing in several exciting new businesses and exiting others that reached liquidity events to generate notable returns. Looking ahead, and if the first few months of the 2021 financial year are anything to go by, this trend is likely to continue.

We look forward to continuing to support our existing investee companies as they advance through their various growth trajectories and investing in new, equally exciting opportunities. With a robust cash position and having accomplished excellent NAV progression, we are well positioned to deliver significant value to shareholders.

Ed McDermott
CEO

14 July 2021

SEED Innovations Limited

Directors

Ian Burns (Non-Executive Chairman)

Mr Burns is a fellow of both the Institute of Chartered Accountants in England & Wales and a member of STEP. He is the founder and Executive Director of Via Executive Limited, a specialist management consulting company and the Managing Director of Regent Mercantile Holdings Limited, a privately-owned investment company. He is licensed by the Guernsey Financial Services Commission as a personal fiduciary.

Mr Burns is currently a Non-Executive Director and audit committee chairman of River & Mercantile UK Micro Cap Ltd and Twenty Four Income Fund Limited. He is also a Non-Executive Director of Darwin Property Management (Guernsey) Limited, Curlew Capital Guernsey Limited and Premier Asset Management (Guernsey) Ltd. as well as Chairman of One Hyde Park Limited.

Edward McDermott (Chief Executive Officer)

Mr McDermott, a former investment banker, has nearly 20 years' experience in the management, financing, and strategic development of growth companies. He has broad experience in several high growth sectors and previously held several Executive and Non-Executive roles with publicly quoted companies. As a finance specialist, he has been pivotal in raising over \$750m for public and private companies during his career.

Mr McDermott is a co-founder and was Managing Director of Europe's largest medical cannabis company, EMMAC Life Sciences, which was acquired by Curaleaf international in a deal worth over \$400m. He has previously held a number of Executive and Non-Executive roles with publicly quoted companies.

Lance De Jersey (Finance Director)

Mr De Jersey is a member of the Institute of Chartered Secretaries and Administrators and The Institute of Directors. He previously headed Partners Group's Guernsey office, serving on the Guernsey boards and chairing the Risk & Audit and AML committees and was a member of the Investment Oversight committee. He has over ten years' experience in private equity investment administration and management.

In the past, Mr De Jersey has owned and operated retail franchises, marketed and sold small businesses as a business broker and worked as a financial adviser in New Zealand. He is currently a Non-Executive Director of Pearl Holding Limited (an investment fund managed by Partners Group) and is former secretary and vice chairman of the Channel Island Private Equity and Venture Capital Association.

Luke Cairns (Non-Executive Director)

Mr Cairns is a highly experienced finance professional with a strong network having worked in the City of London for 19 years in corporate finance. A Guernsey resident, Mr Cairns was previously Head of Corporate Finance and Managing Director at Northland Capital Partners, an AIM focused Nomad and Broker, and has worked with many growth companies across a number of sectors and regions on a wide range of transactions, including IPOs, secondary fundraisings, corporate restructurings and takeovers. Mr Cairns has also held directorships on both listed and private companies across various sectors.

SEED Innovations Limited
Report of Directors
For the year ended 31 March 2021

The Directors are pleased to present their Annual Report and the audited financial statements of SEED Innovations Limited (the "Company") for the year ended 31 March 2021.

Status and Activities

The Company is a closed-ended investment company.

The Company is domiciled and incorporated as a limited liability company in Guernsey.

The registered office of the Company is 11 New Street, St Peter Port, Guernsey, GY1 2PF.

The Company is listed on Alternative Investment Market, a market operated by the London Stock Exchange ("AIM").

With effect from 3 May 2018 the Company has been authorised as a closed-ended investment scheme by the Guernsey Financial Services Commission (the "GFSC") under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Authorised Closed-Ended Investment Schemes Rules 2008.

Changes during the year

On 15 May 2020, Mr Abony resigned as CEO and Interim Executive Chairman and agreed to defer payment of remuneration due of £250,000 as at date of resignation. He was succeeded by Mr Burns as Non-Executive Chairman and Mr McDermott as CEO, effective 15 May 2020. During the year he received 2,472,446 ordinary shares from the Treasury shares of the Company in settlement of the deferred remuneration. Refer to note 18 for more details.

Changes after the year-end

On 9 July 2021, the shareholders approved the change of name from FastForward Innovations Limited to SEED Innovations Limited and the adoption of new Memorandum & Articles of Incorporation at an Extraordinary General Meeting. At the same meeting, the Directors authority to issue new shares without pre-emption rights and to buy back shares on the market were re-affirmed.

Results

The results of the Company for the year are shown on page 24. The Company made a profit for the year of £6.5 million (2020: Loss £5 million).

Dividends

The Company did not pay any dividends during the year (2020: £Nil) and the Directors do not propose a final dividend for the year (2020: £Nil).

Investments

Details of the Company's investments are disclosed in the Report of the Chief Executive Officer and notes 12, 13 and 19.

Taxation

The Company has been granted exemption from Guernsey taxation under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that the Company is exempt from Guernsey taxation on income arising outside Guernsey and bank interest receivable in Guernsey. The Company's Guernsey tax exemption fee is £1,200 per annum.

Material Contracts

The Company's material contracts are with:

- Vistra Fund Services (Guernsey) Limited ("Vistra"), which acts as Administrator and Company Secretary;
- Link Market Services (Guernsey) Limited, which acts as Registrar;
- Beaumont Cornish Limited, which acts as Nominated Adviser; and
- Optiva Securities Limited, which acted as Broker until 22 September 2020.
- Shard Capital, which acts as Broker (since 22 September 2020)

SEED Innovations Limited
Report of Directors (continued)
For the year ended 31 March 2021

Directors

The present members of the Board are listed on page 13 of this report. Changes to the Board during the year are disclosed on page 16. There are service contracts in place between each of the Directors and the Company. Details of Directors' remuneration, bonuses and Options granted to the Directors are disclosed in note 7.

Mr Burns is the legal and beneficial owner of Smoke Rise Holdings Limited, which held 1,374,024 (0.65%) Ordinary Shares in the Company at 31 March 2021 and the date of signing this report.

Mr Abony held 14,843,211 (9.19%) Ordinary Shares in the Company at 31 March 2020, he received a further 2,472,446 shares on 29 January 2021 (see note 18). The entirety of his enlarged holding of 17,194,590 shares was then transferred to Mrs Rhonda Abony on 30 January 2021. As a result, Mr Abony held no shares in the Company on 31 March 2021 or at the date of signing this report.

Mr De Jersey held 400,000 (0.19%) Ordinary Shares in the Company at 31 March 2021 and at the date of signing this report.

Further details are explained in note 18.

Substantial Interests as at date of signing

The following interests in 3% or more of the issued Ordinary Shares of the Company:

| | Number of Ordinary Shares | Percentage of Share Capital |
|----------------------|----------------------------------|------------------------------------|
| Investors: | | |
| Rhonda Abony | 17,784,388 | 8.36% |
| Peter Saladino | 17,194,590 | 8.08% |
| Jim Mellon | 14,783,722 | 6.95% |
| Richard Hackett | 9,817,478 | 4.61% |
| Norbert Teufelburger | 7,557,005 | 3.55% |

Going Concern

After making reasonable enquiries, and assessing all data relating to the Company's liquidity, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Directors note that the Company has sufficient cash and cash equivalent resources to meet its obligations for at least one year after the approval of these financial statements.

Corporate Governance

As a Guernsey incorporated company and under the AIM Rules for Companies, the Company is not required to comply with the UK Corporate Governance Code published by the Financial Reporting Council (the "FRC Code"). However, the Directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained and that the Company complies with the Finance Sector Code on Corporate Governance, issued by the Guernsey Financial Services Commission.

Board Responsibilities

At 31 March 2021, the Board comprised of two Executive Directors, being Messrs. De Jersey and McDermott; and two Non-Executive Directors, Mr Burns, and Mr Cairns.

The Board has engaged Vistra to undertake the administrative duties of the Company. Clearly documented contractual arrangements are in place with this service provider which define the areas where the Board has delegated responsibility to it.

SEED Innovations Limited
Report of Directors (continued)
For the year ended 31 March 2021

Board Responsibilities (continued)

The Company holds at least three Board meetings per year, at which the Directors will review the Company's investments and all other important issues to ensure control is maintained over the Company's affairs.

The Company is self-managed, in that day-to-day investment management recommendations are made by the Executive Directors, supported by analysis provided by the Board and the VP of Investment Analysis.

Board Committees

Audit Committee

Mr Cairns was appointed chairman of the audit committee with effect from 5 June 2020, succeeding Mr Burns. All other Directors are members of the Audit Committee.

The Audit Committee meets at least once a year and provides a forum through which the Company's Auditor reports to the Board. The Audit Committee examines the effectiveness of the Company's internal controls, the Annual Report and Financial Statements, the Auditor's remuneration and engagement as well as the Auditor's independence and any non-audit services provided by them. The Audit Committee receives information from the Administrator, the Company Secretary and the Auditor. The Audit Committee has formal written terms of reference, which are available upon request from the Company Secretary.

Remuneration and Nomination Committee

Mr Burns is chairman of the Remuneration and Nomination Committee. Mr Cairns is a member of the Remuneration and Nomination Committee. The function of the Remuneration and Nomination Committee is to consider the remuneration, and the appointment and reappointment, of Directors.

The Company is committed to the principle of diversity and equal opportunities. The Board will continue to review the composition of the Board to ensure it has the appropriate structure, diversity and skills to meet the needs of the Company as it develops.

Shareholders vote on the re-appointment or election of at least one Director at each Annual General Meeting ("AGM"), with every Director's appointment being voted on by Shareholders every three years. Mr Burns will be proposed for re-election at the forthcoming AGM.

Board Meetings

All members of the Board are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance may be unavoidable in certain circumstances. Directors' attendance at Board and Committee meetings during the financial year is set out below.

| | Board Meetings | Committee Meetings |
|--|-----------------------|---------------------------|
| Ian Burns (appointed 12 November 2014) | 12/13 | 3/3 |
| Ed McDermott (appointed 12 February 2018) | 12/13 | 2/3 |
| Lance De Jersey (appointed 3 January 2019) | 13/13 | 3/3 |
| Luke Cairns (appointed 3 January 2020) | 13/13 | 3/3 |
| Lorne Abony (appointed 6 January 2016, resigned 15 May 2020) | *1/1 | *- |

**Attendance from 1 April 2020 till date of resignation*

Dialogue with Shareholders

The Directors are always available to enter into dialogue with shareholders. All ordinary shareholders will have the opportunity, and indeed are encouraged, to attend (providing any continuing restrictions as a result of the COVID-19 pandemic so allow) and vote at future Annual General Meetings during which the Board will be available to discuss issues affecting the Company.

The Board monitors the trading activity and shareholder profile on a regular basis and maintains contact with the Company's Broker to ascertain the views of shareholders. Shareholder sentiment is also ascertained by the careful monitoring of the premium/discount that the Ordinary Shares are traded at in the market when compared to those experienced by similar companies.

SEED Innovations Limited
Report of Directors (continued)
For the year ended 31 March 2021

Dialogue with Shareholders (continued)

The Company reports formally to shareholders twice a year. Additionally, current information is provided to shareholders on an ongoing basis through the Company website and RNS announcements. The Company Secretary monitors the voting of the shareholders and proxy voting is taken into consideration when votes are cast at the Annual General Meeting.

Litigation

The Company is not engaged in any litigation or claim of material importance, nor, so far as the Directors are aware, is any litigation or claim of material importance pending or threatened against the Company.

Internal Control and Financing

The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls are as follows:

- Vistra Fund Services (Guernsey) Limited is responsible for the provision of administration and Company Secretarial duties;
- The Board clearly defines the duties and responsibilities of the service providers and advisers in the terms of their contracts; and
- The Board reviews financial information produced by the Administrator on a regular basis.

The Company does not have an internal audit department. All of the Company's administrative functions are delegated to independent third parties and it is therefore felt that there is no need for the Company to have an internal audit facility.

The Board feels that the procedures employed by the service providers adequately mitigate the risks to which the Company is exposed.

Risk Profile

Financial Risks

The Company's financial instruments comprise investments, cash and cash equivalents, and various items such as receivables and payables that arise directly from the Company's operations.

The main risks arising from holding these financial instruments are market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. Further details are given in note 19 to the financial statements.

Independent Auditor

PricewaterhouseCoopers CI LLP has resigned as auditor to the Company and Grant Thornton Limited was appointed as auditor of the Company effective from 09 December 2020. Grant Thornton has indicated their willingness to act and will be considered for re-appointment at the next AGM.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements for each financial year which give a true and fair view, in accordance with applicable Guernsey law and International Financial Reporting Standards as issued by the international Standards Board, of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

SEED Innovations Limited
Report of Directors (continued)
For the year ended 31 March 2021

Statement of Directors' Responsibilities (continued)

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies (Guernsey) Law, 2008.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the website on which these financial statements are published. The work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to the Auditor

The Directors who held office at the date of approval of this Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

On behalf of the Board

Ian Burns
Director

Date: 14th July 2021

Lance De Jersey
Director

Date: 14th July 2021

Independent auditor’s report

To the members of SEED Innovations Limited

Opinion

We have audited the Financial Statements of SEED Innovations Limited for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

In our opinion, the Company’s Financial Statements:

- give a true and fair view of the state of the Company’s affairs as at 31 March 2021 and of the Company’s profit for the year then ended;
- are in accordance with IFRSs issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.


Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in Guernsey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The Financial Statements of the Company for the year ended 31 March 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 August 2020.

Our approach to the audit

| | |
|---|--|
|  | <p>Overview of our audit approach</p> |
| | <p><i>Materiality</i></p> <p>Our overall materiality was £496k, which represents 2% of the Company’s total equity.</p> |
| | <p><i>Key audit matters</i></p> <ul style="list-style-type: none"> · Valuation of unquoted investments. |

An overview of the scope of our audit

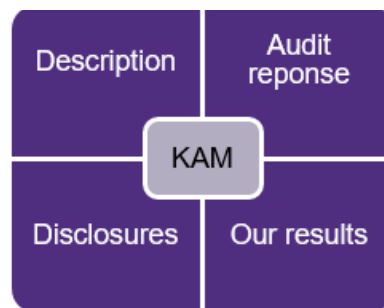
Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We consider size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

All audit work was performed directly by the audit engagement team. The audit was led from Guernsey and we engaged our internal valuation specialists who assisted us in auditing the valuation of unquoted investments.

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. These matters included those that 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.



Key Audit Matter

How our scope addressed the matter

Key observations communicated to the Audit Committee

Valuation of unquoted investments (2021: £18.04 million and 2020: £12.43 million)

77% (2020: 93%) of the carrying value of the Company's investments, consist of unquoted investments which are valued using different valuation techniques, as described in Notes 3 e), 4 and 13 to the Financial Statements.

The valuation is subjective, with a high level of judgement and estimation linked to the determination of the fair values. As a result, there is a risk of an inappropriate valuation method being applied, together with the risk of inappropriate inputs to the model/calculation being selected.

The valuation of unquoted investments are the key driver of the Company's net asset value and total return. Incorrect valuation could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders.

Refer to the Report of the Chief Executive Officer, Report of Directors, Accounting policies in Notes 3 e), and Notes 4 and 13 to the Financial Statements for additional information.

Our audit procedures consisted of:

- We updated our understanding of the Company's processes, policies and methodologies, including the use of industry specific measures, and policies for valuing unquoted investments held by the Company and we performed walkthrough tests to assess the design and implementation of key controls;
- We obtained and inspected the valuation models and supporting data to assess whether the data used is appropriate and relevant, and discussed these with management to evaluate whether the fair value of unquoted investments is reasonably stated, challenging the assumptions made by management;
- We agreed valuation inputs that do not require specialist knowledge to independent sources and tested the arithmetical accuracy of the Company's calculations;
- We agreed the valuation models to the portfolio statement in the Financial Statements;
- For a sample of unquoted investments, we engaged our own internal private equity valuation specialists to:
 - assist us to determine whether the methodologies used to value unlisted investments were consistent with methods usually used by market participants for similar types of investments;
 - use their knowledge of the market to assess and corroborate management's market related judgements and valuation inputs (i.e. discount rates, EBITDA multiples and comparable data) by reference to comparable transactions, and independently compiled databases/indices; and
 - assist us in determining whether the Company's specialists were appropriately qualified and independent.
- Evaluated the appropriateness of the valuation methodologies under IFRS and whether appropriate disclosures were made in the Financial Statements.

We reported to the Audit Committee that, overall, the valuation of the Company's unquoted investments were materially correct, in accordance with IFRS and within our estimated range.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the Financial Statements and in forming the opinion in the auditor's report. Materiality was determined as follows:

| | |
|---|--|
| Financial statements materiality | <i>"Financial statements materiality"</i> is the magnitude of misstatement in the Financial Statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these Financial Statements. We use materiality in determining the nature, timing and extent of our audit work. |
| Financial statements materiality threshold | We determined materiality for the Company to be £496k which approximates 2% of the Company's total equity. (2020: £355k on 2.5% of the Company's total equity as determined by PricewaterhouseCoopers CI LLP) |
| Significant judgements made by auditor in determining the materiality | Company total equity provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We believe that Company's total equity provides us with the best measure of planning materiality as the Company's primary performance measures for internal and external reporting are based on total equity. Financial Statements materiality for the current year is lower than the level that we determined for the year ended 31 December 2019 to reflect the decrease in the Company's total equity to 31 December 2020. |
| Performance materiality used to drive the extent of our testing | <i>"Performance"</i> materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate uncorrected and undetected misstatements exceeds materiality for the Financial Statements as a whole. |
| Performance materiality threshold | We determined performance materiality for the Company to be £298k which approximates 60% of Financial Statements materiality. |
| Significant judgements made by the auditor in determining performance materiality | Based on our assessment, together with our assessment of the Company's overall control environment, our judgement was that the overall performance materiality (i.e. our tolerance for misstatements in an individual account or balance) for the Company should be 60% of materiality. Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the Financial Statements did not exceed our materiality level. |
| Reporting threshold | <i>"Reporting threshold"</i> is an amount below which we identified misstatements are considered as being clearly trivial. |
| Threshold for reporting | We agreed with the Audit Committee that we would communicate to them all audit differences in excess of £25k (2020: £17k as determined by PricewaterhouseCoopers CI LLP) which is set at 5% of materiality for the Financial Statements as a whole, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluated uncorrected misstatements against both the quantitative measured of materiality discussed above and considering other relevant qualitative considerations in forming our opinion. |

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 1 to 12, 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. In connection with our audit of the Financial Statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- ✓ proper accounting records have not been kept by the Company; or
- ✓ the Financial Statements are not in agreement with the accounting records; or
- ✓ we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors for the Financial Statements

As explained more fully in the directors' responsibilities statement set out on pages 17 to 18, the directors are responsible for the preparation of the Financial Statements which give a true and fair view in accordance with IFRSs, 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 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 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ✓ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ✓ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the Financial Statements (cont.)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Wynand Pretorius
For and on behalf of Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

Date: 14 July 2021

SEED Innovations Limited
Statement of Comprehensive Income
For the year ended 31 March 2021

| | | <i>Year ended</i> 31 March 2021 £'000 | <i>Year ended</i> 31 March 2020 £'000 |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| Net realised gain on disposal of financial assets designated at fair value through profit and loss | 12 | 443 | 165 |
| Net unrealised gain/(loss) in fair value of financial assets designated at fair value through profit and loss | 12 | 6,864 | (4,148) |
| Interest income on investments at fair value through profit and loss | | 31 | 69 |
| Total investment income/(loss) | | 7,338 | (3,914) |
| Other Income | | | |
| Bank interest income | | 2 | 12 |
| Arrangement fee | | 45 | - |
| Total other income | | 47 | 12 |
| Expenses | | | |
| Directors' remuneration and expenses | 7 | (258) | (427) |
| Recognition of Directors' share-based payment expense | 7 | (47) | (162) |
| Legal and professional fees | | (166) | (172) |
| Other expenses | 8 | (193) | (147) |
| Administration fees | 6 | (77) | (97) |
| Adviser and broker's fees | | (95) | (74) |
| Total expenses | | (836) | (1,079) |
| Net profit/(loss) before losses and gains on foreign currency exchange | | 6,549 | (4,981) |
| Net foreign exchange loss | | (20) | (15) |
| Total comprehensive income/(loss) for the year | | 6,529 | (4,996) |
| Earnings/(loss) per Ordinary Share – basic and diluted | 10 | 3.74p | (3.09)p |

The Company has no recognised gains or losses other than those included in the results above and therefore, no separate Statement of Comprehensive Income has been presented.

All the items in the above statement are derived from continuing operations.

The accompanying notes on pages 28 to 51 form an integral part of these financial statements.

SEED Innovations Limited
Statement of Financial Position
As at 31 March 2021

| | <i>Notes</i> | <i>31 March 2021</i> <i>£'000</i> | <i>31 March 2020</i> <i>£'000</i> |
|--|--------------|--------------------------------------|--------------------------------------|
| Non-current assets | | | |
| Financial assets designated at fair value through profit or loss | 12 | 23,280 | 13,372 |
| Current assets | | | |
| Other receivables | 14 | 53 | 50 |
| Cash and cash equivalents | | 1,675 | 1,213 |
| | | 1,728 | 1,263 |
| Total assets | | 25,008 | 14,635 |
| Current liabilities | | | |
| Other payables | 15 | (69) | (397) |
| Total liabilities | | (69) | (397) |
| Net assets | | 24,939 | 14,238 |
| Equity | | | |
| Share capital | 16 | 2,127 | 1,615 |
| Deferred share reserve | 16 | - | 630 |
| Employee stock option reserve | 7 | 180 | 1,263 |
| Other distributable reserves | | 22,632 | 10,730 |
| Total equity | | 24,939 | 14,238 |
| Net assets per Ordinary Share – basic and diluted | 17 | 11.72p | 8.82p |

The financial statements on pages 24 to 51 were approved by the Board of Directors on 14th July 2021 and were signed on their behalf by:

Ian Burns
Director

Lance De Jersey
Director

The accompanying notes on pages 28 to 51 form an integral part of these financial statements.

SEED Innovations Limited
Statement of Changes in Equity
For the year ended 31 March 2021

| | | <i>Share Capital</i> £'000 | <i>Deferred shares reserve*</i> £'000 | <i>Employee stock option reserves</i> £'000 | <i>Other distributable reserves</i> £'000 | <i>Total</i> £'000 |
|--|-------------|-------------------------------|--|--|--|-----------------------|
| Balance as at 31 March 2019 | Note | 1,615 | 630 | 1,233 | 15,594 | 19,072 |
| Total comprehensive loss for the year | | - | - | - | (4,996) | (4,996) |
| <i>Transactions with shareholders</i> | | | | | | |
| Employee share scheme - value of employee services | 7 | - | - | 162 | - | 162 |
| Transfer of value of lapsed options | 7 | - | - | (132) | 132 | - |
| Balance as at 31 March 2020 | | 1,615 | 630 | 1,263 | 10,730 | 14,238 |
| Total comprehensive profit for the year | | - | - | - | 6,529 | 6,529 |
| <i>Transactions with shareholders</i> | | | | | | |
| Issue of Ordinary Shares | 16 | 512 | - | - | 3,844 | 4,356 |
| Costs of issuing of ordinary shares | | - | - | - | (231) | (231) |
| Employee share scheme - value of employee services | 7 | - | - | 47 | - | 47 |
| Transfer of deferred shares | | - | (630) | - | 630 | - |
| Transfer of value of lapsed options | 7 | - | - | (1,130) | 1,130 | - |
| Balance as at 31 March 2021 | | 2,127 | - | 180 | 22,632 | 24,939 |

* Refer to Note 16 for Deferred shares reserve.

The accompanying notes on pages 28 to 51 form an integral part of these financial statements.

SEED Innovations Limited
Statement of Cash Flows
For the year ended 31 March 2021

| | | <i>Year ended</i> 31 March 2021 <i>£'000</i> | <i>Year ended</i> 31 March 2020 <i>£'000</i> |
|--|----|---|---|
| Cash flows from operating activities | | | |
| Total comprehensive income/(loss) for the year | | 6,529 | (4,996) |
| <i>Adjustments for:</i> | | | |
| Net (loss)/profit on fair value adjustments on financial assets at FVTPL | 12 | (6,864) | 4,148 |
| Realised gain on fair value adjustments on financial assets at FVTPL | 12 | (443) | (165) |
| Foreign exchange movement | | 20 | 15 |
| Directors' share based expense | | 47 | 162 |
| Finance income | | (33) | (81) |
| <i>Changes in working capital:</i> | | | |
| (Increase)/decrease in other receivables and prepayments | 14 | (3) | 62 |
| (Decrease)/increase in other payables and accruals | 15 | (70) | 249 |
| Net cash outflow from operating activities | | <u>(817)</u> | <u>(606)</u> |
| Cash flows from investing activities | | | |
| Acquisition of financial assets at fair value through profit or loss | 13 | (3,736) | (1,033) |
| Investment income | | - | 81 |
| Disposal of financial assets at fair value through profit or loss | 13 | 1,166 | 2,282 |
| Net cash (outflow)/inflow from investing activities | | <u>(2,570)</u> | <u>1,330</u> |
| Cash flows from financing activities | | | |
| Issue of Ordinary Shares | 16 | 4,100 | - |
| Costs of issuing Ordinary Shares | | (231) | - |
| Net cash inflow from financing activities | | <u>3,869</u> | <u>-</u> |
| Increase in cash and cash equivalents | | <u>482</u> | <u>724</u> |
| Cash and cash equivalents brought forward | | 1,213 | 504 |
| Increase in cash and cash equivalents | | 482 | 724 |
| Foreign exchange movement | | (20) | (15) |
| Cash and cash equivalents carried forward | | <u>1,675</u> | <u>1,213</u> |

The accompanying notes on pages 28 to 51 form an integral part of these financial statements.

SEED Innovations Limited
Notes to the Financial Statements
For the year ended 31 March 2021

1. General Information

Fast Forward Innovations Limited (the "Company") is an authorised closed-ended investment scheme. The Company is domiciled and incorporated as a limited liability company in Guernsey. The registered office of the Company is 11 New Street, St Peter Port, Guernsey, GY1 2PF.

The Company's objective is to invest in disruptive technologies with significant intellectual property rights which they are seeking to exploit, principally within the technology sector (including digital and content focused businesses), life sciences sectors (including biotech and pharmaceuticals) and health and wellness sectors. This includes investing in the cannabinoid sector where there has been increased investor momentum due to regulation changes, and as companies' profiles grow and investment in the sector becomes more mainstream. The Company's main geographical focus will be in North America and Europe though investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist, and positive returns can be achieved. The objective of the Company is to also provide its investors with exposure to disruptive growth opportunities, with a mix of liquid, pre-liquid and longer term investments, which taken together greatly reduces the risk of the portfolio whilst giving much clearer visibility on potential returns.

The Company's Ordinary Shares are quoted on AIM, a market operated by the London Stock Exchange and is authorised as a Closed-ended investment scheme by the Guernsey Financial Services Commission (the "GFSC") under Section 8 of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Authorised Closed-Ended Investment Schemes Rules.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the international Standards Board ("IASB") and applicable legal and regulatory requirements of the Companies (Guernsey) Law, 2008. The financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

In the current year, the Company has adopted all the applicable new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2020. The adoption of the standards and interpretations has not had a significant impact on the content or presentation of these financial statements; refer below for additional consideration.

(a) Standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Company.

(b) New standards, amendments and interpretations effective after 1 January 2020 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Investment Income

Investment income is recognised on an accruals basis using the effective interest method and includes bank interest and interest from debt securities. Dividend income from investments designated at fair value through profit or loss is recognised through the Statement of Comprehensive Income within dividend income when the Company's right to receive payments is established

b) Expenses

All expenses are accounted for on an accruals basis and, with the exception of share issue costs, are charged through the Statement of Comprehensive Income in the period in which they are incurred. Costs of issuing equity instruments are accounted for as a deduction from equity, net of any related income tax benefit.

c) Taxation

The Company is exempt from taxation in Guernsey. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Company presents the withholding tax separately from the gross investment income, if any, in the Statement of Comprehensive Income. For the purpose of the Statement of Cash Flows, cash inflows from financial assets are presented net of withholding taxes when applicable.

d) Share based payments

Share-based compensation benefits are provided to key employees via the Employee Share Option Plan and individual Share Option agreements (together the "Options"). Details relating to the Options are set out in note 7 to the financial statements.

These Options are measured at fair value at the date of grant and expensed through the Statement of Comprehensive Income on a straight line basis over the vesting period, based on the estimate of Options that will eventually vest. For those Options with market related vesting conditions, the fair value is determined using the Monte Carlo simulation model at the grant date. The fair value of Options issued with non-market vesting conditions has been calculated using the Black Scholes model.

At the end of each period, the Company revises its estimates of the number of Options that are expected to vest based on the non-market vesting and service conditions. Should services cease to be provided to the Company by any employee, no further expense will be charged in relation to any non-vested Options.

When Options expire, or Options holders no longer provide services to the Company, any amounts in relation to these Options which have been credited to the Share Option Reserve within Equity will be transferred to Distributable Reserves.

The Company does not operate any cash-settled Options with cash alternatives as defined in IFRS 2. All Options issued will be settled through Equity, with all Option expenses having a corresponding increase in Equity.

e) Financial instruments

Financial instruments are classified into financial assets and financial liabilities.

(i) Recognition and initial measurement

Financial assets at fair value through profit or loss are recognised initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and liabilities are recognised on the date they are originated.

Financial assets at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to its acquisition or issue.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

e) Financial instruments (continued)

(ii) Classification

Business model assessment

On initial recognition, the Company classifies financial assets as measured at amortised cost or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All other financial assets are classified as measured at FVTPL.

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Investment Manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents and other receivables. These financial assets are held to collect contractual cash flows; and
- Other business model: this includes investment in unquoted securities that were not held for trading purposes. These financial assets are managed and their performance is evaluated, on a fair value basis.

(iii) Assessment whether contractual cash flows are SPPI

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

e) Financial instruments (continued)

In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

(iv) Reclassification

Financial assets are not reclassified subsequent to their initial recognition unless the Company was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

(v) Subsequent measurement

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, excluding any interest or dividend income and including foreign exchange gains and losses are recognised in profit or loss in 'Net gain/(loss) on fair valuation of financial assets at FVTPL' in the statement of profit or loss and other comprehensive income.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in 'interest income calculated using the effective interest method', foreign exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income and impairment is recognised in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

(vi) Financial liabilities – classification and subsequent measurement

Non - derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other liabilities include other payables and accruals.

(vii) Fair Value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Company utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

e) Financial instruments (continued)

If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Company's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques in accordance with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(viii) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount and for financial assets adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at initial recognition. When calculating the effective interest rate, the Company estimates the future cash flows considering all contractual terms of the financial instruments but not the future credit losses.

(ix) Impairment

The Company recognises loss allowances for Expected Credit Losses ("ECL") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

e) Financial instruments (continued)

The Company considers a financial asset to be in default:

- when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising assets (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the underlying project is put on hold; and
- breach of contract such as a default or being more than 90 days past due.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses including reversals of impairment losses and gains are disclosed separately in the statement of profit or loss and other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

e) Financial instruments (continued)

(ix) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset; or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or has expired.

(x) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

f) Cash and cash equivalents

Cash comprises of cash at bank. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

g) Foreign currency translation

Functional and presentation currency

The Company's Ordinary Shares are denominated in Sterling and are traded on AIM in Sterling. The primary activity of the Company is detailed in the Investing Policy on page 2. The performance of the Company is measured and reported to the investors in Sterling and the majority of the expenses incurred by the Company are in Sterling. Consequently, the Board of Directors considers that Sterling is the currency that most faithfully represents the effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Company's functional and presentation currency. All amounts are rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using rates approximating to the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised through the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities, such as financial assets designated at fair value through profit or loss, are recognised through the Statement of Comprehensive Income within the net unrealised change in fair value of investments.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

h) Net assets per share

The net assets per Ordinary Share disclosed on the face of the Statement of Financial Position is calculated by dividing the net assets of the Company as at the year-end by the number of Ordinary Shares in issue at the year end.

i) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements, if any, in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

j) Transaction costs

Transaction costs are the incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Transaction costs are legal and professional fees incurred to structure a deal to acquire the investments designated as financial assets at fair value through profit or loss. They include the upfront fees and commissions paid to agents, advisers, brokers and dealers and due diligence fees..

k) Equity

Ordinary shares are classified as equity. Where the Company purchases its own equity share (e.g. as the result of a share buy-back), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. The Company will present any Treasury shares acquired in the Statement of Changes in Equity as a deduction from ordinary shares.

Employee Stock Option

Employee stock options are valued when they are granted using the current accounting standard's fair value technique. However, the value of the options may be calculated at the conclusion of the vesting period or when they are exercised.

Other Distributable Reserve

The Company's cumulative profits and losses are known as distributable reserves. From time to time, the Company may transfer any sum that it considers to be close to distributable reserve. (For example, if ordinary shares are sold for more than their par value, the excess will be moved to other distributable reserves.)

l) Assessment as an investment entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their investee companies at fair value through profit or loss. The criteria (per IFRS 10) which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the above criteria and is therefore categorised as an investment entity within IFRS 10.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

3. Significant Accounting Policies (continued)

j) Going concern

After making reasonable enquiries, and assessing all data relating to the Company's liquidity, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

The Directors note that the Company has sufficient cash and cash equivalent resources to meet its obligations for at least one year after the approval of these financial statements.

4. Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Board make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The Directors believe that the underlying assumptions are appropriate and that the financial statements are fairly presented. 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 outlined below:

Judgements

Assessment as an investment entity

In determining the Company meeting the definition of an investment entity in accordance with IFRS 10, it has considered the following:

- the Company has raised the commitments from a number of investors in order to raise capital to invest and to provide investor management services with respect to these private equity investments;
- the Company intends to generate capital and income returns from its investments which will, in turn, be distributed to the investors; and
- the Company evaluates its investment performance on a fair value basis, in accordance with the policies set out in these financial statements.

Although the Company met all three defining criteria, management has also assessed the business purpose of the Company, the investment strategies for the private equity investments, the nature of any earnings from the private equity investments and the fair value model. Management made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an investment entity versus those of the Company. Management have therefore concluded that from the assessments made, the Company meets the criteria of an investment Company within IFRS 10.

Part of the assessment in relation to meeting the business purpose aspects of the IFRS 10 criteria also requires consideration of exit strategies. Given that the Company does not intend to hold investments indefinitely, management have determined that the Company's investment plans support its business purpose as an investment entity.

The Board has also concluded that the Company meets the additional characteristics of an investment entity, in that: it holds more than one investment; the investments will predominantly be in the form of equities, derivatives and similar securities; it has more than one investor and the majority of its investors are not related parties.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

4. Critical Accounting Estimates and Judgements (continued)

Estimates and assumptions

Fair value of securities not quoted in an active market.

The Company may value positions by using its own models or commissioning valuation reports from professional third-party valuers. The models used in either case are based on valuation methods and techniques generally recognised as standard within the industry and in accordance with International Private Equity and Venture Capital Valuation (IPEV) Guidelines. The inputs into these models are primarily earnings multiples and discounted cash flows. The inputs in the earnings multiple's models include observable data, such as the earnings multiples of comparable companies to the relevant portfolio company, and unobservable data, such as forecast earnings for the portfolio company. In discounted cash flow models, unobservable inputs are the projected cash flows of the relevant portfolio company and the risk premium for liquidity and credit risk that are incorporated into the discount rate. In some instances, the cost of an investment is the best measure of fair value in the absence of further information. Models are calibrated by back-testing to actual results/exit prices achieved to ensure that outputs are reliable, where possible.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The sensitivity to unobservable inputs is based on management's expectation of reasonable possible shifts in these inputs, taking into consideration historical volatility and estimations of future market movements.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Valuation of Options

The fair values of the Options are measured using the Black-Scholes model, for those options with non-market vesting conditions, and a Monte Carlo Simulation model for those Options with market related vesting conditions.

The key estimates and assumptions which are used as inputs in these valuation models are as follows;

- any market vesting conditions;
- the expected vesting period;
- the term of the options;
- the expected volatility of the Company's share price as at grant date;
- the risk-free rate of return available at grant date;
- the Company's share price at grant date;
- the expected dividends on the Company's shares over the expected term of the options; and
- the exercise (strike) price of the options.

For those Options which did not vest immediately on issue, non-market vesting conditions, the expected vesting period of the options is estimated to be 5 years from the grant date. 5 years is deemed to be a realistic timeframe in which the performance conditions can be expected to be achieved.

However, the options can be exercised (subject to market conditions being met where applicable) at any point after vesting and prior to the Option expiry date.

5. Segmental Information

In accordance with IFRS 8: Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board in order to assess each segment's performance and to allocate resources to them.

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board as a whole. The board is responsible for the Company's entire portfolio and considers the business to have a single operating segment. Asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

6. Administration Fees

Vistra Fund Services (Guernsey) Limited (“Vistra”) is entitled to an administration fee of £56,265 per annum. The administrator is also entitled to an additional fee of £2,558 for each formal board meeting held and £10,230 per annum for Compliance oversight services and an annual fee for the provision of a Privacy Officer, in respect of the pertinent Data Protection Legislation.

The Administrator is also entitled to recover by way of reimbursement from the Company, transaction costs associated with the provision of specific services and reasonable out-of-pocket expenses incurred in the performance of its services to include any of the Administrator’s approved services.

In the year ended 31 March 2021, a total of £77,000 (2020: £97,000) was charged to the Statement of Comprehensive Income, of which, £11,000 was payable at the financial reporting date (2020: £23,000).

7. Director’s Remuneration

The Board agreed the following compensation packages for the Directors of the Company.

- Lorne Abony was entitled to an annual remuneration of £250,000, payable monthly in arrears which decreased to £100,000 per annum, effective from 1 January 2020 until his date of termination. The Company also granted Mr Abony Options over 12,131,548 ordinary shares at 20 pence per share. The terms of the Options are explained below. Mr Abony resigned on 15 May 2020 and agreed to defer payment of £250,000 in accrued but uninvoiced fees for the 2019 calendar year as at the termination date for a period of 12 months. Mr. Abony was issued 2,941,177 shares in settlement of these accrued fees in January 2021. His options expired in February 2021 and the reserve in relation to these was released to Other Distributable Reserves as mentioned in Note 16.
- Ian Burns is entitled to an annual remuneration of £36,000 per annum.
- Ed McDermott is entitled to an annual remuneration of £92,808. This includes a Director Fee of £80,000 per annum and an annual reimbursement of £12,808 effective from 01 June 2020 for amounts paid or payable as employers NIC contributions to HMRC. The Company has also granted Mr McDermott Options over 1,000,000 ordinary shares at 19 pence per share and further Options over 1,000,000 ordinary shares at 25 pence per share. Terms of the Options are explained below.
- Lance De Jersey is entitled to an annual remuneration of £80,000 per annum.
- Luke Cairns is entitled to an annual remuneration of £36,000 per annum.

Additional information on Directors' Remuneration is noted in related parties. Refer to note 18.

Following the approval to grant Options, the number of share options held by each Director at 31 March 2021 was as follows:

| | Date Granted | Options issued | % of issued shares on fully diluted basis | Exercise price (pence) | Weighted average contractual remaining life |
|--------------|-----------------|------------------|---|---------------------------|---|
| Ed McDermott | 13-Feb-18 | 1,000,000 | 0.47% | 19 | 3 |
| Ed McDermott | 13-Feb-18 | 1,000,000 | 0.47% | 25 | 3 |
| | | <u>2,000,000</u> | <u>0.94%</u> | | |

Fair value of the Options as the year end are as below:

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|-------------------------------------|-------------------------------------|
| | £'000 | £'000 |
| Opening Balance | 1,263 | 1,233 |
| Options lapse for the year | (1,130) | (132) |
| Recognition of Directors share based expense | 47 | 162 |
| | <u>180</u> | <u>1,263</u> |

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

7. Directors' Remuneration (continued)

During the period 12,131,548 options issued to Mr Abony, the former Chairman of the Company, lapsed. The total Employee Share Option Reserve in relation to Mr Abony of £1,130,000 has been transferred to Other Distributable Reserves through the Statement of Changes in Equity.

Upon exercise the options entitle the holder to one Ordinary Share of 1p in the Issued Share Capital of the Company. Following the grant of the Options to Mr Abony, 50% of the Options vested immediately, 25% of the Options shall vest after 12 months (subject to the weighted average price of the Company's ordinary shares rising above 25 pence for ten consecutive trading days), and the balance of 25% shall vest after 24 months (subject to the weighted average price of the Company's Ordinary Shares rising above 35 pence for ten consecutive trading days).

On the grant of the Options to Mr McDermott 33% of the Options vested immediately, 33% of the Options vested after 12 months and the balance of 34% shall vest after 24 months, on the same weighted average share price terms as for the other Directors, above.

The vesting terms have not yet been achieved for any of the options which did not vest immediately.

Subject to vesting (which is accelerated in the event of a change of control), the Options may only be exercised while the party remains, or in the three month period after they cease to be, an "eligible employee" of the Company (as such term is defined in the Option Agreements) and within a five year term from the date of grant. The Options may be exercised on a cash-less basis subject to agreement of the Board at such time.

No Options were exercised during the year as at no point during the year did the share price of the Company exceed the Exercise price of any of the Options which had vested.

Share Option measurement of fair value

For those Options with market related vesting conditions, the fair value is determined using the Monte Carlo simulation model at the grant date. The fair value of Options issued with non-market vesting conditions has been calculated using the Black Scholes model. Services and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value as explained in note 3(d) and 4.

In addition, the model inputs used in the measurement of the fair values at grant dates were as follows:

| | Grant date | Grant date | Grant date |
|--------------------------------|-------------------|-------------------|-------------------|
| | 13-Feb-18 | 13-Feb-18 | 17-Feb-16 |
| Weighted Average Fair value | 12.35 pence | 11.82 pence | 10.06 pence |
| Share price | 20.13 pence | 20.13 pence | 18.00 pence |
| Exercise price | 19 pence | 25 pence | 20 pence |
| Annualised expected volatility | 75.48% | 75.48% | 70.09% |
| Annual risk free interest rate | 1.17% | 1.17% | 0.86% |

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

7. Directors' Remuneration (continued)

The expected life of all options are 5 years from grant date and no dividends are expected to be paid. Expected volatility has been based on an evaluation of the historical volatility of the Company's share price. The total fair value of the share Options issued, as at the date of granting, is estimated to be £241,718.

31 March 2021

| | <i>Directors'</i> <i>Remuneration</i> | <i>Discretionary</i> <i>Bonus</i> | <i>Recognition of</i> <i>share based</i> <i>expense</i> | <i>Total</i> |
|---|--|--------------------------------------|---|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Ian Burns (<i>appointed on 12 November 2014</i>) | 36 | 14 | - | 50 |
| Lorne Abony (<i>appointed on 6 January 2016</i>) | 16 | - | 15 | 31 |
| Ed McDermott (<i>appointed 12 February 2018</i>) | 91 | - | 32 | 123 |
| Lance De Jersey (<i>appointed 3 January 2019</i>) | 80 | - | - | 80 |
| Luke Cairns (<i>appointed 3 January 2020</i>) | 36 | 14 | - | 50 |
| Jim Mellon (<i>Resigned on 21 August 2019</i>) | (29) | | | |
| | <u>230</u> | <u>28</u> | <u>47</u> | <u>334</u> |

During the year, Director fees payable to Jim Mellon in the amount of £29,274 were written down.

31 March 2020

| | <i>Directors'</i> <i>Remuneration</i> | <i>Discretionary</i> <i>Bonus</i> | <i>Recognition of</i> <i>share based</i> <i>expense</i> | <i>Total</i> |
|---|--|--------------------------------------|---|--------------|
| | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> | <i>£'000</i> |
| Ian Burns (<i>appointed on 12 November 2014</i>) | 27 | - | - | 27 |
| Jim Mellon (<i>appointed on 13 July 2015;</i> <i>resigned on 21 August 2019</i>) | 12 | - | 8 | 20 |
| Lorne Abony (<i>appointed on 6 January 2016</i>) | 254 | - | 122 | 376 |
| Ed McDermott (<i>appointed 12 February 2018</i>) | 50 | - | 32 | 82 |
| Lance De Jersey (<i>appointed 3 January 2019</i>) | 75 | - | - | 75 |
| Luke Cairns (<i>appointed 3 January 2020</i>) | 9 | - | - | 9 |
| | <u>427</u> | <u>-</u> | <u>162</u> | <u>589</u> |

No pension contributions were paid or were payable on behalf of the Directors. Details of the Directors' interests in the share capital are set out in note 17.

8. Other expenses

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|--|---|---|
| | <i>£'000</i> | <i>£'000</i> |
| Marketing expenses | - | 2 |
| Other Directors' related expenses | - | 22 |
| Regulatory and listing fees | 43 | 13 |
| Registrar fees | 47 | 28 |
| Audit fees | 36 | 40 |
| Directors' and Officers' liability insurance | 5 | 6 |
| Other expenses | 62 | 36 |
| | <u>193</u> | <u>147</u> |

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

9. Tax effects of other comprehensive income

The Income Tax Authority of Guernsey has granted the Company exemption from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and the income of the Company may be distributed or accumulated without deduction of Guernsey income tax. Exemption under the above mentioned Ordinance entails payment by the Company of an annual fee of £1,200 for each year in which the exemption is claimed. It should be noted, however, that interest and dividend income accruing from the Company's investments may be subject to withholding tax in the country of origin.

There were no tax effects arising from the other comprehensive income disclosed in the Statement of Comprehensive Income (2020: £Nil).

10. Earnings per Ordinary Share

The profit per Ordinary Share of £3.74p (2020: loss per Ordinary Share of 3.09p) is based on the profit for the year of £6,528,647 (2020: loss £4,996,000) and on a weighted average number of 174,590,793 Ordinary Shares in issue during the year (2020: 161,500,105 Ordinary Shares).

The basic and diluted earnings per Ordinary Share were the same. The average share price of the Ordinary Shares during the year was below the exercise price of the Options (exercise prices of 19.00 pence, 20.00 pence and 25.00 pence) and Warrants (exercise price 12.75p). Therefore, as at 31 March 2021 neither the Options nor the Warrants had a dilutive effect.

11. Dividends

During the year ended 31 March 2021, no dividend was paid to shareholders (2020: £Nil). The Directors do not propose a final dividend for the year ended 31 March 2021 (2020: £Nil).

12. Financial Assets and Liabilities Designated at Fair Value through Profit or Loss

| | 31 March 2021 | 31 March 2020 |
|---|----------------------|----------------------|
| | £'000 | £'000 |
| <i>Financial assets designated at fair value through profit or loss</i> | | |
| Fair value of investments brought forward | 13,372 | 18,604 |
| Purchases during the year | 3,736 | 1,033 |
| Disposals proceeds during the year | (1,166) | (2,282) |
| Capitalised interest on convertible loan | 31 | - |
| Realised gains on disposals | 443 | 165 |
| Net unrealised gain / (loss) in fair value | 6,864 | (4,148) |
| Fair value of investments carried forward | <u>23,280</u> | <u>13,372</u> |

Details of the investments held are given in the Report of the Chief Executive and at the Company's website.

13. Fair value of financial instruments

IFRS 13 requires the Company to classify financial instruments at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the year-end date;
- Level 2 - Those involving inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

13. Fair value of financial instruments (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The valuations used to determine fair values are validated and periodically reviewed by experienced personnel, in most cases this validation and review is undertaken by members of the Board, however professional third-party valuation firms are used for some valuations and the Company also has access to a network of industry experts by virtue of the personal networks of the directors and substantial shareholders (including Messrs Mellon and Abony). The valuations prepared by the Company or received from third parties are in accordance with the IPEV Guidelines. The valuations, when relevant, are based on a mixture of:

- Market approach (utilising EBITDA or Revenue multiples, industry value benchmarks and available market prices approaches);
- Income approach (utilising Discounted Cash Flow, Replacement Cost and Net Asset approaches);
- Price of a recent transaction when transaction price/cost is considered indicative of fair value; and
- Proposed sale price.

As at 31 March 2021, three investments were valued as Level one investments within the fair value hierarchy, with the value being taken from the published bid price available as at that date (2020: One investment).

The remaining seven investments were included within the Level 3 category and subject to a Level 3 valuation approach. Of these seven positions, two were valued by way of third-party valuation reports. (2020: Four of the seven Level 3 positions were valued by third party valuers). By value, 38% of the portfolio value was ascertained by way of such third party valuations (2020: 92%).

Whilst it is not intended that third party valuations will be commissioned for every investee company subject to Level 3 classification for each valuation point, the Board of the Company will continue to commission reports where deemed preferable.

Where investments are considered to be Level 3 investments for valuation purposes, it is required under IFRS 13 that information be provided about the significant unobservable inputs used in the fair value measurement. In the case of the Company a balance is necessary in providing commentary on such inputs, whilst at the same time not disclosing information about these private companies which they have indicated cannot be published (primarily for competitive reasons). The table below provides a summary of the valuations subject to unobservable inputs across the Company's investment portfolio, split by valuation methodology and an indicative aggregate value of the effect of either a more positive or negative valuation approach, without publication of specific metrics which could be identified as relating to any one investee company.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

13. Fair value of financial instruments (continued)

| Valuation Basis | Aggregate | Unobservable input | Range (input) | | Sensitivity used | Effect on fair value | |
|--|---------------|---|---------------|--------|------------------|----------------------|-------|
| | Valuation | | | | | £'000 | £'000 |
| | £'000 | | | | | | |
| | | 75th percentile revenue multiple of comparable guideline public companies | 2.4x - 6.8x | (6.0x) | -0.5x / +0.5x | (266) | 265 |
| Third-party valuation report | 9,636 | 75th percentile revenue multiple of comparable guideline company transactions | 2.4x - 8.6x | (5.1x) | -0.5x / +0.5x | (266) | 265 |
| | | Discounted cash flows: Discount rate | n/a | (55%) | -5% / +5% | 371 | (309) |
| Price of recent transaction (deal price) | 8,191 | Deal price concluded post year end | - | - | -5% / +5% | (409) | 409 |
| Total | 23,280 | | | | | | |

A reconciliation of the opening and closing balances of assets designated at fair value through profit or loss classified as Level 1 is shown below:

| | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Fair value of investments brought forward | 946 | 494 |
| Purchases during the year | 1,883 | 1,033 |
| Transfer from Level 3 to Level 1 | 50 | - |
| Disposals proceeds during the year | (1,166) | (908) |
| Realised gains/(losses) on disposals | 443 | (396) |
| Net unrealised change in fair value | 3,299 | 723 |
| Fair value of investments carried forward | 5,455 | 946 |

There was a transfer between levels during the year. As part of its strategy to expand its offering worldwide and fully utilise its multi-channel, multi-platform distribution channels, Yooma completed an RTO of Globalive Technology Inc. and began trading on the Canadian Securities Exchange on 11 February 2021 under the ticker YOOM.

A reconciliation of the opening and closing balances of assets designated at fair value through profit or loss classified as Level 3 is shown below:

| | 31 March 2021 | 31 March 2020 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Fair value of investments brought forward | 12,426 | 18,110 |
| Purchases during the year | 1,853 | - |
| Transfer from Level 3 to Level 1 | (50) | - |
| Disposals proceeds during the year | - | (1,374) |
| Capitalised interest on convertible loan | 31 | - |
| Realised gains on disposals | - | 561 |
| Net unrealised change in fair value | 3,565 | (4,871) |
| Fair value of investments carried forward | 17,825 | 12,426 |

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

14. Other receivables

| | 31 March 2021 | 31 March 2020 |
|-------------------|----------------------|----------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Other receivables | 4 | 7 |
| Prepayments | 49 | 43 |
| | <u>53</u> | <u>50</u> |

15. Payables and accruals

| | 31 March 2021 | 31 March 2020 |
|---------------------------------|----------------------|----------------------|
| | <i>£'000</i> | <i>£'000</i> |
| LOM Financial (Bermuda) Limited | - | 2 |
| Audit fees | 28 | 38 |
| Director's fees | - | 304 |
| Legal & professional fees | 24 | 25 |
| Administration fees | 11 | 23 |
| Other Payables | 6 | 5 |
| | <u>69</u> | <u>397</u> |

Ordinary shares were issued to Lorne Abony from the treasury shares against the fees accrued for Lorne Abony for £ 250,000 in previous year. Additional information on Directors' Remuneration is noted in related parties. Refer to note 16 for additional information.

16. Share Capital, Warrants, Options, Treasury shares and Other distributable reserves

| | 31 March 2021 | 31 March 2020 |
|---|----------------------|----------------------|
| | <i>£'000</i> | <i>£'000</i> |
| <i>Authorised:</i> | | |
| 1,910,000,000 Ordinary Shares of 1p (2020: 1,910,000,000 Ordinary Shares) | 19,100 | 19,100 |
| 100,000,000 Deferred Shares of 0.9p (2020: 100,000,000 Deferred Shares) | 900 | 900 |
| | <u>20,000</u> | <u>20,000</u> |
| <i>Allotted, called up and fully paid:</i> | | |
| 212,747,395 Ordinary Shares of 1p (2020: 161,500,105 Ordinary Shares) | (i) 2,127 | 1,615 |
| Nil Deferred Shares of 0.9p (2020: 70,000,709 Deferred Shares) | (ii) - | 630 |
| Share options | (iii) 2,000,000 | 14,131,548 |
| Warrants | (vi) 24,117,762 | - |
| <i>Treasury Shares:</i> | | |
| 2,472,446 Treasury Shares of 1p (2020: 5,413,623) | (v) 25 | 54 |

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

16. Share Capital, Warrants, Options, Treasury shares and Other distributable reserves (Continued)

(i) Ordinary Shares

During the year, the Company issued 48,235,525 additional Ordinary shares across two placings. On 20 November 2020, the Company issued 23,529,646 Ordinary Shares of 1p each (the 'First Placing Shares') at a price of 8.5p per Placing Share (the "Placing Price") to a number of new investors raising gross proceeds of approximately £2million (together the 'First Placing'), furthermore 70,588 new Ordinary shares were issued to its advisor St. Brides Partners against advisory fees of £6,000. On 29 January 2021, a further 24,705,879 Ordinary shares were issued in a second placing (the "Second Placing Shares"). The Second Placing Shares were issued at the same Placing Price as the First Placing Shares. Finally, and as noted below, the company also transferred 2,941,177 Ordinary shares to Mr. Abony from the treasury shares held in settlement of accrued director fees payable of £ 250,000. The cost of raising the capital for the year amounted to £ 230,647.

| | 2021 | | 2020 | |
|---|---------------|-------|---------------|-------|
| | No. of Shares | £'000 | No. of Shares | £'000 |
| Opening balance as at 01 April | 161,500,105 | 1,615 | 161,500,105 | 1,615 |
| Ordinary shares issued at par | 48,306,113 | 483 | - | - |
| Treasury shares converted to Ordinary shares at par | 2,941,177 | 29 | - | - |
| Closing balance as at 31 March | 212,747,395 | 2,127 | 161,500,105 | 1,615 |

(ii) Deferred Shares

In aggregate (not per share), the holders of Deferred Shares were entitled to receive up to £1 only as a preferred dividend or distribution. The Deferred Shares had zero economic value. The holders of Deferred Shares, in respect of their holdings of Deferred Shares, had no right to receive notice of any general meeting of the Company, nor the right to attend, speak or vote at any such general meeting. The Company has the right to transfer the Deferred Shares to such persons as it wishes, without the consent of the holders of the Deferred Shares, and to cancel Deferred Shares with the consent of such transferee. During the year, £630,000 Deferred Shares were transferred and cancelled, releasing to other distributable reserves (2020: Nil).

| | 2021 | 2020 |
|---------------------------------------|-------|-------|
| | £'000 | £'000 |
| Opening balance as at 01 April | 630 | 630 |
| Transferred to Distributable reserves | (630) | - |
| Closing balance as at 31 March | - | 630 |

(iii) Options

During the year 12,131,548 options issued to Mr Abony, the former CEO and Interim Chairman of the Company, lapsed. The total Employee Share Option Reserve in relation to Mr Abony of £1,130,000 has been transferred to Other Distributable Reserves through the Statement of Changes in Equity. The remaining options granted relate to Ed McDermott. Refer to note 18 for additional information.

(iv) Directors' Authority to Allot Shares

The Directors are generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities. As approved at the Company Extraordinary General Meeting on 9 July 2021, the Directors may determine up to a maximum aggregate nominal amount of 100% of the issued share capital during the period until the following Annual General Meeting. The Guernsey Companies Law does not limit the power of Directors to issue shares or impose any pre-emption rights on the issue of new shares.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

16. Share Capital, Warrants, Options, Treasury shares and Other distributable reserves (Continued)

(v) Shares held in Treasury

During the year Mr. Lorne Abony received 2,941,177 Ordinary shares from the Treasury shares against the Directors fees payable to him of £ 250,000. As a result, the Company has a total of 2,472,446 ordinary shares held as Treasury shares (2020: 5,413,623). No shares were repurchased during the year (2020: Nil).

| | 2021 | | 2020 | |
|--|------------------|-----------|------------------|-----------|
| | No. of Shares | £'000 | No. of Shares | £'000 |
| Opening balance as at 01 April | 5,413,623 | 54 | 5,413,623 | 54 |
| Treasury shares converted to Ordinary shares | (2,941,177) | (29) | - | - |
| Closing balance as at 31 March | <u>2,472,446</u> | <u>25</u> | <u>5,413,623</u> | <u>54</u> |

(vi) Warrants

During the year the Company has issued one warrant for every two Placing Shares (the "Placing Warrants"). Shard Capital are sole brokers to the Placings. The Company issued 48,235,525 Ordinary shares at the Placings at a price of 8.5p per placing share resulting in 24,117,762 Placing Warrants being issued. Each Placing Warrant will entitle the holder to subscribe for one further ordinary share of £0.01 in the capital of the Company upon payment of 12.75 pence per share on or before that date which is 24 months from the Settlement Date.

(vii) Other Distributable Reserves

| | 2021 | 2020 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Opening balance as at 01 April | 10,730 | 15,594 |
| Total comprehensive profit / (loss) for the year | 6,298 | (4,996) |
| Premium on ordinary shares issued | 3,844 | - |
| Transfer of deferred shares | 630 | - |
| Transfer of value of lapsed options | 1,130 | 132 |
| Closing balance as at 31 March | <u>22,632</u> | <u>10,730</u> |

17. Net Assets per Ordinary Share

Basic and diluted

The basic and diluted net asset value per Ordinary Share is based on the net assets attributable to equity shareholders of £24,939,000 (2020: £14,238,000) and on 212,747,395 Ordinary Shares (2020: 161,500,105 Ordinary Shares) in issue at the end of the year. The share price of the Ordinary Shares at 31 March 2021 of 8.30 pence (2020: 7.25 pence) was below the exercise price of any of the Options (lowest exercise price of 19.00 pence) or Warrants (12.75 pence). Therefore, as at 31 March 2021 neither the Options nor the Warrants had a dilutive effect.

18. Related Parties

(i) Directors'

The Directors' remuneration for the year ended 31 March 2021 is disclosed in note 7. The Directors consider that there is no immediate or ultimate controlling party.

Ian Burns

Mr Burns, Non-Executive Chairman of the Company, is the legal and beneficial owner of Smoke Rise Holdings Limited, which held 1,374,024 (2020: 1,374,024) Ordinary Shares in the Company at 31 March 2021 and at the date of signing this report.

Mr Burns received an annual remuneration of £36,000 (2020: £27,000) and discretionary bonus of £14,000 (2020: Nil). There was no payable at the financial reporting date. (2020: nil).

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

18. Related Parties (continued)

Lorne Abony

Mr Abony, resigned as CEO and Interim Chairman of the Company on 15 May 2020. Mr Abony held no (2020: 14,843,211) Ordinary Shares in the Company at 31 March 2021 and at the date of signing this report having transferred his entire holding of 17,784,388 to Mrs. Rhonda Abony on 30 January 2021.

Mr Abony held 20,833,333 (2020: 20,833,333) shares in EMMAC, which equated to 7.2% (2020: 7.2%) of the shares in issue. On 19 November 2019, Mr Abony was appointed as Chairman of the Board of Directors of EMMAC.

Mr Abony resigned on 15 May 2020 and accepted to defer remuneration payment of £250,000 as at date of resignation for the year end 31 March 2020. As at 31 March 2021, Mr Abony holds no option (2020: 12,131,548) and during the year received 2,472,446 ordinary shares from the Treasury shares in the settlement of the deferred remuneration payment.

Mr Abony was entitled to £100,000 as from 1 January 2020. During the year ended 31 March 2021, he was due to receive a total of £16,000 (2020: £97,000). There was no payable at the financial reporting date (2020: £23,000).

Ed McDermott

Mr McDermott was a co-founder of, and executive Director of, EMMAC Life Sciences Limited ("EMMAC"). Mr McDermott owned 11,250,000 (2020: 11,250,000) shares in EMMAC, which equated to 3.9% of the shares in issue.

EMMAC was sold to Curaleaf in early April 2021, in conjunction with which transaction the Company sold its entire interest in EMMAC to a 3rd party for £5,036,459 on 6 April 2021.

Ed McDermott is entitled to an annual remuneration of £92,808. This includes a Director Fee of £80,000 per annum and reimbursement of £12,808 for the amounts paid or payable by him, on behalf of the Company, as employers NIC contributions to HMRC, effective from June 2020. In 2018, the Company has also granted Mr McDermott Options over 1,000,000 Ordinary shares at 19 pence per share and further Options over 1,000,000 Ordinary shares at 25 pence per share.

Mr McDermott held 2,000,000 options as at 31 March 2020 (2020: 2,000,000).

Mr McDermott received annual remuneration of £90,673 (2020: £50,000). There was no payable at the financial reporting date. (2020: nil).

Lance De Jersey

Mr De Jersey, Finance Director of the Company held 400,000 ordinary shares in the Company as at 31 March 2021 and at the date of signing of this report.

Mr De Jersey received annual remuneration of £80,000 (2020: £75,000). There was no payable at the financial reporting date. (2020: nil).

Luke Cairns

Mr Cairns, Non-Executive Director of the Company received annual remuneration of £36,000 per annum, effective from the date of his appointment on 3 January 2020.

Mr Cairns received annual remuneration of £36,000 (2020: £9,000) and discretionary bonus of £14,000 (2020: Nil). There was no payable at the financial reporting date. (2020: nil).

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

18. Related Parties (continued)

(ii) Administrator of the Company

Vistra Fund Services (Guernsey) Limited (“Vistra”) is entitled to an administration fee of £56,265 per annum. The administrator is also entitled to an additional fee of £2,558 for each formal board meeting held and £10,230 per annum for Compliance oversight services.

In the year ended 31 March 2021, a total of £77,000 (2020: £97,000) was charged to the Statement of Comprehensive Income, of which, £11,000 was payable at the financial reporting date (2020: £23,000). Please refer to note 6 for more details.

19. Financial Risk Management

Treasury policies

The objective of the Company’s treasury policies is to manage the Company’s financial risk, secure cost effective funding for the Company’s operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Company’s financial assets and liabilities on reported profitability and on cash flows of the Company.

The Company finances its activities with cash, short-term deposits with maturities of three months or less and market traded securities. Other financial assets and liabilities, such as receivables and payables, arise directly from the Company’s operating activities. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Company’s treasury policies.

The financial assets and liabilities of the Company were:

| | 31 March 2021 | 31 March 2020 |
|--|----------------------|----------------------|
| | <i>£’000</i> | <i>£’000</i> |
| <i>Financial assets at fair value through profit or loss</i> | | |
| Investments | 23,280 | 13,372 |
| <i>Financial assets at amortised cost</i> | | |
| Other receivables | 4 | 7 |
| Cash and cash equivalents | 1,675 | 1,213 |
| | <u>1,678</u> | <u>1,220</u> |
| <i>Financial liabilities at amortised cost</i> | | |
| Other payables | 69 | 397 |

Prepayments of £49,000 (31 March 2020: £43,000) have been excluded from financial assets.

Credit risk

The main risks arising from the Company’s financial assets and liabilities are credit risk, liquidity risk and market risk, and are set out below, together with the policies currently applied by the Board for their management. Market risk comprises three types of financial risk, being interest rate risk, currency risk and other price risk, being the risk that the fair value or future cash flows will fluctuate because of changes in market prices other than from interest rate and currency risks.

The Company takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation.

The Company’s credit risk is primarily attributable to its other receivables and cash and cash equivalents. In order to mitigate credit risk, the Company seeks to trade only with reputable counterparties that the management believe to be creditworthy.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

19. Financial Risk Management (continued)

The credit risk on cash and cash equivalents is limited by using banks with high credit ratings assigned by international credit-rating agencies. At the year end, an amount of cash and cash equivalents of £1,571,000 was placed with HSBC Bank plc (2020: £1,207,000). Cash and cash equivalent of £2,108 (2020: £5,077) was held the Company's broker PI Financial Corp. Further an amount of cash and cash equivalent of £ 102,041 was held by Optiva Securities. The Moody's credit rating for HSBC Bank plc was Aa3 as at 31 March 2021.

Furthermore, the Company holds debt instruments - Convertible Loan notes of £ 2,804,889 which are disclosed under financial assets designated at fair value through profit and loss. The Company's credit risk is monitored from time to time by the Board and no debt instruments are considered past due nor impaired.

The Company's activities may give rise to settlement risk. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Company mitigates this risk by conducting settlements through a broker to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval and limit monitoring processes by Board.

The investment in these debt instruments is considered to be of an equal risk to the equity investments held in other Level 3 investments as disclosed in Note 13.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Company invests in private equities, which, by their very nature, are illiquid. The Company incurs a range of fixed expenses for which it can budget.

As such it can appropriately plan as to how to maintain a sufficient cash balances to meet its working capital requirements.

Should it be identified that additional cash resources are required, the Company would propose to issue further equity to the market or to sell part of the investment(s) held in market traded securities.

The contractual undiscounted cash flows of the Company's financial liabilities, which are equal to the fair value of the Company's financial liabilities, comprise of payable within one year to the sum of £69,000 (2020: £397,000). The Company has no contractual commitment to invest further in any of its existing investments.

The Board monitors the Company's liquidity position on a regular basis. In addition, the Company's Administrator continually monitors the Company's liquidity position and reports to the Board on a quarterly basis.

Market risk

(i) Price risk

The Company's private equity investments are susceptible to price risk arising from uncertainties about future values of the private equity investments or derivative financial instruments. This price risk is the risk that the fair value or future cash flows will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual investment or financial instrument or its holder or factors affecting all similar financial instruments or investments traded in the market, if any. Investments that are exposed to price risk are disclosed under level 1 in note 13.

Given the higher levels of market volatility in the current year, the Directors consider 15% (2020: 15%) best represents the margin of price risk associated with the Company risk. A 15% (2020: 15%) increase/decrease in the fair value of investments would result in a £817,945.40 (2020: £141,782.06) increase/decrease in the net asset value.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

19. Financial Risk Management (continued)

ii) Currency risk

The Company regularly holds assets (both monetary and non-monetary) denominated in currencies other than the functional currency (Sterling). It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to changes in exchange rates.

Foreign currency risk, as defined in IFRS 7, arises as the values of recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk, not foreign currency risk. The Company monitors the exposure on all foreign-currency-denominated assets and liabilities.

The Company monitors its exposure to foreign exchange rates and, where exposure is considered significant, appropriate measures would be adopted to minimise these exposures. As at 31 March 2021, a proportion of the net financial assets of the Company were denominated in currencies other than Sterling as follows:

| | 31 March 2021 | 31 March 2020 |
|--|----------------------|----------------------|
| | <i>£'000</i> | <i>£'000</i> |
| <i>US Dollar</i> | | |
| Cash and cash equivalents | 315 | 862 |
| Financial assets at fair value through profit and loss | 1,389 | 946 |
| <i>Canadian Dollar</i> | | |
| Cash and cash equivalents | - | 5 |
| Financial assets at fair value through profit and loss | 3,234 | 50 |
| <i>Australian Dollar</i> | | |
| Financial assets at fair value through profit and loss | 831 | - |
| Net currency exposure | 5,769 | 1,863 |

At 31 March 2021, if the exchange rate of the US Dollar had strengthened/weakened by 10% against the Sterling, with all other variables remaining constant, the increase/(decrease) in the profit for the year would amount to +/- £170,400 (2020: +/- £180,800).

At 31 March 2021, if the exchange rate of the Canadian Dollar had strengthened/weakened by 10% against the Sterling, with all other variables remaining constant, the increase/(decrease) in the profit for the year would amount to +/- £323,400 (2020: +/- £5,500).

At 31 March 2021, if the exchange rate of the Australian Dollar had strengthened/weakened by 10% against the Sterling, with all other variables remaining constant, the increase/(decrease) in the profit for the year would amount to +/- £83,100 (2020: Nil).

iii) Interest rate risk

The Company currently funds its operations through the use of equity. Cash at bank, the majority of which was in Pounds Sterling at the year end, is held at variable rates. At the year end, the Company's financial liabilities did not suffer interest and thus were not subject to any interest rate risk. It is unlikely that interest rates would decrease by as much as 1% as they are currently less than 1%. Any decrease in the interest rate to a minimum of 0% would have an insignificant impact on the interest income received by the Company.

SEED Innovations Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2021

20. Capital Management Policy and Procedures

The Company's capital structure is derived solely from the issue of Ordinary Shares.

The Company does not currently intend to fund any investments through debt or other borrowings but may do so if appropriate. Investments in early stage assets are expected to be mainly in the form of equity, with debt potentially being raised later to fund the development of such assets. Investments in later stage assets are more likely to include an element of debt to equity gearing. The Company may also offer new Ordinary Shares as consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including, for example, delays in collecting accounts receivable, unexpected changes in the economic environment and operational problems.

The Board monitors and reviews the structure of the Company's capital on an ad hoc basis. This review includes:

- The need to obtain funds for new investments, as and when they arise
- The current and future levels of gearing
- The need to buy back Ordinary Shares for cancellation or to be held in treasury, which takes account of the difference between the net asset value per Ordinary Share and the Ordinary Share price
- The current and future dividend policy; and
- The current and future return of capital policy.

The Company is not subject to any externally imposed capital requirements.

21. Events after the Financial Reporting Date

The Company had announced on 10 March 2021 the sale of its holding comprising of 6,666,667 Ordinary shares and a £750,000 convertible loan note in the investee company, EMMAC Life Sciences Limited ('EMMAC'), for cash proceeds of c£5 million.

On 12 April 2021 the Company announced the appointment of Alfredo Pascual as Vice President of Investment Analysis effective 1 April 2021.

In May 2021, the Company purchased an additional 370,000 shares of Little Green Pharma Ltd ("LGP") which is listed on Australian Stock Market (Ticker: LGP.AX). Furthermore, in June 2021, the Company acquired another 4,608,334 shares of LGP. Following the investments, the Company holds 7,324,796 ordinary shares in LGP, representing approximately 3.15% of their issued share capital.

On 5 July 2021, the Company announced the investment of €3 million (c.£2.58million) in EUROX Group, a German-based European vertically integrated medical cannabis company. The Company holds 4,962 shares representing approximately 8.85% of EUROX.

On 6 July 2021, the Company announced the investment of £175,000 in CiiTech via a convertible loan note (CLN) which raised a total of £2million.

On 7 July 2021, the Company announced a further investment of £50,000 in a pre-IPO CLN raised by South West Brands.

On 12 July 2021, the Company announced that shareholders had approved a change of company name from FastForward Innovations Limited to SEED Innovations Limited.

There are no other material events subsequent to year end which require disclosure.